

Chapter 1

The emergence of a new Vietnam

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*"Love'in Farm, 100% fresh milk"
An advertisement for milk and the modern urban landscape in Hanoi*

Vietnam, a country in transition

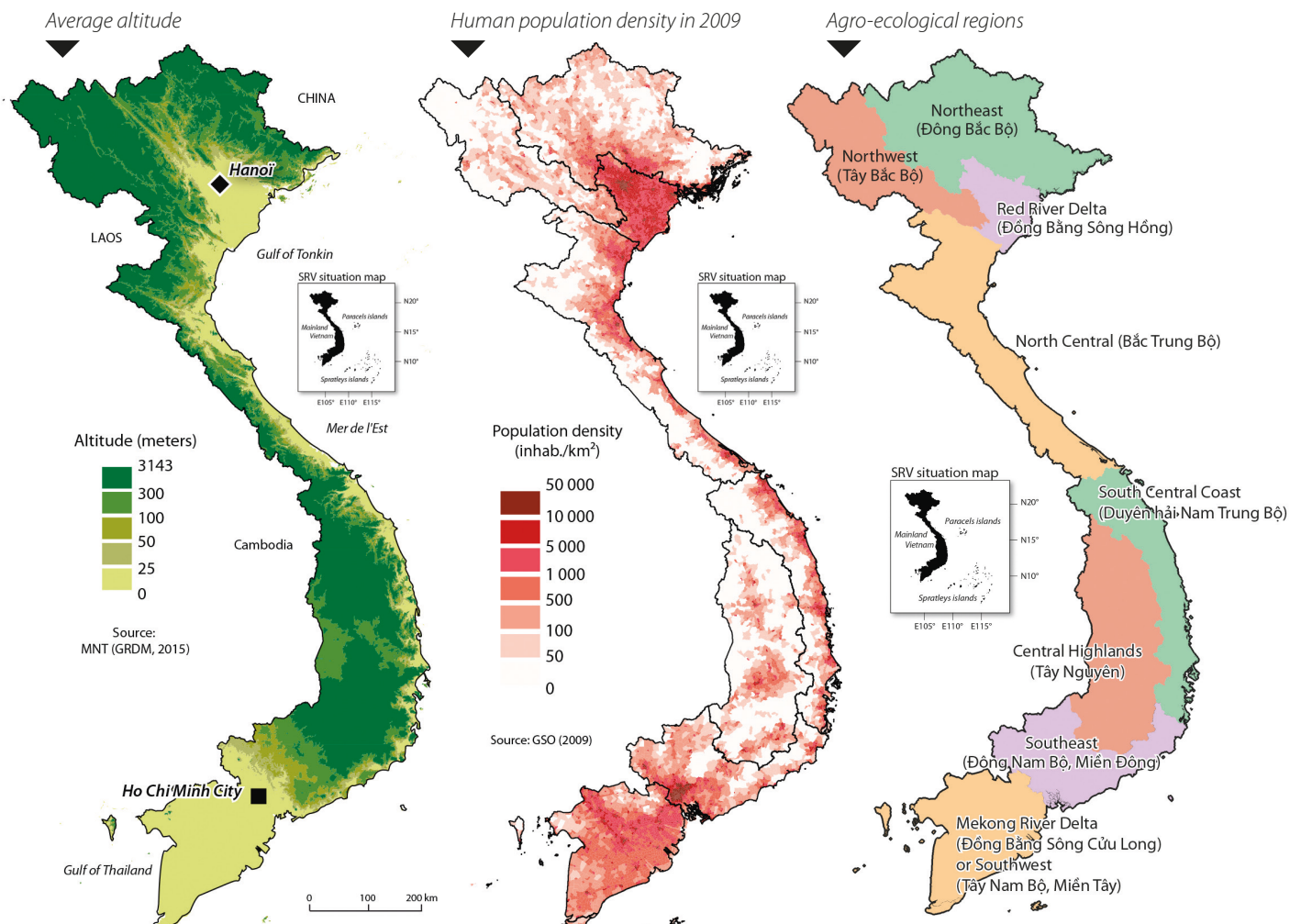
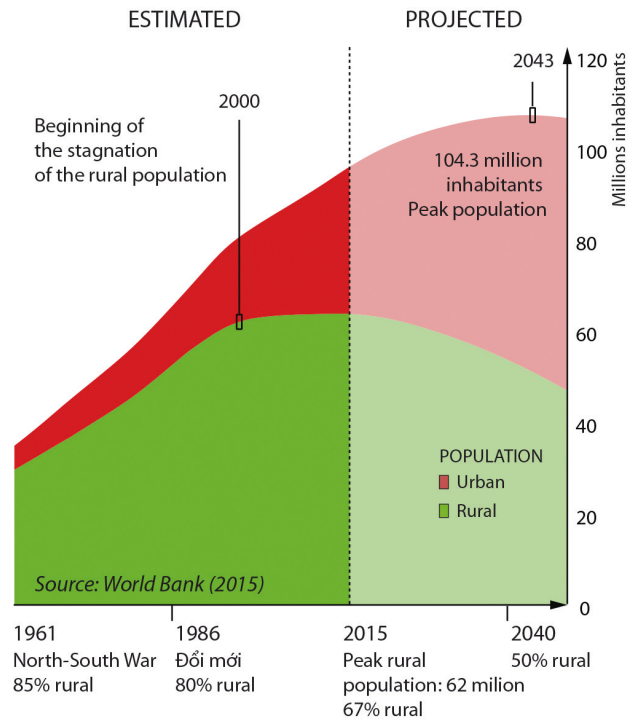
A Southeast Asian country

