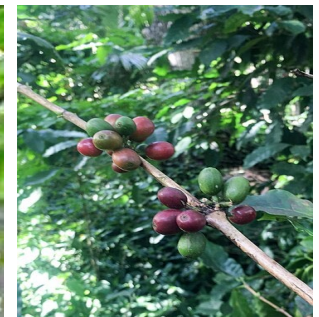




CURRENT SITUATION OF VIETNAMESE AGRICULTURAL COOPERATIVES AND ITS LOGISTICS TO ENTER THE GLOBAL SUPPLY CHAIN

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PERSONAL PROFILE

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Outlines

1. Context	5. Challenges of Vietnamese agricultural logistics systems
2. Vietnamese agricultural cooperatives	6. Requirements of Vietnamese Cooperatives' logistics
3. Supply chains of agricultural product	7. Benefits of strong cooperatives and logistics
4. Logistics in supply chain of agricultural product	8. Take-home message



1. Context

Vietnam and Mekong Delta



Overview of Vietnamese Agriculture

CROP OUTPUT

Rice

43.86 million tonnes
▲ +2.6% from 2020

Vegetables

18.4 million tonnes
▲ +1.8%

Beans

168,000 tonnes
▲ +4.1%

Coffee beans

1.82 million tonnes
▲ +3.4%

Tea

1.09 million tonnes
▲ +1.9%

Pepper

282,000 tonnes
▲ +4.4%



Product name	Global rank
Black peppercorn	1
Cashew nuts	1
Coffee	2
Coconut	6
Rice, paddy	5
Rubber	3
Sweet potatoes	10
Tea	6



Overview of Vietnamese Agriculture (Cont.)



HUSBANDRY

Buffalo

2.34 million head
▲ +0.3%

Cow

6.45 million head
▲ +2.0%

Pig

28.04 million head
▲ +7.1%

Poultry

525 million head
▲ +5.8%



FISHERY

Total cultivation area

9.76 million ha
▼ -8.4%

Total yield

8.73 million tonnes
▲ +1.0%



Exploited 44.90%



Farmed 55.10%

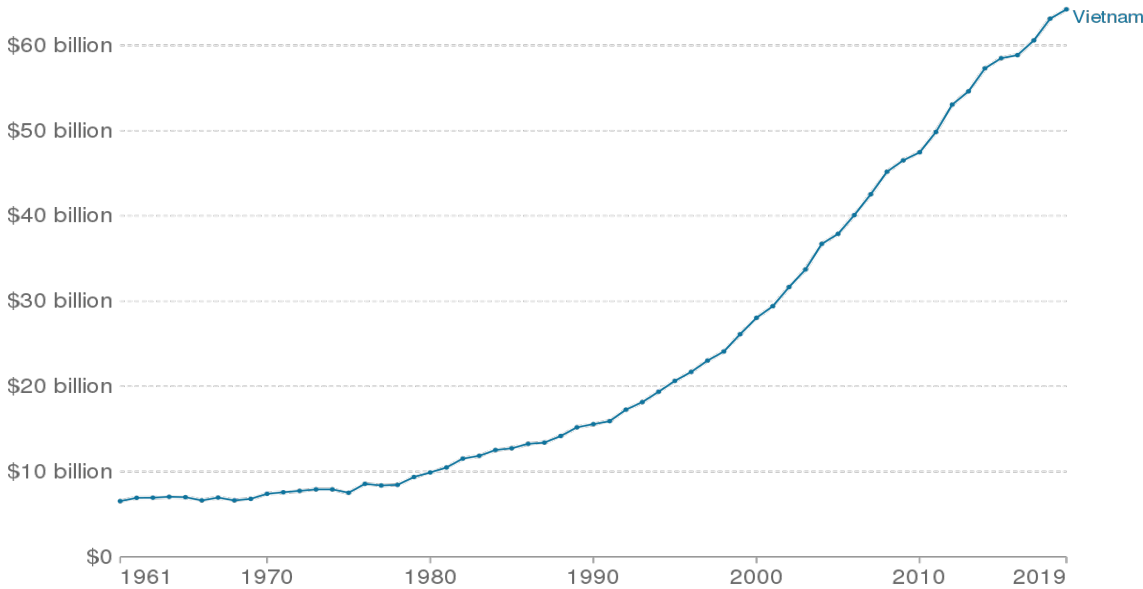


Vietnamese agricultural value

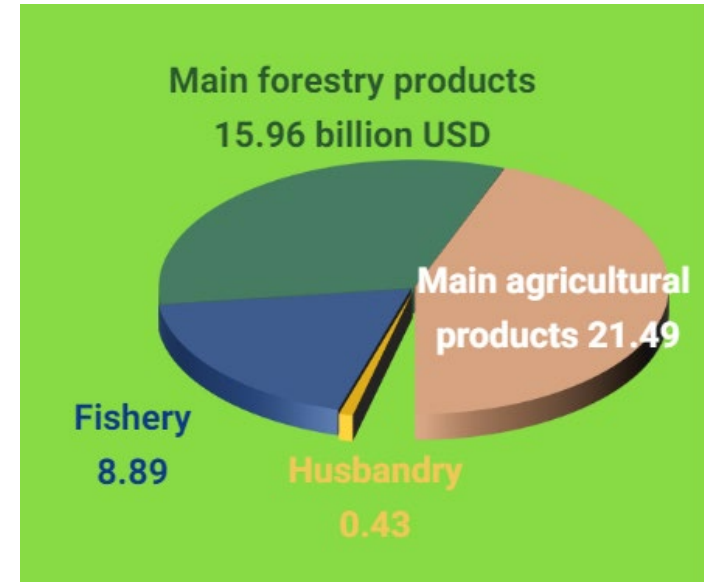
Agricultural output, 1961 to 2019

Total agricultural output is the sum of crop and livestock products. It is measured in constant 2015 US\$, which means it adjusts for inflation.

Our World
in Data



Source: United States Department for Agriculture (USDA) Economic Research Service

