



Vietnamese policy on milk cow raising development

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Content

- Development of milk production in 2001-2013
- Driven factors of milk cow development

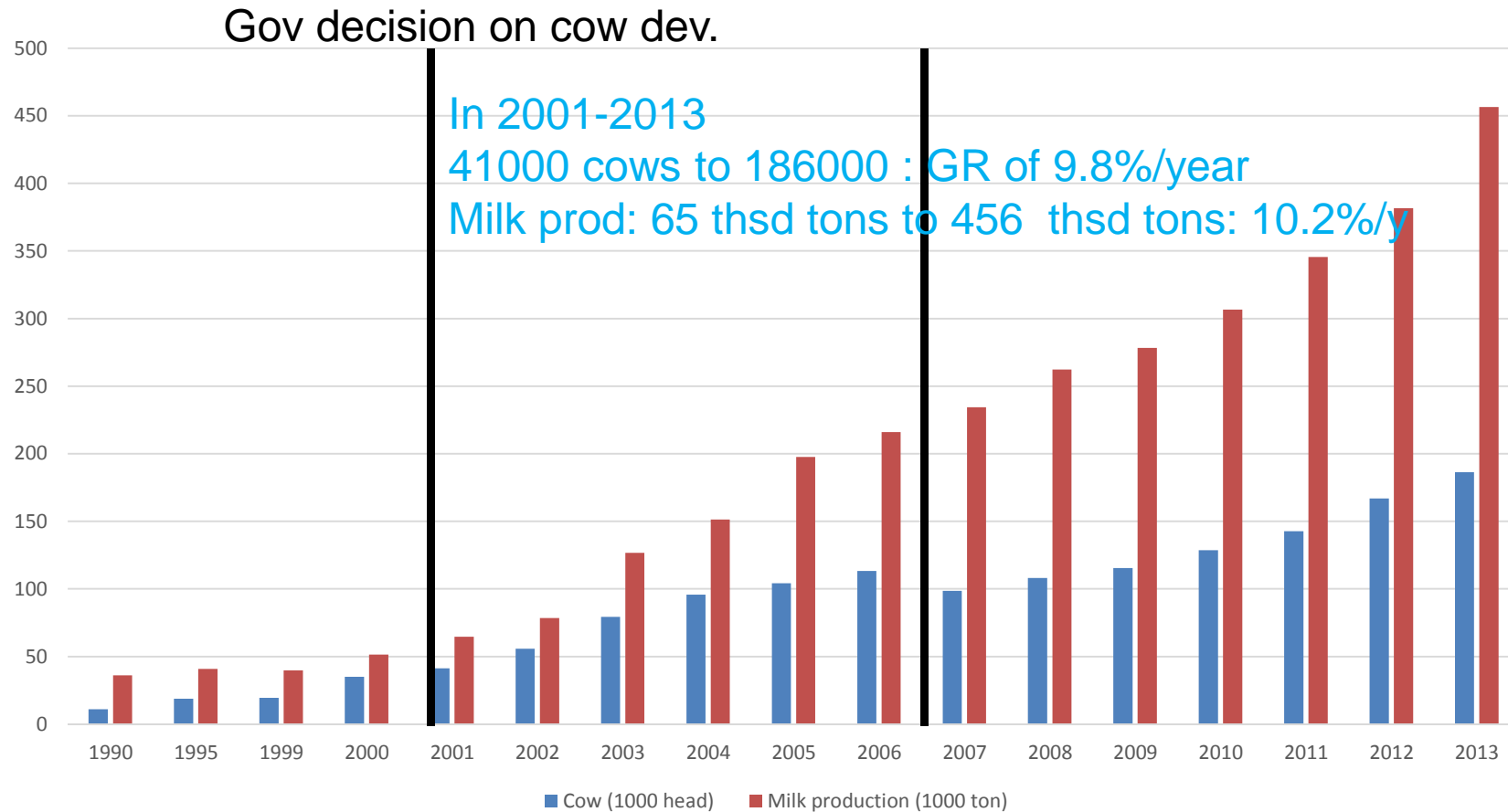


Development of milk cow in Vietnam

- Introduced in Vietnam in 1920s in HCM city
- Before 1986, only state farms
- After 1986, family breeding starts
- In 2000, private farms encouraged
- In 2001, government policy on milking cow development