Vietnam is a country located in Southeast Asia. Covering an area of 330,900 km², the country is composed of two large flood plains, with the Red River Delta in the north and the Mekong Delta in the south. These two deltas are separated by a coastal strip, approximately 2,000 km long, and the Annamite mountain range, which stretches from the northwest region to the centre of the country. The tropical monsoon climate has two main seasonal regimes: in the south, a dry season alternates with a wet season, in the north, there are four seasons.

Rural areas, density and growing urbanization

Vietnam is known to have among the highest human population densities in the world. At the country level, the human population density is 272 habitants/km² (roughly the same as Germany), but it is unequally distributed. Half of the population is concentrated in the two deltas, which cover less than a third of the territory. Rural communes around Hanoi have over 5,000 habitants/km². Population growth is dynamic. In 1961, the country had 35 million inhabitants, 95% of whom lived in rural areas. In 2017, the population of Vietnam was around 90 million inhabitants, with two-thirds in rural areas. Since 2015, the rural population has reached a peak of 62 million inhabitants. According to FAO projections, about 50% of the population will be urban in 2050. This situation suggests profound changes in terms of urban-rural relations, employment and the structure of the economy.

Evolution of the population between 1961 and 2050



Diverse landscapes

Vietnamese landscapes range along a gradient from coastal plains to mountain areas:

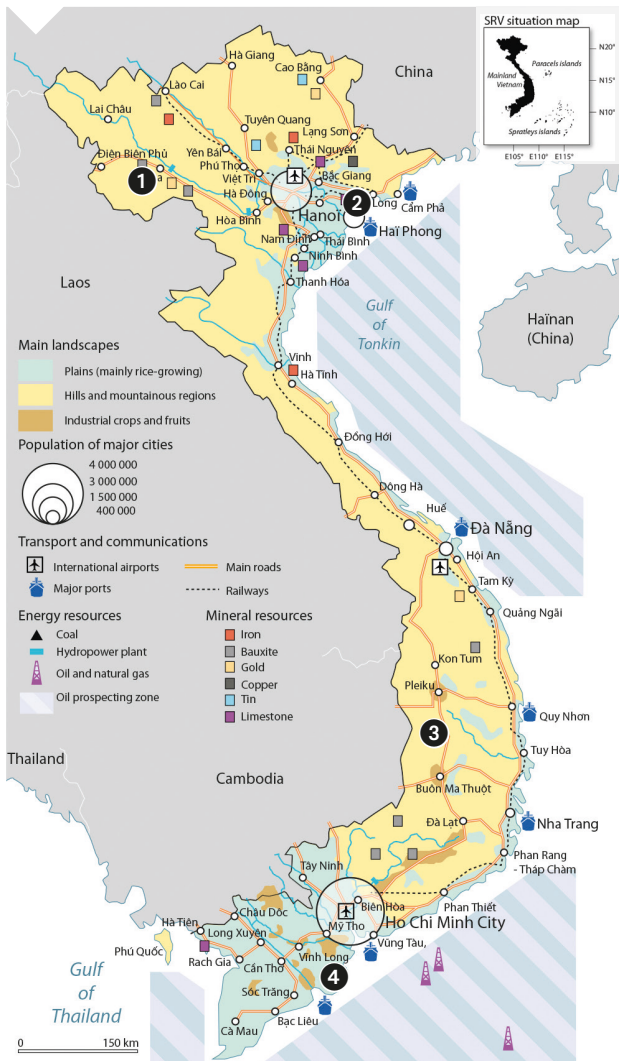
Coastal plains

These territories are organized around water management. High human population densities have woven the space into a closely interconnected urban fabric composed of towns, villages organized around particular trades, and industrial zones. Housing is clustered together to protect agricultural land. The dominant ethnic group in these regions are the Kinh. The cities are often placed at the confluence of major waterways. These cities are at the centre of a vast regional development process linked to commercial ports such as Hải Phòng and Vũng Tàu.

