Best Practice of Agricultural Value chain in Vietnam for rural-urban development and integration into international market

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Chairman of Organic Agricultural Economics Institute
According to IBISWORLD, Processed Fruit & Veg (PFV) industry is forecast to reach $317.1 billion by 2021, growing by ~3% / year, thanks to global consumption growth, especially Emerging countries with rapid growth in income and population. Manufacturing strength is led by the EU (42%), the Americas (22%), and North Asia (20%).
The export market is now the main market of the company with a large customer network including:

- **United States** (Mango)  
- **France** (Taro)  
- **Australia** (mango, lemongrass)  
- **Korea** (mango, papaya, dragon fruit, pineapple, lime)  
- **Singapore** (mangoes, lemons)  
- **Algeria** (Mangoes)  
- **Lavifood** applies strict procedures from product procurement, production to packaging and export. Lavifood's quality is verified by international certifications such as ISO 22000: 2005; HACCP; BRC; KOSHER; HALAL.  
- The company's products are sold directly / distributed to the world's leading companies: Agrana, Kerry, Orana Vietnam, Trader Joe's, LotteMart ...
OVERVIEW OF INDUSTRY - VIETNAM

49 million hectares of agricultural land occupies 2% of the world's agricultural area

47% of agricultural workers
2.5% of government spending on agriculture

Production of 22.1 million tons of vegetables, growing 10.7% per year

700,000 hectares of fruit growing area
900,000 hectares of vegetable area
Cuu Long River Delta: 50% fruit growing area
Mekong Delta + Red River Delta: 50% vegetable growing area

Source: FAO, 2014
The rate of processed vegetables in Vietnam is low compared to the world.

The vegetable processing industry in Vietnam has a lot of potential for growth.

1. The output of processed vegetables only reached a very low level compared to the world average. According to the National Institute of Agricultural Planning and Projects (NIAPP), processed fruit and vegetable output reached 826,630 tonnes, equivalent to 4% of total fruit production in 2013 (22.1 million tonnes). In addition, the number of vegetable processing enterprises accounted for only 2.19% of the total number of enterprises operating in the agricultural sector.

Government support policy: Government Resolution No. 30/2017 / NQ-CP dated March 7, 1977, directed by the Prime Minister on the credit package of VND 100 trillion from mobilized capital. Commercial banks to lend high-tech agriculture, clean agriculture at an appropriate interest rate, 0.5-1.5% lower than market interest rates.
**EXPORT PROCESSING VEGETABLE OF VIETNAM**

**Export vegetables and fruits of Vietnam**

- CAGR 2011-2015:
  - Export: 37.4%
  - Fruit: 100.4%
  - Vegetables: 10.6%

**Export market of vegetables and fruits of Vietnam**

- Export: 32.7%
- Import: 21.3%

**Export frozen vegetables and fruits of Vietnam**

- CAGR 2011-2015:
  - Fruit: 100.4%
  - Vegetables: 19.6%

**Export market of frozen vegetables and fruits of Vietnam**

Source: GSO
AGRICULTURAL VALUE CHAIN FOR INTERNATIONAL MARKET INTEGRATION

1. THỊ TRƯỜNG NỘI ĐỊA VÀ QUỐC TẾ
   - DOMESTIC AND INTERNATIONAL MARKET

2. CHÍNH SÁCH CỦA CHÍNH QUYỀN VÀ ĐẦU TƯ CỦA DOANH NGHIỆP
   - GOVERNMENT POLICY & INVESTMENT OF PRIVATE SECTOR

3. TIÊU CHUẨN CHẤT LƯỢNG QUỐC TẾ - CÔNG NGHỆ CAO
   - INTERNATIONAL STANDARDS - HIGH TECH HUMAN RESOURCES

4. TÀI CHÍNH, TÍN DỤNG
   - FINANCE

   - SẢN XUẤT
     - PRODUCTION
   - TRUNG TÂM HỖ TRỢ NÔ NẤU
     - FARMERS SUPPORTING CENTER
   - CHỢ ĐẤU MÔI
     - WHOLESALE MARKET
   - NHÀ MÁY CHẾ BIẾN
     - PROCESSING PLANT
   - KÊNH BÁN LẺ & XUẤT KHẨU
     - RETAIL & EXPORT
May 12th, 2016 - Workshop on "Identification of Vietnamese Organic Agriculture Products"

July 15–17th & 22–24th, 2016 – 100 provincial leaders, Tay Ninh People's Committee participated in environmental survey, learning organic farming model, GlobalGAP in Lam Dong province.
June 4th, 2016: Welcoming Comrade General Secretary Nguyen Phu Trong to work in Tay Ninh

Jan 6th, 2017: Mr. Nguyen Van Binh Head of the Central and Local Economic Committee Nguyen Xuan Cuong - Minister of Agriculture and Rural Development summarizes and publishes the Value Chain of Agriculture Model of International Market Integration - In Tay Ninh province
Attending and organizing domestic and international conferences, investment promotion programs, Vietnamese delegation ...

