

## Major Policy developments in the dairy sector for selected Asian countries

( Bangladesh; Bhutan; China; Nepal; India; Pakistan; Philippines; Sri Lanka; Thailand; Vietnam)

### Policy highlights

The identified main policy developments regarding the dairy sector in the Asia-Pacific region for the 2014-2016 period are:

1. Increased support to long-running national school milk programmes. Additional new programmes are appearing or being scaled-up to target new groups and/or regions in Thailand, Philippines and Viet Nam.
2. Improved credit facilities to support dairy farmers in Bangladesh, Philippines and Sri Lanka.
3. Introduction of measures to increase the farm size and the herd in countries such as China and Philippines.
4. Strengthening dairy production development and processing in India and Bangladesh.
5. Improved dairy breeds in China, India and Philippines.
6. Enabling the environment to increase the competitiveness of smallholder milk producers in Bangladesh, Thailand, China, Pakistan, Sri Lanka and Viet Nam.
7. Powdered milk subsidies have been introduced in Nepal and Sri Lanka.
8. Food safety laws have been revised and strengthened in China and India to increase domestic consumption of local dairy products.
9. Introduction of dairy trade measures that support dairy private sector in Nepal, India and Pakistan.

### *Context and prospective*

By the end of 2015, the Asia-Pacific region had achieved the Millennium Development Goal to reduce hunger and undernutrition by half in the past quarter-century. The increased consumption of dairy products in the region is one factor which has contributed to the overall success in improving nutrition, particularly among children. Strong consumption growth is expected across several markets in the Asia-Pacific region, especially in Indonesia. However, Asia and specially the South Asian subcontinent are still subject to a high prevalence of micronutrient deficiency.<sup>1</sup>

Dairy is among the top three commodities produced in the Asia-Pacific region in terms of gross value, worth more than US\$110 billion (about 4 trillion baht) annually. Between 1980 and 2013, milk production in the Asia-Pacific region grew at a rate of almost 4.5 percent per annum against the global average of 1.5 percent. By 2013,

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<sup>1</sup> [http://www.fao.org/fileadmin/user\\_upload/hlpe/hlpe\\_documents/HLPE\\_Reports/HLPE-Report-10\\_EN.pdf](http://www.fao.org/fileadmin/user_upload/hlpe/hlpe_documents/HLPE_Reports/HLPE-Report-10_EN.pdf)

milk production in the Asia-Pacific region had reached 290 million tonnes – 38 percent of global production. India has recently become the world's biggest milk producer with 146.31 million tonnes of milk in 2014-15. During the next decade, it's expected that global production of milk will increase by more than 120 million tonnes and two-thirds of this increase will come from the Asia-Pacific region. The majority of this growth (73 percent) is expected to come from developing countries, in particular India and Pakistan, which are implementing important programmes to support and increase production.<sup>2</sup> China is the world's third largest milk producing nation and domestic production of milk is expected to triple by 2030.

Farming systems in the Asia-Pacific region usually combine livestock and crops on farm. They often consists of only a few animals, yet they produce up to 80 percent of the food consumed in Asia.<sup>3</sup> In fact, concentrated Animal Feeding Operations (CAFOs) or “factory farms” for dairy production are being set up across Asia, many housing thousands of cows, by global and new national dairy corporations often working in partnership with governments. However, CAFOs subject animals to confined spaces, negatively affecting public health. Additionally, large-scale milk producers often put local dairy producers out of business, affecting the livelihoods of many, often rural, populations.

This increase in milk production is being reflected in a rise of School milk programmes: Thailand and Philippines have long-running national school milk programmes which have served as useful models in other countries. China, India and Viet Nam also have experience with school milk programmes at various levels.

