

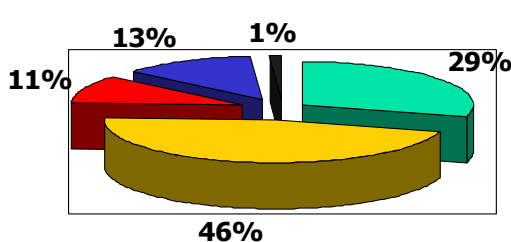


Recent trend of and prospects for agriculture and fertilizer demand and supply in Vietnam

By Nguyen Van Bo

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Ha noi, 8-10 November, 2010

Land use structure



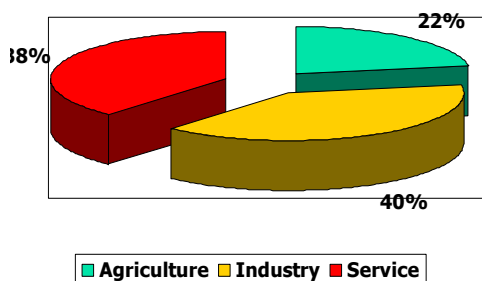
- Agricultural Land accounting only for 29% of Natural area
- Most of land are slopping one



VN: Population

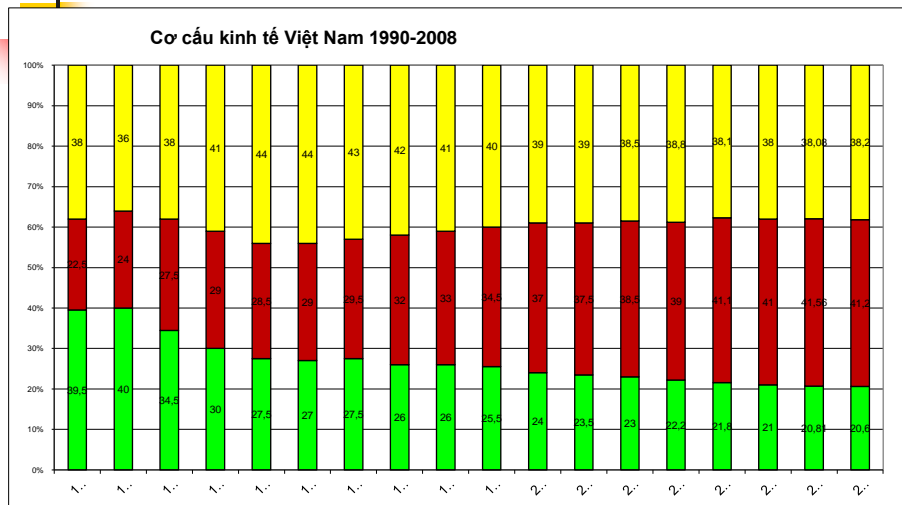
- Population: 87 mil. persons
- Population density: 260 person/km²
- Urban population: 28.11%
- Rural population: 71.89%

Structure of GDP, %



- Share of Agriculture (including Forestry and Fishery) in GDP tend to declining, accounting for 22.1% in 2009 (40% in 1990)

Agricultural Share in GDP



Since the reform in 1986, agriculture's contribution to national GDP fell by half, from 40% into less than 20%. (Source: GSO, 2009)

Achievement

- Agr. Growth rate sustaining at 3%
 - Agriculture increase by 2,2%
 - Forestry: 3.8% and
 - Fishery: 5.4%