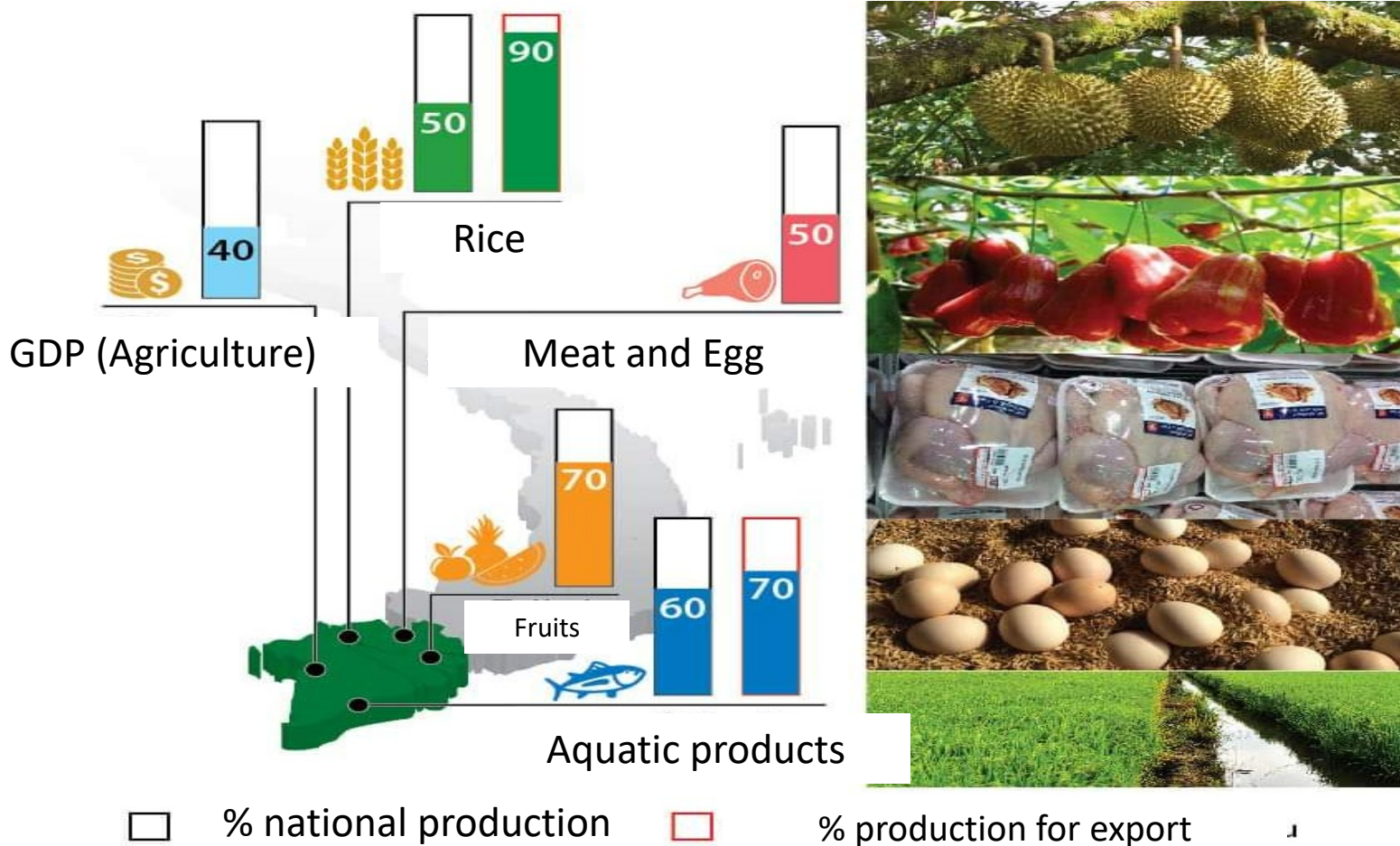


Source: MARD, 2021



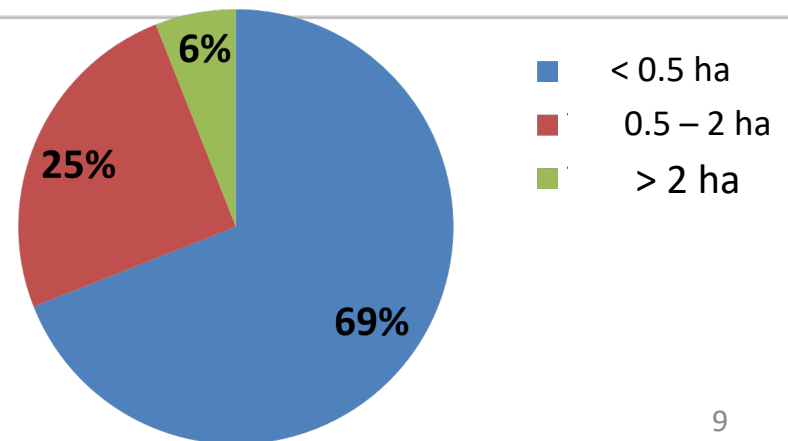
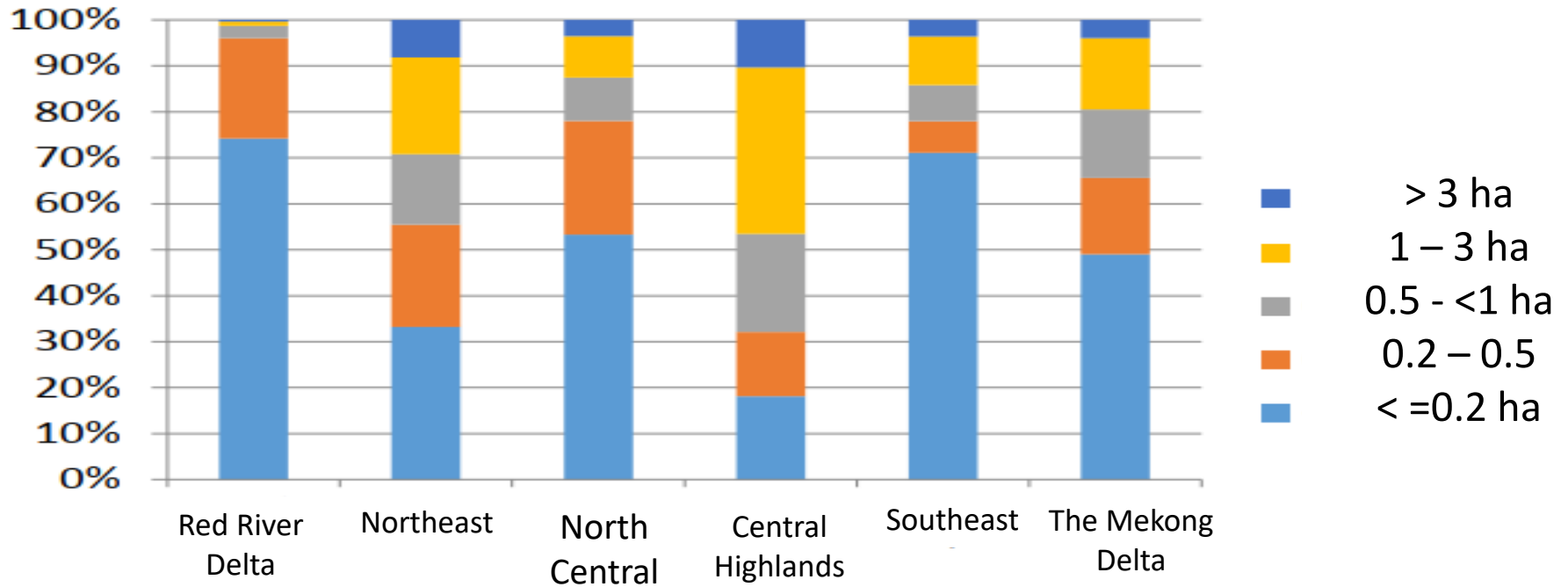
Roles of the Mekong Delta in Agriculture sector

The most important region amongst 7 ecological regions in agricultural production





Land feature





Context for Vietnamese Agriculture

- Integration to the global market: High demand on food; FTA (Free Trade Agreements); standard certifications, etc.
 - High competition
 - Low added value => Logistic in agriculture, value chain production
 - Risk in production/climate change
 - Small-scale but lack of linkages, planning
 - Requirements of the new style commune policy
- Etc.



=> It is necessary to organize and develop appropriate production forms to manage well, sell products and apply advanced production techniques.



2. Vietnamese agricultural cooperatives





History of Vietnamese Cooperative Economics

In Vietnam, agricultural collective economics have a long history of establishment and development from the 1950s. This business model has experienced several stages of rises and falls (Khiem et al., 2010).

Old style cooperative “Tập đoàn”

Cooperative Law in 2003, amendments in 2006, 2012 and 2023, aiming to promote the new style cooperatives and collective economics.

Policies for promoting collective economics: cooperatives and farming clusters



Number of Agricultural Cooperatives

Forms of cooperatives	2013	2021	Difference (%)
Cultivation Cooperatives	1575	5863	272.3
Husbandry Cooperative	319	1034	224.1
Aquaculture & Fisheries Cooperatives	476	1005	111.1
General agricultural cooperatives	6678	8927	33.7





Purposes to establish rice cooperatives

Reason	% of surveyed cooperative
Linking in production	64.2
Production experience exchange	39.5
Fulfill the requirement for new-style communes	30.9
Mutual supports in life	16.1
Get supports	12.3

Survey 75 rice production cooperative in HG, ST and TV, 2022



Scale of cooperative

Indicators	Mean	Max	Min	STDEV
No. of years from establishment (years)	6.1	22	2	3.4
No. of member in the established year (people/cooperative)	39	538	7	69
No. of member in the 2022 (people/cooperative)	55	538	8	80
No. of member who are government staff (people/cooperative)	6	30	0	9
Total production are of whole member (Ha/cooperative)	149	1.400	5	233.2



Scale of cooperative by member

Scale by member	Ratio (in the established year)	Ratio (in 2022)
< 50 member (super small)	81.48	69.13
50 - 300 member (small)	16.04	27.16
> 300 -1,000 member (Medium)	2.46	3.70
Total	100	100

Survey 75 rice production cooperative in HG, ST and TV, 2022



Scale of cooperative by capital

Indicator	Mean	Max	Min	STDEV
Charter capital (1,000 USD)	13	95.7	0.5	14.8
Total joined capital of member at the established year (1,000 USD/cooperative)	9.17	95.7	0.34	14.7
Total joined capital of member in 2022 (1,000 USD/cooperative)	15.5	152.2	0.44	25.1

*Survey 75 rice production cooperative in HG, ST and TV, 2022;
exchange ratio 1 USD = 23000*



Financial status of cooperative

Indicator	Mean	Max	Min	STDEV
Total revenue (USD/cooperative/year)	9,615	83,870	2,261	206.26
Total cost (USD/cooperative/year)	8,896	27,391	1,304	154.53
Net profit (USD/cooperative/year)	2,732	17,348	304	85.39
Marginal ratio	0.56	2.39	0.03	0.73

*Survey 75 rice production cooperative in HG, ST and TV, 2022;
exchange ratio 1 USD = 23000*



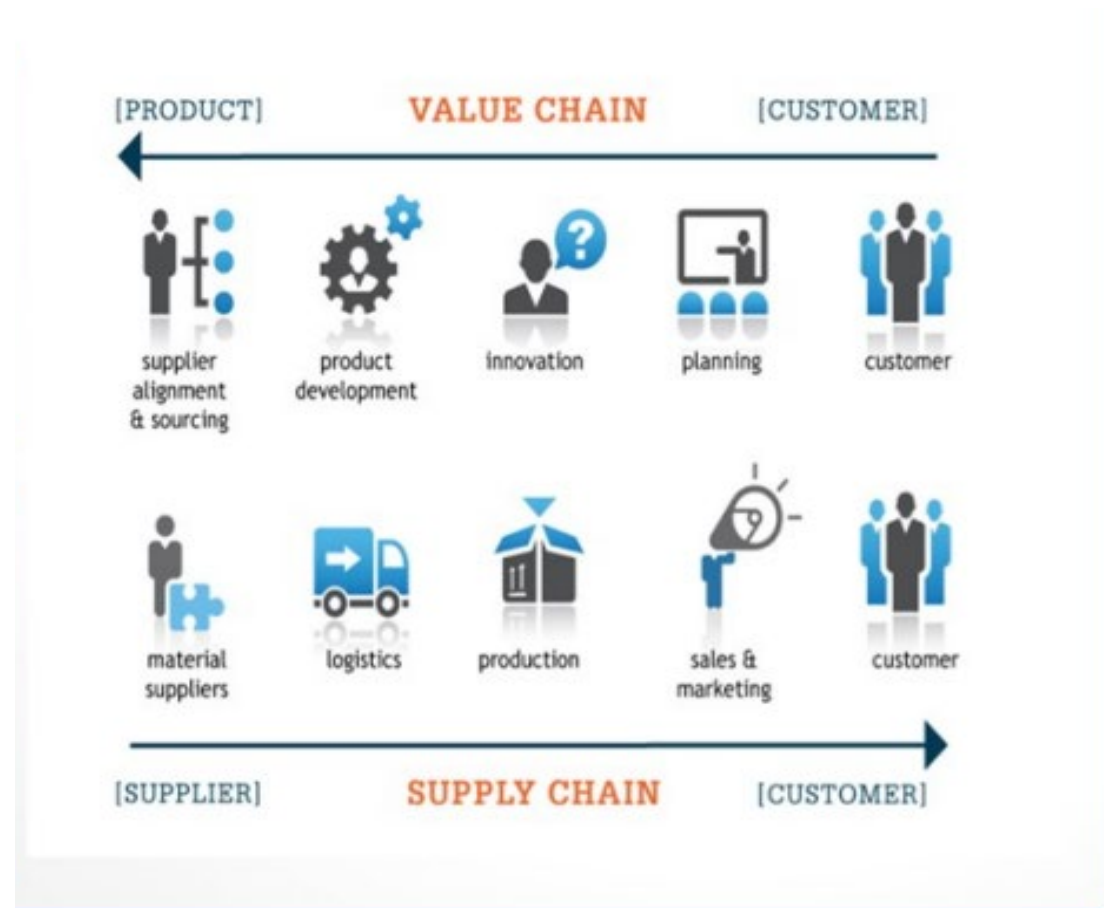
3. Supply chains of agricultural product and position of cooperative