The key constraints to improving productivity and profitability of smallholder milk production in the region have been identified as feed availability, shortage of improved stock, insufficient management skills and access to affordable credit. The challenge therefore is to invest in technology development and dissemination; and providing support to subsistence smallholder milk producers to become small commercial dairy farmers.<sup>4</sup>

## Bangladesh

### *Introducing the Refinance Scheme for Milk Production & Artificial Insemination*

In January 2016, Prime Minister launched the “Refinance Scheme for Milk Production and Artificial Insemination” initiative, aiming to boost local dairy production and help cut the country's dependence on imported milk. Bangladesh Bank with the support from Ministry of Fisheries and Livestock of Bangladesh Government arranged a Refinance Scheme of Tk 200 Crore to be distributed to participating Banks & NBFIs through Bangladesh Bank, ensure proper financing to the farmers involved in milk production and artificial insemination and make the nation self-sufficient in milk production.

The refinance facility will allow at least 10 000 farmers to get cheap loans. Under the scheme, farmers will get loans between Tk 50 000 and Tk 2 lakh from banks, which they will have to repay within four and half years. Farmers can borrow Tk 50 000 for one heifer capable of reproducing within a maximum of three months, and take a maximum of Tk 2 lakh for four heifers for milk production. Applications for buying the indigenous species will get priority. Women and marginal farmers will be prioritised in extending loans.

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<sup>2</sup> OECD-FAO AGRICULTURAL OUTLOOK 2016-2025. <http://www.fao.org/3/a-i5778e.pdf>

<sup>3</sup> [http://www.fao.org/fileadmin/templates/nr/sustainability\\_pathways/docs/Factsheet\\_SMALLHOLDERS.pdf](http://www.fao.org/fileadmin/templates/nr/sustainability_pathways/docs/Factsheet_SMALLHOLDERS.pdf)

<sup>4</sup> [http://www.fao.org/ag/againfo/home/en/news\\_archive/doc/2013\\_Supporting\\_local\\_dairy\\_development/Smallholder\\_dair\\_development\\_in\\_Asia\\_and\\_the\\_Pacific.pdf](http://www.fao.org/ag/againfo/home/en/news_archive/doc/2013_Supporting_local_dairy_development/Smallholder_dair_development_in_Asia_and_the_Pacific.pdf)

Background Information: Bangladesh produced 696.85 crore litres of milk in FY 2014-15, an increase of 14.3 percent year on year, according to the livestock services department. The production was almost half the country's annual milk requirement.

Sources: <http://www.thedailystar.net/business/low-cost-loans-dairy-farmers-201646>

<http://www.thefinancialexpress-bd.com/2016/01/17/11100>

### *Promoting livestock production*

As part of the implementation of the Plan of Action (2008-2015) and the Country Investment Plan for Agriculture (2011-2015), the government implemented “Programme 5: Livestock development with a focus on poultry and dairy production”. Programme 5 aims to sustainably increase livestock production by improving technological adoption, animal health and resilient management practices. This follows the National Food Policy pillar on agricultural diversification, which among others has the objective to boost livestock production.

The programme is divided in four sub-programmes to: (1) strengthen animal health services, including better diagnosis and surveillance systems to mitigate disease outbreaks; (2) strengthen husbandry capacity at household level through community based improved knowledge and advisory services; (3) improve availability and quality of inputs through public-private partnerships; and (4) conduct research on livestock development, including genetic improvement.

Background Information: The government adopted NFP-PoA (2008-2015) to provide a programmatic guidance for the implementation of the National Food Policy. Subsequently, the government adopted the Country Investment Plan for Agriculture, Food Security and Nutrition (CIP, 2011-2015), which plans and identifies 12 invest programmes to ensure implementation of the National Food Policy Plan of Action.

Source: <http://www.fao.org/3/a-az470e.pdf>

### *Enhancing productivity and market access for smallholder milk producers*

Since 2011, the Smallholder Dairy Development Programme has been implemented in Bangladesh. The main objective of the Smallholder Dairy Development Programme is to improve productivity and market access of smallholder dairy producers and to link school milk with dairy development. The Smallholder Dairy Development Programme is the first intervention under the Strategy and Investment Plan for Smallholder Dairy Development in Asia – A glass of Asian milk for every Asian child - developed by APHCA (Animal Production and Health Commission for Asia and the Pacific) member countries and financially supported by CFC (Common Fund for Commodities) FAO and APHCA. In Bangladesh, the project is supported by the government (i.e. the Department of Livestock Services, the Ministry of Fisheries and Livestock).

