

Life in a Time of Food Price Volatility



Views on processed and unsafe foods



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1. Introduction

Vietnam has made remarkable progress in socio-economic aspects in recent years. In 2014, industrial production increased by 7.6 %, total export value was up 13.6 %, total retail value of goods and service rose 10.6%. Especially, Vietnam is among countries completing the millennium goal on poverty reduction¹.

However, with 67.8 % of the population living in rural areas and 46.8% of whose livelihoods are mainly dependent on farm activities², the country is also facing many eco-social problems including market price volatility, disease, food hygiene issues due to misuse of chemicals in food production and businesses, impacts of environmental pollution, and climate change; all of which are affecting life and health of people, especially the poor who are the most vulnerable.

In recent times, food safety has become a big concern for food production and consumption. In Vietnam, due to characteristics of tropical climate, many diseases frequently occur in agricultural production, especially in cropping and livestock production. Therefore, the producers are using more plant protection chemicals and chemical fertilizers to ensure productivity and maintain food production. The trend is leading to more serious food pollution and becoming an alarming problem for the health of people, especially with regards to processed foods. Risks are not only at the production stage; due to unawareness as well as aims to maximize profits, some stakeholders in stages of food storage, transporting and processing neglect food safety, including abusing preservative substances which harm the health of consumers. Since the above concerns and the importance of food safety in the livelihoods of Vietnamese households are significant, the researcher team on the “*Life in a Time of Food Price Volatility*” project chose the topic “*Changing Food Habits: views on processed and unsafe foods*” for the Third Year (Year 3) of research. This topic is suitable for the current situation in Vietnam and aims to find out changes in characteristics or habits of

¹ THIEN, T. D. et al. (2015), *Vietnam economics in 2014: Macro overview*. A workshop proceeding of “Vietnam Economic Forum in Spring 2015” held by The Economic Committee of the National Assembly in Nghe An province during April 21-22, 2015

² VIETNAM. GENERAL STATISTICS OFFICE. (2014) *Statistical yearbook of Vietnam*. Hanoi: Statistical Publishing House

consumption and processing of foods in Vietnam, especially paying attention to poor households.

In addition to analyzing results from the field-surveys in Vietnam, undertaken through interviews and group discussion with households, officials and other key people, the report also focuses on describing changes in price, support from the Government and non-government organizations, occupation and food safety of households in the recent 3 years.

2. Country Context

The socio-economic environment in 2014 is significantly stable. Economic growth is improved (GDP growth in 2014 is estimated at 5.98%, higher than the target of 5.8%). CPI of Vietnam was 4.09% higher than that of last year, of which the prices of goods are up, excluding “post and communication”. “Education” and “medicament, health” saw the strongest growth, at 10.17% and 5.98%, respectively. “Food and foodstuff” saw an average growth of 4%, of which food was up 3.8%, foodstuff 4.16%, and meals outside the family 3.81%³. Essential goods like rice and pork increased slightly (are also required in order to exactly alarm and disseminate information on unsafe foods to the whole community).

³ VIETNAM, MINISTRY OF PLANNING AND INVESTMENT. (2014) *Consumer price index, gold and USD price index in 2014* [Online] Dec 27, 2014. Available from: <http://www.mpi.gov.vn/pages/tinbai.aspx?idTin=2300&idcm=55>

Annex 1). Conversely, prices for some inputs like gasoline, fertilizer and pesticide in 2014 was slightly down compared to 2013.

With regards to the implementation of social security policies in 2014, the Government paid increased attention to programs on poverty reduction, support for education, health, housing, and clean water. The poverty rate was down⁴ from 22% in 2005 to 7.6% in 2013⁵; food security was ensured thanks to maintained rice production of 44.08 million tons in 2013, 0.8% higher than 2012, with average rice production at 244 kg/capita⁶; per capita average income of Vietnam is up from 1,200 USD (2009)⁷ to 2,200 – 2,300 USD (2015)⁸; the unemployment rate remains low; HDI is down from 0.683 (in 2000) to 0.617 (in 2012), ranking 121/187 countries and inequality is on a downward trend. GINI is down from 0.400 (in 2010) to 0.299 (in 2012)⁹. Health care, education, culture, information, electricity and water provision, and transport conditions are increased, especially for the isolated areas.