Value chain:

- Focus on added value
- Based on customer's demand
- Adjust and innovation
- Reducing operation cost of the chain

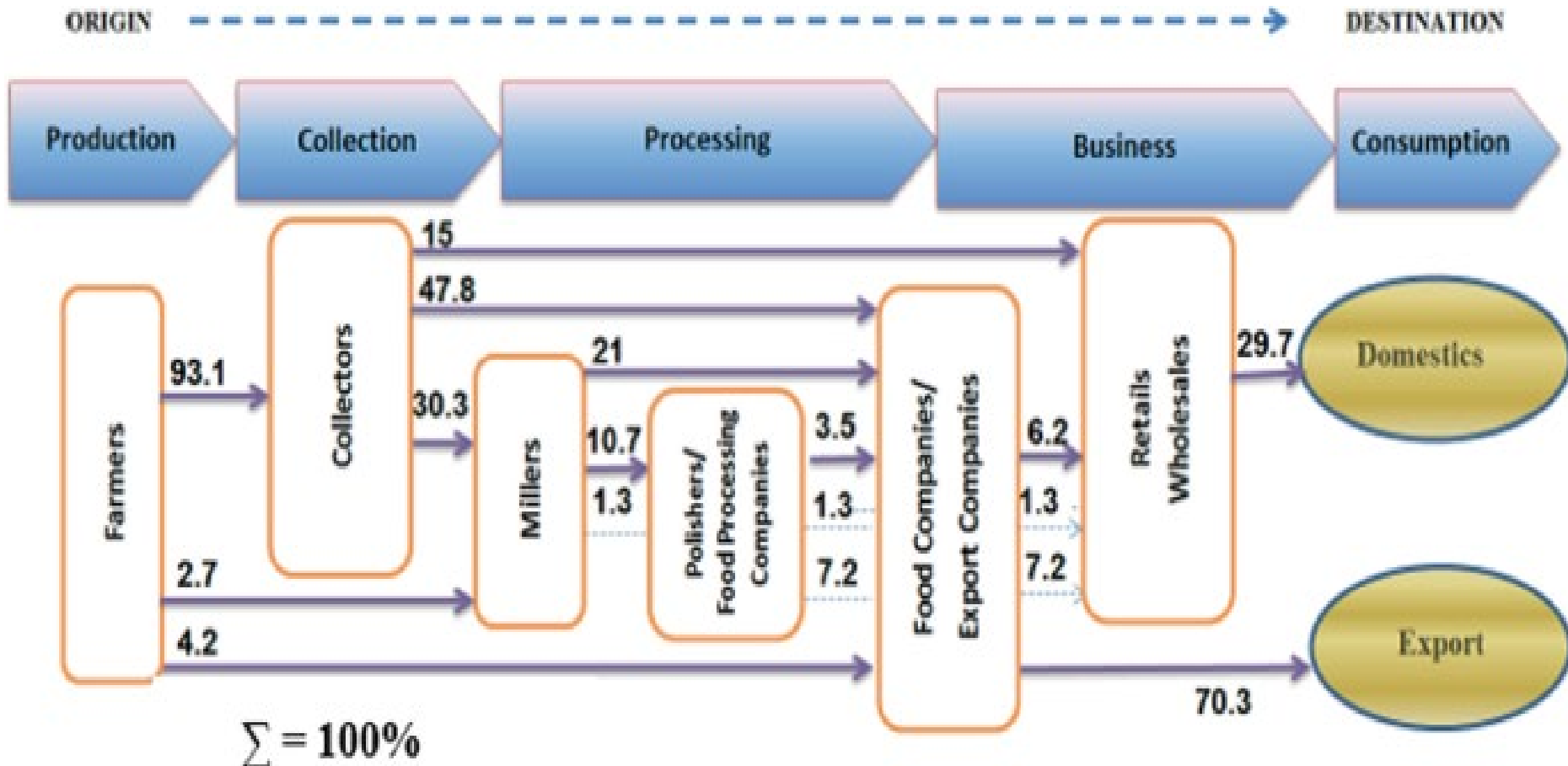
Supply chain:

- Focus on the route of product
- Focus on solutions for smooth and effective product