Background Information: In 2013, the government drafted the National Livestock Extension Policy, which has been drawn to strategically address the key challenges prevailing in the livestock production systems.

Sources: [http://www.fao.org/ag/againfo/home/en/news\\_archive/AGA\\_in\\_action/2011\\_dairy\\_dev\\_asia.html](http://www.fao.org/ag/againfo/home/en/news_archive/AGA_in_action/2011_dairy_dev_asia.html)

## China

### *Restructuring the domestic dairy industry*

The government has been pushing to restructure the domestic dairy industry since 2008, when the chemical melamine was found in infant formula made by 22 companies, which caused that thousands of children sickened and some of them even died. The government aims to create a small pool of national dairy heavyweights that control product lines including milk powder, infant formula and raw milk, as well as a greater proportion of dairy-product processing. The government announced its plans to form about 10 large milk-powder companies, each with annual revenue of more than two billion yuan (\$323 million) by the end of 2014. The number will fall to five by 2018, marking a second phase of consolidation.

Source: <http://www.wsj.com/articles/chinas-dairy-consolidation-push-to-spur-deal-making-1404719783>

### *Improving breeding stock*

In 2015, China's Ministry of Agriculture announced it will continue its dairy cow semen subsidy policy in order to improve breeding stock. The subsidy, provided to farmers, covers doses for approximately 8.4 million breeding cows. The species included are Holstein (covers Jersey), buffalo, Simmental, Brown cattle, Yak and SanHe cattle. MoA has also program to subsidize approximately 3 000 embryos but large dairy farms prefer imported semen or embryos over domestic ones because of the perception of better quality.

Source:

[http://gain.fas.usda.gov/Recentpercent20GAINpercent20Publications/Dairypercent20andpercent20Productspercent20Annual\\_Beijing\\_Chinapercent20-percent20Peoplespercent20Republicpercent20of\\_11-18-2015.pdf](http://gain.fas.usda.gov/Recentpercent20GAINpercent20Publications/Dairypercent20andpercent20Productspercent20Annual_Beijing_Chinapercent20-percent20Peoplespercent20Republicpercent20of_11-18-2015.pdf)

### *Revised Food safety law*

On April 24, 2015, the Standing Committee of China's National People's Congress revised the 2009 Food Safety Law. The new law places more emphasis on the supervision and control of every step of food production, distribution, sale and recall. Special provisions are set out for food products which have been a focus in food safety incidents in recent years, especially health foods and infant milk formulas. The revised law came into effect on October 1, 2015. The main changes regard record-keeping and registration mechanisms for food producers and importers, online food platforms, health foods, baby foods, genetically modified foods, foods for special medical purposes and increased sanctions.

**Background information:** The new law is claimed to be the strictest food safety law in Chinese history. It shows the proactive attitude of the Chinese government in cracking down on food scandals that have affected the country in recent years, leading to poor consumer confidence in domestic products.

Source: <https://www.hg.org/article.asp?id=36735>

## Nepal

### *New subsidy for milk powder production*

Private and public dairy industries will be encouraged to produce milk powder. The government has provisioned to provide 50 percent subsidy on purchase price of fodder machine, which produce nutritious grass, to those farmers who are rearing more than 50 cows and buffalos within approved standard in coming Fiscal Year. In order to motivate agriculture mechanization, customs and VAT will be exempt in the import of machineries such as tractor to dig farm, power tiller, and thresher machine.

Source: [http://www.mof.gov.np/uploads/document/file/Finalpercent20Budgetpercent20Speechpercent202015-16percent20English\\_20150715122729.pdf](http://www.mof.gov.np/uploads/document/file/Finalpercent20Budgetpercent20Speechpercent202015-16percent20English_20150715122729.pdf)

### *Milk export for the first time*

The Cabinet has approved in December 2015 the government's plan to export milk to India. For the first time, Nepal will be exporting 30 000 litres of milk to the southern neighbour every day. The move is aimed at averting a possible "milk holiday". For this, the Finance Ministry has allocated Rs16.09 million subsidy to facilitate exports. As Nepali milk is expensive by Rs5.96 per litre compared to the Indian product, the Dairy Development Corporation (DDC) will sell the milk at the Indian rate.