Promote trade and investment in Vietnam - Japan, with big partners such as Daiwa, OTA Market, Daiki, Kirin ...

Trade promotion, investment in the United States, with partners such as UTC, Carrier, Cargill, Trader Joe's ...

Attending and organizing domestic and international conferences, investment promotion programs, Vietnamese delegation ...
International Conference "Agricultural value chain development, international market integration and pilot model implementation in Tay Ninh province"
POLICY OF PROVINCES

➢ Resolution on agricultural development under the model of international market integration.

➢ Approve international value chain integration model and implementation plan in Tay Ninh.

➢ Approve policies to support agricultural investment enterprises, especially factory investment, plantation planning policy for factory investment enterprises.
TANIFOOD FACTORY AT TAY NINH

Time: May 2th, 2017
Participants: 400 guests
- Minister of Agriculture and Rural Development, Ministry of Natural Resources and Environment
- Leaders of Departments, Branches of Tay Ninh Province and neighboring provinces
- Lavifood's domestic and international partners
- 400 farmers in Tay Ninh, who supply raw materials for the plant
2. Nha máy: Thiết kế Tanifood
TECHNOLOGY

The most advanced freezing technology
Apply IOF freezing technology from **OctoFrost from Sweden** with outstanding advantages

1. Fast freezing time (70 to 100 seconds)
2. Avoid freezing and keeping the freshness and nutrition of vegetables.
3. Longer shelf life than conventional freezing technology.

- **Innotec washing line**
- **Peeling line**
  - ABL- UK
- **UV sterilization**
  - Gibbons - UK
TECHNOLOGY

Vapour heat treatment
Reinetsu - Japan

Concentrate line technology
Bertuzzi Italia

Drying technology
Pigo Italia

Bottling line technology, cans
Comac - Italia
Bottle compressor line from Krones - Germany
DIVERSE PRODUCTS

- Frozen
- Fresh
- Concentrate Juices, canned, PET
- Freeze dried
- Dried
MOBILIZING CREDIT AND INVESTMENT SOURCES
DEVELOPMENT OF GROWING AREA IN TAY NINH

3 Communes heading west Trang Bang switch cultivation of pineapple, planted 200 hectares

Conversion planted lemon, 100 hectares planted

Conversion of lime cultivation to Large Fodder farmers in Tay Ninh

400 hectares Porcupine Island - Dau Tieng - wild, suitable for agricultural development of natural, organic
CONTINUES TO NEED MORE RESOURCES AND COOPERATION.
DEVELOPING TECHNICAL ASSISTANCE CENTERS AND COLLECTING AGRICULTURAL PURCHASE

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Nursery and Planting Models
TAY NINH PROVINCE: AREA OF MANUFACTURING

CENTER OF COLLECTION

TRANSPORT

WHOLESALE MARKETS

RETAIL

CONSUMER MARKET

POST HARVEST SERVICE
Farmer paying this service:
- Classify
- Packaging
- Cold storage.

Distributors
CONCENTRATION
- Collect produce
- Order coordinator
- Delivery.

SEND ORDER

RECEIVED ORDER
- Order from supplier
- Deposit and insurance
- Renting cold storage

SUPERMARKET

Cold truck

Shipment

Order coordinator

Distributors

CONCENTRATION

POST HARVEST

COLD STORAGE
COLD SUPPLY CHAIN

Farm → Road → Processing → Road → Market

Măng cụa - Custard
Chanh dây - Passion
Động lạnh - Frozen Fruit
Rau củ quả - F&V
Chợ đầu mối - Wholesale

Mía - Sugar cane
Lợn - Heo - Pig
Thịt - Meat
Thịt heo - Pork
Chợ - Wet

Rau củ quả - Fruit & Vegetable
Rau củ quả - F&V
- Cửa hàng - Retail
BENEFITS

• Sustainable market create the strong connection between rural producers and urban consumers, ensure domestic and international supply
• Policymakers responded by policy adaption
• Sustainability of production and usage of capital resources
• Reduction of food waste and loss
• Improve the access to technologies, inputs and R&D
• Develop farm and off-farm income
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THANK YOU FOR YOUR ATTENTION!