Development of cow raising in Vietnam



Structure of herd: 90% crossbred: 10% exotic in 2011



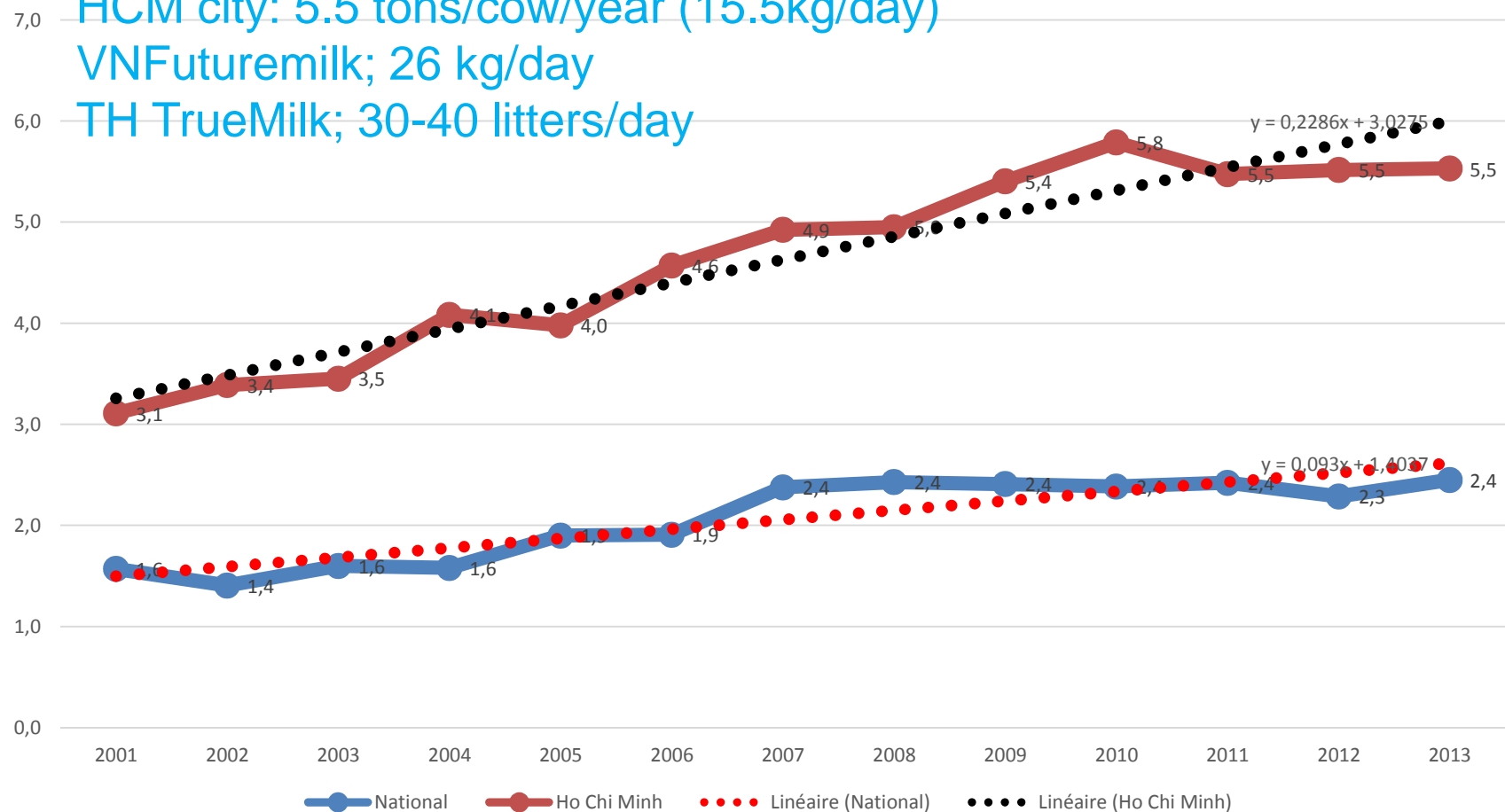
Growth of dairy productivity per cow

GR of milk productivity: 4.8%/y at national level

HCM city: 5.5 tons/cow/year (15.5kg/day)