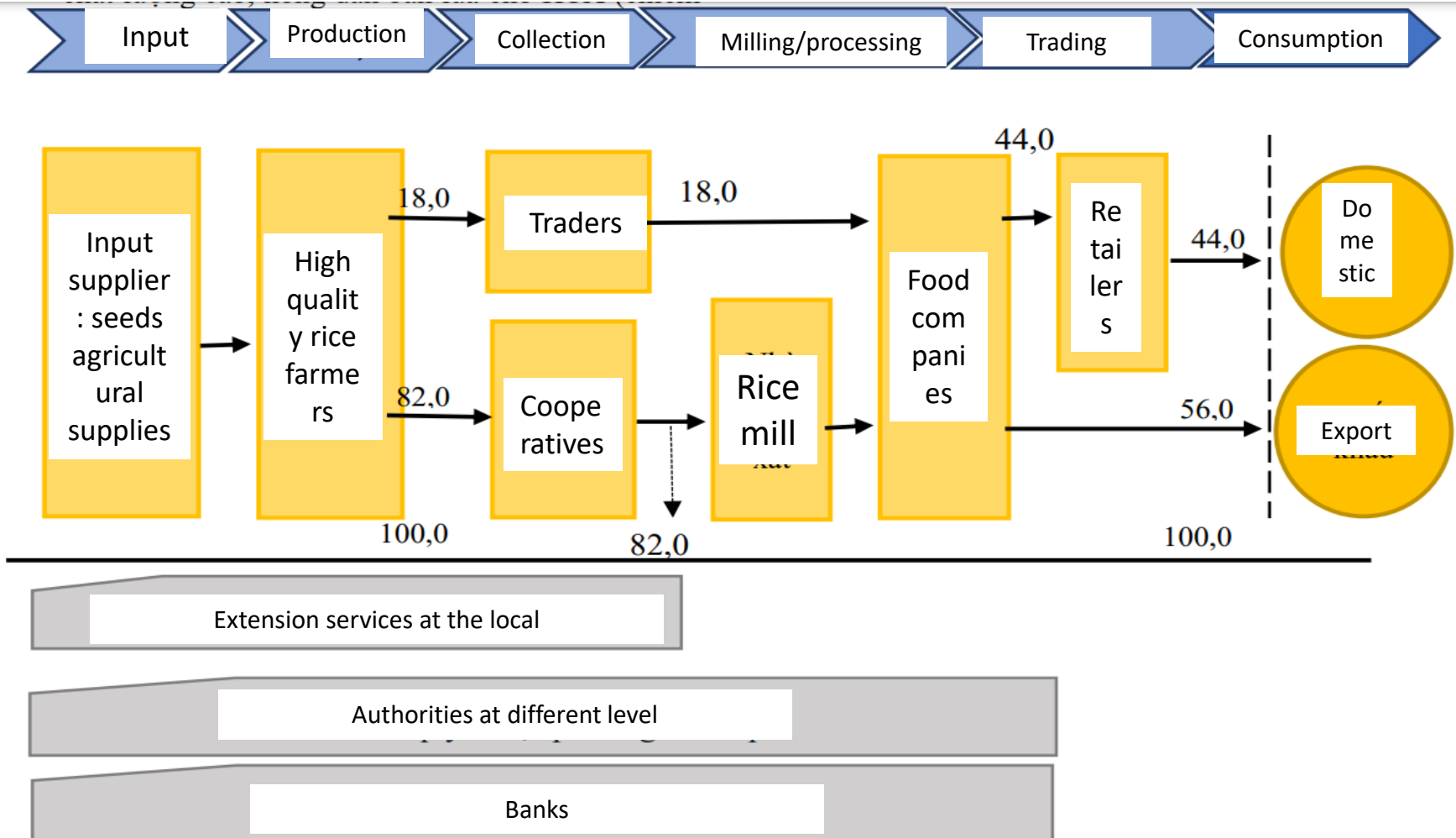


Rice value chain in the Mekong Delta



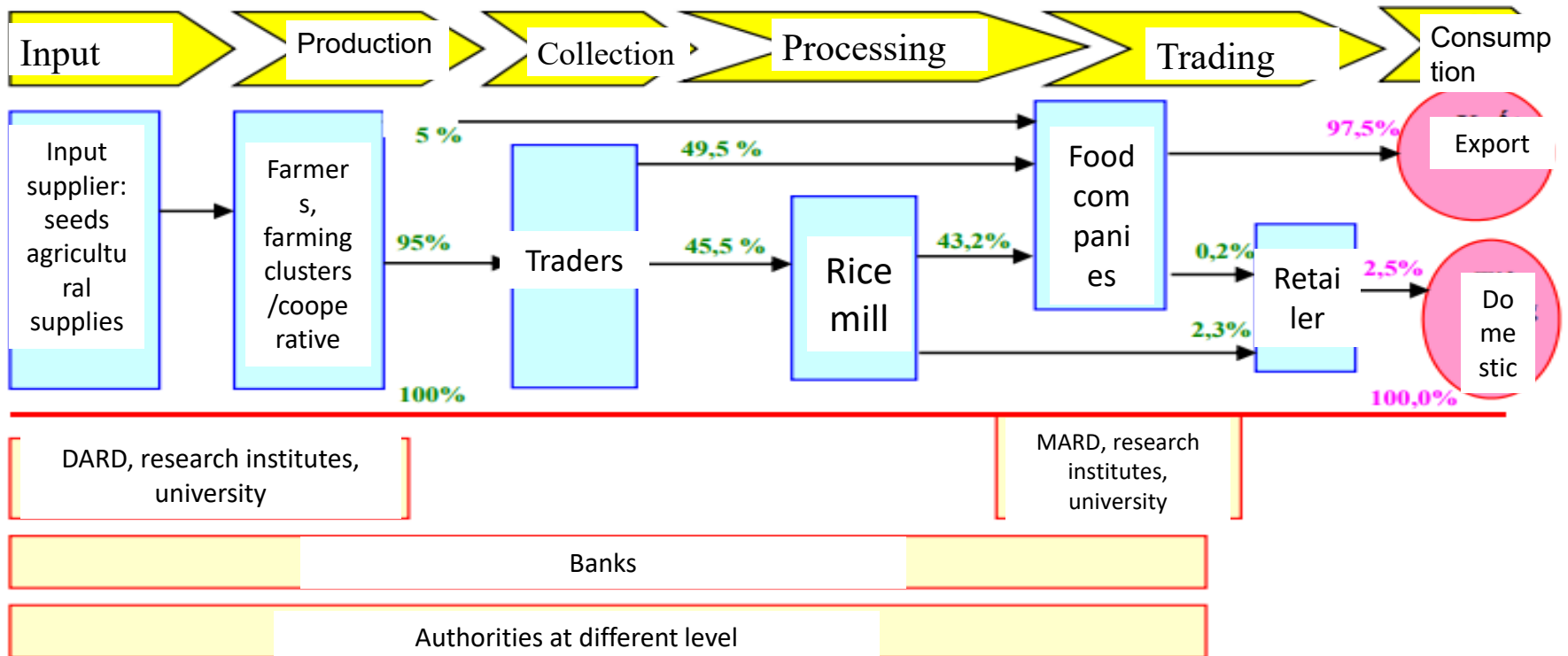


Value chain of high-quality rice with participation of cooperatives in An Giang



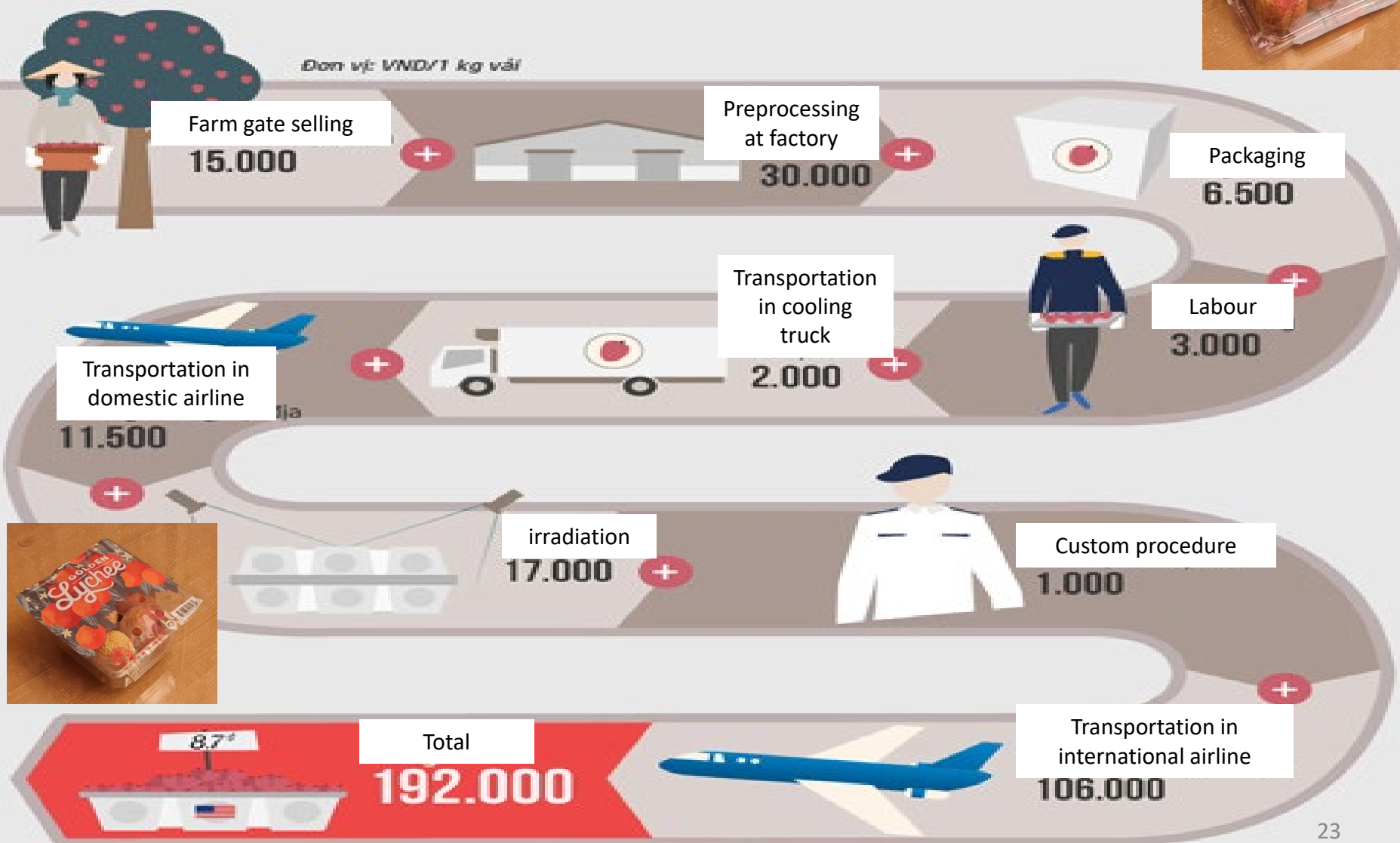


Value chain of ST25 and position of cooperative





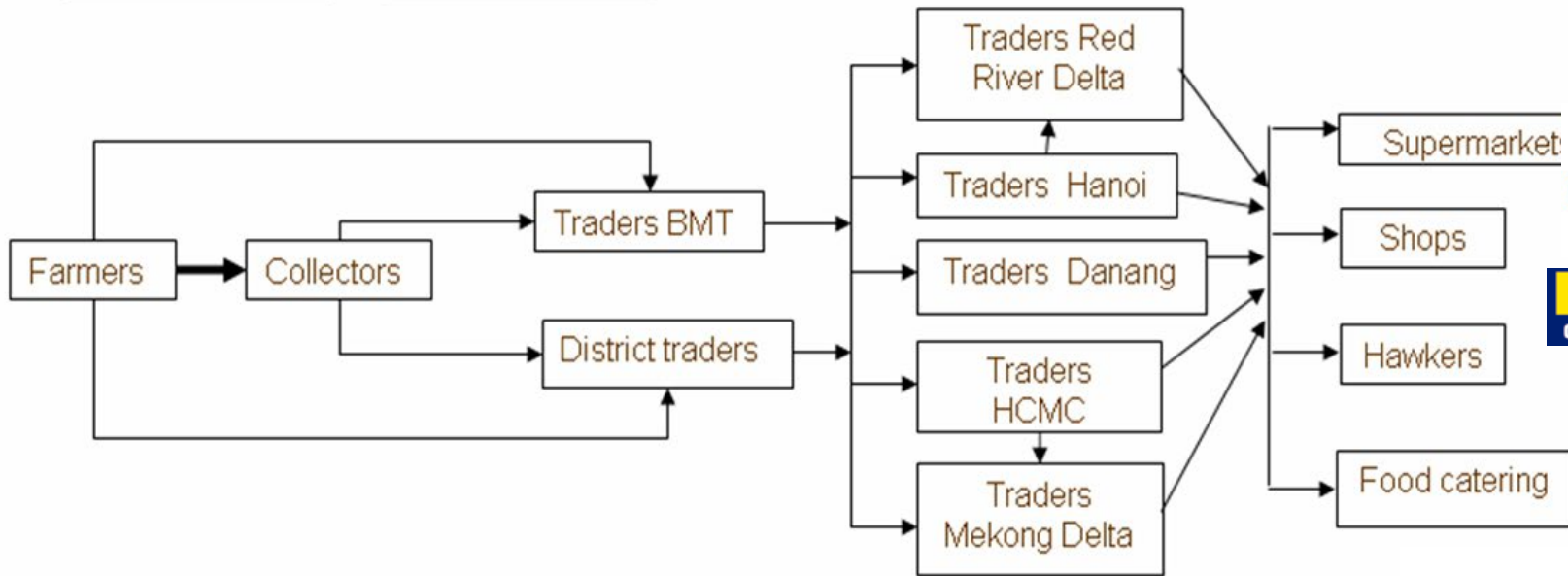
Value chain of Vietnamese Lychee



