

**DECISION No. 167/2001/QĐ-TTg OF
OCTOBER 26, 2001 ON A NUMBER OF
MEASURES AND POLICIES TO DEVELOP
MILCH COW FARMING IN VIETNAM IN THE
2001-2010 PERIOD**

THE PRIME MINISTER

*Pursuant to the Law on Organization of the
Government of September 30, 1992;*

*At the proposal of the Minister of Agriculture and
Rural Development,*

DECIDES:

Article 1.- To develop milch cow farming with a
view to meeting the domestic milk consumption
demand, step by step substituting imported milk,
creating jobs and increasing incomes for farmers,

thereby contributing to the restructuring of agriculture and rural economy.

By 2005, to have 100,000 milch cows, meeting more than 20% of the domestic milk consumption demand, which shall be raised to over 40% by 2010; to achieve 1 million ton of milk per year after 2010.

Article 2.- The development of milch cow farming must be associated with the milk-processing establishments and areas specializing in the cultivation of raw materials for the processing industry, which shall be strictly organized, such as: sugarcane, pineapple, rubber plant, coffee, tea ... and development of meadows, as well as areas with suitable land, labor and climate conditions, ensuring the ecological environment and environmental hygiene. More concretely:

1. Northern provinces: Ha Tay, Bac Ninh, Vinh Phuc, Phu Tho, Bac Giang, Thai Nguyen, Ninh Binh, Thanh Hoa, Nghe An, Son La and suburban districts of Hanoi.

2. The midland districts of the Central Vietnam coastal provinces: Binh Dinh, Quang Nam, Quang Ngai, Khanh Hoa, Phu Yen...

3. Southern provinces: Binh Duong, Binh Phuoc, Dong Nai, Tay Ninh, Long An, Can Tho, An Giang and the suburban districts of Ho Chi Minh City.

4. Central Highlands provinces: Lam Dong, Dak Lak, Gia Lai, Kon Tum.

Article 3.- To encourage all organizations and individuals of all economic sectors inside and outside the country to invest in milch cow- raising and crossbreeding in order to meet the people's farming demand along the following directions:

1. To create the base breeding-cow herds for hybridization on the basis of:

- Continuing the program on amelioration of Vietnamese yellow cow herd. The Finance Ministry shall apportion annual budget funding for the implementation thereof.

- Buying and selecting the already ameliorated cows of good breeds throughout the country.

- Forming a number of areas for concentrated farming of base breeding cows in forms of farming

households and farm households, especially for the households of workers of State-run agricultural farms that grow rubber plants, coffee, tea, sugarcane and pineapple... and forestial farms in eastern South Vietnam, Central Highlands, Phu Quy (Nghe An), Thanh Hoa...

- Those farmers raising base breeding-cow herds shall enjoy policies on credit support and vaccination for cows. Striving to basically create good base breeding-cow herds after 2 or 3 years, ensuring the adequate supply for the hybridization and creation of milch cow herds according to the annual plan.

2. On the basis of the good base breeding-cow herds, to organize the crossbreeding with foreign dairy bulls such as Holstein bulls of high milk productivity and quality in order to create 50% and 75% HF- hybrid milch cows, thus meeting the milch-cow farming demand in the whole country.

The Ministry of Agriculture and Rural Development shall guide the provinces and centrally-run cities, corporations and companies to elaborate and implement projects on amelioration of the yellow cow herd as well as hybridization and development of milch cows.

The People's Committees of the provinces and centrally-run cities, corporations and companies shall elaborate and organize the implementation of projects on amelioration, hybridization and farming of milch cow herds in their respective localities or units.

Article 4.- The People's Committees of the provinces mentioned in Article 2 of this Decision should revise their current land fund and reserve an appropriate part thereof for guiding farmers to develop meadows in service of milch cow farming.

For a number of land areas planted with annual trees or perennial trees (coffee, rubber, tea...) with low economic efficiency, they may be converted into land for grass growing in service of milch cow farming.

- The Ministry of Agriculture and Rural Development shall direct research and training units within the service and coordinate with units outside the service in selecting and quickly multiplying high-yield grass varieties such as: elephant grass, Pangola grass, Guinea grass, Ruzi grass and papilionaceous grass... for supply to farmers; provide technical guidance on intensive growing and inter-planting of grass of the

rice family with papilionaceous grass, ensuring their high productivity and quality; promulgate and guide the processes of processing, preserving and reserving coarse feed for milch cow raising: incubating feed, preserving hay..., using by-products of agriculture and agricultural processing industry (such as sugarcane tops, molasses, megass, beer trash and distiller's grains) as feed for milch cows.

Article 5.- The planning and investment in the construction of milk processing establishments shall be associated with raw material areas. Processing factories must be furnished with advanced technologies in order to turn out high-quality products, meeting the consumers' tastes.

- The milk processing establishments must organize milk-purchasing networks suitable to their consumption areas and convenient for the sale of milk by farmers; and at the same time, sign milk-purchase contracts with prices beneficial to milch-cow farmers.

