

Policy dialogue

on Sustainable development for beef and cattle sector in Viet Nam



Date: Morning 24 May 2024

Organisers: Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD)

Location: Westlake 12 Room, Hanoi Intercontinental Hotel, 05 Tu Hoa street, Tay Ho district, Hanoi

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I. INTRODUCTION

1.1. Background

Over the past decade the Vietnamese beef sector has witnessed significant change both in consumption and production. A growing population of around 100 million people and a 35% upsurge in domestic demand for beef products over the last 5 years together with increasing consumer awareness and demand for increased hygiene, food safety and nutrition present both opportunities as well as challenges for the sector.

Increasing demand has led to a change in supply patterns for beef sector in Vietnam, particularly import patterns. Currently, Viet Nam's domestic production only meets about 50% of market demand. Therefore, Viet Nam imports both beef and live cattle from Myanmar, Thailand, Australia, USA, Brazil and Argentina; and frozen buffalo meat from India. In addition, the international markets and policies of key beef suppliers have been changing. These trends and its impacts to Vietnamese market should be considered by policy makers in decision-making process.

The policy dialogue will be organized to present the preliminary findings of the policy study entitled, "Preliminary evidence and policy implications of rapid transformations in beef and cattle trading and consumption in Vietnam". The policy dialogue will act as a forum to present the information from the study on the current situation of demand, supply and trade in the sector as well as highlighting key policy questions; and use that as a basis for discussions with policy makers and key national stakeholders. These discussions would aim to outline some key policy implications and potential policy developments to address the rapid development of the industry and the key issues identified.

1.2. Objectives

The policy dialogue will provide an overview on policies for developing cattle sector in Viet Nam; key findings on drivers and implications of rapid transformations in trading patterns of beef and cattle products in Viet Nam as well as discuss on potential policy implications for sustainable development of beef and cattle sector in Viet Nam. Specifically:

- Provide an overview on policies for developing cattle sector in Viet Nam,
- Provide key findings on rapid transformations in beef and cattle trading and consumption in Vietnam and its influenced factors of these changes,
- Discuss the policy implications and some potential solutions for sustainable development of beef and cattle sector in Viet Nam

1.3. Participants

The ***Policy dialogue on Sustainable development for beef and cattle sector in Viet Nam*** was organized on 24 May 2024 in Ha Noi city, Viet Nam. The workshop was attended by 32 participants, including representatives from central and local government agencies such as Department of Livestock Production, Department of Animal Health; Department of Quality, Processing and Market Development,...), Associations (Vietnam Ruminant Husbandry Association, Vietnam Animal Welfare Association,...), technical experts, industry and business representatives, and researchers in beef and cattle sector (see Annex 2 for the list of participants).

1.4. Presentations

There are three presentations in the dialogue (see Annex 2 for Agenda), including:

- Presentation 1: Development situation and orientation of cattle sector in Viet Nam presented by La Van Thao (M.A) - Head of General Planning Division, Department of Livestock Production
- Presentation 2: Policies for developing beef and cattle sector in Vietnam presented by Pham Duy Khanh (Ph.D) - Director, Rural Development Center (RUDEC/IPSARD)
- Presentation 3: Current status and trends in beef and cattle trading and consumption in Vietnam presented by Le Vu Ngoc Kien (M.A) - Researcher, Information Center for Agriculture and Rural Development (AGROINFO/IPSARD)

Presentation 1: Development situation and orientation of cattle sector in Viet Nam presented by La Van Thao (M.A) - Head of General Planning Division, Department of Livestock Production

The presentation discusses the situation, orientation, and solutions for developing grass-fed cattle in Vietnam. The period of focus is from 2018 to 2022, covering various livestock including beef cattle, dairy cows, buffalo, goats, sheep, rabbits, and deer.

