

# PRELIMINARY RESULTS OF FINANCIAL ANALYSIS ON POULTRY SUPPLY CHAINS IN HANOI SUBURB, NORTH – VIETNAM

Phan Dang Thang<sup>1,2</sup>, Vu Dinh Ton<sup>1</sup>, Thomas Dogot<sup>2</sup>, Philippe Lebailly<sup>2\*</sup>

<sup>1</sup> Center for Interdisciplinary Research on Rural Development, Hanoi University of Agriculture, Vietnam

<sup>2</sup> Unit of Economics & Rural Development, Gembloux Agro-Bio Tech, University of Liège, Belgium

\*Corresponding author: Philippe.Lebailly@ulg.ac.be



## Introduction

From early 2004, the poultry producers in Vietnam had to adapt to the context of avian influenza (HPAI) for a better responding to the demand of market. This research aimed at analyzing the explicative factors of poultry development at local level through an identification of poultry farming systems and supply chains with their various constraints.

## Methodology

280 poultry farms and 100 middlemen at different scales were selected based on the agro-ecological patterns and the diversification of poultry farming systems at three districts of Thuong Tin, Phu Xuyen and Chuong My between 2009-2010. Financial analysis approach in different agents was used to calculating the value-added in poultry commodity chains.

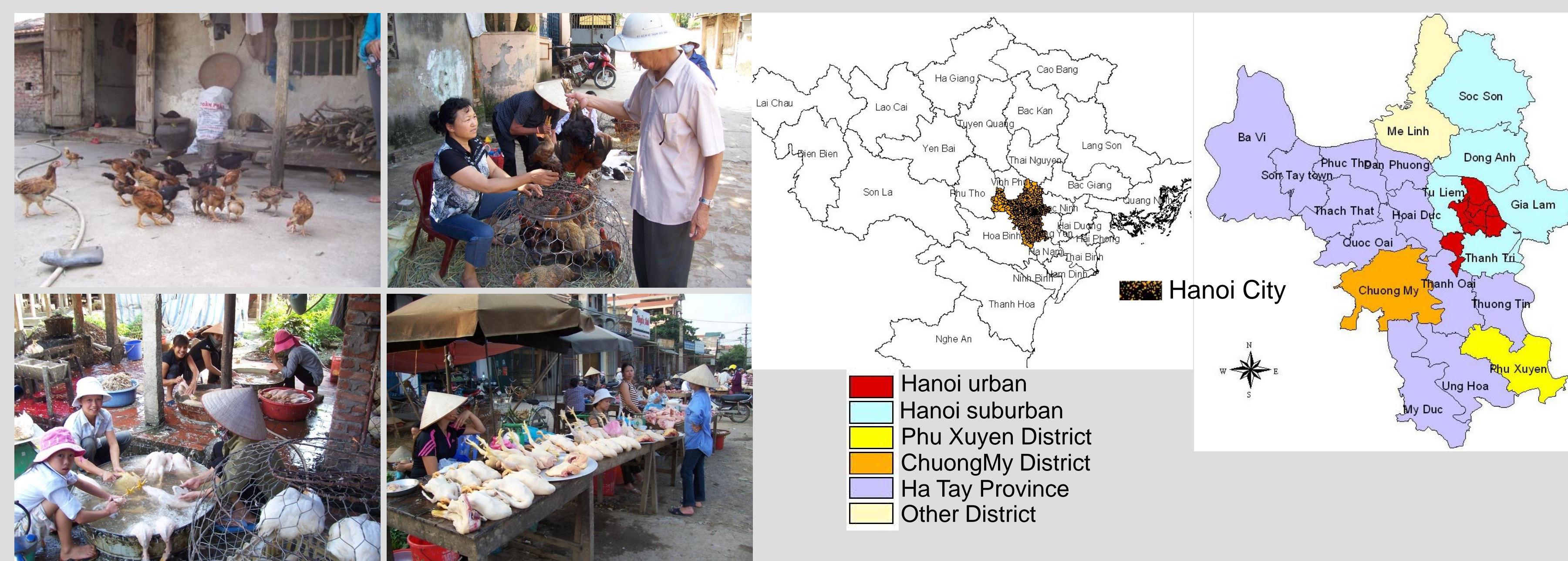


Fig. 1 Districts of research

## Results and Discussions

Table 1. Broiler poultry farming systems at research region

Broiler poultry farming systems	Sub-systems	Heads /farm/year	Producers (% farms)*	Production (% products) *
Broiler industrial chicken by contract farming		4,800 – 19,500	< 0.1%	15%
Broiler poultry production at commercial scale	Broiler industrial chicken	1,000 – 8,000	9.9%	15 – 20%
	Local with cross-bred chicken races	300 – 600		
	Broiler ducks and Muscovy ducks	500 – 10,000		