Theo tỷ giá VCB: 21.830



Avocado supply chain

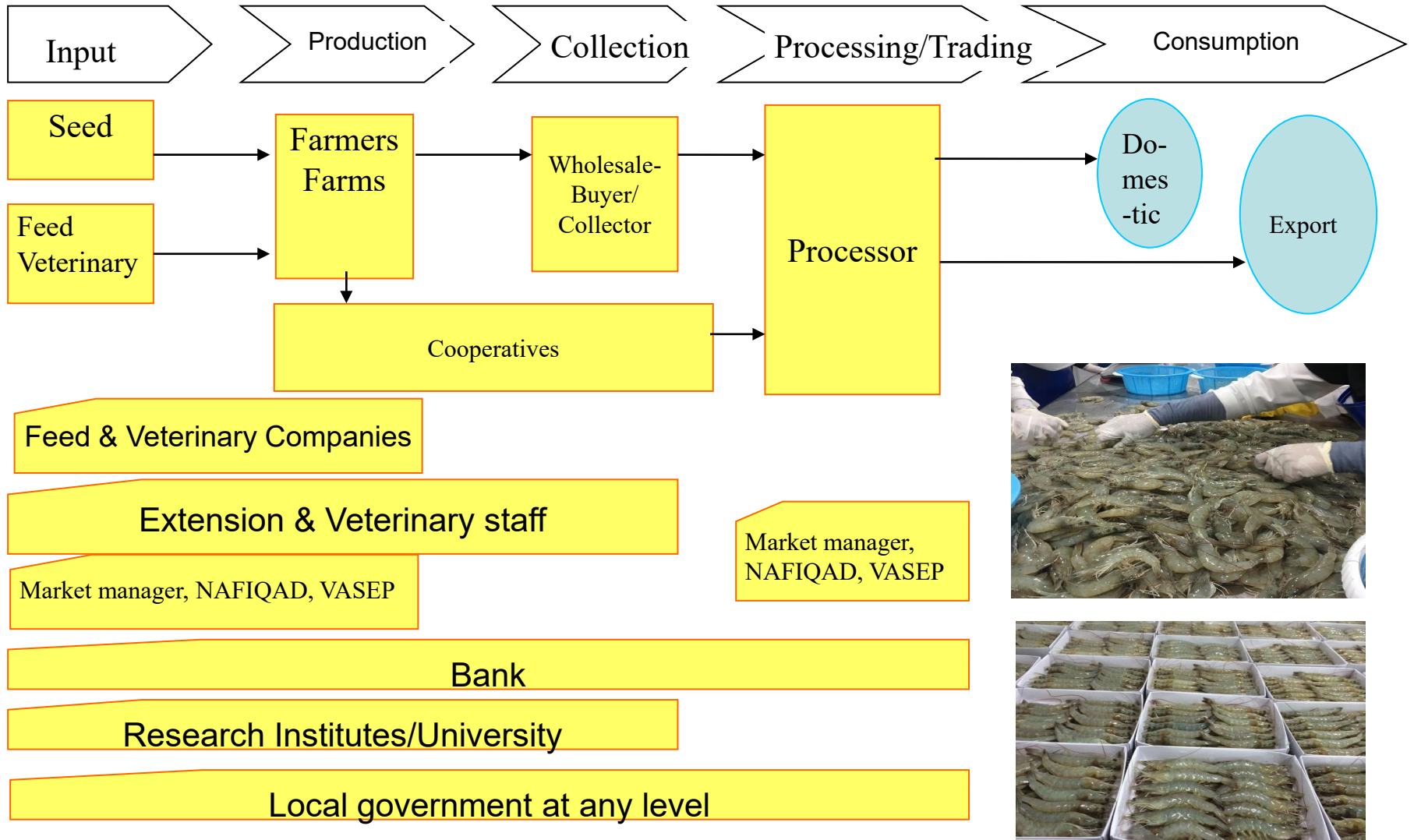


Business Service Providers



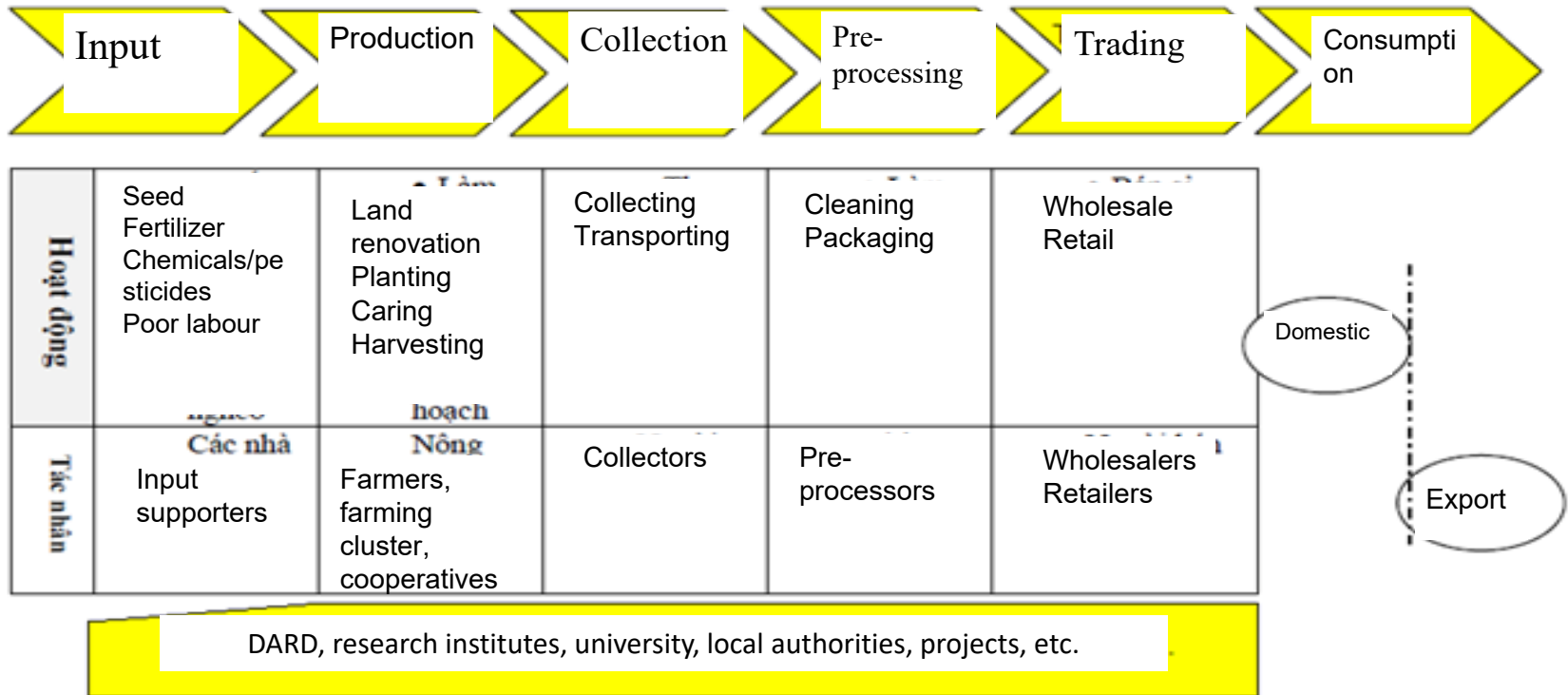


Map of shrimp value chain in the Mekong Delta





Value chain of coffee and position of cooperative

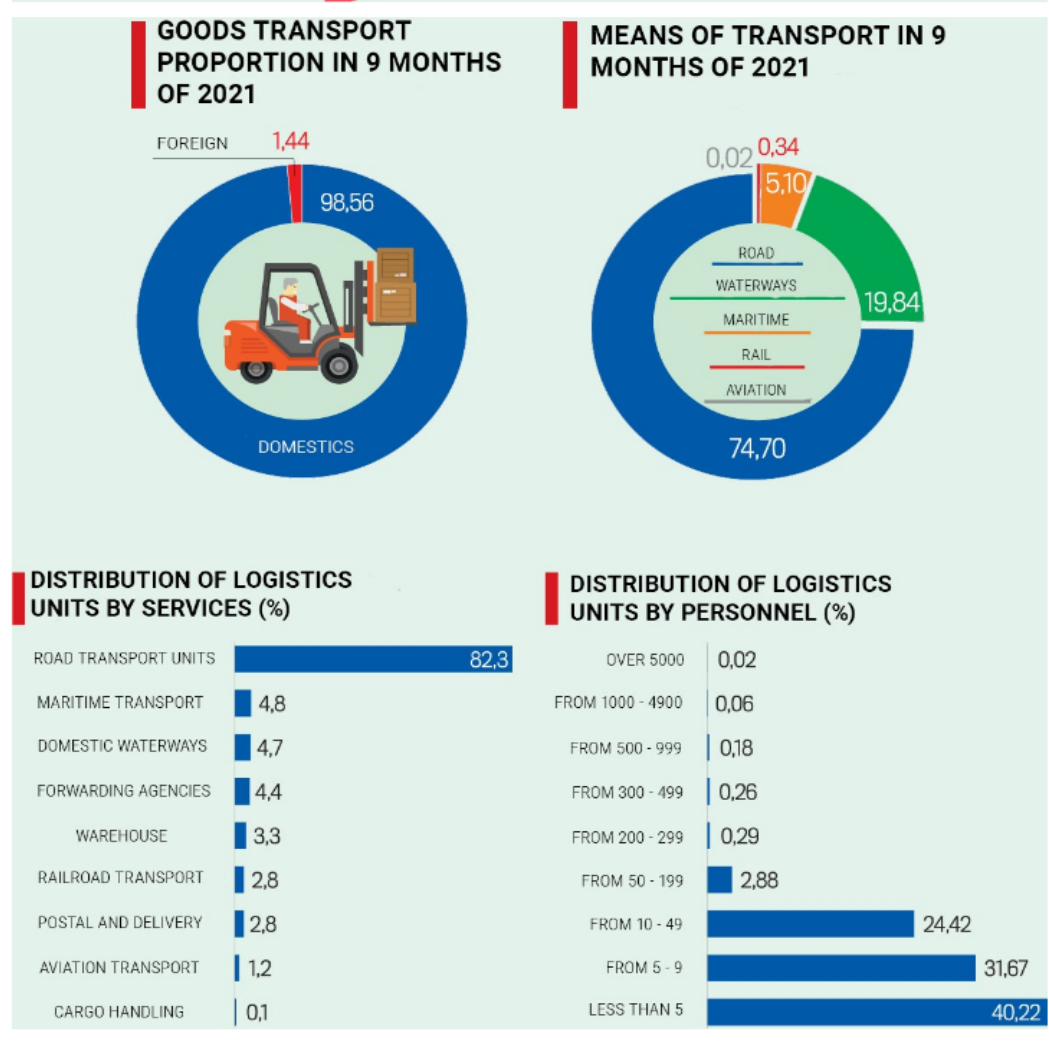
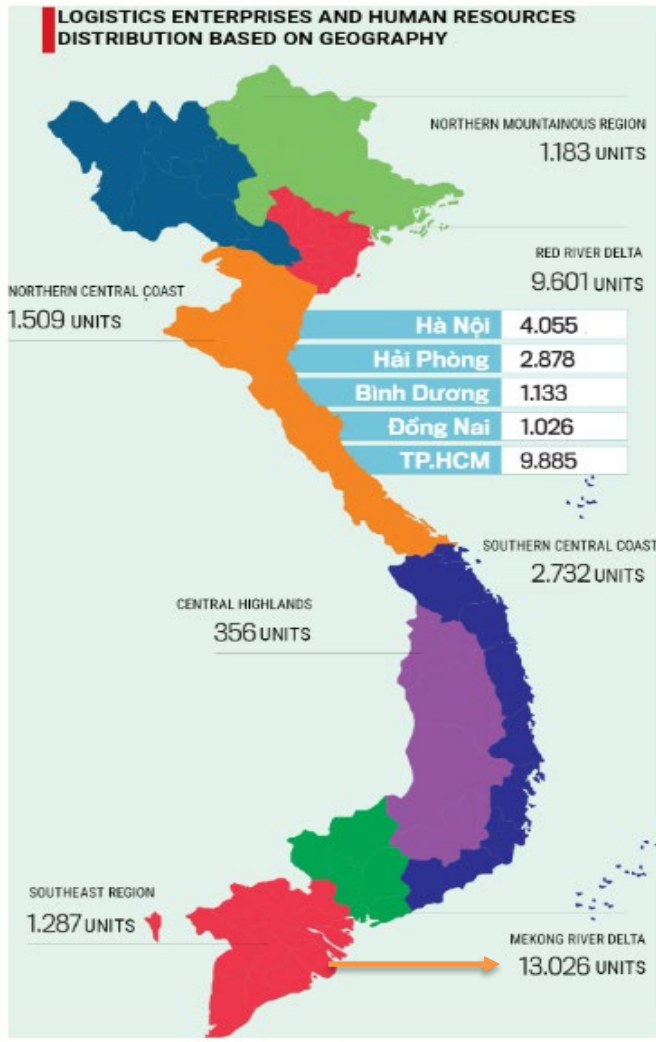