Mountain regions

The mountains are much less integrated into the development process. The population is made up of several ethnic groups. An economy dominated by subsistence farming and forestry exists alongside commercial agriculture and non-agricultural activities. In the center, cash crops such as coffee and rubber were first planted by colonial farmers, then developed by state farms and finally left to local communities to manage. The mountains have been particularly hard hit by deforestation and erosion. Some valleys are disappearing under hydroelectric and mining activities. A weak transportation network remains an obstacle to development in these areas.

Economic development of the territory



Sources : Vu Tu Lap et Christian Taillard, Atlas du Vietnam, GIP Reclus et la documentation française, Paris, 1994
Hughes Tertrais, Jean-Claude Pomonti, Vietnam, Communistes et dragons, le monde éditions, Paris, 1994.

Northern mountain region



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Red River Delta



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Central highlands region



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Mekong Delta



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Economic liberalization and development

The 1986 economic reforms

In December 1986, the State of Vietnam decided to move from a centrally planned and collectivist economy to a socially oriented market economy. After several sweeping economic and institutional reforms (*Đổi mới*), the United States decided to support Vietnam's efforts by ending the economic embargo that had been in force since the war. Vietnam expanded its trade with the rest of the world starting in 1993. According to the World Bank, the GDP per capita was then under US\$200 a year. In 2016, it was estimated to be US\$2,200 a year.

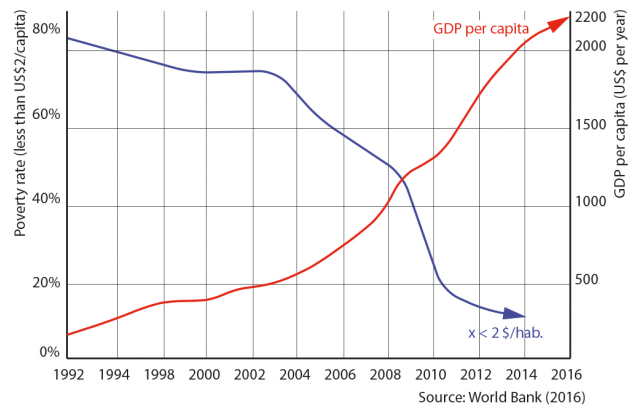
Poverty reduction

The primary effect of this economic liberalization was the rapid reduction of poverty in Vietnam. Between 1995 and 2008, the share of the population living on less than US\$2 a day declined from 85% to 42%. At the same time, the number of Vietnamese living on less than US\$1 a day dropped from 60% to less than 10%. Poverty remains pervasive in the mountain areas, notably in the north of the country, but also is concentrated noticeably in the Red River Delta.

Reduction of agricultural employment

This reduction in poverty is linked to a decline in agricultural employment. Between 2001 and 2011, the number of households active in the agriculture sector passed from 21.3 million people to slightly less than 19 million. During the same period, the rate of principle employment in agriculture fell from 80 to 50%. The diversification of rural household income sources was marked by an increase in non-agriculture income. However, according to the GSO, the number of rural households with agricultural land in contrast increased from 9.4 million in 1994 to nearly 12 million in 2011. While the importance of the agriculture sector in employment shrank, that of agricultural land was reinforced. This observation indicates that the relationship between town and country, like the economy, is becoming more complex.