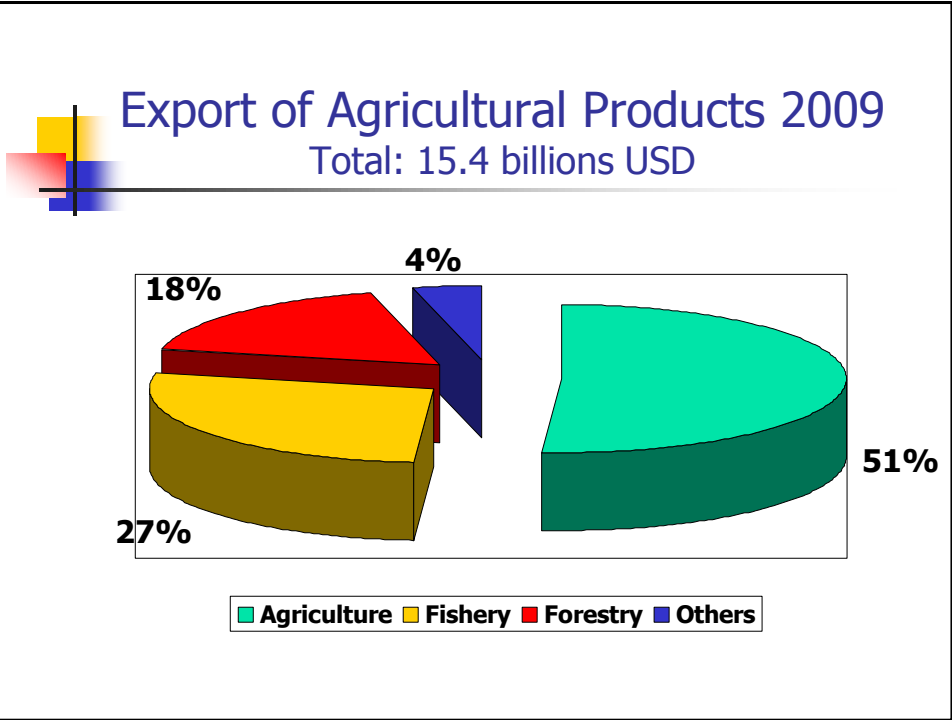
Achievement, 2009

- Production of most of crops increased despite of natural calamities, on average of 7-10% compare to 2008
- Pigs increased by 3,5%, Poultry: 12/8%. But number of Cattle and buffaloes decreased due to FMD
- Forestry: Increase in vegetative coverage to 38.9%
- Fishery: Production increases by 5,3%. Increasing the share of aquaculture



Achievement, 2009

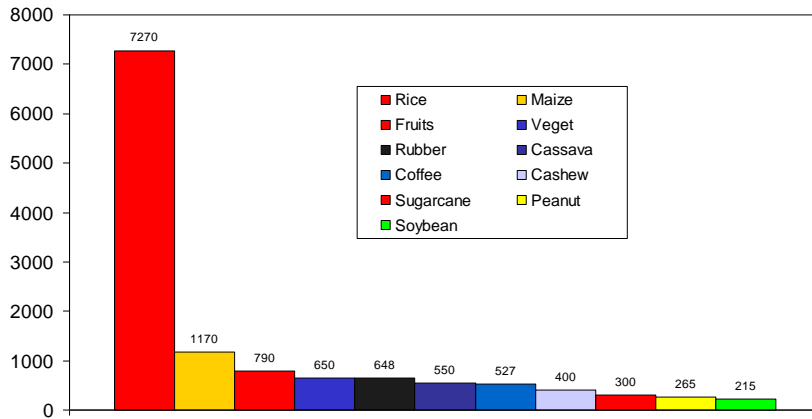
- Living standard improves; Poverty rate: 12.3%
- GDP percapita: 1,100USD
- Start with program on rural development
- Infrastructure improved