4. Logistics in supply chain of agricultural products



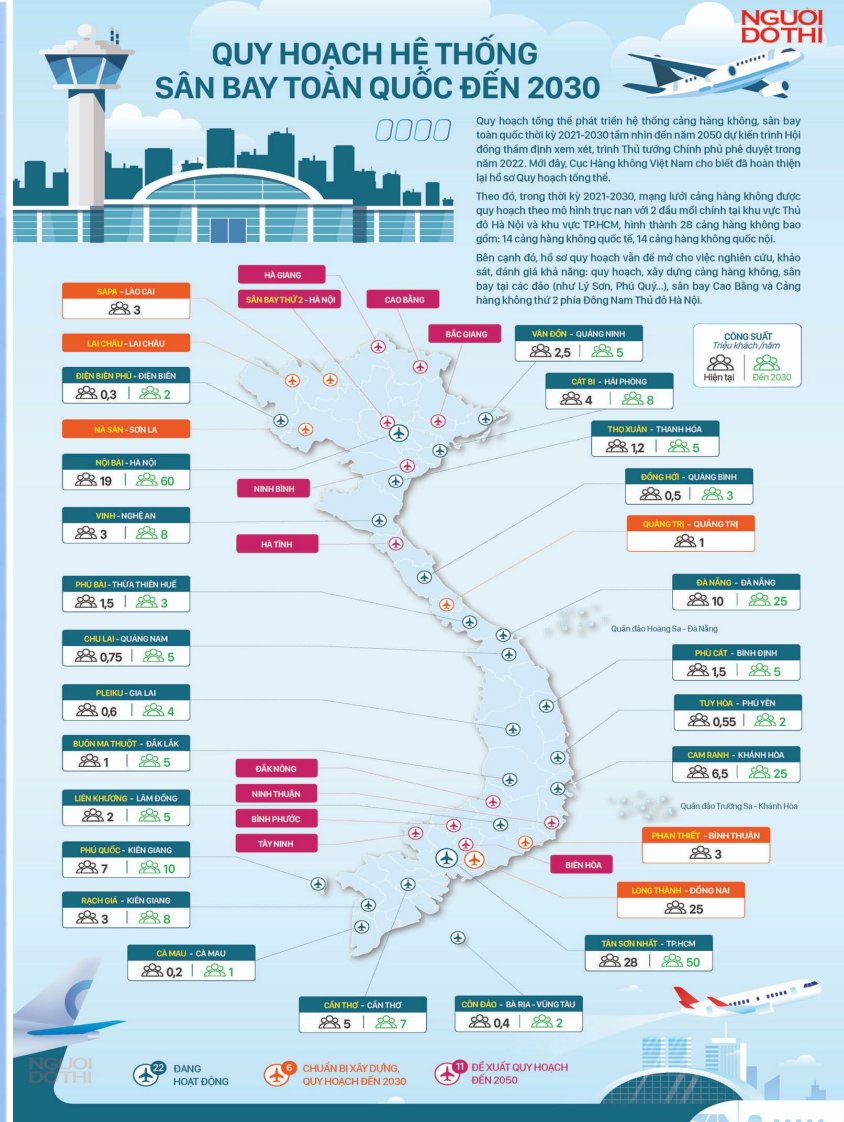
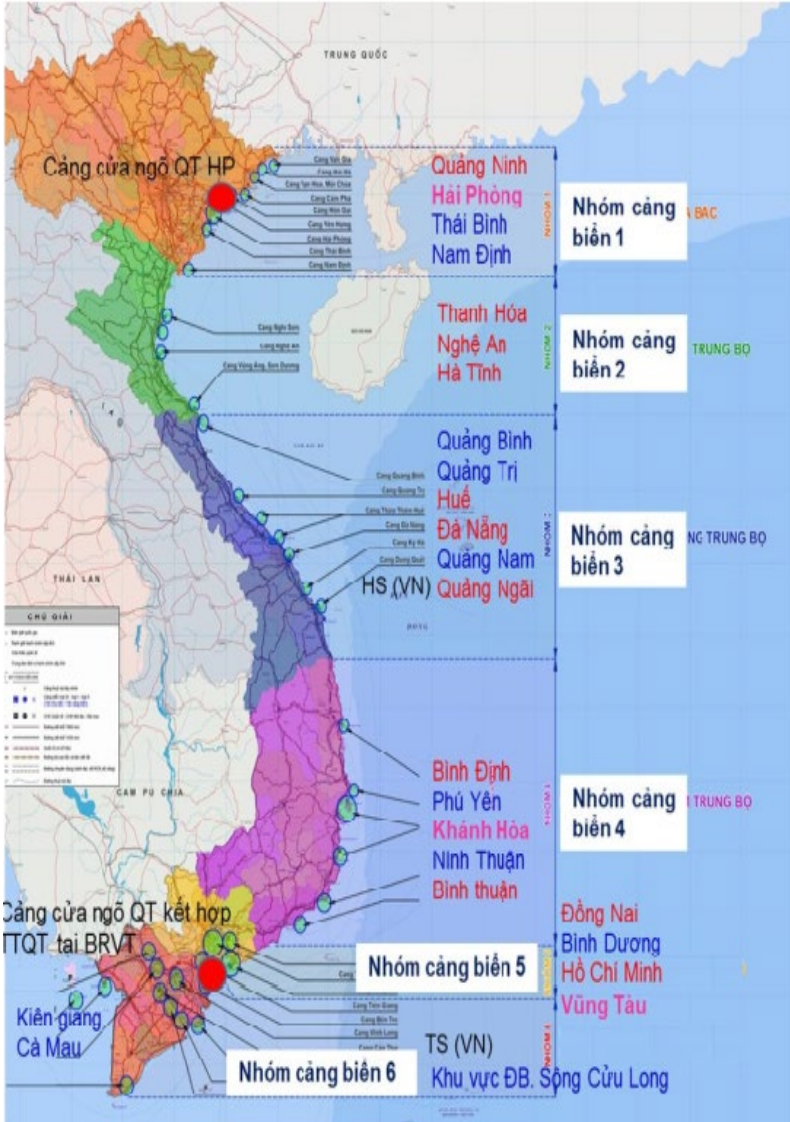