VNFuturemilk; 26 kg/day

TH TrueMilk; 30-40 liters/day





Distribution of cow herd

- 2001: 12 provinces
- 2005: 33 provinces
- 2013: 44 provinces

Map of milking cow herd structure by region



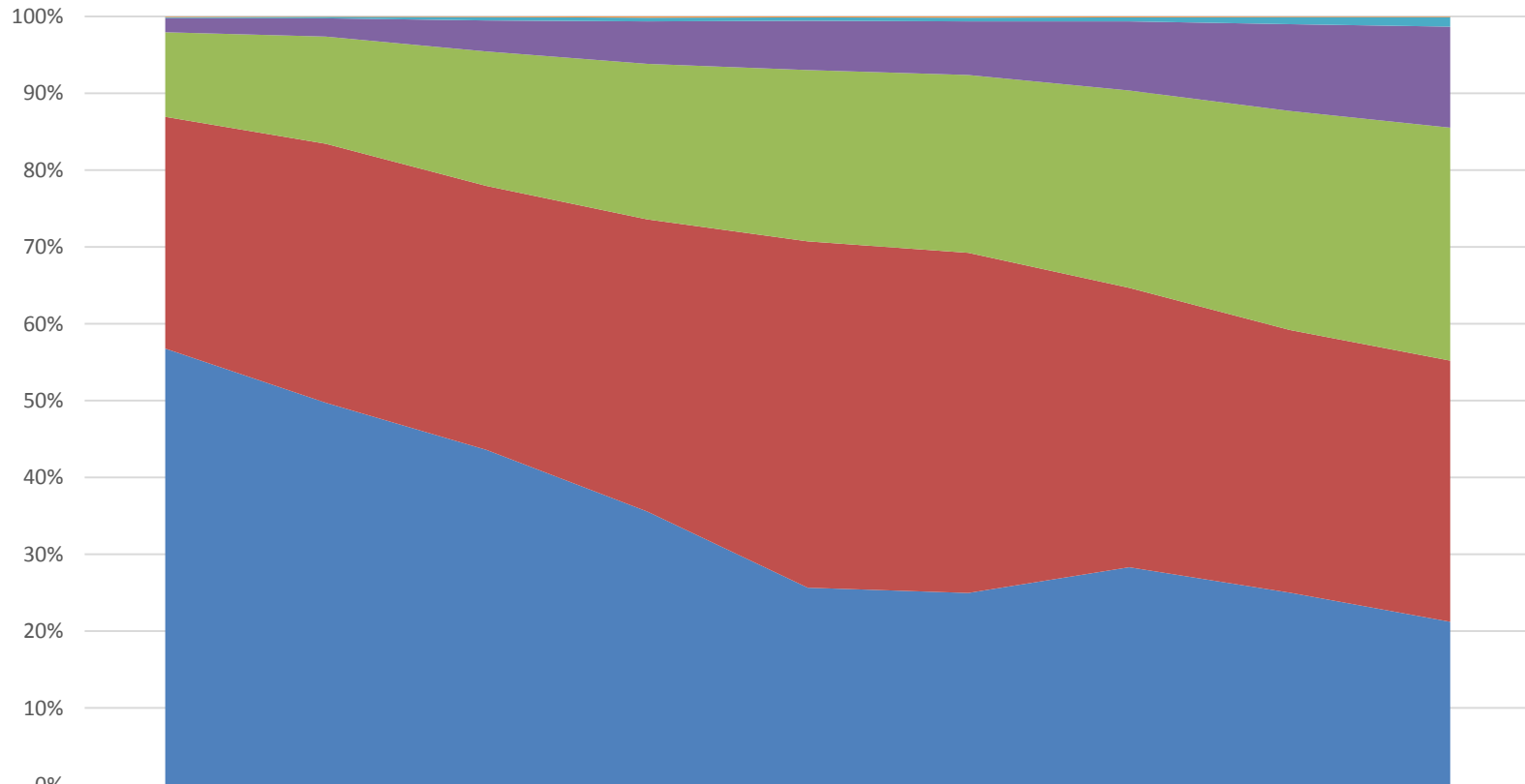


Diversity of production models

- Breeders: HH (200thsd), farm, mega-farm (company)
- Diversified forms of linkages
 - Independent HH
 - Link between HH and company
 - HHs are members of company
 - Concentrated company: breeding, processing, commercialization,