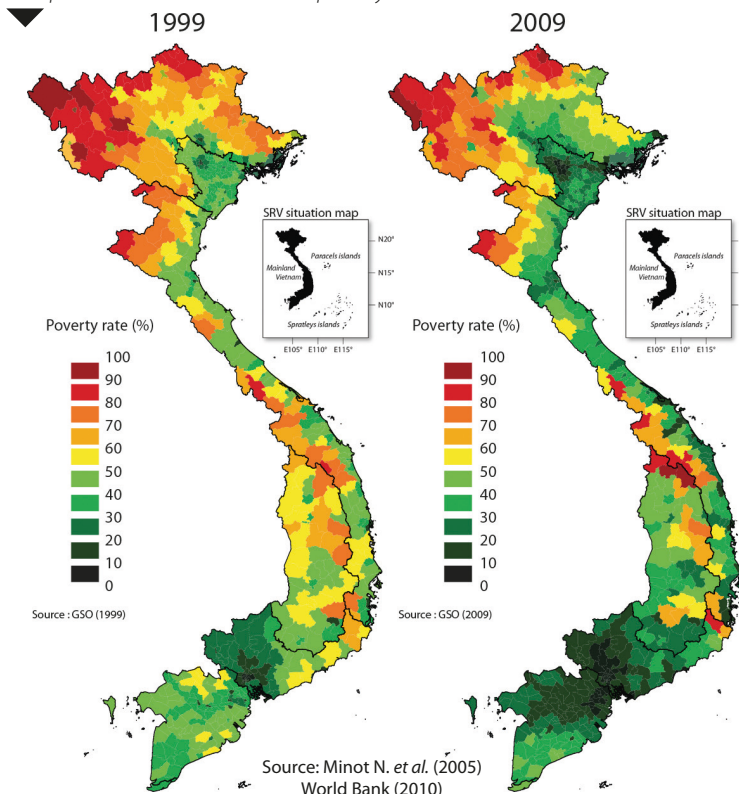
Evolution of the poverty rate and GDP/capita since 1992



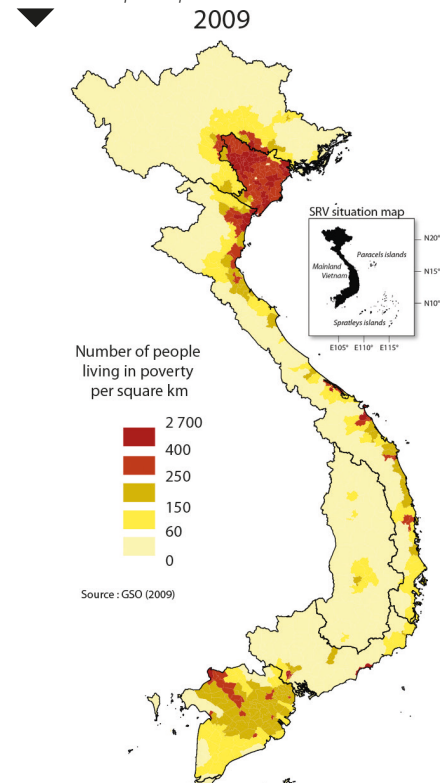
Propaganda poster on the relationship between town and country



Comparison of the 1999 and 2009 poverty rates



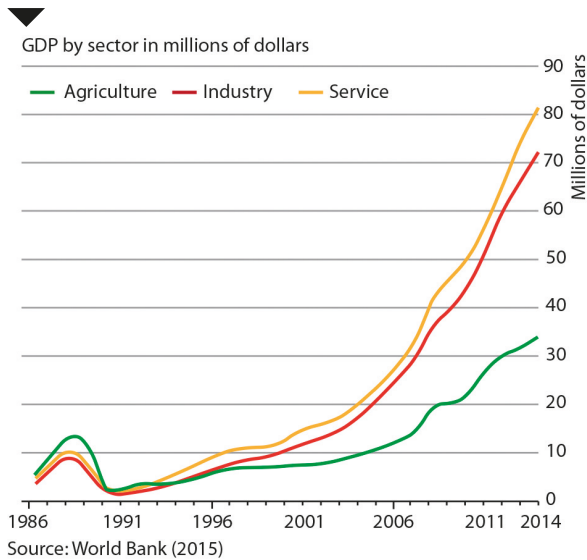
Number of "poor" per km² in 2009



Agriculture in relation to other economic sectors

In 1995, the agriculture sector was worth US\$4 billion and accounted for 35% of the nation's wealth. In 2015, agriculture GDP surpassed US\$34 billion but accounted for only 17% of national GDP. Amid booming secondary and tertiary sectors, the increased value of agriculture has not enabled the sector to maintain its role in the economy. Vietnam is among the countries known as "Asian Tigers", meaning economies involved in the second wave of industrialization in Asia. These new exporting countries (NEPs) have witnessed a flood of direct foreign investment (DFI) into export sectors such as textiles and information technology. This situation explains why young people are interested in migrating to towns and industrial areas. However, at the national level, 50% of the population continue to depend on economic resources derived from agriculture.