Source: <http://kathmandupost.ekantipur.com/news/2015-09-19/cabinet-approval-to-milk-export-plan.html>

## India

### *Expanding the Dairy Development Programme*

The government approved in 2015 a proposal to include 3 additional provinces (Uttarakhand, Jharkhand and Chhattisgarh) in the Dairy Development Programme while extending the National Dairy Plan-1 (NDP) for two more years.

Background information: the NDP was approved in February 2012 with a financial outlay of USD 416 million dollars (INR 20 billion), and implementation period of six years from 2011-17 to meet the projected national demand of 150 million tonnes of milk from domestic production. The first phase of the plan is focused on 14 major milk producing states, which account for over 90 percent of total milk production. In 2012, the first phase of the NDP began with a set of initiatives for increasing productivity through scientific breeding and nutrition, strengthening village-based milk procurement systems and project management and learning. The implementation period of the plan has also been extended for two years till 2018-19 in order to achieve key outputs.

Source:

[http://gain.fas.usda.gov/Recentpercent20GAINpercent20Publications/Dairypercent20andpercent20Productspercent20Annual\\_Newpercent20Delhi\\_India\\_10-11-2013.pdf](http://gain.fas.usda.gov/Recentpercent20GAINpercent20Publications/Dairypercent20andpercent20Productspercent20Annual_Newpercent20Delhi_India_10-11-2013.pdf)

### *Improving breeding and the quality of production*

The GOI implements the National Program for Bovine Breeding and Dairy Development (NPBBDD, 2012-17). The major activities for the NPBBDD include breeding services, creating infrastructure for quality milk production, procurement, processing, and marketing, providing inputs to dairy farmers, and farm management training. The Rashtriya Gokul Mission under the NPBBDD focuses on improving the genetic potential of indigenous breeds. Each state has its own breeding policy for dairy animals, which varies depending on whether the state focuses on improving non-descript cattle or water buffaloes with high quality foreign or domestic genetics.

Source:

[http://gain.fas.usda.gov/Recentpercent20GAINpercent20Publications/Dairypercent20andpercent20Productspercent20Annual\\_Newpercent20Delhi\\_India\\_10-15-2015.pdf](http://gain.fas.usda.gov/Recentpercent20GAINpercent20Publications/Dairypercent20andpercent20Productspercent20Annual_Newpercent20Delhi_India_10-15-2015.pdf)

### *Supporting the dairy private sector*

The GOI is enhancing the private sector dairy development in diverse ways. For example, the Dairy Entrepreneurship Development scheme provides subsidies of up to 25 to 33.33 percent of the total cost to establish farms, small scale processing facilities, cold storage infrastructure, or dairy marketing outlets. Dairy Entrepreneurship Development Scheme has been in existence in 2009 to provide a boost to the dairy sector by providing capital subsidy for purchasing of farm animals or milking machines or other dairy related activities. The scheme has been continued in the year 2015-16 with a budget provision of Rs.127 crores. Another scheme entitled Establishment of Agri-Clinics and Agri-Business Centres (ACABC) provides financial assistance to professionals to establish their own business advisory centres, which provide guidance and other business services to farmers.

Source:

[http://gain.fas.usda.gov/Recentpercent20GAINpercent20Publications/Dairypercent20andpercent20Productspercent20Annual\\_Newpercent20Delhi\\_India\\_10-15-2015.pdf](http://gain.fas.usda.gov/Recentpercent20GAINpercent20Publications/Dairypercent20andpercent20Productspercent20Annual_Newpercent20Delhi_India_10-15-2015.pdf)

### *Improving milk food safety*

The Government of India (GOI) is working on its Draft Food Safety and Standards (Food Products Standards and Food Additives) Amendment Regulations, 2016, regarding standards for fortified milk and edible lactose to the World Trade Organization (WTO).

