



Vietnam 2nd National Innovation Platform (IP) Convening

Vietnam chicken value chain: The structure of the value chain and summary of key opportunities, challenges and possible interventions

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1. Introduction

Chicken raising is a traditional production and plays an important role in the economic development of Vietnam :

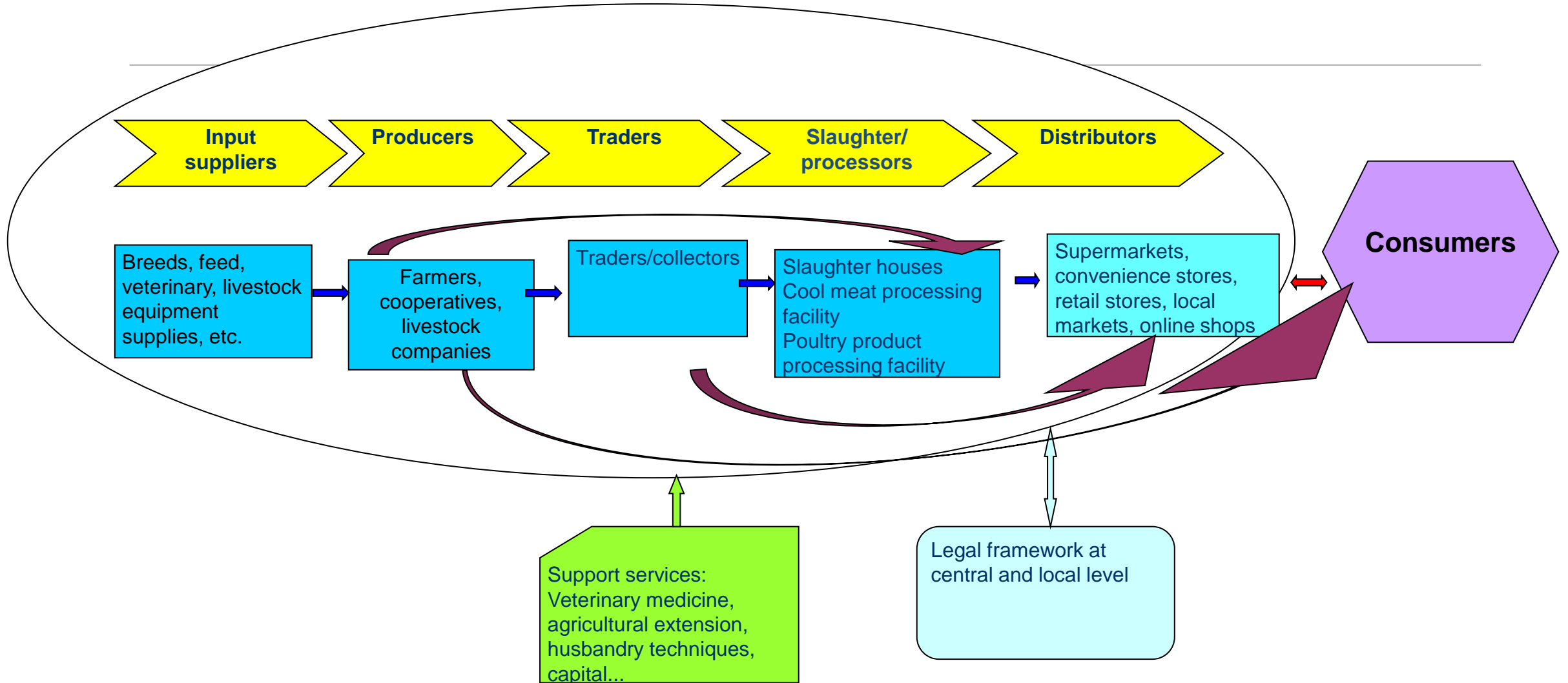
- The chicken industry ranks second in importance, after pigs in the entire livestock industry
- In 2021, the chicken population was 409.5 million heads, accounting for 72.7% and supplying the market with 996.5 million heads, accounting for about 14-15% of the meat market.
- This is considered an important economic sector and has great contribution in agricultural production, which is meaningful in the process of restructuring the agricultural and rural economy in Vietnam.