However, despite the above achievements, social security in Vietnam is still limited. Poverty reduction is not sustainable, re-poverty rate is still high, especially in the ethnic and isolated areas. Job creation is not sustainable in the rural area; in the urban area, unemployment and environment pollution are also big challenges.

3. Field research findings 2014 and change over three years

In general, per capita average income of Vietnam is up from 1,960 (2013)¹⁰ to 2,300 USD (2015)¹¹ and life of people is more improved in materials, nutrition, cultural life

⁴ Thanks to programs: National targeted program on poverty reduction, the program on rapid and sustainable poverty reduction in accordance with Resolution 30a, other supports of NGOs

⁵ VIETNAM. MINISTRY OF LABOUR, INVALIDS AND SOCIAL AFFAIRS. (2014) *Vietnam poverty rate reduced from 22% in 2005 to 7.6% in 2013* [Online] Feb 17, 2014. Available from: <http://giamngheo.molisa.gov.vn/vn/NewsDetail.aspx?ID=73&CateID=4>

⁶ VIETNAM. GENERAL STATISTICS OFFICE. (2014) *Statistical yearbook of Vietnam*. Hanoi: Statistical Publishing House

⁷ WORLD BANK. (2015) *World bank national database*. [Online] Available from: <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>

⁸ Hung, N and Lan, T. T. (2013), *Vietnam average income will reach 2,300 USD in 2015*. [Online] Available from: <http://kinhdoanh.vnexpress.net/tin-tuc/vi-mo/thu-nhap-binh-quan-nguoi-viet-dat-2-300-usd-nam-2015-2872328.html>

⁹ UNDP. (2013) *Human Development Report 2013: Vietnam* [Online]. Available from: <http://hdr.undp.org/sites/default/files/Country-Profiles/VNM.pdf>

¹⁰ WORLD BANK. (2015) *World bank national database*. [Online] Available from: <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>

¹¹ Hung, N and Lan, T. T. (2013), *Vietnam average income will reach 2,300 USD in 2015*. [Online] Available from: <http://kinhdoanh.vnexpress.net/tin-tuc/vi-mo/thu-nhap-binh-quan-nguoi-viet-dat-2-300-usd-nam-2015-2872328.html>

and entertainment. From the survey, there are some changes to the lives of households, especially changes in income and nutrition in daily meals. All of the 45 households across the four research sites¹² in An Giang, Nghe An and Hanoi recognized the better quality and nutrition of meals than in 3 previous years.

The research site Phu Dien commune (Tu Lien district, Hanoi city) has seen many changes because it is close to the urban area so it is affected from loss of agricultural production land (especially rice and horticultural production land is reduced due to process of urbanization), a change which has occurred rapidly in recent years. Additionally, in Dec 2013, the location was switched from a commune to a ward so all eight interviewed households indicated that agricultural production land area will continued being reduced, and they worry about their jobs in the coming time. However, when the commune is transformed to a ward, it may receive more investment in infrastructure¹³.

In the other research, site-Nghi Van commune (Nghi Loc district, Nghe An province), changes in policy and social development have had great impacts on social life of the local people in recent 3 years. The new rural program development movement since 2011 has made many changes in all aspects, in particular infrastructure has been upgraded for travelling and production. In 2014, land consolidation was enhanced in the entire commune; in 2013, each household had 7-8 plots on average but now, these plots have been combined to 1-2 plots. This is a very great achievement, contributing to strengthening mechanization in production, and reduction of cost and labor to raise income of local people. To have such great changes, 50% contribution is from local

¹² 4 sites research are: (i) Quỳnh Mai ward, Hai Ba Trung district, Ha Noi city, (ii) Phu Dien communes, Tu Lien district, Ha Noi city, (iii) Nghi Văn commune, Nghi Loc district, Nghe An province, (iv) Luong An Tra commune, Tri Ton district, An Giang province.

13 Interview with the head of village in Phu Dien, Hanoi

Q: In 2014, are there any important events or significant changes in the localion which have affected households' life?

A: Before, I was Kieu Mai Hamlet's deputy chief. Recently, Hanoi has an administrative change: Tu Liem District was separated into 2 districts: Bac Tu Liem and Nam Tu Liem. Kieu Mai Hamlet before belonged to Phu Dien Commune and now belongs to Phu Dien ward. In the coming time, it will be divided into urban population groups.