Source:

[http://gain.fas.usda.gov/Recentpercent20GAINpercent20Publications/WTOpercent20Notifiedpercent20Draftpercent20Standardspercent20forpercent20Fortifiedpercent20Milkpercent20andpercent20Ediblepercent20Lactose\\_Newpercent20Delhi\\_India\\_4-8-2016.pdf](http://gain.fas.usda.gov/Recentpercent20GAINpercent20Publications/WTOpercent20Notifiedpercent20Draftpercent20Standardspercent20forpercent20Fortifiedpercent20Milkpercent20andpercent20Ediblepercent20Lactose_Newpercent20Delhi_India_4-8-2016.pdf)

## **Pakistan**

### *Promoting cooperative dairy farming through the Livestock Insurance Scheme*

In order to mitigate the risk of losses of small livestock farmers and to incentivize farmers to engage in livestock development, the government introduced in 2014-15 the Livestock Insurance Scheme for all farmers getting

financing for up to 10 cattle. The Livestock Insurance Scheme promotes cooperative dairy farming in the country. The scheme covers livestock insurance in case of calamity and disease.

Background Information: The government formulated the National Livestock Development Policy in 2007. The overall thrust of Government livestock policy is to foster "*private sector-led development with public sector providing enabling environment and building capacity*". The emphasis is on improving per unit animal productivity and moving from subsistence to market oriented and then commercial livestock farming in the country.

Source: [http://www.finance.gov.pk/survey/chapters\\_16/02\\_Agriculture.pdf](http://www.finance.gov.pk/survey/chapters_16/02_Agriculture.pdf)

Source: Pakistan Economic Survey 2015-16

#### *Introduction of duty free import of calf milk replacer and cattle feed premix*

In order to support dairy farmer, duty free import of calf milk replacer and cattle feed premix was allowed. During 2015-16 (July-March), 324.495 metric tons of calf milk replacer and 311.530 metric tons of cattle feed premix was imported. Similarly, to promote and encourage value added livestock processing industry in the country, duty free import of machinery for milk, beef, mutton and poultry processing was allowed.

Background Information: Pakistan is one of the largest milk producers in the world, but only about five per cent of milk is processed for value addition while major chunk is consumed locally through traditional marketing system. Livestock plays a significant role in the economy of the country; in fact, dairy sector contributed 58 percent to the agriculture value addition and 11 percent to the GDP in 2015-16. Many projects aimed at enhancing dairy production, are being implemented in the province of Punjab (i.e. Poverty Alleviation of Poor Women through provision of Heifer and Sheep/Goats in Punjab, 2014-15 to 2017-18). The performance of the livestock sector is being impacted by shortage of high yielding and efficient breeds, ineffective disease control, poor availability of quality feed and improper animal husbandry.

Source: Pakistan Economic Survey 2015-16

Source: <http://121.52.153.178:8080/xmlui/bitstream/handle/123456789/13902/2015-2016.pdf?sequence=1&isAllowed=y>

## Philippines

### *Credit assistance for dairy farmers*

National Dairy Authority (NDA) signed a Memorandum of Agreement (MoA) with the Development Bank of the Philippines (DBP) on June 30, 2015 as part of the Authority's commitment to develop the local dairy industry through the provision of financial and technical support for the production, processing, and marketing activities of dairy farmers. Under the agreement, a credit assistance programme called the Sustainable Agribusiness Financing Programme for the Dairy Industry (SAFP-Dairy) was launched enabling qualified beneficiaries nationwide, to access credit assistance for dairy production, processing, marketing and acquisition of fixed assets.

Source: <http://www.nda.da.gov.ph/index.php/en/about-us/accomplishments>

### *Milky Bank to support school feeding*

The Milky Bank, a project of the NDA and the dairy farmers, was launched in 2015 to promote the Milk Feeding Programme. Each individual, dairy cooperative, or any private entity who pays the amount of Php3 000.00 automatically becomes a sponsor and is given a Milky Bank as a souvenir. The NDA issues a Certificate of Sponsorship and the amount given feeds a malnourished child for one feeding cycle of 120 days. There were ten units of Milky Bank given initially to some six (6) sponsors.