However, the chicken industry in Vietnam is facing many risks, especially for small-scale households:

- Avian flu and other diseases;
- Food prices and input costs often fluctuate in an upward direction
- Output prices fluctuate in a downward direction, and unstable consumption

→ Linking and developing along the value chain

Chicken value chain in Vietnam



Inputs

Around 20 poultry **breed** suppliers: NIAS Thuy Phuong Poultry Research Center, Dabaco group, Minh Du Poultry Breed Company, NIAS Dai Xuyen Duck Research Center, Phung Dau Son Poultry Breed Company, HADICO, v.v. and their distributing systems

15 poultry commercial **feed** suppliers: C.P. , Cargill , Japfa , Proconco, Dabaco, Viet Thang, GreenFeed, Mavin Austfeed, v.v. and their distributing systems

15 **veterinary medicine** suppliers: Fivevet, Vinavetco, Gold bear Vet, Hoang Kim vet, Nam Thai,... Các and their distributing systems.

A wide range of livestock equipment suppliers.



Production scale

	From 1 to 49 heads	From 50 to 199 heads	From 200 to 999 heads	From 200 to 999 heads	From 4000 heads or more	Total
Red River Delta	1521223	145274	27656	10619	2987	1707759
Northern Midlands and Mountains	1603950	259012	24333	6126	1121	1894542
Central Coast	1934357	235058	14412	3039	971	2187837
Highlands	589059	37616	3421	874	456	631426
South East	309988	35942	2407	975	959	350271
Mekong River Delta	1171440	75367	7399	3796	1670	1259672
Total	7130017	788269	79628	25429	8164	8031507

Source: Department of Livestock Production, 2021

Chicken production

	Total heads	Meat chicken	In which: Industrial chicken	Egg chicken	In which: Industrial chicken	Harvesting chicken	In which: Industrial chicken	Liveweight yield	In which: Industrial chicken	Egg yield	In which: Industrial chicken
	(1000 heads)	(1000 heads)	(1000 heads)	(1000 heads)	(1000 heads)	(1000 heads)	(1000 heads)	(Tone)	(Tone)	(1000 eggs)	(1000 eggs)
Whole country	409500	327812	75602	81688	34083	754214	234971	1464917.8	527306.6	11070205	6592989
Red River											
Delta	96714	75341	15658	21374	12800	182669	51922	407220.1	133707.7	3071625	2233232
Northern											
Midlands and											
Mountains	90901	76187	10294	14715	2355	129676	19772	265091	48045	1559177	489848
Central Coast	85893	70923	9622	14970	2181	145699	24225	226945	45619	1353287	293518
Highlands	24123	18382	3452	5740	2386	46387	12209	89147	28112	847315	592386
South East	53334	41209	27454	12125	9644	137106	98515	283585	213066	2088431	1792875
Mekong River											
Delta	58534	45770	9122	12764	4716	112677	28328	192930	58757	2150369	1191130

Source: Department of Livestock Production, 2021

The current status of meat chicken production

Characteristics	unit	Mean
1. litters per year	Lứa/năm	4.3
2. Intensity	Con/m2	9.6
3. Liveweight	Kg/con	2.2
4. Feed consumption	Kg/con	4.02
5. Survival	%	81.3
6. Production method	Full captivity/captivity combined with grazing/grazing	