Q: Those events has affected on which aspects of local people's life? How?

A: Further to the administrative change, the local has been more interested by the superiors. Above event has positively affected on local people's life:

Security is controlled in a better way, police and officials are more professional.

People's spiritual life is well-improved. About living standard: not much improved

people. Due to the volatility of both input and output prices, it is very difficult for households who live on agricultural production, especially the poor households¹⁴.

There are two other research sites: Lương An Trà commune (An Giang province) and Quỳnh Mai commune (Hà Nội, city). From interviews with 18/18 households, there was not any reported changes at the community level which affected their life compared to last year.

Wellbeing of households and individuals

Rice is still the main food of 21/21 households in Nghe An province so they grow it for their own consumption, but they still have to buy other foods from external sources. In contrast, in An Giang province, farmers often sell their rice and buy higher quality rice for their meals. In urban areas like Hanoi, 100% of households have to buy foods for their family. 98% of the respondents buy food at local markets, of which 90% of the foods are not branded or certificated in safety. Only 2% of households buy food at the supermarkets or safe food shops. The percentage of poor households interviewed in the research sites is down from 15/48 households to 10/45 households compared to last 3 years.

There are not many changes in in the jobs of households compared to last year. This year, farming households face more difficulty due to disease epidemics that raise rice production cost and reduce rice productivity. In Nghe An and An Giang provinces, rice is main source of income for households but this year, due to disease epidemics, production cost is up from 5-10% so profits from rice cultivation is smaller than last year. In addition to rice production, some households also work for other households

14 An interview with deputy chairman of Nghi Van commune, Nghi Loc district, Nghe An.

Q. Were there significant events or changes, major changes influence on the lives of the local households in the last year?

A. The Commune steered land consolidation from 1 to 2 plots that cost a lot of time, effort and money contributed from local people to upgrade the irrigation and transportation systems which help in agriculture works: easy-cultivation and investment, fertilization, mechanization result in saving time and costs of production: man-day for plowing: 200,000 VND, saving travel time and large scale reaping. From 4 pilot villages in 2013 to implement across 19 villages in 2014. Man-day for plowing at 200,000 VND, with the land consolidation in larger plot takes only 100 VND per day. The commune continue implementing new rural development program: 3 km of concrete road with local workforce. The government support 100% of cement in village 17, 18, 19 +20, 8, 9 and village 25. Overall planning of rural transportation systems: extending rural roads from 3 m to 6 m, 8 m concrete commune road. Upgrade the dam and lake to ensure irrigation: Crucial Lake and dam, irrigation ditches. Up to now, we had finished upgrade of 3 lakes and on progress of upgrading 1 lake, dyke system, the operation. We had increased the dams' flow. Ensure safety in flooding. Total area 596 ha of rice, with readiness of 400 ha, the remaining area depend on nature.

however these jobs are not stable so income from this source is not frequent; on average, they are in somebody's service for 3-4 months (90% work as building workers). Near to the border gate of Laos, about 30% households in the commune go to work in Laos with stable source of income which is contributing to creating jobs for rural youths and improving life of households, especially poor ones.

There are some changes in number of members in their household due to children leaving home to get married or to go to work far away. Illness is having great impact on life of households: 90% of the households are poor because there are members who have fatal diseases. In Nghi Van commune (Nghe An province), there are 20 people with cancer. The local people feel alarmed by the incidence of cancer, however the relevant agencies have not identified the causes. The households in the urban areas like Hanoi face increased difficulty compared to last year because of their smaller source of income, 4/8 households in Phu Dien commune (Hanoi) built houses to rent but this year, demand for hiring is down so their income is more difficult. Luong An Tra (An Giang province), is a key rice producing region of Vietnam for export. However, only 30% of households have rice plots and 70% have to work for other households. There are not many changes in these households compared to last year. The difference in spending habits among households in the North, Centre and South is quite interesting. For the households in the Centre, importance is attached to housing so they have to save money for preparing and build big and beautiful houses while they do not pay attention to nutrition and meals of their family: 4/21 households build new households this year although 80% of them have to borrow money. In the South, 10 respondents are much more interested in nutrition and their meals, and they spend most on daily meals. In the Northern urban areas (Hanoi), they have started paying attention to clean and safe food for health and they often spend most on their children's learning.