Growth of three economic sectors since 1986



Industry in need of a workforce

Vietnamese industry relies on a young and moderately qualified workforce. Despite strong state controls on migration, rural youth between the ages of 20 and 30 are leaving the countryside for industrial urban areas and foreign worksites. The wealthiest leave for Japan or the Arabian Peninsula, while the others work in factories on the outskirts of large cities and the main provincial towns. The men and women remaining in the countryside work in construction and rural industry sectors, or become agricultural workers on large farms.

Hanoi: a town growing into a metropolis



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ASEAN, OCM and TPP

A maritime country situated in the middle of important trade routes, Vietnam is positioning itself as a hub able to compete with the largest economies in the region. On 28 July 1995, Vietnam joined ASEAN as a transition economy. In 20 years, the country has aligned its economy with that of the economic community. In 2015, it joined ASEAN's free-trade market, helping the emergence of a regional economic community (AEC). In 2008, Vietnam joined the World Trade Organization (WTO) as a non-market economy. WTO considered the country's domestic market to still be overly closed. The Vietnam government then became pro-market and committed itself to setting up free-trade treaties with the United States and European Union.

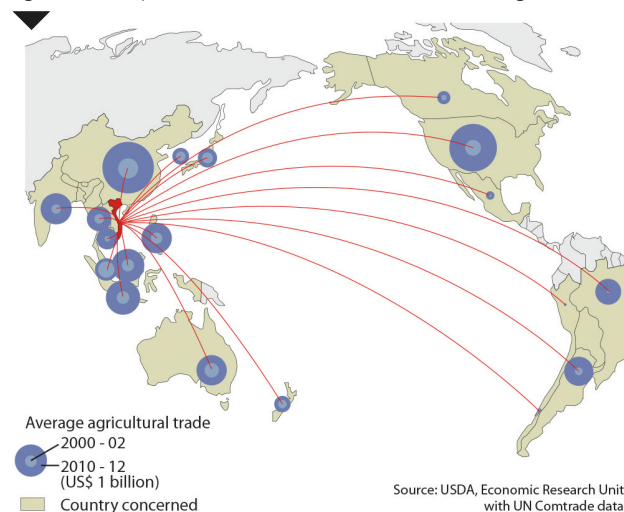
Date of entry into ASEAN of various member countries



Rising exports

Between 1995 and 2012, exports from Vietnam increased in value from US\$5 billion to over US\$112 billion. This transition was made possible by the increasing sophistication of the country's industrial sector. The export of agricultural products from Vietnam also markedly increased. In 1995, Vietnam exported agricultural products worth US\$1.6 billion, notably rice and fish. In 2011, agricultural exports exceeded US\$10 billion. Exports of rice and aquaculture products increased, but other products such as coffee, cashew nuts, pepper, rubber and tea also assumed an important place in foreign trade. The agriculture trade balance remains positive.

Agricultural exports from Vietnam towards the Pacific region



Evolution of food consumption

Food consumption on the rise

Thanks to the country's expanding economy, living standards are improving. The consumption of food products is one indicator of this improvement. In the 1990s, daily food consumption was 2,000 kilocalories per person, with the daily calorie requirements of an adult varying between 1,900 and 2,100 kilocalories. In 2011, food consumption exceeded 2,700 kilocalories. Plant-based kilocalories increased from 1,800 to 2,200. One Vietnamese eats approximately 150 kg of rice per year, the equivalent of 1,400 kilocalories from rice per day. Dietary intake has diversified with the inclusion of fruits and vegetables.

Consumption of animal products increasing sharply

The share of animal products in consumption is outpacing other foodstuffs. They provided 170 kilocalories per day in 1990 compared to 600 kilocalories in 2011. Meat accounts for 90% of animal-based food consumed in Vietnam. In the early 2000s, there was a sharp difference in consumption patterns between urban and rural areas. This difference has since diminished. In contrast, the gap between rich and poor in terms of the consumption of animal products remains wide.

Demographic effect on consumption

Between 1986 and 2011, the population grew from 60 million to nearly 90 million inhabitants. At the same time, per capita meat consumption increased from 14 to 57 kg. Thus, while the size of the population increased by 50%, meat consumption grew by 300%. The effect of changing dietary habits has been amplified by the demographic factor. In 1986, 900,000 tons of meat were consumed compared to over 5 million in 2011. At 3.1 million tons, pork is the primary meat consumed. Chicken follows at 1.4 billion tons. The consumption of beef (cattle and buffalo) remains minor at 600,000 tons.

