



Finding market for farm produce is one of the biggest difficulties facing farmers now. This has been also a knotty problem to the government for a long time. In this article, we want to present some opinions about solutions to this problem.

In recent years, the animal husbandry business has made good progress. In 1995, Vietnam became the sixth biggest producer of meat, and the seventh biggest producer of egg in Asia with per capita output of 20.2 kilos of meat and 2.4 kilos of egg. The hog and poultry husbandry represented 90% of the animal husbandry output.

Animal Husbandry Output

	Unit	1990	1995	1998
Hog	1,000 tonnes	729	1,007	1,228
Poultry	1,000 tonnes	179	197	239
Egg	mil. eggs	1,896	2,825	3,227

According to economists, the development of the animal husbandry didn't match up to Vietnam's potentials. One of main causes is difficulties in finding markets for farm products.

1. Difficulties in finding markets for animal husbandry products

a. Duck raising business:

The best part of products from this business is consumed locally and their sales meet with difficulty because the spending power in rural areas is low and prices are unstable. In the late 1997, the price of duck meat

reduced to VND11,000 - 13,000 per kilo making most large-scale duck farmers suffer losses. Prices of duck egg in this year also fell drastically to VND700 an egg. A farmer who breeds some 100 ducks lost some VND20,000 per day and most of them had to sell ducks as meat (a female duck for breeding was sold

at VND60,000 but a duck sold as meat was worth only VND30,000). Everything went from bad to worse at the beginning of 1999 when eggs from China flooded the market and their price was cut by a half. Many duck breeders faced the bankruptcy.

b. Chicken raising business: Vietnam's rural areas have great potentials for this business but the large-scale chicken raising hasn't developed yet: 85% of chicken are raised by farmers' families and this business also meets with difficulties in selling its products. Since the early 1990, battery farms have made their appearance and developed. Up to 1995, these farms kept 30% of chickens and supplied 65,000 tonnes of chicken meat and 500 million eggs. Products from these farms, however, are of poor quality and therefore not sale-

able even on the domestic market, not to mention foreign ones. In recent years, the introduction of new breeds, Tam Hoàng for example, has helped solve this problem but the consumption of chicken didn't rise.

c. Hog raising business: Some 80% of hog meat output is supplied by farmers' families who keep hog as a way to save money and earn some VND100,000 - 300,000 per 100- kilo market hog if the market price is high enough. If the price falls, they could lose some VND200,000 per head.

TO MAKE VIETNAM'S ANIMAL HUSBANDRY PRODUCTS SALEABLE

by MEcon. LÊ CAO THANH

Certain large-scale hog farms can make small profit because of economies of scale. Prices of hog meat vary over regions, low in the North and Central Vietnam and a little higher in the South.

Thus, fluctuation in market prices is one of the main obstacles to the development of animal husbandry.

2. Difficulties in selling products from hog and poultry farming businesses

a. Poor quality: Meat supplied by these businesses usually contains too much fat, therefore it isn't suitable to consumers' taste. At present, although the need for meat is on the increase, most consumers prefer meat of high leanness. Moreover, they worry a lot about the careless use of growth-stimulants and decide to consume aqua-products instead.

b. Competition from substitute food: There are both quantitative and qualitative improvements in other products, such as aqua-products, used as substitutes for hog and poultry meat. Consumers tend to buy these products because they want to avoid certain diseases (heart failures, cancer or cholesterosis, etc.)

c. Seasonal feature of farming business: Local farmers have long got into the habit of raising duck after harvest time in order to make use of the scattering of rice on fields with the result that the supply of duck meat and egg exceeds the demand. Farmers who keep large flocks of duck and have to buy food for them usually find themselves at a disadvantage when taking part in the price competition.

d. High transport and storing cost: Prices of agricultural products vary over provinces because they are hard to transport and store. Difference in prices between rural areas and cities affects badly the consumption of these products.

e. Poorly-developed agro-industry and transport service: This is both the cause and consequence of a small-scale, backward and scattered animal husbandry business.

f. Foreign competition: Vietnam, with its large domestic market has been very attractive in the eyes of foreign exporters of food. Food of all kinds, imported either legally or illegally, has flooded the market and become a great threat to local farmers. The flood of Chinese eggs in local markets in the early 1999 is one of typical examples.