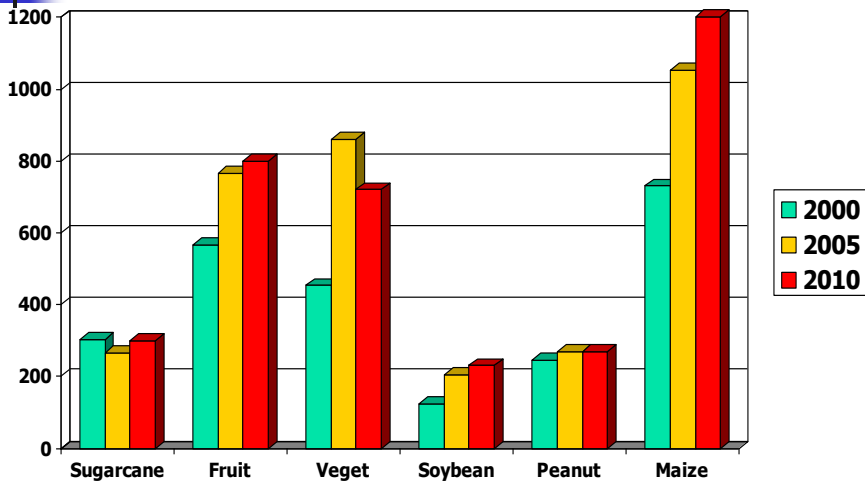
Top 10 Exported commodities 2008

1. Crude Oil	10.5	6. Wooden	2.78
2. Garment	9.10	7. Electronic	2.70
3. Footwear	4.70	8. Coffee	2.11
4. Fishery	4.56	9. Rubber	1.60
5. Rice	2.89	10. Coal	1.44

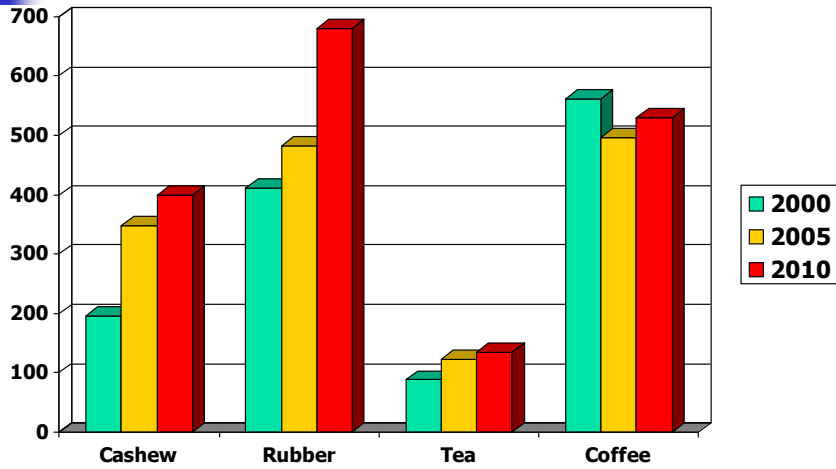
Planted Area of Selected Crops 2009 '000ha