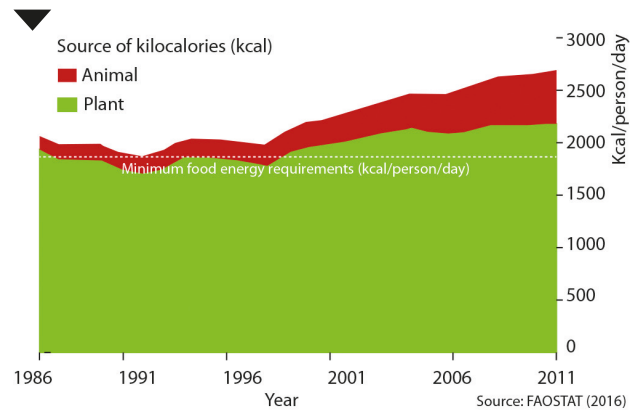
The rise in meat consumption

Pork is the main source of calories and animal protein. However, since 2006, the consumption of chicken has been growing, notably because of the increase in meat imports linked to Vietnam's entry into the WTO.

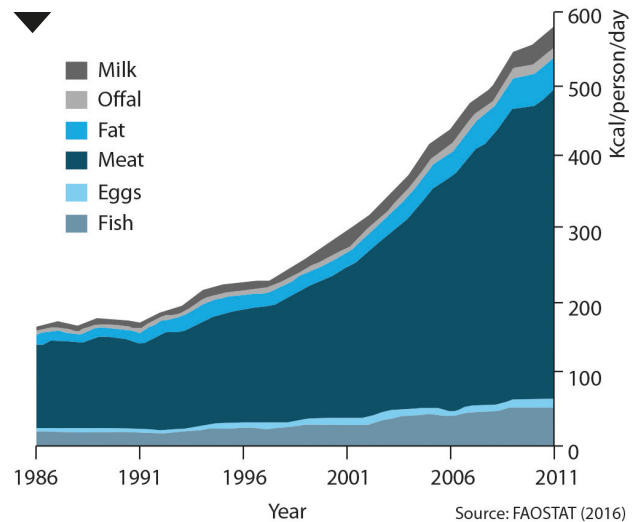
A meal in the countryside: heavy on meat



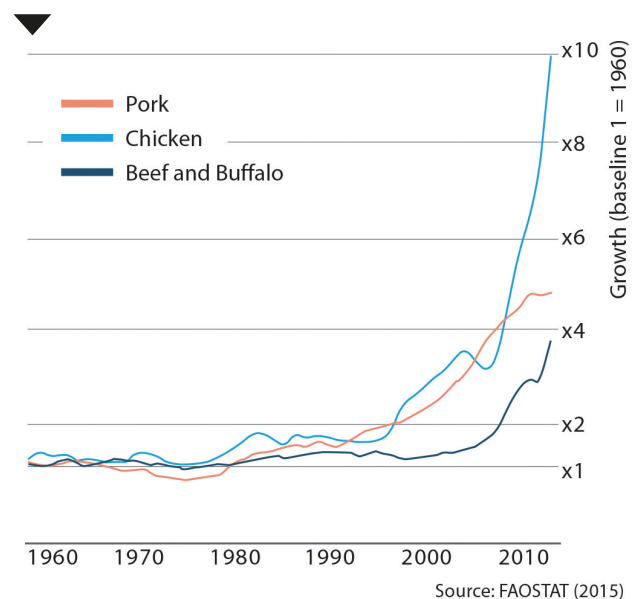
Food consumption since 1986 (in kilocalories per capita)



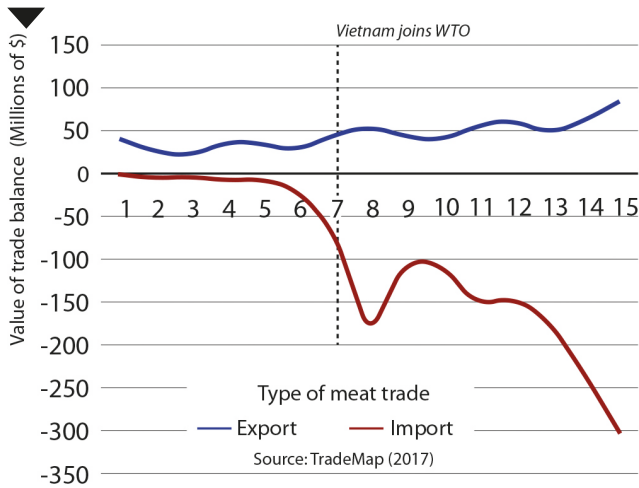
Consumption of products of animal origin since 1986 (in kilocalories per capita)