Average raising time: 110-130 days

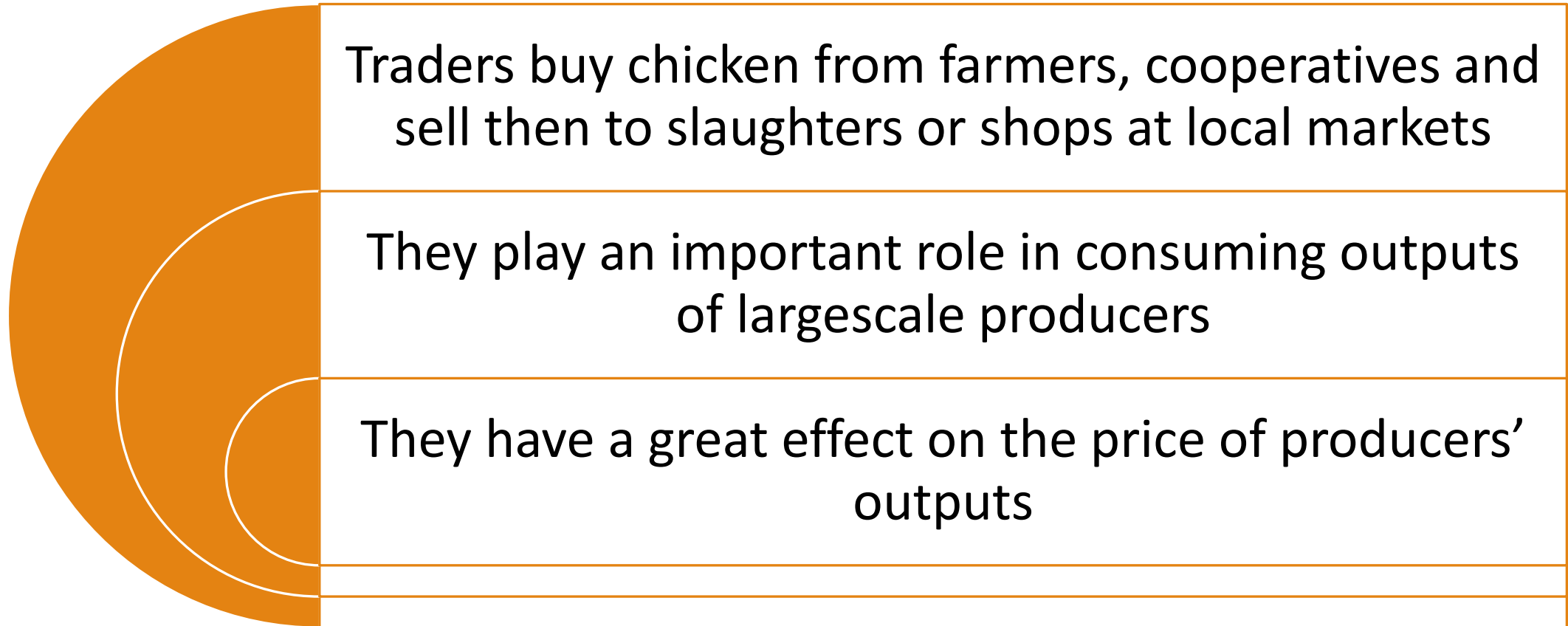
Weight range: 1.9-2.5 kg/con.

Mainly raised in captivity in medium and large scales

Chicken are mainly fed commercial feed

Producers mainly use family labors, largescale farms hire workers

Trading/aggregation



Slaughter facilities

Largescale slaughters account a small proportion

Many industrial slaughters are operating lower than its full capacity.

Largescale slaughters do not have stable outputs and they are difficult to compete with manual smallscale ones.



Processing facilities

The majority of chicken processing facilities is small-scale

Products: dried chicken, roasted chicken, grilled chicken, smoked chicken...

Some companies have also paid attention to the market of processed chicken products such as Dabaco smoked chicken, IKA old man's smoked salted chicken, Thinh Trang....