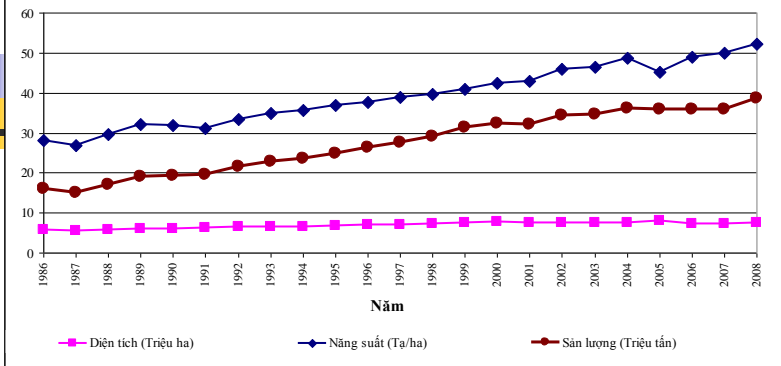
Area of Selected Crops 2000-2010 1000ha



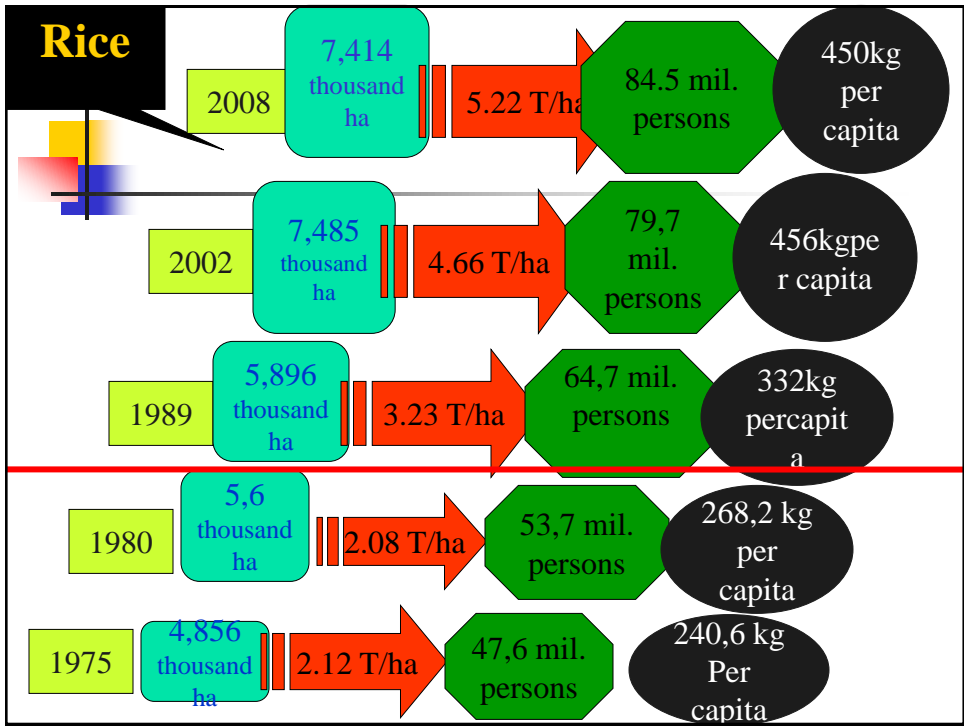
Area of Selected Crops 2000-2010 1000ha



Rice production in Vietnam 1986-2008



Sourcen: Trần Văn Đạt 2002, GSO



Decisive Factor of Increasing Production:
Productivity



Factors effecting to crops Productivity

- i) Varieties;
- ii) ICM (Fertilizers, Water, IPNM, IPM...)
- iii) Post-harvest handling
- iv) Hard-working and skill Farmers



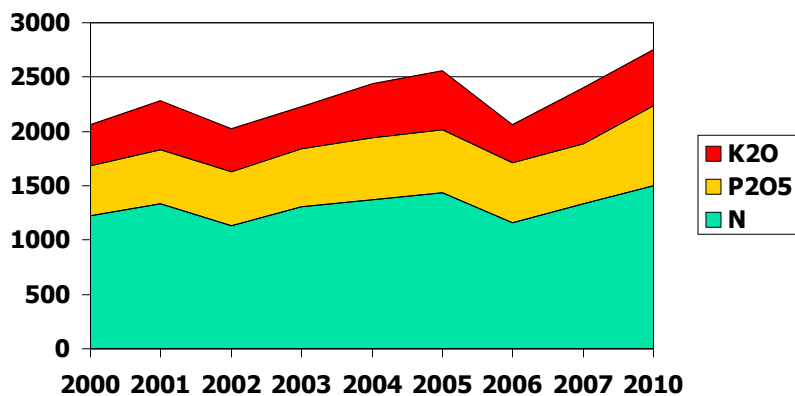
Nutrients alternatively became major limiting factor

- N in the 1960's
- P in the 1970's and 80's
- K in the 1990's
- Recently Ca, Mg, S and some micronutrients became limiting factors in many soil types