Breeding scale increasing



	2005	2006	2007	2008	2009	2010	2011	2012	2013
> 100 cows	8	5	8	14	12	16	11	7	9
50 – 99 cows	12	16	37	42	40	40	44	79	104
20 – 49 cows	161	211	352	471	571	610	728	934	1097
10 – 19 cows	961	1236	1517	1730	1984	2022	2087	2359	2532
5 – 9 cows	2630	2984	2978	3248	4017	3870	2954	2831	2836
< 5 cows	4956	4403	3783	3039	2284	2183	2302	2072	1774

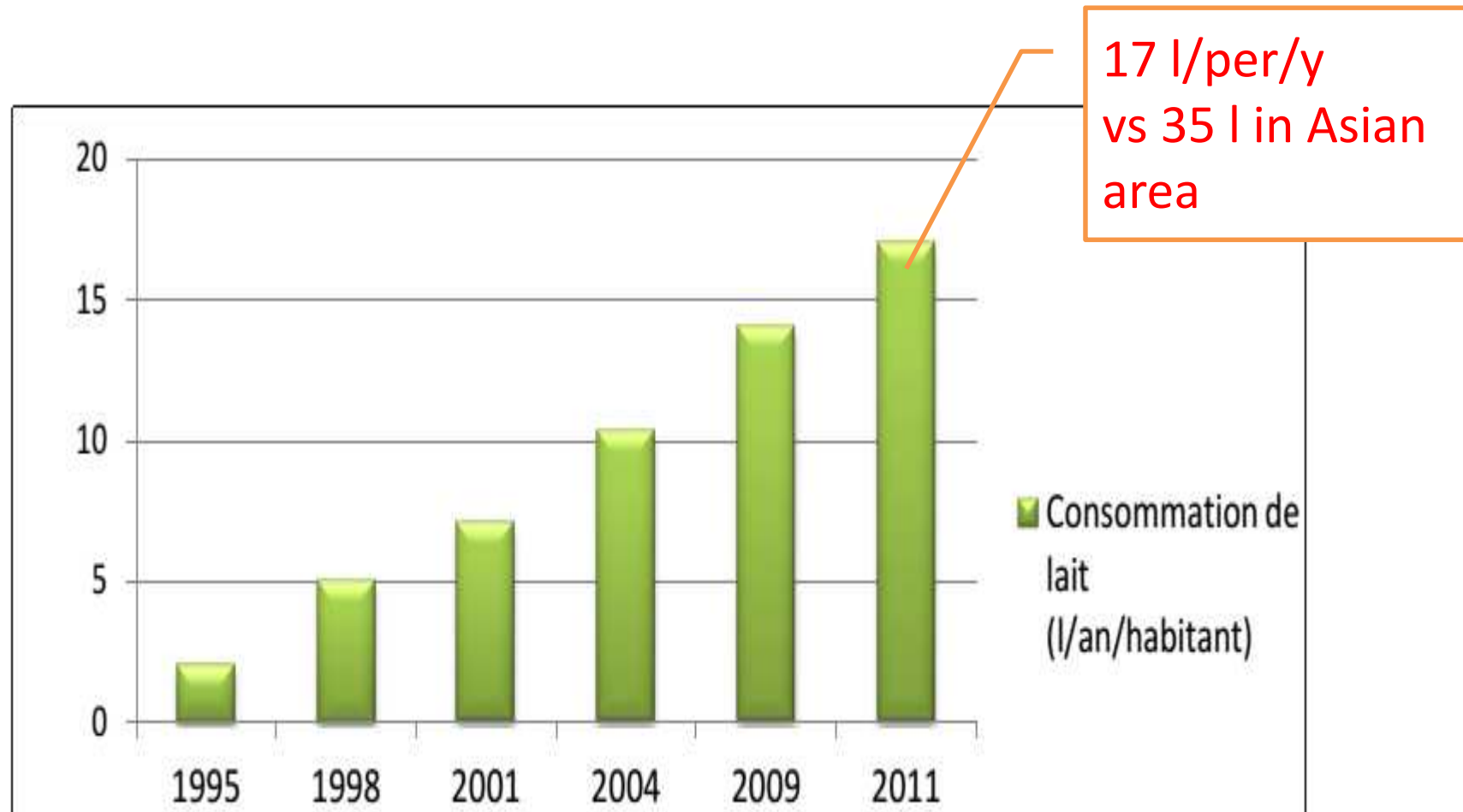
■ < 5 cows ■ 5 – 9 cows ■ 10 – 19 cows ■ 20 – 49 cows ■ 50 – 99 cows ■ > 100 cows