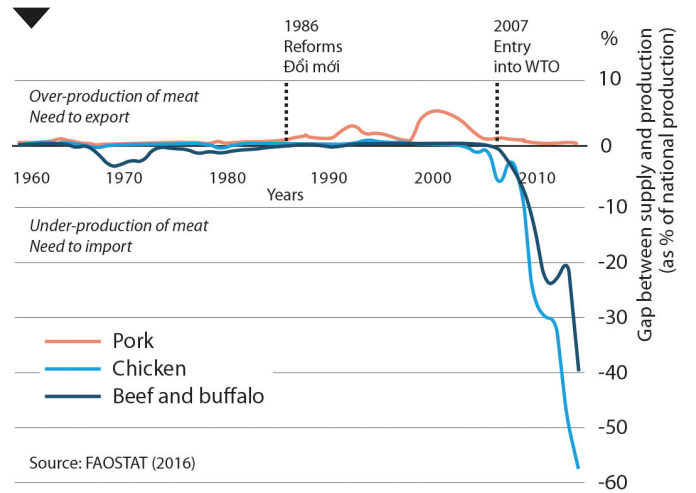
Evolution of meat consumption since 1960 (Base 1 = 1960)



Evolution of Vietnamese meat trade value (import/export) since 1986



Evolution of national meat consumption balance since 1960



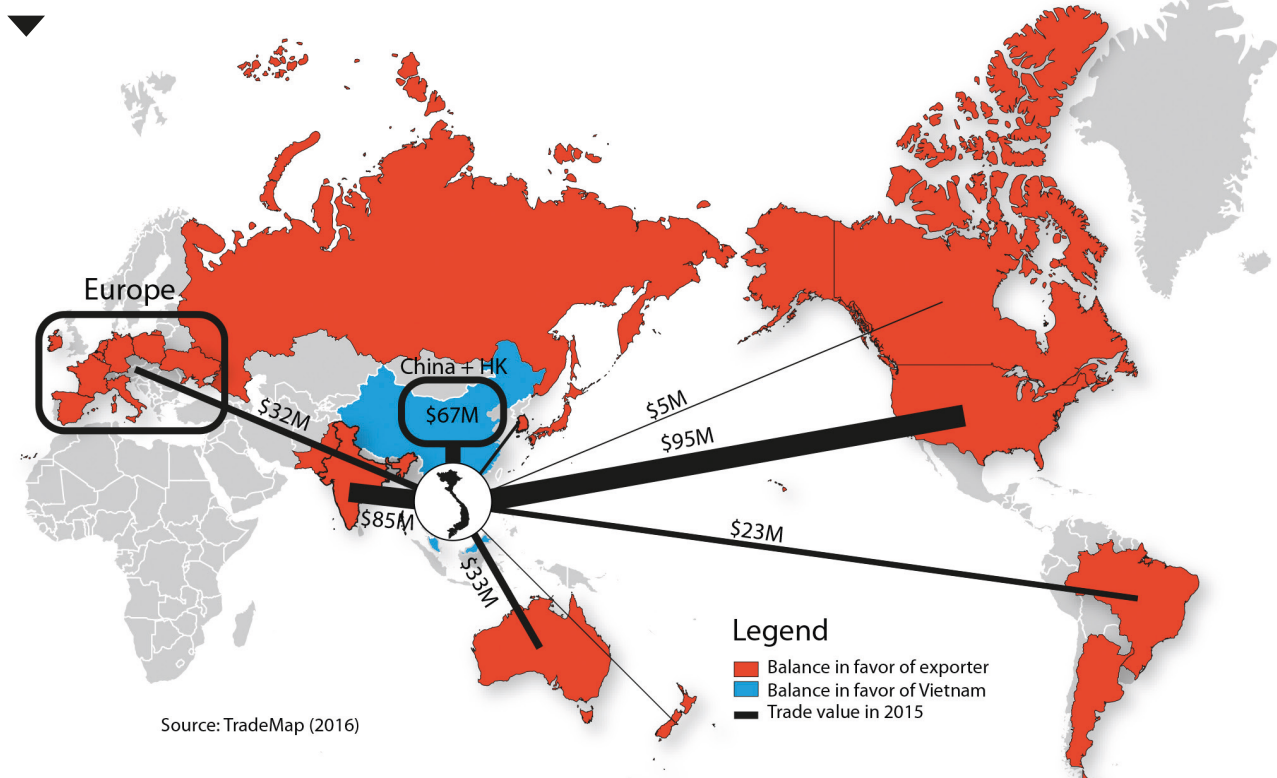
Falling out with the WTO

Up to 2006, domestic meat consumption in Vietnam was based on national production. Between 1996 and 2001, there was even a slight pork surplus sold on foreign markets such as Hong Kong and Singapore. However, starting in 2006 the country recorded a sharp drop in its trade balance. The deficit grew by 1 million tons of meat between 2010 and 2011. This situation was directly related to the evolution of taxes following the country's entry into the WTO. Up to 2006, pork represented 90% of meat consumed in Vietnam compared to just 60% today. The consumption of chicken increased from 3 to 10 kilos per capita and per year between 2000 and 2011. With the diversification of diets, the Vietnamese began to enjoy eating chicken. As a sign of the times, the first fast food restaurant in Vietnam was a KFC in Ho Chi Minh City. The livestock sector in Vietnam must therefore adapt to a new environment open to international markets and face growing competition in the years to come.

KFC restaurant in Ho Chi Minh City



Value of major meat trade in 2015 (over US\$400,000)



Source: TradeMap (2016)

The livestock revolution in images

Marketing: a badge of professionalism

With a 10% annual growth rate, the livestock sector in Vietnam is seeking to develop a modern, industrial and professional image. Unlike in developed countries, where bucolic imagery is used to sell industrial livestock products, the livestock sector in Vietnam emphasizes a business and technology-oriented message. Livestock farmers are presented in blue overalls. The layouts of farms project the idea of huge holdings that are as industrialized and productive as those in the Global North. This seeks to give a badge of professionalism to a sector that in reality falls far short of this industrial image.

Present and future: the dual reality of the message

