



**MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT
DEPARTMENT OF LIVESTOCK**

**BEEF INDUSTRY AND
DEVELOPMENT STRATEGY**

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Part I

BEEF INDUSTRY OPPORTUNITIES AND CHALLENGES



HERD SIZE

- **Year 2010 -2013: sharp decrease from 5.9 to 5.1 million head**
- **Year 2011-2012: decrease by 8.11% và 4.46% respectively**
- **Main cause of decrease is high slaughter rate (30%).**
- **Year 2014 – 2016: increase from 5.2 to 5.5 million head, at rate 2.5%.**



BEEF INDUSTRY

Distribution by agri-ecological regions

Year	Northern Midlands & Mountains	Red River Delta	North & South Central Coast	Central Highland	South East	Mekong Delta
2010	1,041.72	656.77	2,391.73	694.91	439.99	691.12
2011	924.64	603.40	2144.87	689.08	408.89	665.68
2012	904.59	517.16	2103.66	657.19	382.48	629.10
2013	896.77	496.55	2092.69	662.77	364.10	643.85
2014	909.04	492.70	2119.70	673.70	361.30	677.83
2015	943.01	496.67	2,185.67	685.58	367.14	689.01
2016	958.08	493.07	2,238.38	717.74	377.36	711.91
Proportion(2015)	17.43	8.97	40.72	13.06	6.87	12.95

BEEF INDUSTRY

Number of cross-breed

In 2015: Zebu cross-breed (Sind. Sahiwal and Brahman...) counts for 56.7%; 3 regions with the highest rate of hybrid beef: South East, Mekong delta, Red River delta (87%, 86.17%, and 80.11% respectively); lowest rate in Northern Mountains: 21.31%.

Zebu cross-breed beef rate over the years

1995	1998	2005	2010	2011	2012	2013	2014	2015	2016
12	25	30	36.6	41.3	44.2	47.6	52.0	56.7	57.3

BEEF INDUSTRY

Size and practice:

- 90% at household level (10-20 head/household).
- Medium and large sized farm (100-50,000 head/farm)
- + Sao Do company: 850 head
- + Hoàng Anh Gia Lai in Gia Lai province: 90.000 head