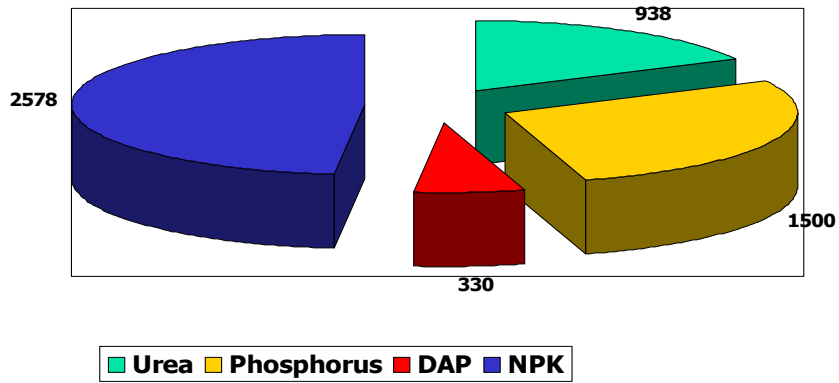
Fertilizer Sources

- Organic Fertilizers: FYM, Compost, Green Manure and Crop Residues
- Mineral Fertilizers: Urea, DAP, SSP, FMP, SA, MOP, SOP, NPK
- Foliar Fertilizers
- Biological Fertilizers
- Microbial Fertilizers

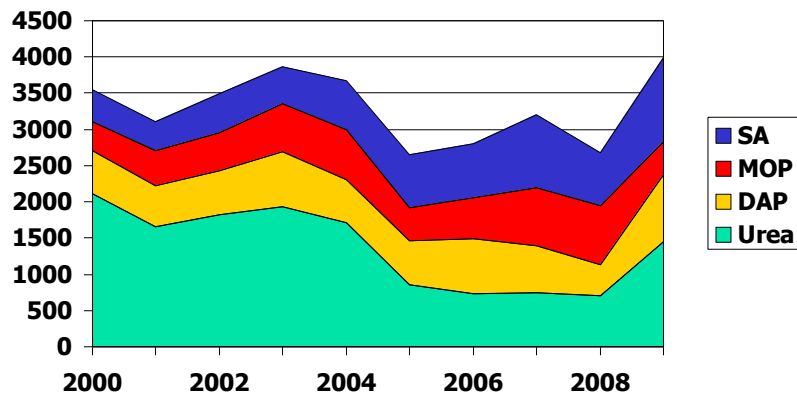
Fertilizer Consumption in VN

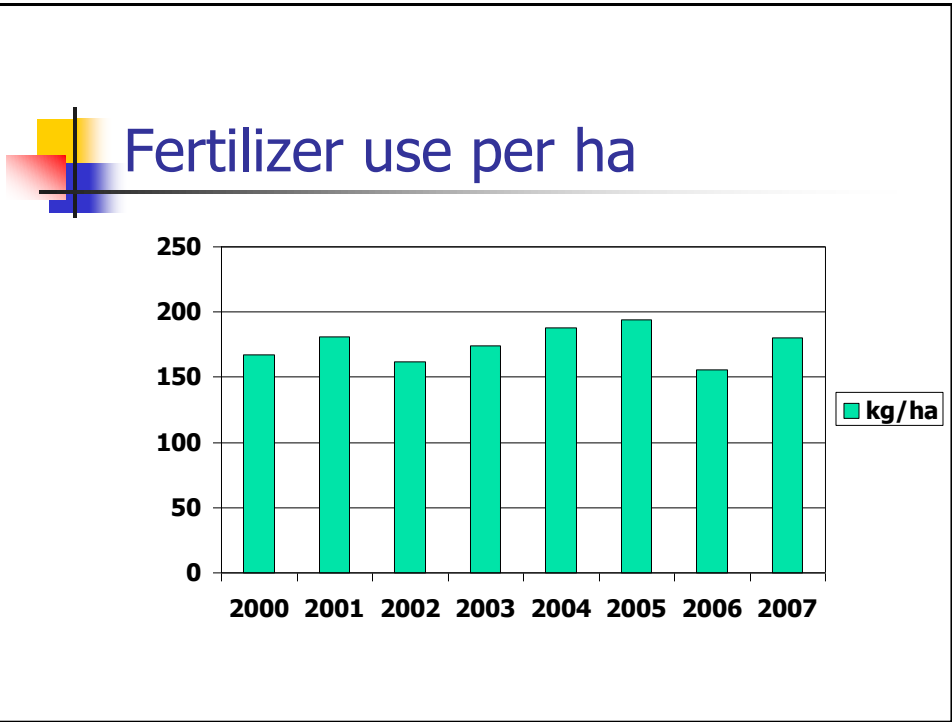


Domestic Fertilizer Production 2009



Fertilizer Import





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- ## VN Agriculture: Constraints and challenges
- Production is mainly based on natural advantages (need market-oriented)
 - The main share in agriculture GDP is crop production