Current Situation:

- **Beef Cattle and Dairy Cows:** The total cattle herd has shown stable growth. The number of beef cattle increased from 5.5 million in 2018 to approximately 6 million by 2022. Similarly, dairy cows saw an increase from 294,382 in 2018 to 325,154 in 2022.
- **Buffalo and Other Livestock:** The buffalo population decreased by 1.7%, while goat numbers fluctuated with a slight decline overall. The rabbit population saw a significant increase.
- **Meat and Milk Production:** There has been a steady increase in beef, buffalo meat, and fresh milk production. Beef production rose by 8.67%, while fresh milk production grew by 3.42%.
- **Regional Distribution:** The North Central and Central Coast regions have the highest concentration of beef cattle, followed by the Northern Midlands and Mountainous Region.

Challenges and Opportunities:

- The presentation notes the need for technological advancements and improved breed management to enhance productivity.
- **High Technology in Breeding:** Adoption of advanced breeding techniques like artificial insemination, embryo transfer, and use of high-yield breeds is crucial.
- **Feed and Forage Management:** Emphasizing the utilization of local feed resources, reducing dependency on traditional feed markets, and incorporating biotechnology for efficient feed use.

Future Orientation:

- Production Goals: By 2025, the goal is to produce 1.7 to 1.8 million tons of milk and 8-10% of total meat output from grass-fed sources. By 2030, these targets increase to 2.6 million tons of milk and 10-11% of meat output.
- Breeding and Livestock Management: Increasing the dairy herd to 650-700 thousand heads, with 60% on farms, and stabilizing the beef cattle herd at 6.5-6.6 million heads.
- Policy and Institutional Improvements: Enhancing legal frameworks, supporting private enterprises, and promoting sustainable livestock farming practices.

Technical and Policy Solutions:

- The presentation highlights the importance of reviewing and updating legal documents, planning livestock areas strategically, and implementing policies that encourage private sector investment.
- Breed Management: Standardizing the identification and recording of livestock to improve breeding efficiency and quality.
- Feed and Forage Solutions: Promoting the use of industrial and agricultural by-products and advanced feed processing technologies.

The overall objective is to enhance productivity, quality, and food safety of grass-fed livestock products, ensuring sustainability and meeting both domestic and export demands.

Keywords

1. Grass-fed Cattle
2. Livestock Production
3. Dairy Cows
4. Breeding Technology
5. Feed Management

Presentation 2: Policies for developing beef and cattle sector in Vietnam presented by Pham Duy Khanh (Ph.D) - Director, Rural Development Center (RUDEC/IPSARD)

The presentation provides a detailed examination of the legal framework, support policies, general comments, and policy recommendations for the cattle sector in Vietnam.

Legal Framework:

The legal framework for managing the cattle sector in Vietnam has become increasingly comprehensive. It includes various laws, decrees, and circulars aimed at enhancing environmental protection, productivity, and product quality. Key legislative documents include the Law on Animal Husbandry, guiding decrees (13, 14, 46), circulars from the Ministry of Agriculture and Rural Development (MARD), and the Law on Veterinary Medicine

and Environment Protection. Livestock farming is a regulated activity requiring declaration to local authorities, adherence to livestock density limits, humane treatment of animals, and compliance with waste treatment regulations.

Support Policies:

Support policies for beef cattle farming are extensive, covering various aspects of production:

1. Land: Policies provide land rent exemptions, support for land concentration, and infrastructure development for agricultural projects.
2. Credit: Unsecured loans are available for individuals, households, cooperatives, and enterprises, with specific provisions for high-tech agriculture and value chain linkages.
3. Infrastructure: Significant financial support is provided for waste treatment, transportation, electricity, water facilities, and equipment purchase for both production and processing projects.
4. Science and Technology: Support for pilot projects applying new technologies, high-tech agriculture zones, and livestock farming adhering to VietGAP and organic standards.
5. Taxes and Fees: Exemptions from agricultural land use tax and VAT for specific livestock products, and income tax exemptions for cooperatives and enterprises in socio-economically challenging areas.
6. Trade and Consumption: Policies prioritize branded livestock products, establishment of wholesale markets and e-commerce platforms, and expansion of trade promotion activities.

General Comments:

The presentation notes that while the legal and support frameworks are robust, the implementation process faces challenges. There is a lack of specific support policies for the livestock sector, and resources for development are limited. The value chain for beef cattle farming is incomplete, with few deeply processed products and no established brand.

