

AGRO-PRODUCTS PRESERVATION IN VIETNAM

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To Strengthen Agriculture and Food's Global Value Chain
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VIET NAM FARMERS' UNION



BASIC INFORMATION

- **Establishment date:** 14/10/1930
- **Farmers:** > 70% of population, about 50% of total labor force
- **Total of members:** 10.532.998. Including:
 - + Members as heads of households: > 70%;
 - + Women: >30%.
- **Percentage of households which has VNFU member:** 79,28%

HỆ THỐNG TỔ CHỨC CỦA HỘI NÔNG DÂN VIỆT NAM

TRUNG ƯƠNG
HỘI NÔNG DÂN VIỆT NAM

HỘI NÔNG DÂN CẤP TỈNH

HỘI NÔNG DÂN CẤP HUYỆN

HỘI NÔNG DÂN CẤP XÃ

CHI HỘI
NGHỀ NGHIỆP

CHI HỘI THEO
THÔN, ẤP, BẢN

TỔ HỘI

TỔ HỘI

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- Organization structure:
There are 4 levels in
organization system of
VNFU:
 - + Central
 - + Province
 - + District
 - + Commune
 - + Under commune level: FU
groups, branches

FUNCTIONS

- Gather, mobilize, and educate members, farmers to bring into full play their mastership, to be active in learning to improve all facet capacity.
- Represent the peasantry to participate in building the Party and national unity block.
- Care, defend legal and legitimate rights and benefits of farmers; organize service, advisory, supporting activities for farmers in production, business and daily life.

SOME KEY ACTIVITIES

- Participate in formulation, dissemination of policies, laws and legal support for farmer members, monitoring and social feedback.
- Participate in formulation of the mechanisms, policies related to agriculture, farmers and rural development.
- Organize the transfer of scientific and technological progresses to farmers. Setting up sustainable models on production and business.
- Organize services and support for farmers: seedlings, fertilizers, pesticides...

SOME KEY ACTIVITIES

- Create capital for farmer members to develop the production and business.
- Collaborate with ministries, agencies, enterprises to organize the service to support farmers such as seedlings, fertilizers, pesticide...
- Provide vocational training and job assistance for farmers.
- Guide and support to develop the collective economic forms in agriculture.
- Organize activities to introduce and promote products for farmers to get access to markets.

SOME KEY ACTIVITIES

- Provide training for staff at all levels.
- Improve awareness, knowledge on environmental protection, adaptation to climate change for staff, farmer members.
- Improve the awareness, knowledge on prevention and against the social evils for staff, farmer members.
- Formulate, implement international projects and programs;



THE SITUATION OF AGRO-PRODUCTS PRESERVATION IN VIETNAM

CURRENT INFORMATION

- Nowadays, in Vietnam, agriculture has contributed 20% to national GDP. Export turnover is more than 31 billion USD/year, which creates jobs for more than 50% labor force in the whole country. Agriculture plays a crucial role in not only the economy and society, but also the environment.
- According to MARD, each year Vietnam incurred a loss of at least 50.000 billion VND (US 2.3 bn) after post-harvest in agro-forestry and fishery. Especially with regards to fruits and vegetables (loss rates are 25% and 30%, respectively).
- There loss rates are high, compared to other countries, e.g. India 3-3.5%; Bangladesh 7%, Indonesia 6-17%. Seafood, a key exporting industry with total exporting volume in 2012 was 5.2mn tons, also experiences high loss rate about 20-30% (equivalent to 400.000 tons or VND 8.000bn).

MAIN REASON

- The reason of Vietnam's high loss rate is the lack of cold storage and reserve after harvesting.

Objective

- The MARD set a goal that until 2020, loss rate of seafood industry will be reduced from 20% to 10%, and loss rate of vegetable and fruits industry will be reduced to 10-12%. Thus deployment of cold chain for such key exporting industries is very essential.



OVERVIEW OF AGRO-PRODUCTS PRESERVATION

- In Vietnam, there are only some big enterprises and supermarkets having equipment to keep fruits, vegetables and other agro-products in the cold storage. Meanwhile, most of the farmers, small producers and farm owners still harvest and process manually (mainly dry preservation such as dehydration and desiccation) or using old equipments that has great effect on the quality and price of products.
- Most of the fruits are now still consumed fresh, preserved in soft boxes or in crates, and then transported to home consumption or exported to the Chinese market by small quota.



Cold storage of fruits and vegetables in supermarkets



Luc Ngan Lychee are soaked in ice water.

Lychee are preserved in soft boxes





The crates of lychee packed in ice are prepared for consumption by normal trucks

LOSSES OF FARMERS

- As the uneven quality, Vietnamese agro-products are not comparative enough to the market.
- Oversupply leads to difficulty in products consumption, causes commodities' backlog (to the extent that profit obtained is not enough to pay labor wages)
- Private traders' price pressure.
- Farmers' income reduces 15-30% because products are not preliminary treated, preserved and consumed in time.

LOSSES

**Lam Dong farmers threw
passion fruits away**



**Milk cows were feeding on
tomatos**



LOSSES

Watermelon trucks are waiting at Tan Thanh border gate

Damaged watermelons after waiting long days for custom procedures



Difficulties and challenges

- Costs to purchase cold storage facilities are high.
- Lack of cold storage causing rising costs in harvesting, packaging and transporting for exportation.
- Planting areas are scatter, not focus on planning specialized areas.
- Harvesting and trading as original habits
- Farmers are not professionally trained and full instructed on harvest technique and storage processing.
- There is no synchronized relationship between production, processing, storage and consumption of agro-products and vegetables in the market.
- Hygiene problem, food safety and harmful residues in fruits and vegetables have not been paid attention.

Difficuties and challenges

- Most of farmers have not widely applied system of good agricultural practices (GAP) in the production process (only about 5% in total cultivated area)
- The rural infrastructure system (internal roads, cannel, electricity and water, communication...) are still weak, it has limited the ability of development, product consumption.

SOLUTIONS

- Planning raw material area and focusing on developing the highly competitive sectors.
- Investing in technology, machinery, especially building cold storage system.
- Building cold storages in transshipment area, border gates to temporarily preserve backlogged agro-products.
- Enhanced support for the construction of infrastructure.
- Organize economic form of cooperation in agriculture, linkage between enterprises and farmers.
- Applying strict compulsory rules on the quality of fruits and vegetables after harvesting.

MISSION OF VNFU

- Change farmers' awareness of the importance of agro-products preservation by the method of cold storage.
- Organizing training course on technical agro-product preservation by method of cold storage.
- Create funds for farmers
- Linkage between farmer groups with each others to get loans
- Linkage between enterprises with farmer groups
- Propagating, disseminating and instructing people to understand and access to Government supporting policies on agriculture in rural areas.

Support from the Government

- The Government issued Decision 63/2010/QĐ-TTg, providing supporting policy to reduce loss after harvesting.

According to the Decision, enterprises, investing in cold storage, can receive the following preferential treatments:

- Could borrow up to 100% of machinery value to purchase;
- State budget subsidize 100% interest expense (i.e. interest rate 0%) in the first 2 years and 50% interest expense in 3rd years.
- Could be exempt from land rental fees;
- Could be subsidized 20% of clearance fees and 30% of outside-the-fence technical infrastructure completion cost; be exempt from corporate tax in the first 3 years of commencement and 50% tax in the following 2 years.



**Thanks for your
attention**