3. Suggested measures to find a niche for local animal husbandry products

a. Improving the product quality: It's the poor quality that makes farmers

fail to sell their products on both foreign and domestic markets while foreign-invested hotels have to import 90% of milk products and 80% of high-quality meat they consume.

To deal with this obstacle, the most important measure is to introduce new breeds that can produce meat of high leanness. The second one is to enhance the quality of veterinary service. The Government should build research centers in provinces producing animal husbandry products in large quantities in order to transfer new techniques to farmers.

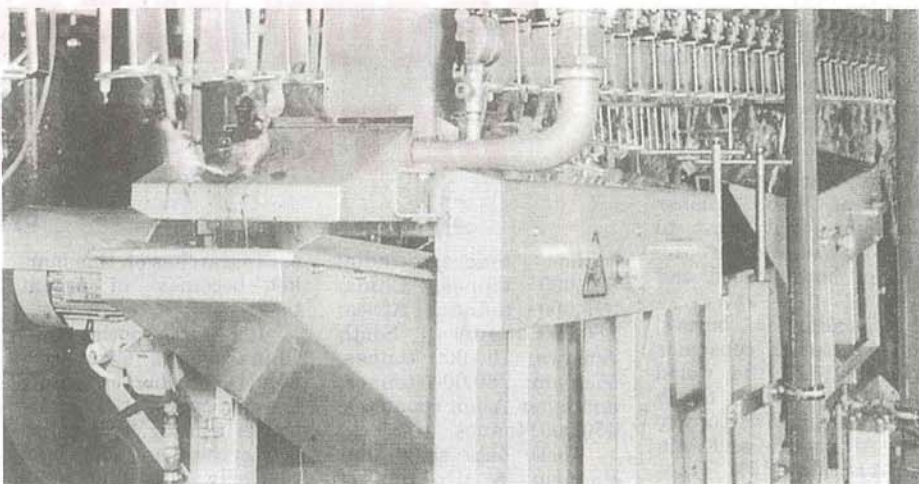
b. Reduction in production cost is the basis for success in the price competition. It's a paradox that prices of animal husbandry products kept on

of animal feeds will help farmers to reduce production cost and improve their competitiveness.

c. The agro-industry should undertake tasks of storing and producing processed food of international standard. At present, there are only some 20 concerns processing meat for export that can handle some 80,000 tonnes a year. In the years 1992-1995, their average export earnings couldn't top the US\$12 million mark. One of problems they faced was the difficulty in purchasing animal husbandry products from farmers. Some 70% of meat output is supplied by individual farmers. In 1997, exporters have to purchase hog from many provinces to fill an order for 10,000 tonnes of meat from Russia. To deal with

ment should establish companies to buy their products and a network of modern slaughterhouses. In addition, the Government could give price support to farmers or set the price floor for animal husbandry products in order to make local products more competitive on both domestic and foreign markets. However, this measure is only effective when the system of state-run food companies is strong enough. This measure is only a short-term one when the market economy is developing and sources of public funds are limited.

e. The formation of farmers' association is of great importance. Individual farmers should cooperate with one another to deal with private traders. This cooperation, however,



falling in the past few years while prices of animal feed rose steadily. This paradox originated from the farmers' low living standard. That is why they consider keeping domestic animals as a means of saving money regardless of potential losses. In addition, the agro-industry is too backward to help them develop the animal husbandry. In 1998, this industry produced 1.4 million tonnes of animal feeds, satisfying some 20% of the market demand. Reliable and cheap supplies

this problem, the Government should zone provinces specializing in animal husbandry, make appropriate investments in those provinces, supply soft loans to animal husbandry projects and encourage private investment in this business.

d. Preventing private traders from depressing the price is a short-term measure. Private traders usually connive with one another to force farmers to cut their selling price. To save them from suffering losses, the Govern-

ment will meet with many difficulties without help from the government. In present conditions, such associations can help farmers reduce risk, gain favorable position when entering into negotiations, exchange farming experience and techniques, look for financial support, etc. especially when the farm economy is growing and achieves economies of scale. The formation of these associations, however, should be based on farmers' willingness, instead of on administrative orders.