Policy Recommendations:

The presentation outlines recommendations for the development of beef cattle farming until 2030, emphasizing value chain development, climate adaptation, and humane treatment of livestock. Key recommendations include issuing new decrees to replace outdated policies, integrating resources effectively, setting technical requirements for imports, preventing informal cattle trade, and supporting enterprises through tax reductions and branding initiatives. Additionally, there is a call to enhance the application of science and technology in the sector, particularly in circular economy practices and quality management.

In summary, the presentation provides a comprehensive overview of the current state and future directions of the cattle sector in Vietnam, highlighting the need for improved policies and resource allocation to support sustainable development.

Keywords

1. Cattle Sector
2. Legal Framework
3. Support Policies
4. Livestock Management
5. Sustainable Development

Presentation 3: Current status and trends in beef and cattle trading and consumption in Vietnam presented by Le Vu Ngoc Kien (M.A) - Researcher, Information Center for Agriculture and Rural Development (AGROINFO/IPSARD)

The presentation explores the rapid transformations in trading patterns, key influencing factors, and policy recommendations for the sustainable development of the beef and cattle sector in Vietnam.

Background:

IPSARD conducted a comprehensive study using desk reviews and in-depth interviews with stakeholders in various regions, including Hanoi, Phu Tho, Thai Binh, Gia Lai, Ben Tre, and Tra Vinh. The study aims to understand the changes in trading patterns and propose policy recommendations for the beef and cattle sector.

Trade Trends:

- **Export Trends:** During 2018-2023, Vietnam's beef and cattle product exports fluctuated, with a significant increase in live cattle exports since 2021. However, meat and meat product exports have decreased.
- **Import Trends:** Import values saw a notable rise, with a shift from live cattle to frozen beef and buffalo meat. Main suppliers include India, Australia, Canada, and the United States, with India being the primary supplier of frozen beef and buffalo meat.

Factors Affecting Trade:

- **Domestic Production:** The growth of cattle herds has slowed, with the beef cattle herd growing at an average of 0.02% per year and buffalo herds decreasing by -2.4% per year from 2018 to 2023. Meat production from cattle and buffalo constitutes a small portion of the total live-weight meat compared to pigs and poultry.
- **Small-scale Farming:** Despite the development of large-scale farming, small-scale farms still dominate, accounting for 60-80% of the sector. The average scale of buffalo and cattle farming remains small.
- **Challenges and Advantages:** While Vietnam has suitable environments and rich natural food sources for cattle farming, challenges include decreasing grazing lands, high costs of commercial livestock feed, and limited adoption of advanced technologies.

Domestic Consumption:

- Consumption Trends: Beef consumption in Vietnam has shown consistent growth, reaching approximately 3.83 kilograms per capita in 2022. There is a shift from “hot meat” to “cool meat,” with imported chilled and frozen meat gaining popularity, especially in urban areas and industrial zones.
- Policy and Regulatory Changes: Vietnamese producers face high competition from imports due to reduced tariffs under free trade agreements (FTAs). The import tax on live cattle ranges from 0-5%, while standards for exporting live animals make Australian cattle less competitive in the Vietnamese market.

Behavioral Changes:

- Farmers and Traders: Farmers are reducing their herds due to low prices, while traders face challenges in purchasing cattle from small-scale farmers. There is an increase in demand for imported breeding cattle to reestablish breeding farms.
- Importers: Importers and traders are shifting from temporary re-importation to formal imports of frozen cattle meat products to meet domestic demand.

Conclusion and Policy Recommendations:

- Production Enhancement: Support small-scale farms with efficient feeding practices, access to land, and financial resources. Develop integrated supply chains and focus on deep processing to add value to livestock products.
- Trade Management: Secure domestic feed sources to ensure sustainability and implement coherent policies to safeguard local producers from unfair competition.
- Technology Adoption: Promote advanced livestock farming technologies and attract investments in large-scale farm projects to improve productivity and mitigate environmental risks.
- Quality Control Measures: Enforce strict quality control over imported and domestic livestock products and ensure fair competition by controlling imported products of unknown origin.