Distribution



Supermarkets



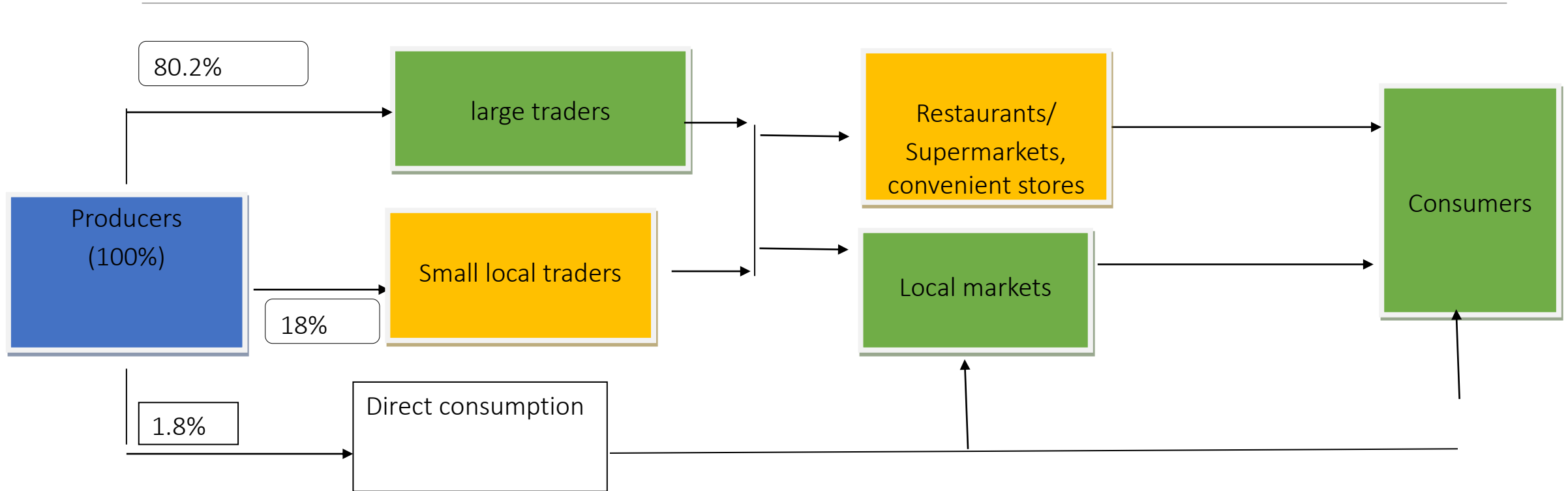
Local markets



Trading malls



The flow of the chain



The majority of poultry is consumed at supermarkets/ convenient stores/restaurants in fresh meat. At local markets, most of live animals are consumed