Source: <http://www.nda.da.gov.ph/index.php/en/about-us/accomplishments>

### *New School Milk Programme*

In March 2015, the Tacloban School Milk Programme in the Philippines was soft launched and in June the actual programme was rolled out. More than 1 000 children in kindergarten and schools will be provided milk every day during the 2015-2016 and 2016-2017 academic years. The soft launch activities included milk consumption by children, an exercise on how to fold empty packages for disposal and a presentation to parents on how they could support programme implementation. In addition, representatives of the Tacloban Department of Education, the Alaska Milk Corporation and Tetra Laval participated in a ceremonial signing of the Memorandum of Agreement for the programme, which has already demonstrated effect by increased school attendance compared to previous years.

Background information: The Department of Education (DepEd) has been conducting national School-Based Feeding Programmes (SBFP) since 2010. DepEd's School-Based Feeding Programme began in 2010, while DSWD's Supplementary Feeding Programme began in 2011.

Source: <http://www.tetrapak.com/th/about/newsarchive/more-children-than-ever-get-school-milk-in-tetra-pak-packages>

### *Increasing the herd*

The main National Dairy Agency (NDA) strategy is the Herd Build-Up Programme, which aims to expand local dairy production through the importation of dairy animals, embryos and equipment, and through the upgrading of local animals to dairy breeds via breeding programmes, the establishment of multiplier farms, and the preservation of existing stocks. In addition, it will establish more multiplier and grow-out farms.

Background Information: The NDA is the DA's primary agency overseeing and aiding the development of the Philippine dairy sector. The NDA aims to accelerate dairy herd build-up and milk production, enhance the dairy business through delivery of technical services, increase coverage of milk feeding programmes and promote milk consumption. Over the 7 past years, production of local milk has grown an annual average of 7 percent and milk consumer demand has been increasing.

Source:

[http://gain.fas.usda.gov/Recentpercent20GAINpercent20Publications/Dairypercent20andpercent20Productspercent20Annual\\_Manila\\_Philippines\\_10-28-2014.pdf](http://gain.fas.usda.gov/Recentpercent20GAINpercent20Publications/Dairypercent20andpercent20Productspercent20Annual_Manila_Philippines_10-28-2014.pdf)

## Sri Lanka

### *New subsidy for powdered milk*

The government policy is to encourage domestic milk producers to increase the production. Owing to this, it was proposed in the Budget Speech 2015/16 to reduce the maximum retail price of a 400g domestically manufactured powdered milk packet to Rs.295 from the existing price of Rs.325. The government will provide the domestic manufacturers with a subsidy of Rs.30 per 400 g packet sold for which a sum of Rs.1 000 million was allocated. This will have the dual impact of helping local producers as well as reducing cost of living.

Background information: The market share of the domestic milk industry is minimal. The previous government implemented some measures directed towards enhancing local milk production and to dissuade importation of milk products.

Source: <https://www.parliament.lk/budget-2016>

### *Improving access to credit*

The Central Bank launched in April 2014 a special loan scheme to promote large-scale production of milk and dairy products. Under the scheme, loans will be provided for grass cultivation related to cattle management, construction of cattle sheds, transport of milk and other implements used for milk production. Other programmes are already ongoing to support dairy farmers in selected districts of the country. The scheme envisages loan up to LKR 25 million (US\$ 190 000) each, 8 percent interest rate per annum, five year repaying period and six month maximum relief period for repaying the loan.

Source: <http://www.news.lk/news/sri-lanka/item/477-loan-scheme-to-promote-liquid-milk-production>

## Thailand

### *Support to dairy farmers*

The Ministry of Agriculture and Cooperatives is supporting cattle farmers in an effort to increase the competitive edge of the Thai milk industry in the ASEAN market. Measures taken by the government to assist the milk producers include a 1 baht price hike for 1 kilogram of raw milk, thereby raising the selling price of milk to 19 baht per kilogram. The government has also endorsed the importation of 22 000 tons of non-fat milk powder this year to cope with the ongoing shortage.