The presentation underscores the need for comprehensive policy support, enhanced production practices, and technological adoption to foster the sustainable development of Vietnam’s beef and cattle sector.

Keywords

1. Beef Trade
2. Cattle Imports
3. Domestic Production
4. Consumption Trends
5. Policy Recommendations

II. DISCUSSION

After the presentations, there was a comprehensive discussion on the cattle industry in Vietnam during which participants addressed four main topics: quality management of beef and cattle products, trade trends and influencing factors, development strategy for the beef and cattle sector, and policy recommendations to stabilize cattle production and the domestic market. Dr. Nguyen Anh Phong, Vice Director of IPSARD, moderated the discussion and encouraged participants to share their insights.

Breed Quality

The disparity in cattle breed quality between large-scale and small-scale farms emerged as a significant issue. Small-scale farms, particularly in rural and mountainous areas, often use low-quality breeds, leading to lower productivity and poorer meat quality. Additionally, many traders import cattle breeds through border gates with Laos, Cambodia, and Thailand. However, inadequate quarantine controls at these borders pose a high risk of introducing low-quality breeds or diseased cattle into Vietnam.

Cattle Production

Cattle production in Vietnam is predominantly carried out by small-scale farms, which diminishes the efficiency of the supply chain. The decreasing price of slaughtered cattle has negatively impacted these farms, resulting in reduced economic efficiency and smaller operational scales. Furthermore, there is a notable lack of training programs on nutrition and disease prevention for cattle producers. Methane emissions from cattle production are high, yet there are no measures in place to calculate these emissions accurately. Circular models in livestock production are mainly small-scale or pilot projects without specific guidelines. The development of national standards (TCVN) for processed beef and related products is limited, hindering quality management in production and business.

Animal Welfare

There is a lack of specific regulations and standards for animal welfare in the transportation and slaughter of cattle in Vietnam. This gap highlights the need for comprehensive welfare standards to ensure humane treatment throughout the cattle supply chain.

Slaughtering Practices

The management and planning of cattle slaughterhouses lag behind those of pork and poultry. Many small-scale slaughterhouses are located in residential areas, making it difficult to manage hygiene and quality control. These small-scale operations often purchase low-quality cattle, failing to meet hygiene and safety standards, yet they continue to sell their beef at the same prices as large-scale slaughterhouses.

Trade and Market

Vietnam has significant potential as a market for beef and cattle products. Importing live cattle from Australia accounts for 25% of total imports, but imports from Laos, Cambodia, and

Thailand are not well-managed. Consumers often lack awareness of the differences between imported frozen beef and fresh meat, as well as between low-quality and high-quality beef in traditional markets.

Policy Recommendations

To address these challenges, several policy recommendations were proposed:

1. **Cattle Breed Improvement:** Develop a reform program to enhance cattle productivity and meat quality, encouraging the use of certified breeds from qualified facilities.
2. **Development Plan:** The Department of Livestock Production should create a separate development plan for the beef cattle sector, including specific support policies for land access, credit, production linkage, and tax reductions.
3. **Information Technology:** Promote the use of IT for quality management and traceability along the supply chain to ensure meat quality for both domestic and export markets.
4. **Branding Support:** Provide support for branding livestock enterprises, particularly in beef cattle farming.
5. **Safe Production Zones:** Develop safe cattle production zones with robust traceability systems to ensure quality.
6. **Methane Emissions:** Develop methods for measuring and reducing methane emissions in cattle production.
7. **Slaughterhouse Planning:** Improve planning and management of slaughterhouses, strictly enforcing hygiene and safety standards to ensure fair competition.
8. **Animal Welfare Standards:** Establish standards and certification for animal welfare during transport and slaughter, making these standards compulsory for exporting beef and cattle meat.
9. **Circular Models:** Develop specific guidelines and support policies for circular livestock models, such as livestock-crop production and cattle-grass production.
10. **Import Quarantine Control:** Strengthen quarantine controls at border gates to prevent the use of growth substances in livestock production.
11. **International Cooperation:** Promote cooperation between Vietnam and Australia to improve the cattle supply chain.