An overview of Vietnamese logistic system



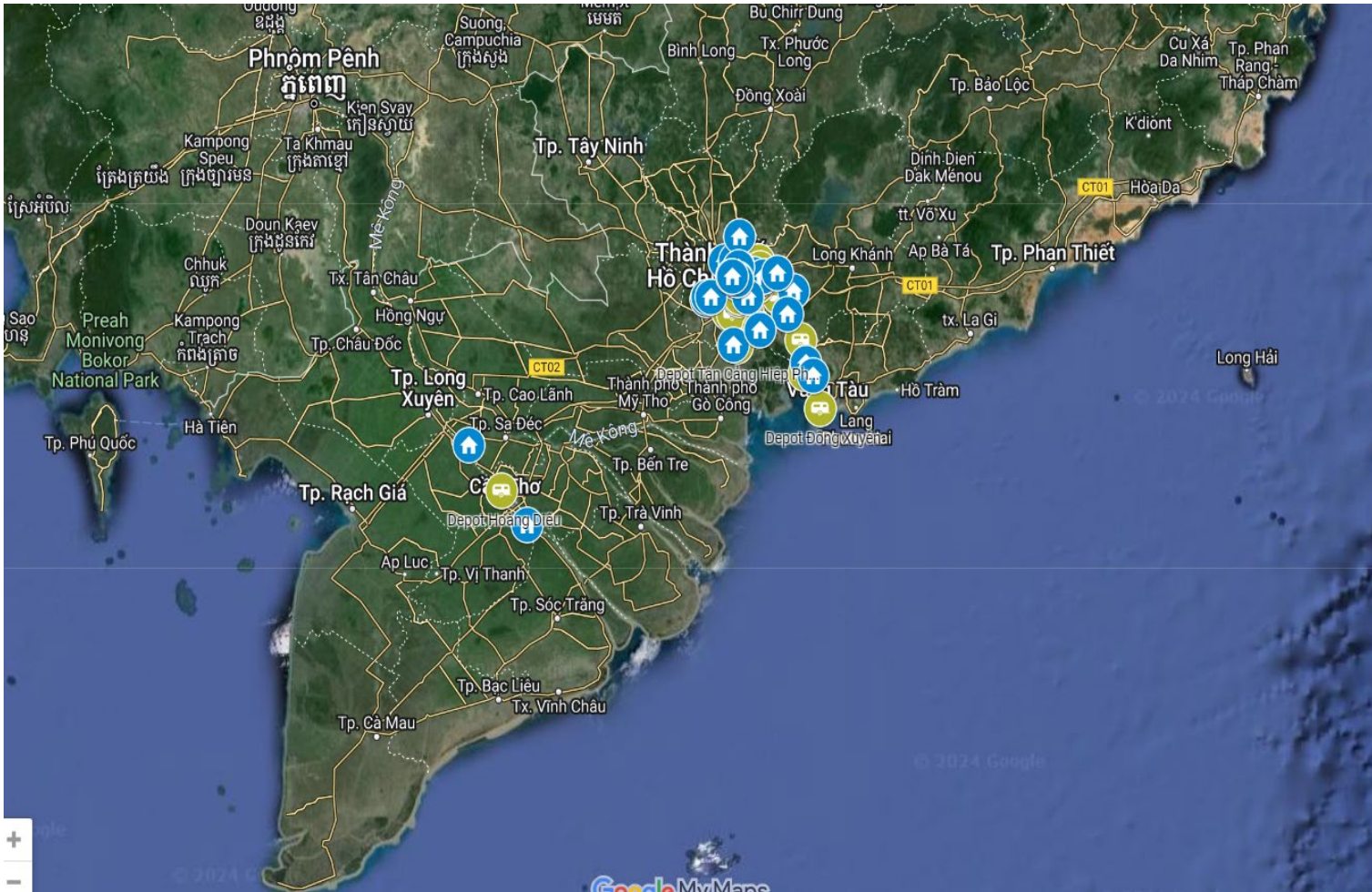


Map of ports and airports





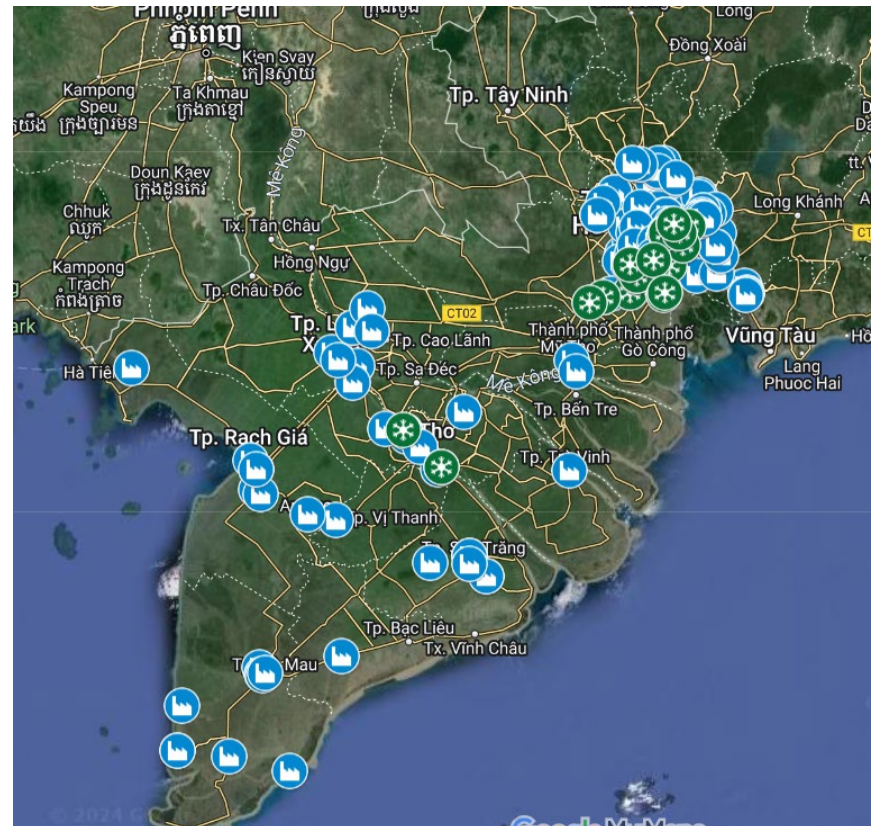
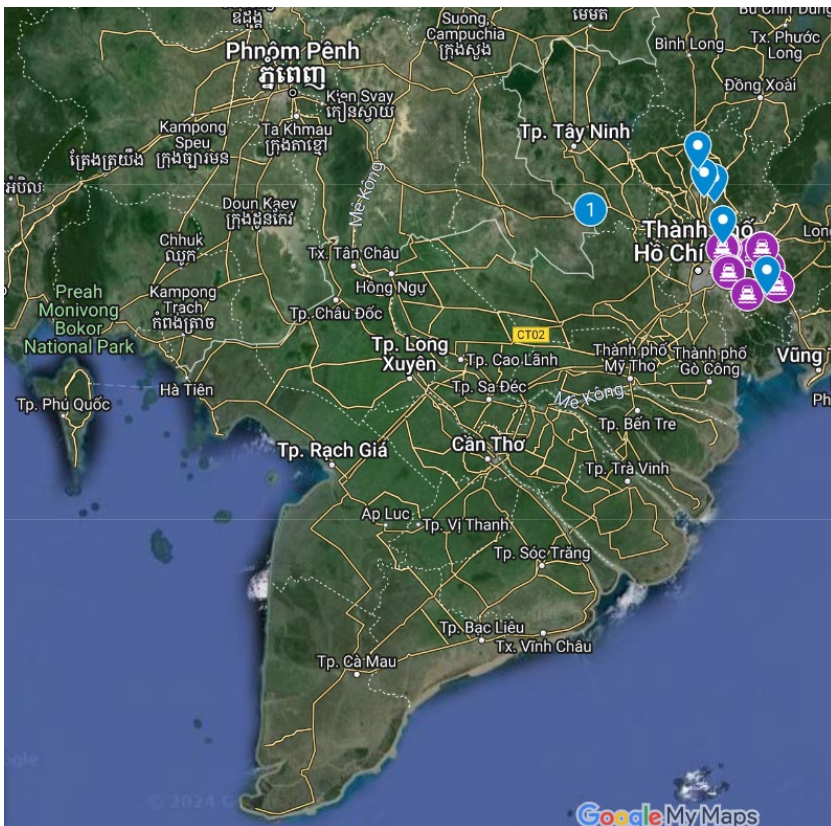
Depot and warehouse



https://www.google.com/maps/d/u/0/viewer?fbclid=IwAR0xb8T1bM0FTh6t6XyXevzQhqdCP7n8dAV8VCSUFsJZTLxK3RcXd_W20Q&ll=10.29796636974099%2C106.49880578152991&z=8&mid=1u7Ltl8IoC1IG_hjkrJzK_pYmiVsOhsb



ICD, Border gate pre-built warehouses/factories; Cold storage and factory





Cooperative's Infrastructure

Assets, facilities, and land of the cooperative

Indicators	N	%
Electric pumping station	28	37.3
Separate headquarter	14	18.7
Water pumps	13	17.3
Combine harvester	13	17.3
Seeding machine/transplanting machine	10	13.3
Drying oven	9	12.0
Computer	7	9.3
Cultivator/plough	6	8.0
Common land	6	8.0
Straw rolling machine	2	2.7



Service activities of cooperatives

Services	N	%
Water pumping service	28	37.3
Plowing and tilling services	6	8.0
Rice transplanting/sowing service	10	13.3
Rice harvesting service	13	17.3
Rice drying service	9	12.0
Rice purchasing service	8	10.7
rice milling service	5	6.7
Fertilizers and pesticides trading services	21	28.0
Produce and sell rice seeds	15	20.0
Collaborating with input material supply enterprises	14	18.7
Collaborating to consume rice for farmers	20	26.7
Collaborating with the combine harvester owner	17	22.7
Connecting to plow/tiller owners	13	17.3
Doing internal credit	3	4.0

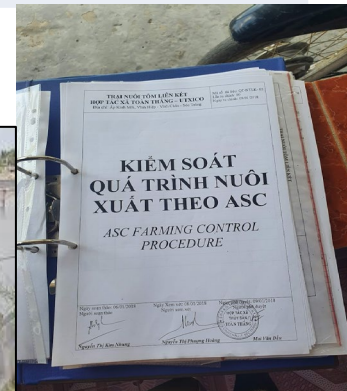


Service activities of cooperatives (Cont.)