Types of linkages

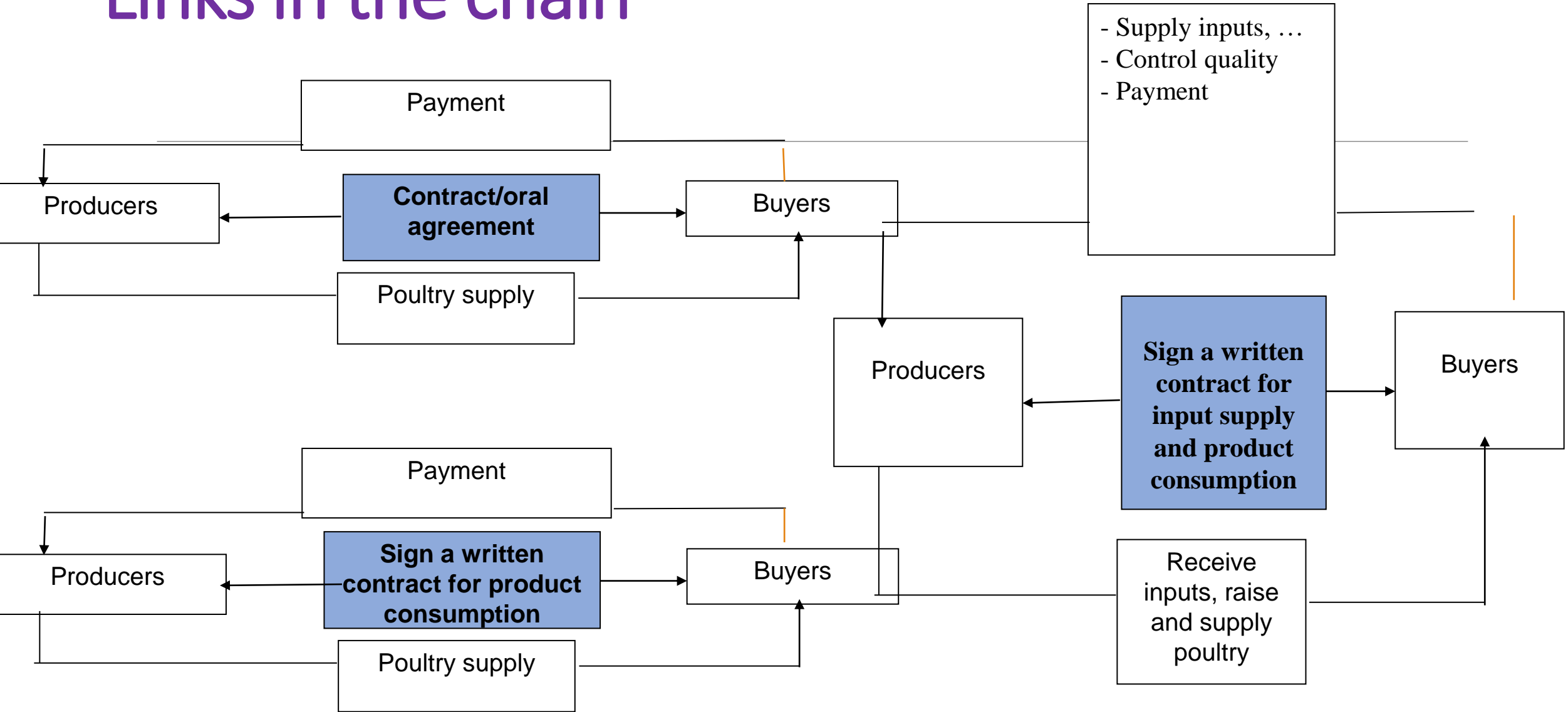
Partnership between chicken farmers and capital and input suppliers