These discussions and recommendations aim to address the existing challenges in Vietnam's cattle industry, fostering sustainable development and enhancing the overall quality and efficiency of cattle production.

ANNEX

Annex 1: Agenda

Time	Activity	Facilitator/Presenter
08:00 - 08:30	Registration	Organizing Board
08:30 - 08:40	Opening remark	Representative of IPSARD
08:40 - 09:00	Presentation 1: Development situation and orientation of cattle sector in Viet Nam	La Van Thao (M.A) Head of General Planning Division, Department of Livestock Production
09:00 - 09:20	Presentation 2: Policies for developing beef and cattle sector in Vietnam	Pham Duy Khanh (Ph.D) Director, Rural Development Center (RUDEC/IPSARD)
09:20 - 09:40	Presentation 3: Current status and trends in beef and cattle trading and consumption in Vietnam	Le Vu Ngoc Kien (M.A) Researcher, Information Center for Agriculture and Rural Development (AGROINFO/IPSARD)
09:40 - 10:00	Discussion	
10:00 - 10:15	Tea break	
10:15 - 11:45	Dialogue on sustainable development of beef and cattle sector in Viet Nam. <i>Discussion topics:</i> - Quality management of beef and cattle products; - Trade trends and its influenced factors; - Development strategy for beef and cattle sector in Viet Nam; - Policy recommendations to stabilize cattle production and domestic market.	<i>Panelists:</i> - Department of Livestock Production; - Department of Animal Health - Vietnam Runminant Husbandry Association - Vietnam Animal Welfare Association - Griffith University in Australia - Focusgroupgo Asia Pacific Co., Ltd. - Enterprise imports beef/cattle from Australia - IPSARD (Moderator)
11:45 - 12:00	Conclusion and closing remark	IPSARD

Annex 2: List of participants

No	Name	Gender	Agency/Organization
1	Lã Văn Thảo	M	Department of Livestock Production
2	Tăng Anh Vinh	M	Department of Animal Health
3	Nông Chí Kiên	M	Sub-Department of Rural Development, Cao Bang province
4	Trần Quyết Thắng	M	
5	Hạ Thúy Hạnh	F	Viet Nam Animal Welfare Associations
6	PGS.TS. Lê Thị Thúy	F	Viet Nam Institute of Animal Science and Technique
7	Nguyễn Khắc Thanh	M	Phục Hòa Agriculture - Forestry Cooperative
8	Phùng Thế Hải	M	Moncada
9	Trần Sĩ Tiến	M	Sub-Department of Livestock and Animal Health, Hanoi
10	Chu Đức Chí	M	
11	Phạm Thành Nhung	M	Sub-Department of Livestock and Animal Health, Thai Binh province
12	Trần Đăng Dũng	M	
13	Nguyễn Danh Tuyên	M	Balance Distribution Company
14	Nguyễn Hoàng Giang	M	Phú Lâm Company
15	Phạm Minh Trí	M	IPSARD
16	Dominic Smith	M	Griffith University, Australia
17	Mr Oleg Nicetic	M	Focusgroupgo Asia Pacific
18	Mr. Tony Harman,	M	Counsellor (Agriculture), Australian Embassy
19	Nguyễn Anh Phong	M	Vice Director, IPSARD
20	Phạm Duy Khánh	M	Director, RUDEC
21	Nguyễn Thị Hồng Thanh	F	AGROINFO
22	Nguyễn Quốc Thành	M	Phú Lâm Company
23	Hoàng Văn Hoàng	M	HLT Company
24	Nguyễn Bích Hạnh	F	
25	Lê Thị Hằng Nga	F	Focusgroupgo Asia Pacific
26	Rodd Dyer	M	
27	Nguyễn Huy Tiến	M	MLA
28	Đào Văn Lập	M	National Centre for Cattle Breed
29	Phạm Thị Kim Dung	F	Department of Livestock Production
30	Bùi Khắc Hùng	M	
31	Phạm Thị Thanh Hằng	F	AGROINFO
32	Trần Thị Lệ Thúy	F	AGROINFO

Annex 3: Pictures of the Policy Dialogue