Statistics of training sessions, linkages and contracts of cooperatives/farming clusters

Indicators	Cooperatives (n = 8)	Farming clusters (n = 7)
Input supply contracts (Number of contracts):	6	2
- Shrimp seed	6	2
- Shrimp feed/drugs	4	2
Consume sale contracts	2	0
Tachnical training courses (times/year)	5 - 20	1 - 5
Rotation loans/credit aces (\$US/member/time)	217 - 435	130 - 217
Priority to pilot aquaculture certifications (e.g. VietGAP, ASC, BMP)	4	1
Others	2	-

Note: \$US 1 = VND 23,000 (2023); n denotes for number of surveyed cooperatives/farming clusters





Characteristics of human resources of the cooperatives

Indicators	Mean	Max	Min	STDEV
Number of Administrative Council (people)	4.3	15	3	2.2
Number of Board of Directors (people)	2.7	5	1	0.9
Chairman of the Board of Director are Director of the Cooperative (%)	75	-	-	-
Salary for board of director (%)	32	-	-	-

Indicators	Education (year of schooling)	Age	Experience (year)
Chairman of Administrative Council	11.6	50.8	4.4
Director of and cooperative	11.1	51.2	4.3
Chair of the supervisory Board	9.8	53	4.3
Accountant	13.1	40.9	3.8
Treasurer	10.2	43.2	4.3

5. Challenges of cooperative's logistics



High cost



High loss



Small-scale



Weak
transportation/i
nfrastructure



Lack of
preservation,
cold storage



Lack of
professional
human resource



Complicated
procedures



6. Requirements of Vietnamese Cooperatives' logistics

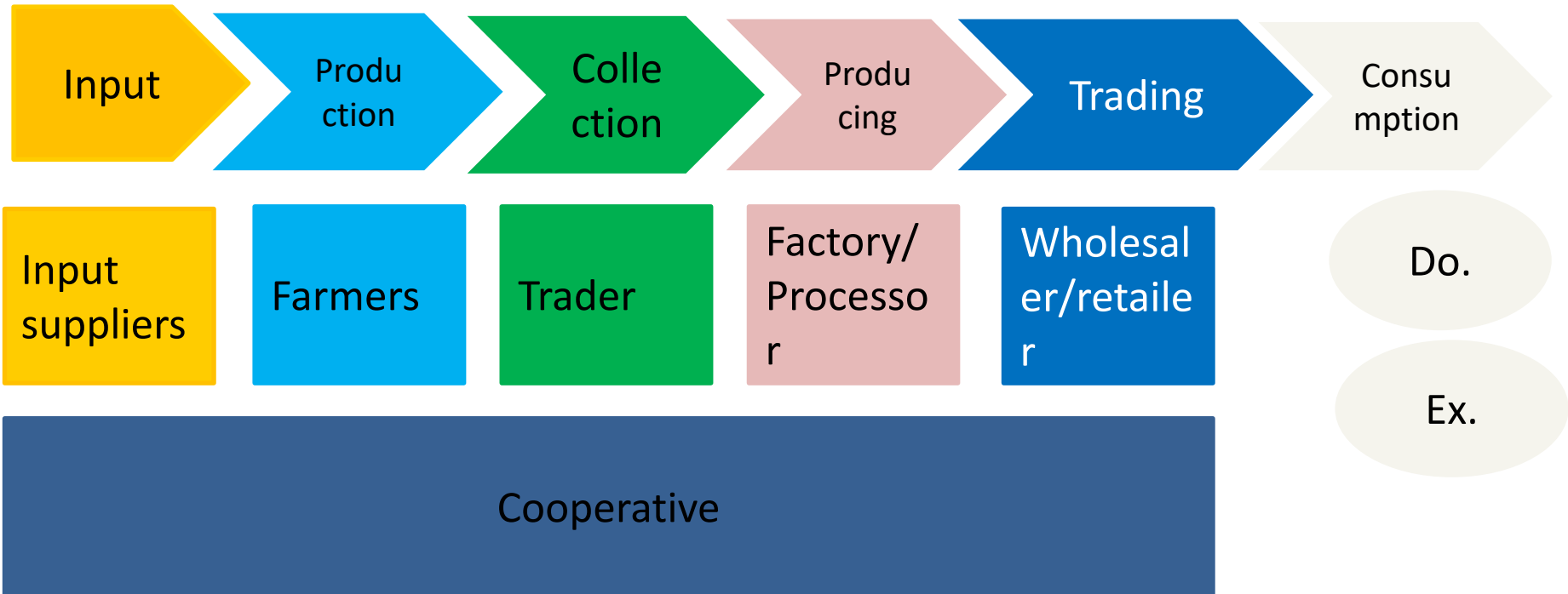
Limitations of the current agricultural value chain?



- To increase added value → Cooperatives must engage in most nodes of the value chain?
- To overcome challenges in agriculture.



Roles of Cooperatives in the value chain?





COOPERATIVES

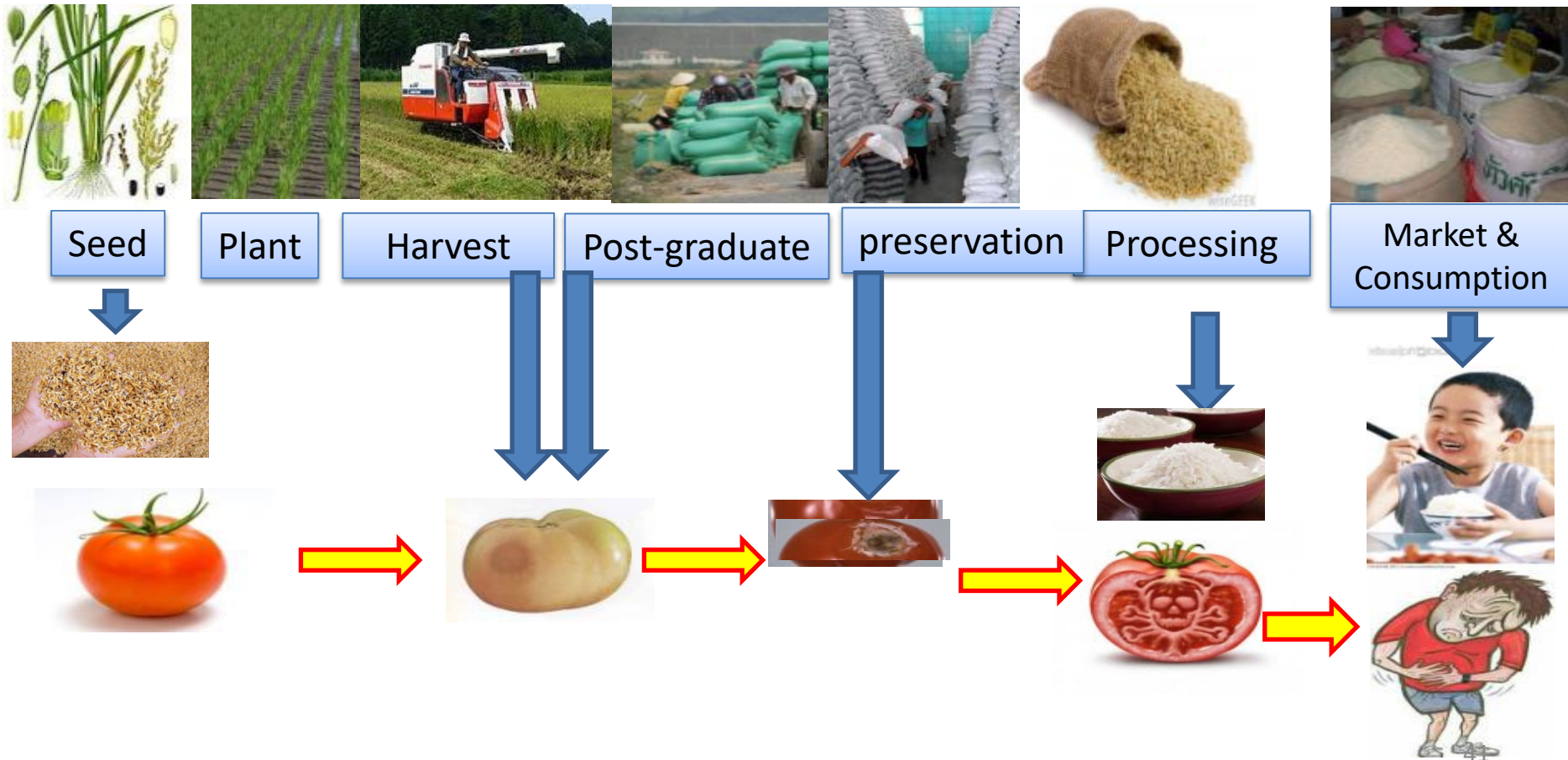






7. Benefits of Strong Cooperatives and Logistics

1. High quality production: Production along the value chain - applying science and technology at all stages:





7. Benefits of Strong Cooperatives and Logistics

2. Food safety: VietGAP, ASC, organic agriculture

VN: Pesticide: 70,000 –
116,000 t/year \approx
1.29kg/capital



Production along the value chain - ensuring quality,
food safety - enhancing value





7. Benefits of Strong Cooperatives and Logistics

3. Solution for large quantities: Production by cooperatives, farming clusters, large fields

Production under cooperatives will solve the problem of providing goods in large quantities, synchronously, of the same quality - enhancing value





7. Benefits of Strong Cooperatives and Logistics

4. Solution for competition: Brand building!



Pumping impurities into pigs



Pumping impurities into shrimp

Pumping impurities into poultry





7. Benefits of Strong Cooperatives and Logistics

5. Low cost — Reducing loss





7. Benefits of Strong Cooperatives and Logistics

5. Low cost — Mechanization and automation





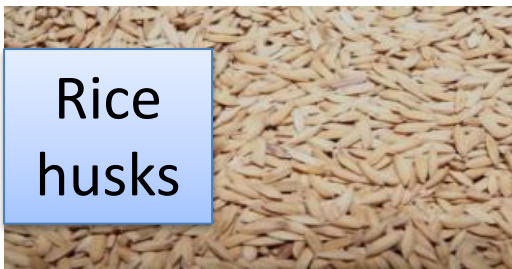
7. Benefits of Strong Cooperatives and Logistics

5. Low cost — Processing to take advantage

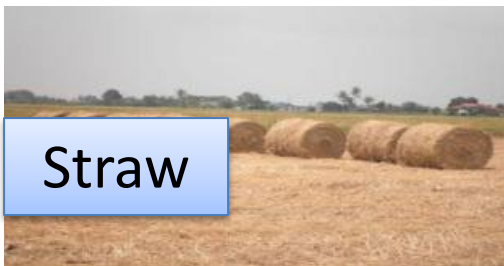
Rice
bran



Rice
husks



Straw





7. Benefits of Strong Cooperatives and Logistics

5. Low cost — Processing for added value improvement







8. Take-home messages

Developing infrastructure

Developing information technology

Developing strategies for using logistic services

Human resource development

Collaboration – inter-regional, companies, NGOs, etc.

Improving policies/regulations



8. Take-home messages

1

Crucial roles of agriculture and cooperative

2

Transition from supply chain to value chain and new-style rural communes

3

Logistics system of cooperatives are very weak

4

Five benefits of strong cooperatives and Six solutions for enhancing logistic system



Thanks for Listening