- The milk-processing establishments must diversify their dairy products and enhance the marketing thereof in order to sell out such products with high efficiency.

The Ministry of Industry shall assume the prime responsibility and coordinate with the Ministry of Agriculture and Rural Development and the People's Committees of provinces and centrally-run cities in revising and/or supplementing the planning and plans for development of the milk processing establishments compatible with the raw material areas, thus raising the investment efficiency.

The Ministry of Trade shall annually forecast the domestic milk consumption demand in order to strictly regulate the domestic milk production and foreign milk import, ensuring that the milch cow herds develop and the processing factories buy up milk from farmers.

Article 6.- To continue the investment and upgrading of scientific research and training establishments in order to raise the quality of researches on breeds, farming techniques, veterinary work, feed... and transfer technical advances to farmers.

- To import a number of high-quality breeding bulls (including sperms and germs) in order to create hybrid

milch cow breeds of high productivity to meet the farming demand in the whole country.

- To well carry out the examination of individual productivity, proceed to examine the offspring's productivity, selecting F2 bulls with 75% of HF bull blood in order to fix the hybrid bull herd.

The Ministry of Agriculture and Rural Development shall assume the prime responsibility and coordinate with the Ministry of Science, Technology and Environment in setting criteria for milch cow breeds and milk to be imported into Vietnam.

Article 7.- Investment and credit policies

1. Regarding investment: The budgets (including central and local budgets) shall be invested in:

- Execution of the program on amelioration of Vietnamese yellow cow herd;

- Free-of-charge supply of dairy bull sperms, liquid nitrogen and funding for the transportation thereof in service of the crossing of base breeding milch cows to create dairy bulls.

- Free-of-charge supply of vaccines against cows' and bulls' dangerous diseases, ensuring their safety in case of epidemics.

- The VND 200,000 support for each F1 hybrid dairy bull calf in the first 3 years as from the date of execution of the project.

- Loan interest rate support for organizations, individuals and households that have signed the contracts on the production of hybrid dairy bulls so that they may purchase Zebu breeding cows; the loan capital amount entitled to interest rate support shall be VND 2 million/cow and the support duration shall be 3 years as from the date of purchasing cows.

- Organization of training courses on and transfer of, milch-cow farming techniques.

2. On investment credit under the State plan:

- The investment in the construction of milk-purchasing and processing establishments may borrow credit capital from the Development Assistance Fund under the Government's Decree No.43/1999/ND-CP of June 29, 1999 and the Prime Minister's Decision No.02/2001/QD-TTg of January 2, 2001 on the Development Assistance Fund's investment support policies for export goods-manufacturing or processing projects as well as

agricultural production projects.

- To increase capital of the Bank for the Poor and the national target program on job creation so that poor households and milch-cow farming households can borrow capital for the development of milch-cow farming.

3. Regarding commercial credit:

The State Bank of Vietnam shall direct the commercial banks to ensure enough capital and create favorable conditions on capital-borrowing procedures for organizations, individuals and families to borrow capital; coordinate with Vietnam Peasants' Association and Women's Union in expanding credit forms through peasants' trust groups and mutual assistance groups so that those households meeting with difficulties may borrow capital for husbandry development.

Article 8.- To effect tax-related investment preferences for milk-purchasing and processing establishments as well as grass-growing establishments under the Government's Decree No.51/1999/ND-CP of July 8, 1999 guiding the amended Law on Domestic Investment Promotion.

- To exempt the quarantine and milk transportation charges.

- To set up a milch cow-farming insurance fund to be contributed by farmers, milk processors as well as exporters and importers, with part of its initial capital to be supported by the State budget. The milch cow-farming association shall manage and use this fund according to the Finance Ministry's regulations and guidance.

Article 9.- The development of milch cow farming shall be organized mainly in forms of farming households and farm-economy households. To encourage private enterprises and limited liability companies inside and outside the country to invest in milch cow farming, supplies and technical services as well as milk purchase and processing.

- The State enterprises shall mainly perform the tasks of providing technical services, breeds, supplies and veterinary work, and consuming and processing milk.

- To encourage the formulation of cooperation groups or cooperatives, which shall be voluntarily

joined in by farming households in order to help one another in terms of breed, supplies and veterinary services as well as milk consumption and the protection of their own interests.

- To establish a milch cow-farming association, composed of milch cow farmers, owners of processing establishments and a number of scientists so that they may help one another apply technical advances in husbandry and milk consumption as well as protection of their own interests.

Article 10.- This Decision takes effect 15 days after its signing.

Article 11.- The ministers of: Agriculture and Rural Development; Planning and Investment; Industry; Finance; Trade; Science, Technology and Environment; the Governor of the State Bank of Vietnam; the General Director of the General Land Administration; the General Director of the Development Assistance Fund; the presidents of the People's Committees of the provinces and centrally-run cities, and the heads of the relevant agencies shall have to implement this Decision.

For the Prime Minister
Deputy Prime Minister
NGUYEN CONG TAN