Driven factors

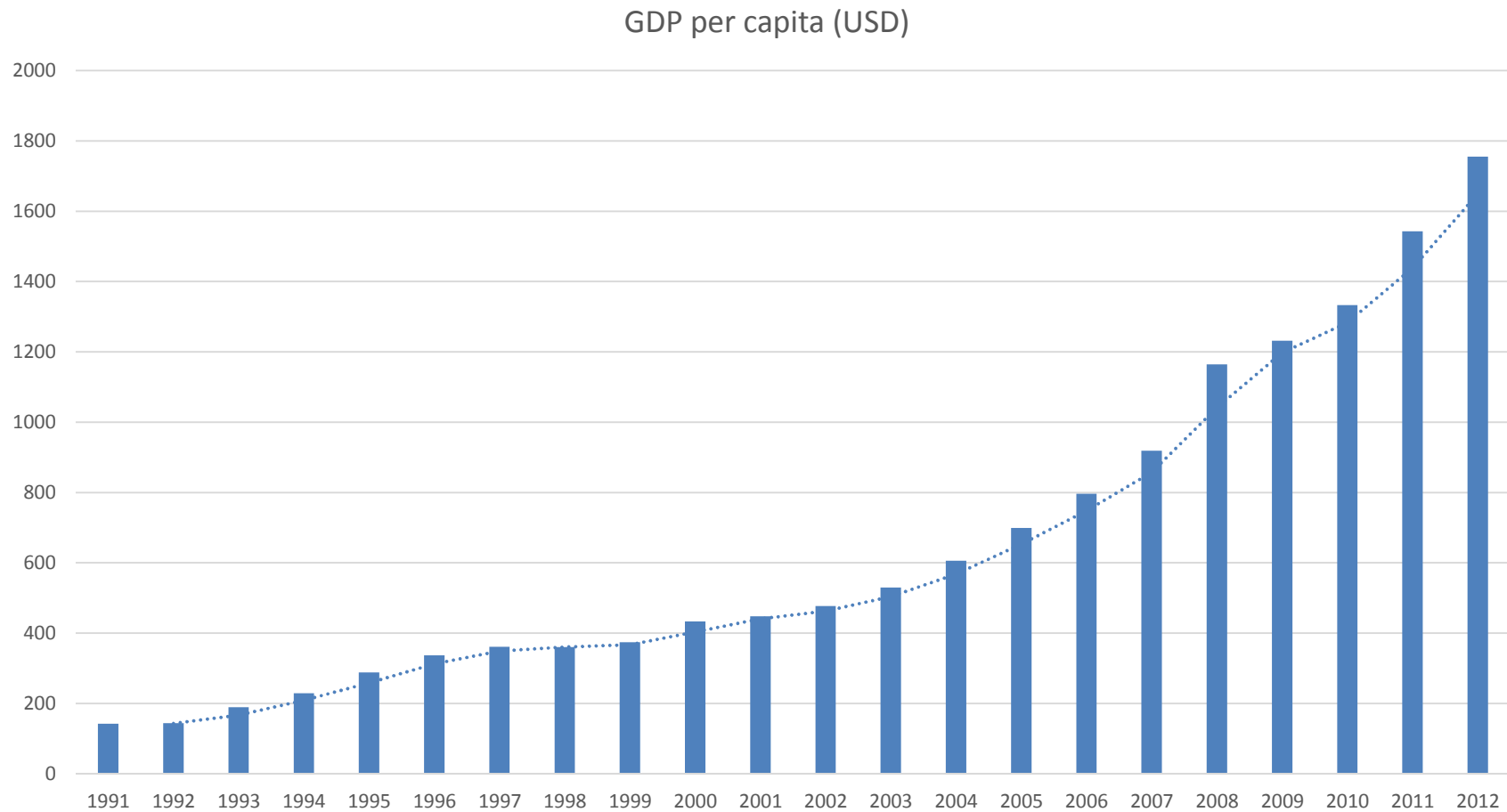


Increased consumption





GDP per capita increase: 13%/year



Change of milk **consumption** thanks to publicity of dairy companies



High profit of milking cow

- Profit of 37% in 2010 in Tien Giang (excluded family labor) (Phi Van, 2012)
- Higher so much than other agriculture activities: poultry, rice, pig (1 cow = 106 pigs)
- In HCM city in 2013: profit rate 2.0-27%



Higher scale, higher profit rate

Raising scale	cost price (VND/kg)	profit (VND/kg milk)	Profit rate (%)	Annual profit (thsd. VND)
Under 5 cows	12747	253	1.9	2.7
5-9 cows	10714	2286	17.6	47.9
10-19 cows	10713	2287	17.6	96.0
20-49 cows	9493	3507	27.0	367.8
50 cows +	9490	3510	27.0	736.2



Important of milk companies

- Several milk companies established and buy milk;
- Linkages with cow HHs: contract, supporting HH in extension services, veterinary, artificial insemination, credit in cow,...
- Publicity for milk consumption



1. Strategy for milk cow dev.

- 2001 Gov Decision on strategy for developing milk cow breeding: objective, orientation, supporting measures
- Provinces: programs on milk cow development with supporting measures
- 2010: strategy for livestock dev. to 2020, Including milk cow breeding
- 2010: strategy for developing of dairy industry to 2020, 2025



2. Restructuring and privatization of state farms

- 2005, policy of restructure of state farms:
 - + Assign land of state farms to HH, establishing joint stock company, HH are members
 - + Privatization of state farm
- Higher efficiency after restructuring



3. Encourage company to invest

- Milk cow breeding is particularly preferential sector