VN Agriculture: Constraints and challenges

- Value of agricultural production per ha is low (1,100USD/ha). Production cost is high, product quality is low.
- Post-harvest handling is poor (13% losses for cereal, 25-30% for fruit, vegetable). Low percentage of processed products)



Vietnam Agriculture: Constraints and challenges

- High frequency of natural disaster (flood, drought, forest burning, epidemic disease)
- Climate change/Sea level raise
- Agricultural/Paddy land decrease 35-40,000ha/year
- High percentage of poverty (8.5mil.) =>low investment for production
- Small size of farms and dissection



Vietnam Agriculture: Constraints and challenges

- Low competitiveness of agr. commodities (high production cost & low product quality)
- Severe competition in the world market (more countries entering to trade the same kind of products similar to VN) and higher requirements for: reliability, quality, safety, convenience, and healthiness of the products
- Price of agricultural products are fluctuating



Fertilizers: Constraints and challenges

- Low Efficiency, high loses
- High price
- No K industry
- Less organic sources
- Fake fertilizers (NPK)
- Unbalanced fertilization
- No attention to fertilizer research

Future Orientations



Opportunities



- Increasing investment in Agriculture (especially for irrigation works)
- Renovation in policy (land, commodity consumption, credit for the poor...)
- Higher investment in agricultural Science & Technology



Overall Targets

- Sustainable Agriculture
- Prosperous Rural Areas
- Wealthy Farmers



Measures for Implementation: 3 Pillars

1. Science & Technology
2. Enterprises (Capital, Effectiveness, Quality...)
3. Policies (Land accumulation, stimulus package for mechanization and investment for infrastructure)



Research and Development Priorities

1. New Crop varieties and Animal breeds development
2. Integrated Technology focusing on improving effectiveness of input (seeds, fertilizers, labour, waters)
3. Post harvest Handlings
4. Natural resource management
5. Food safety
6. Climate change mitigation and adaptation
7. Production models and policy



Prospect for Fertilizer Supply

- Fertilizer plants are under construction
 - 2012: 2,660,000 tons of Urea (2009: 940 thousand tons)
 - SSP: 1.25 millions tons
 - FMP: 1.10 millions tons
 - DAP: 660,000 tons
 - NPK: 3.0 millions tons
 - Fertilizers of special use
 - Inhibitor, stimulator