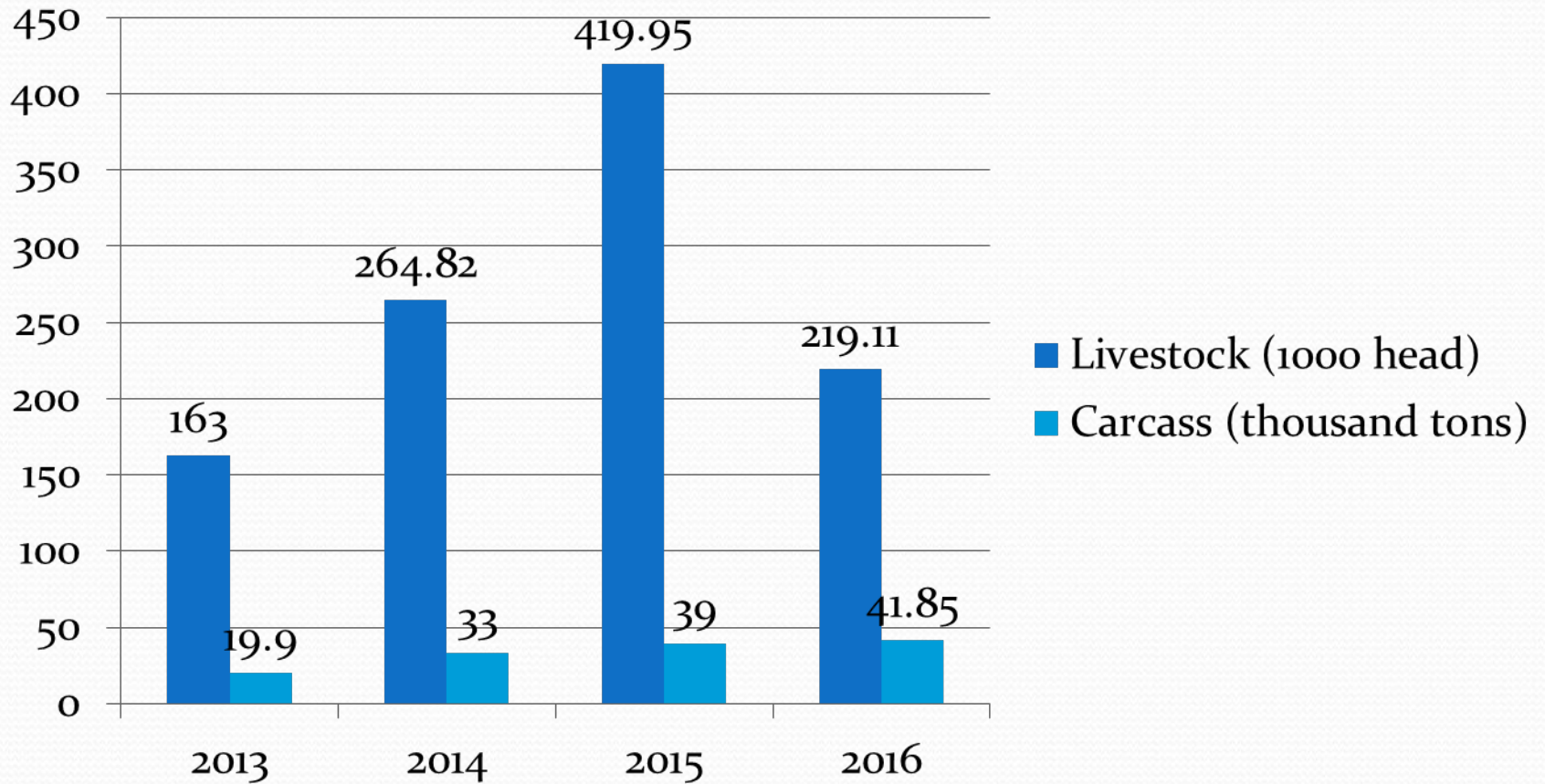


BEEF INDUSTRY

Productivity

- **Year 2010: 278.9 thousand tons, increase by 8.2% compared to 2009**
- **Year 2015: approx. 300 thousand tons, increase by 2.2%**
- **Year 2016: 308.6 thousand tons, increase by 3.1%**
- **Domestic breeds have low maturity weight (170-200kg) and low slaughter rate (43-44%) accounted for 52% of herd size.**

IMPORTS OF BEEF



BEEF INDUSTRY

Overview:

- Traditionally, cattle were reared by Vietnamese farmer households. Yellow cattle is a domestic breed that accounts for 52% of herd size and is distributed nation-wide.
- Technological advancement in breeding, feed, facilities, farming procedures being applied in beef farms helped make beef a commodity.
- Cattle industry plays a vital role in economic restructure in rural areas, generating jobs and improve livelihoods for farmers.
- There is a great potential for sustainable development in cattle industry in Vietnam.

OPPORTUNITIES

- There has been a rise in demand for beef;
- Access to the world's advance technologies;
- High-tech application is the key to restructuring livestock industry;
- Cattle industry is a vital part of economic restructure;
- Policy at central and local levels.



BEEF INDUSTRY



Overview

- Demand for beef has been rapidly growing due to improvement in income and living standards. At present, supply of beef is only 4.5% of total supply of carcass. Domestic beef industry has not been able to meet demand, especially with premium products.
- Imports of beef considerably impact domestic beef industry due to lower prices.



CHALLENGES

- **Small scale**
- **Low productivity, quality and unstable food safety;**
- **Obsolete slaughter and processing facilities;**
- **Weak linkage in production;**
- **No natural grazing areas.**



PART II

PRODUCTION MODEL

- **Households (< 10 head, bred and fattened) → traders → slaughterhouses → market**
- **Farms(bred and fattened) → traders → slaughterhouses → market**
- **Large-scale farms (imported beef, fattened) → slaughterhouses → market**

PART III

POLICY

Regarding land

- Cattle raising and breeding projects, investment, consultation, science and technology projects about cattle raising in disadvantaged areas shall receive favorable treatment
 - Exempted from land use levy
 - Exempted from land rent, water surface rent from the date the project is operative (if state land is rented).
 - Support equivalent to 20% land rent, water surface rent according to price for land lease within the first five years after basic construction is completed.
 - Exempted from land use levy when repurposing the land.

POLICY

Regarding land

- Projects in preferential rural areas:
 - Remitted from land use levy by 50%;
 - Exempted from land rent, water surface rent within first 11 years from the date the project is operative (if state land is used). After this period, the lowest price of respective land type on land price range regulated by provincial people's committee shall be applied.
 - Exempted from land rent applied for land used for workers accommodation, trees, communal benefits.
 - Remitted from land use levy by 50% when repurposing the land.

POLICY

Regarding land

- Projects in socio-economically disadvantaged areas:
 - Remitted from land use levy by 70%.
 - Exempted from land rent, water surface rent within 15 years from the date the project is (if state land is used). After this period, the lowest price of respective land type on land price range regulated by provincial people's committee shall be applied.
 - Exempted from land rent applied for land used for workers accommodation, trees, communal benefits.
 - Remitted from land use levy by 50% when repurposing the land.

POLICY

Regarding infrastructure

Beef farms sized 200-500 head that use 30% from local labor.

- 3 billion VND/project on infrastructure for waste treatment, transportation, electricity and water supply, factory, grazing areas and facilities.
- Projects where transportation facilities, electricity and water supply, and fences are not yet built are supported: 70% of costs not exceeding 5 billion VND for construction of the above.