Poultry production at smallholders		80 – 200	90%	50 – 65%

Table 2. Profit of broiler industrial chicken supply chain by contract farming and at commercial scale

Factors	Items	Average values	Standard deviation
Producers of broiler industrial chicken (n=22)	Cost price with familial labor	2,392.1	15.7
	Cost price without familial labor	2,289.8	15.5
	Profit with familial labor	134.8	16.4
	Profit without familial labor	237.0	16.7
Price at farm gate		2,526.8	14.7
Traders of live poultry (n=9)	Cost price with familial labor	2,409.0	12.6
	Cost price without familial labor	2,379.3	11.5
	Profit with familial labor	161.0	10.6
	Profit without familial labor	190.7	12.0
Price on live poultry market		2,570.0	16.1
Manual slaughter-houses (n=18)	Cost price with familial labor	2,784.1	15.9
	Cost price without familial labor	2,623.4	16.4
	Profit with familial labor	457.2	22.5
	Profit without familial labor	617.8	23.2
Price to consumers		3,241.2	
(Price consumer - Price at farm gate) / Price at farm gate (%)		28.3	

Unit: 1,000 Vnd / 100kg live poultry (1€ = 30,000Vnd)

Table 3. Profit of broiler local chicken supply chain at smallholders

Factors	Items	Average values	Standard deviation
Smallholders of broiler chicken (n=45)	Cost price with familial labor	3,867.5	30.6
	Cost price without familial labor	2,746.9	20.5
	Profit with familial labor	2,432.5	32.5
	Profit without familial labor	3,553.1	24.2
Price at farm gate		6,300.0	17.6
Small traders of live poultry at village (n=8)	Cost price with familial labor	6,464.6	28.2
	Cost price without familial labor	6,338.2	27.7
	Profit with familial labor	410.4	14.8
	Profit without familial labor	536.8	15.0
Price to consumers		6,875.0	
(Price to consumer – Price at farm gate) / Price at farm gate (%)		9.1	