The livestock sector's message blurs the notion of time. Newspaper articles frequently mix the past, present and future to present the sector in the best light. Projects are planned, under construction, upcoming, in preparation. Projected volumes are achieved. However, these figures appear flimsy in the field.

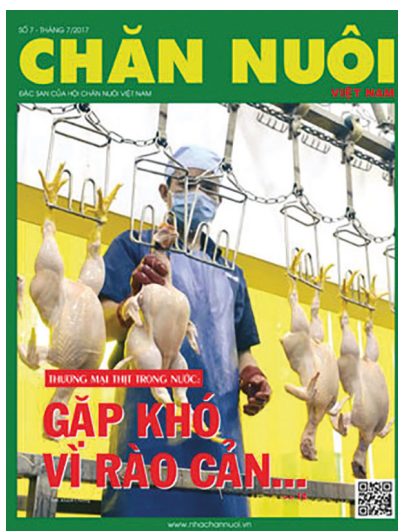
International livestock exhibitions

International shows like VietStock in Ho Chi Minh City are occasions where the sector can best express its vision for the future. The sector is committed to building more and more mega-farms, feed plants and infrastructure. The line between what actually exists on the ground and what is projected to be achieved is blurry. The vision of the future sometimes appears to be disconnected from the constraints found in the field.

Livestock exhibition in Ho Chi Minh City



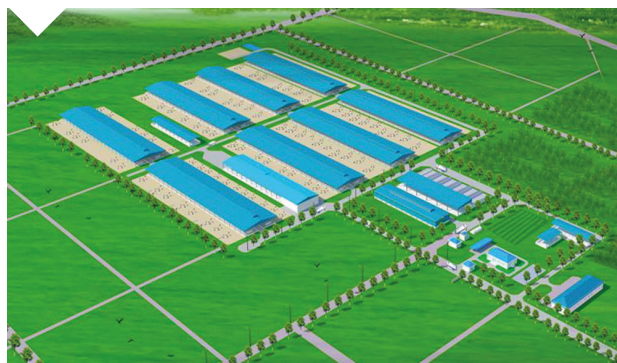
An industry developing its media: the organization of livestock producers' journal in 2017



The LIFSAP project



Presentation of a dairy farm in Binh Duong



The genuine professionalism of livestock producers

Beyond these events, professional organizations are multiplying. The journal *Chăn Nuôi* (Livestock) provides industry news every month. The digital journal <http://www.heo.com.vn/> is the main source of information for professional livestock producers. It reports changes in pig prices on the market. Dairy farmers can look at the website: <http://www.dairyvietnam.vn>. These sites, which are followed closely in the field, report sector news and the status of new technologies and techniques.

Connected producers

The livestock webography in Vietnam is very dynamic and changes quickly. This way of communicating with producers demonstrates that the latter are quite connected and seek information on the internet. Thanks to smartphones, it is possible to rapidly reach large numbers of professional livestock producers. The development of content specialized in livestock production and livestock technologies is an indicator that the sector and its actors are becoming increasingly professional. These technological dimensions are critical for understanding the social reality on the ground.