POLICY

Investment projects in slaughter facility with capacity of 400 cattle head or 200 cattle head and 2000 poultry head that use at least 30% from local labors:

- Support at least 2 billion VND/project for electricity and water supply, factory, waste treatment and machinery.
- Projects where transportation facilities, electricity and water supply, and fences are not yet built are supported: 70% of costs not exceeding 5 billion VND for construction of the above.

POLICY

Regarding breeds

- Beef farming projects with capacity from 500 heads or 200 foreign high productivity breeds that use at least 30% from local labor are supported up to 40% of foreign breed.
- Households are supported to purchase bulls: one time support up to 50% and not exceeding 20 million VND each bull for breeding from 12 months old for households in specially disadvantaged and disadvantaged areas.
- Households with under 10 breeding head: support with 02 semen dose/head/year and conception support materials.

POLICY

Regarding environment

Beef farming facilities with constant head count no less than 3:

- One time support 50% cost of biogas plant not exceeding 5 million VND/plant.
- Or one time support 50% cost of compost bedding not exceeding 5 million VND/household.

POLICY

Regarding capital

Commercial loan

- For machinery, water-saving irrigation system, breeding materials, machinery to process agricultural side products : support with 100% of interests within the first two years and 50% for third year.

Credit loan

Credit loans are granted to

- Individuals, households, farms, cooperatives, associations cooperative are granted the loan by credit organizations without collateral for a duration based on business circle and payback period starting from 50 million VND up to 2 billion VND.

POLICY

Linked agricultural production

- Firms, cooperatives, associations of cooperatives contracted by/with organizations/individuals in agricultural production are considered for credit loan without collateral up to 70% of project's total value.
- Firms, cooperatives, associations of cooperatives contracted to implement value chain linked projects in agricultural production by/with organizations/individuals in agricultural production are considered for credit loan without collateral up to 80% of project's total value.

POLICY

Agricultural production with high-tech application

- Firms, cooperatives, associations of cooperatives with projects for production in agricultural high-tech zones/areas are considered for credit loan without collateral up to 70% of technology transfer contract value, or value of product consumption produced with high-tech application.
- Agricultural high-tech firms are considered for credit loan without collateral up to 80% of project value in agricultural production with high-tech application.

POLICY

Regarding market access

Cattle raising and breeding projects, investment, consultation, science and technology projects about cattle raising in disadvantaged areas shall receive :

- Support 50% advertising costs (corporate and products advertising) on mass media.
- 50% cost for national trade fairs.
- 50% market intelligence access and trade promotion services.

POLICY

Regarding technology

Cattle raising and breeding projects, investment, consultation, science and technology projects about cattle raising in disadvantaged and rural areas shall receive:

- Support 70% cost for research on new technologies led by the project itself or technology copyrights bought for implementation.
- 30% total investment into test production.

Part IV

BEEF INDUSTRY IN VIETNAM COMPARED TO THE WORLD AND SOUTH EAST ASIA REGION



OVERVIEW OF THE WORLD'S BEEF INDUSTRY

Cattle raising(FAO, 2014):

Rank	Country	Herd size (head)
1	Brazil	212.343.932
2	India	187.000.000
3	China	117.263.000
4	USA	88.526.000
5	Ethiopia	56.706.389
6	Argentina	51.646.544
7	Pakistan	39.700.000
8	Mexico	32.939.529
9	Sudan	30.191.000
10	Australia	29.103.000
49/219	Vietnam	5.234.300

Herd size of Vietnam compared to South East Asian countries (FAO, 2014):

Country	Herd size (head)	Population (1000 people)
Myanmar	15.543.000	53.437,16
Indonesia	15.186.300	254.454,78
Viet Nam	5.234.300	92.423,34
Thailand	4.898.575	67.725,98
Cambodia	2.875.000	15.328,14
Philippines	2.504.641	99.138,69
Laos	1.766.000	6.689,30
Malaysia	760.997	29.902,00
Timor-Leste	180.000	1.157,36
Brunei	800	417,39
Singapore	200	5.506,59

Part V

DEVELOPMENT STRATEGY



Development strategy for beef industry until 2020

Decision 10 by Prime Minister signed on Jan 16, 2008 – development strategy for livestock until 2020:

- **Beef herd size: average increase by 4.8%/year**
- **Reaching 12.5 million head**
- **Cross-breed rate: 50%.**
- **425 thousand tons of beef, equivalent to 200 thousand tons of carcass, accounts for 4% of total carcass.**

Beef industry restructure:

Goal: carcass beef from 8.5% (2015) to 10% (2020).

➤ **Two models (household and farm) are both developed.**

➤ **Breeds: import Brahman, Red Angus, Black cattle(cross-bred with Kobe) breeds from Australia, Japan for productivity improvement by at least 20%.
Self-sustained supply of breeds for beef fattening.**

➤ **Feed: grass growing and processing, agricultural and industrial side products; TMR, TMF, etc.**

➤ **Slaughter and processing with respect to food safety, environment, animal rights.**

THANK YOU FOR YOUR ATTENTION!





Thank you!