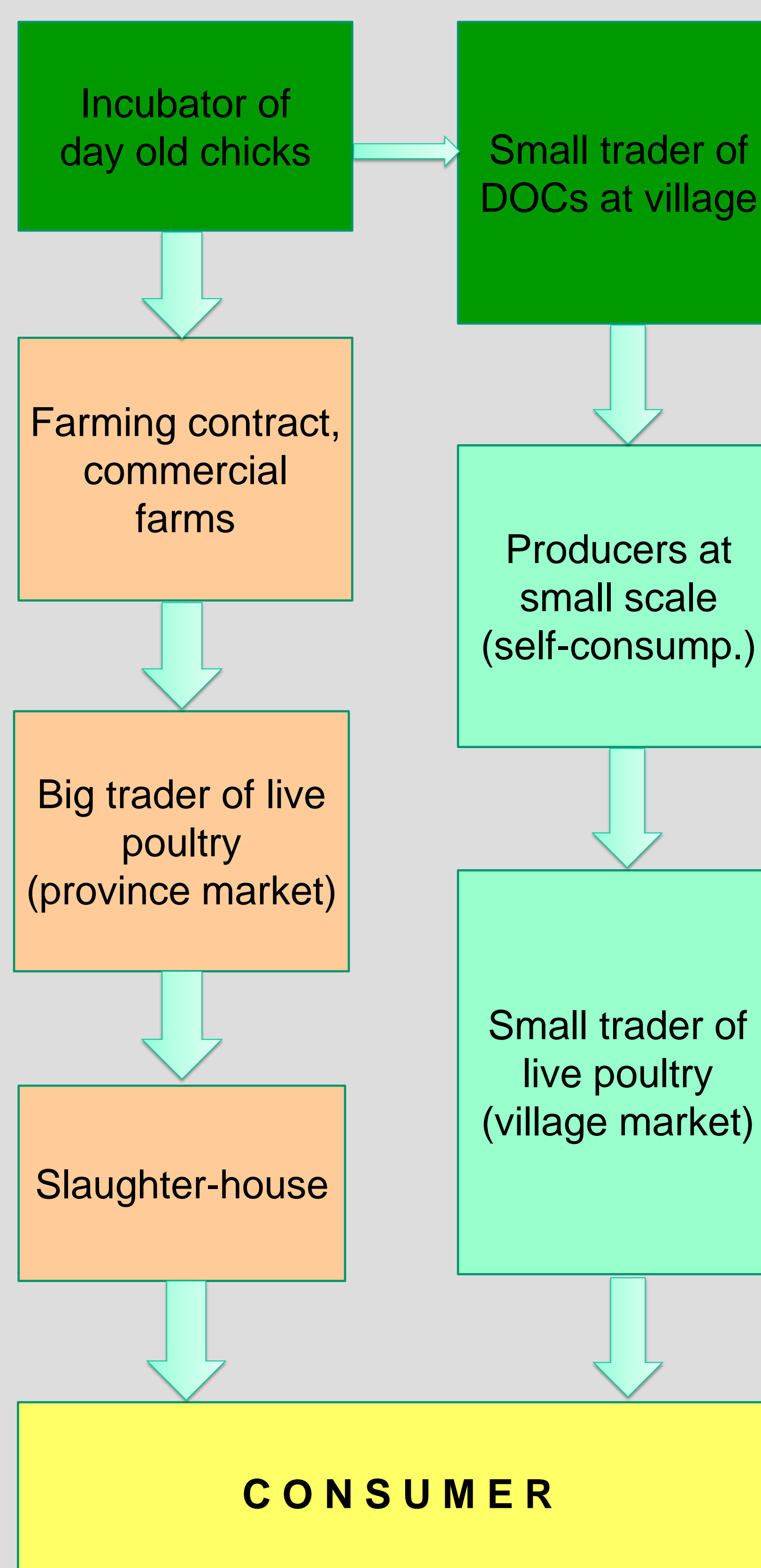


Fig. 2 Broiler supply chains in region of research

## Broiler industrial chickens par contract farming, commercial scale

- The enterprises supplied day old chicks (DOCs), animal feed, vaccines, veterinary drugs and technicians with contract farming.
- These recent years, broiler industrial chickens and ducks met with some difficulties with the profits were very unstable or loss-making.
- Color broiler chickens were chosen for more satisfying the demand of domestic consumers.
- If contract farming has a profit without familial labor of 237 thousand Vnd per 100kg of live chickens, color or cross-bred broiler chickens at semi-commercial scale has a profit of 2,125 thousand Vnd; and broiler ducks has a profit of 111.4 thousand Vnd.

## Broiler chicken production at smallholders

- Village or backyard poultry production has a low investment, free poultry ranging with some races were raised in the same smallholders.
- Price at farm gate was always higher than other birds by Vietnamese taste but an important part of production is reserved for self-consumption.
- The risks with epidemic disease was great by a low knowledge of farmers.

## Conclusions

Poultry supply chains in this region is really complex. Local or color cross-bred broiler chickens have a good economic performance but the output is still instable. Industrial broiler chicken occupies more and more an important role but their economic profits has unsettled caused by a large fluctuation of inputs/outputs and epidemic diseases. Manual slaughter-house has a good economic performance caused by source of familial labor and selling directly to consumers.

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