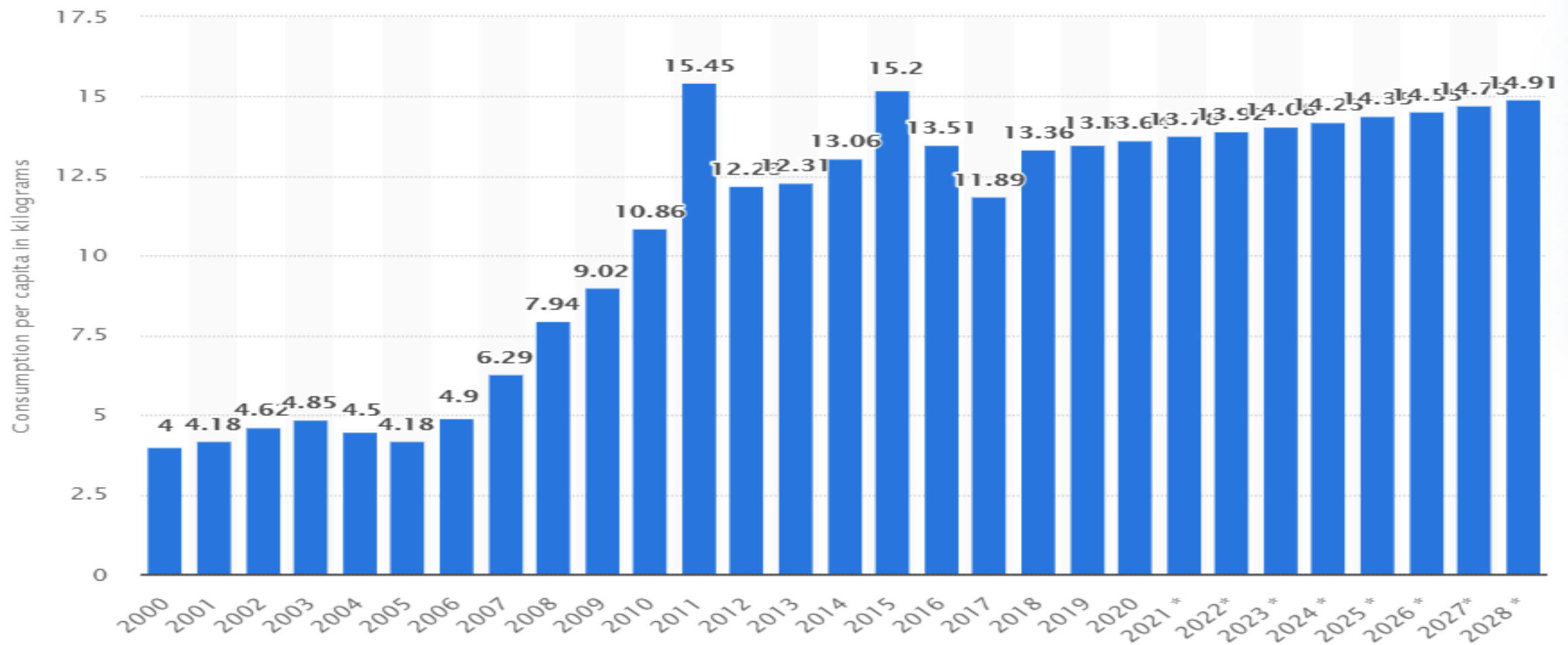
Partnership between chicken farmers and feed and breed suppliers (outsourcing)