Background information: Forty percent of milk produced domestically goes into the school programme that aims to provide milk for all school children while the remainder is being used commercially. Thailand is currently the largest milk producer in ASEAN.

Source: <http://news.thaivisa.com/thailand/milk-producers-in-thailand-given-support-to-increase-their-competitiveness/37232/>

### *Expansion of School milk programme*

To combat child malnutrition and to support the dairy market, Thailand has been implementing a national government-funded school lunch and milk feeding programme since 1985, in response to farmers' protests in 1984 on unsold milk. School Milk is a vital part of the Thai dairy market, so much so that it accounts for more than 30 percent of the total liquid milk market. As a result, school milk days was expanded from the 200 days

school calendar to 230 feeding days, with an extra 30 days of milk for consumption in the holidays. Milk is distributed in long life (UHT) packs for parents to pick up from schools.

Sources: <http://www.brightergreen.org/files/dairypolicybrieffinal4.25.14.pdf>

[http://www.fao.org/fileadmin/templates/est/COMM\\_MARKETS\\_MONITORING/Dairy/Documents/School\\_Milk\\_Programme\\_in\\_Thailand.pdf](http://www.fao.org/fileadmin/templates/est/COMM_MARKETS_MONITORING/Dairy/Documents/School_Milk_Programme_in_Thailand.pdf)

## Viet Nam

### *Milk industry development plan of Viet Nam*

The Government launched in February 2016 the Milk industry development plan of Viet Nam to improve the competitive capacity of the milk industry and apply advanced technologies and techniques; to develop the industry in an open direction and flexible manner with diversified milk products. Viet Nam's annual milk production in the 2015-2020 period is projected to increase by 5-6 percent. The Government will invest a total of US\$ 8 million in building a milk packaging manufacturing and label printing lines to cover 50 percent of overall capacity.

Background information: The dairy sector records the highest growth rate in the food industry in Viet Nam, with 18 percent a year on average. In addition, with an annual population growth rate of 1.2 percent, an annual GDP growth of 6-8 percent, and a rising per capita income, the Vietnamese milk industry has a wide room for development. Per capita milk consumption in Viet Nam is estimated to reach 20 kilos by 2015 and 25 kilos in 2020. The country's dairy production was projected to meet 34 percent of domestic consumption in 2015 and 38 percent in 2020. In couple with the potential market, the international economic integration brings in opportunities for the Vietnamese dairy industry.

Source: [http://www.dairyViet\\_Nam.com/en/Viet\\_Nam-Markets-for-milk-and-milk-production/For-Sustainable-Development-of-Milk-Industry.html](http://www.dairyViet_Nam.com/en/Viet_Nam-Markets-for-milk-and-milk-production/For-Sustainable-Development-of-Milk-Industry.html)

### *Great Expansion of School Milk in Viet Nam*

The school milk programme in Viet Nam has been running for seven years, and is now reaching 500 000 children which means that the programme has expanded almost eightfold since 2013. Children in kindergarten and primary schools get milk in Tetra Brik Aseptic 180ml three or four days a week. The programme is funded by provincial governments, the dairy processor Vinamilk as well as parents. Tetra Pak has been supporting the provincial governments with project planning, training of local officials and practical implementation of the programme. And the positive impact of child health is already clear – for example; malnutrition rate among children between three and five years old fell from 15.6 percent in 2007 to 3.7 percent in 2014 in one of the participating provinces.

Source: <http://www.tetrapak.com/th/about/newsarchive/more-children-than-ever-get-school-milk-in-tetra-pak-packages>

### *Price control for milk products for children*

The Prime Minister approved in April 2014 the imposition of price ceiling on milk products for children. Prices of these products were reduced by VND 50 000 (US\$ 2.4) to VND 70 000 (US\$ 3.3) per box. According to an

investigation report commissioned by the Ministry of Industry and Trade, in the precedent 15 months five big milk producers and traders companies increased the prices of milk products for children less than 6 years old.

Source: <http://english.Viet Namnet.vn/fms/business/101568/business-in-brief-7-5.html>