- Preference on income tax of enterprises: less income tax level, exemption in some years;
- Preference of tax on land use (lower, exemption)
- Favorite for company in rent land (37000ha for TH True milk)



Encourage company to invest

- Supporting on human training, marketing, technology application,...
- Supporting for livestock infrastructure (250000 usd) (electricity, road, environmental treatment equipment,...)
- Money support for import exotic cow and high productivity (HF)
- Encourage contracting and linkage between HH & company (Vinamilk: 5000hh, 65000 cows; FrieslandCampina Vietnam: 30000 cows)



4. Improvement of cow herd

- Most is local, cross-bred cows (F1, F2, F3)
- Low milk productivity
- Produce, import cow sperm of high productivity race
- Offer freely sperm to cow breeders
- Training technician and service to cow breeders for artificial insemination
- Preferential credit to HH for buying milk cow;
- Import a lot of exotic and purebred cow (2014, Vinamilk imported 5000 cows; TH True milk 100%)



5. Support of HH breeders

- Support for vaccination, disease test,..
- Training extension agent, veterinarians at grassroots level,
- Training programs for breeders: feed use, caring, veterinary care, grass cultivation, milking,...
- Demonstration models
- Preferential credit or subsidy of interest



Conclusion

- Fast development of VN milk cow breeding in last decade;
- Important role of government policies
- VN continue to support milking cow breeding to have 500000 cows in 2020 (satisfy 38% of domestic demand)



THANK YOU !

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