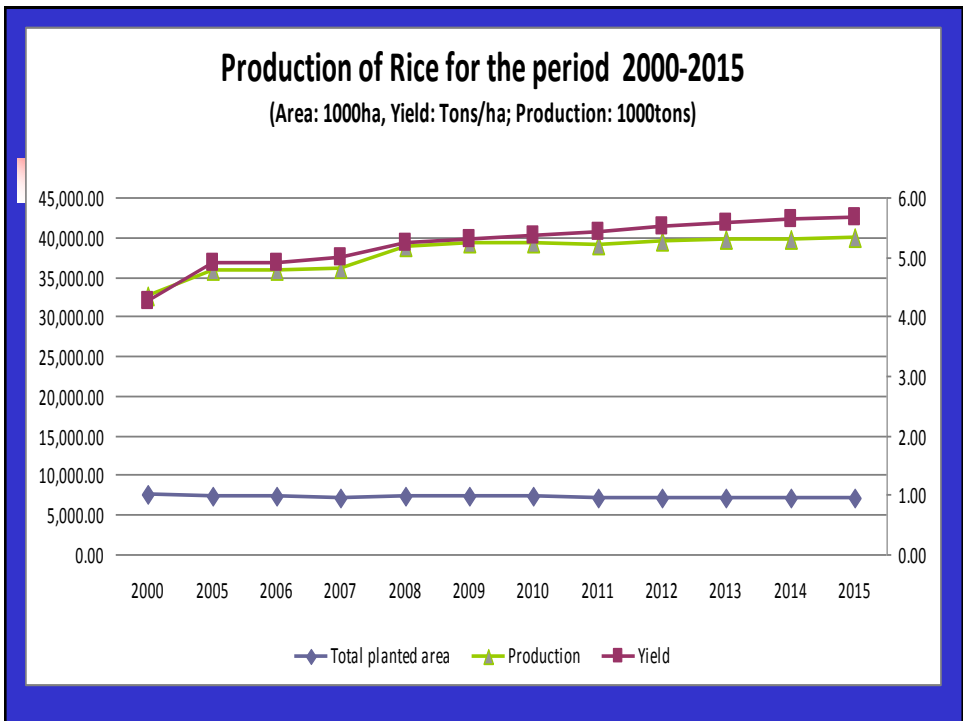
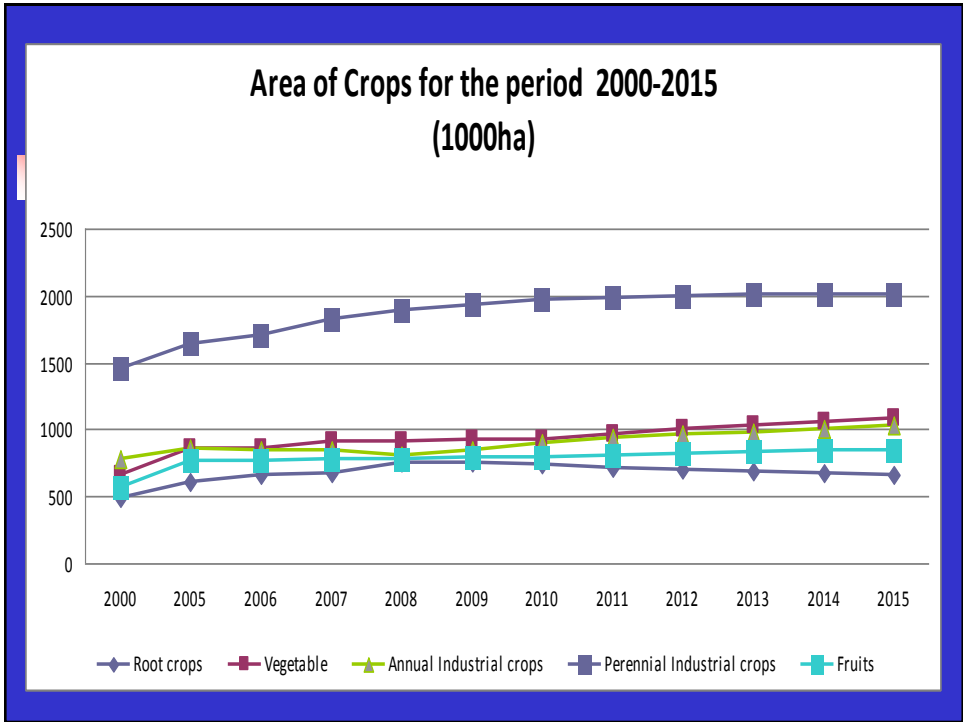
Prospect for Fertilizer Supply

- New sources of Fertilizers
 - Crops residues and Mulching
 - Mushroom production and rice straw composting
 - Improving fertilizers efficiency: Balanced fertilization, slow release fertilizers



Prospect for Fertilizer Demand

- Planting area is sustaining, in some cases, decreasing
 - Area Reduction: Rice, Coffee, Cashew, Cassava
 - Increase: Rubber, Fruit & Vegetable, Maize, Soybean
- Less fertilizers of low content (SSP => DAP)
- Combination of organic and mineral fertilizers





Conclusion

- VN is and still will be Agriculture-based economy.
- Key products are for export, so need to improve competitiveness
- Higher profit from farming
- Higher income for farmers
- Harmonizing Agriculture-Rural and Farmers Development



Conclusion

- Fertilizers still plays an very important role in Agriculture in VN
- Maximizing use of organic fertilizers and crop residues
- Improving fertilizer quality
- Improving fertilizers use efficiency
- Develop new fertilizers