Partnership between chicken production and consumption along the value chain

Partnership between raising and consuming safe chicken and chicken products

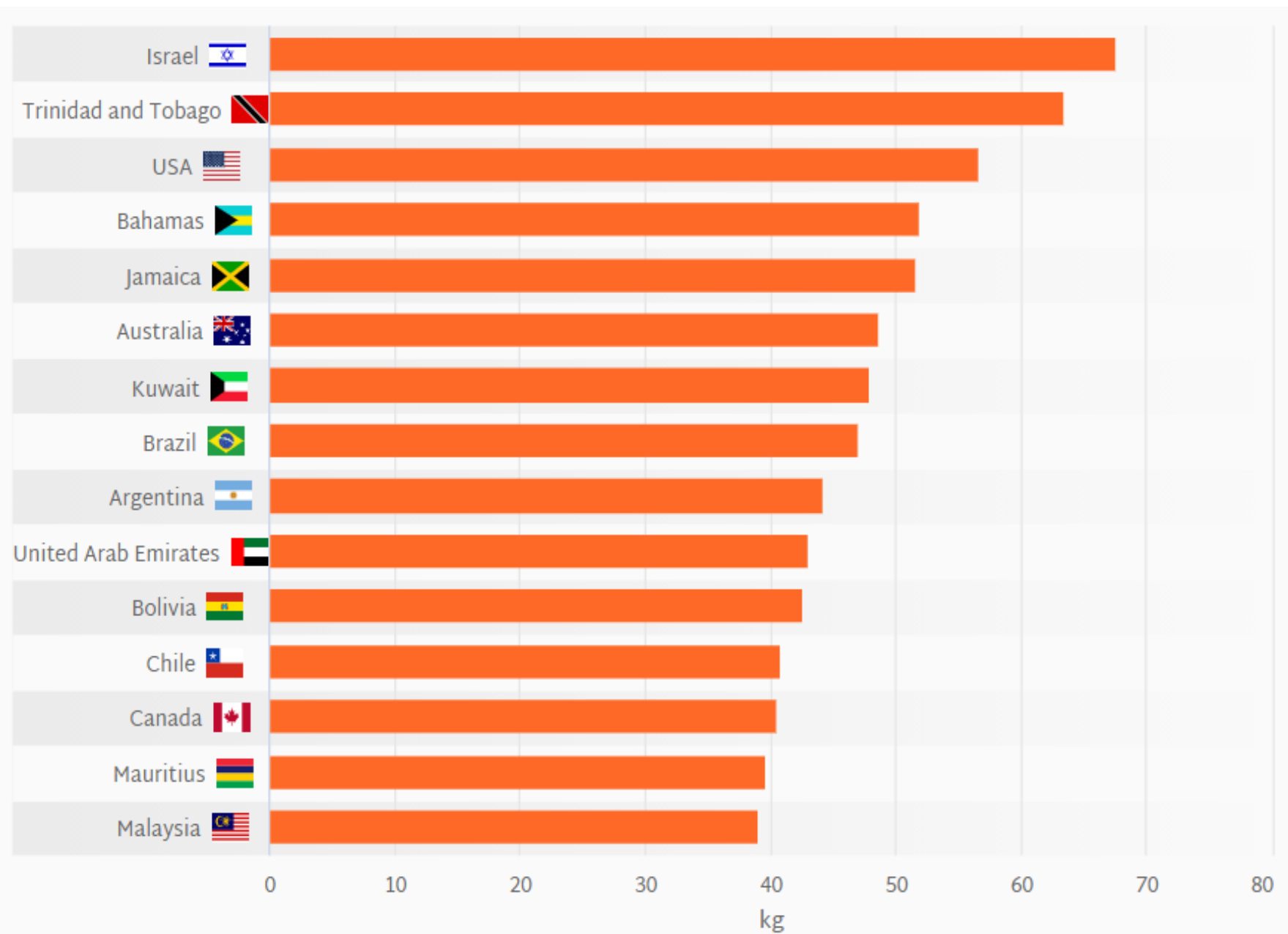
Links in the chain





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Domestic demand for safe poultry meat is increasing, with a market of over 95 million people and about 15 million tourists.



Exporting 1.25-1.5 million heads

Exporting nearly 8,000 tons of processed chicken

Exporting canned Ac stew,

Target international markets include: Japan, China, Philippines.

Potential markets are: Saudi Arabia, South Africa, UAE.

For poultry eggs, it is necessary to focus on the traditional markets of Northeast Asia and Southeast Asia.

Opportunities

Chicken farmers have access to high-quality, bulky, low-cost inputs, especially breeding stock

Access to capital sources

Enhancing production following secured and standard processes: Link livestock production with slaughter, processing and consumption to form a product chain to ensure food safety

Sharing knowledge and resources

Reducing product costs, stabilizing product selling prices and making poultry farming profitable.

Risk of disease and supply chain disruption



4. Challenges

The market is precarious and unstable; Products of the chain are sold at the same price as regular products

Access to market information is still limited; The consumption must go through many intermediaries to push up the selling price of the product, on the other hand, producers are forced to sell by traders; The exploitation of domestic and international markets is still weak, especially the export market...

Small, manual slaughtering, not yet ensuring food safety still prevails over industrial slaughter, making product quality problems more worrisome;

4. Challenges

Limited credit input

Preference is given to informal contracts

The sanctions that bind the association are still loose, on a small scale, only at the level of pilot model;

Leading enterprises: Some businesses have not really cared about and shared benefits with breeders – this is the reason why the link is unsustainable;

RECOMMENDATIONS

For the actors of the value chain:

Should closely link together to enhance their strength, voice and authority, especially in the negotiation process with traders, to ensure their benefits.

Farmers can form cooperative groups or cooperatives to assist each other in finding markets, such as signing contracts with supermarkets, restaurants or seeking capital investments, production techniques, veterinary services..etc

Farmers should promote cooperation with other actors in the chain such as input suppliers, traders, retailers, etc. to form an official and tight chain. This chain can help them get input support, product consumption, minimize market risks, and bring high and stable economic efficiency.

RECOMMENDATIONS (cont.)

For local governments:

Support farmers to find markets, create bridges and environments for them to connect with other actors.

Create mechanisms to form linkages between actors in the chain and counterbalance to make the chain link tight.

For other stakeholders :

Extension and education institutions need to support farmers and other actors and stakeholders to improve their knowledge of value chain, so that they can understand the benefits and form an effective chain.