Coping

The biggest problem is food safety and human disease epidemics across the four research sites. Behaviour for two problems varies across research sites, leading to various coping strategies. At the nationwide level, this is also problem that Vietnam has faced in recent years.

For health and food safety, 100% of respondents feel worried about unsafe foods, especially vegetables and pork because of abuse of plant protection chemicals and

substances for increasing weight. To cope with this situation, many households in An Giang and Nghe An provinces produce for themselves fish, chicken and vegetables for their meals. Only in Hanoi do some households buy food in supermarkets and safe foods shops. 100% of respondents are more interested in choosing safe foods for health of their family than last year. In the case of poor households, they often have to borrow money from their relatives or individuals so they have to accept cheap food even if it is unsafe.

Jobs of respondents remain unchanged compared to last year. In rural households, they still live on agricultural production, of which paddy is still key crop. Livestock production this year is smaller than last year due to serious disease epidemics and lower selling price so farmers do not invest in livestock production. Jobs in the urban areas are more abundant than in the rural areas; however, there are not many changes in their jobs compared to 2013. Allocation of family's work is not changed compared to last year and the three previous years; most homework (cleaning house, caring children, shopping, cooking) is done by women while 90% of men neglected these works in their family.

Supports and social protection

There are various supports from the Government and non-governmental organizations for life of respondents. Some poor households get support of the Government with free health insurance, reduced tuition fee and loans for their children's learning. Some local governments support also the poor to repair and build houses. However, in the three recent years, there has not been increased support for the poor households due to the sharp reduction in the poverty rate in Vietnam over time. Other households do not get any direct support from the Government.

There are not many changes in support for agricultural production in Nghe An and An Giang provinces compared to last year. Some policies are only implemented in case of disease epidemics or disasters. Besides, since 2011, there has been an additional support policy for paddy producers at 500,000 VND/ha but this policy is not effective because production scale of households is small and the procedure to get support is very complex. Regarding support from NGOs across the four research sites, in Nghi Van commune (Nghe An province), there are two big projects by NGOs in production

technique training for farmers and support in building infrastructure such as market, road and irrigation which have better impacts on life of local people than last year.

Processed and unsafe foods

All respondents in Nghi Van (Nghe An province) and Luong An Tra commune (An Giang province) typically buy and cook their own foods, and rarely have processed foods at shops and inns. By contrary, for respondents in Phu Dien and Quynh Mai communes (Hanoi), the percentage of processed foods and at-home foods is 30% and 70%, respectively.

Meals of Vietnamese people in general are very simple but vary in different regions. In each meal, there are often 3 main components including rice (indispensable), soup (cooked with vegetables or other ingredients like fish, shrimp, crab, pork bone or boiled vegetables) and a savoury dish (maybe beef/pork/chicken/duck/fish with brine, boil or fry). Vietnamese people typically have three meals each day including breakfast, lunch and dinner, of which lunch and dinner are often cooked at home and breakfast is often eaten at shops with noodle or processed foods. In Nghi Van (Nghe An province) however, 100% of respondents cook breakfast at home because they do not have money for eating at shops. The percentage in Luong An Trà (An Giang) and two communes Phu Dien and Quynh Mai (Hanoi) is 70% and 90%, respectively. In general, their meals are unchanged over the three years, they still consume such foods. In urban area, consumers buy most of foods from external sources.

Currently, all households are very worried about food safety because of the poor traceability of food in Vietnam. Vietnamese people have little awareness of the origin of their food, especially in the rural areas, where fresh food at local markets are not packed and labelled. Although officials indicated that “In Vietnam, legal regulations on food safety are very sufficient”¹⁵, the food safety monitoring and controlling system is not good and food poisoning still occurs (Annex 2). At the research sites, local people also access information regarding food safety through mass-media such as TV or radio. Dissemination of legal system of food safety in the rural areas is not attached

¹⁵ Assessment of official in Food Sanitation Department, Ministry of Health

importance, with few news on loudspeakers of villages and comes. The system is only used to announce agricultural production.

Conclusion

There are many remarkable changes in socio-economic life of households compared to 2013. However, for research sites, there are some changes in 2014 which have impacts on conception of “sufficient and happy life”. Compared to last year, many criteria are cut down such as infrastructure, irrigation or production organization because they are improved by community development policies and projects.

4. Analysis of findings

According to the IMF, global economic development in 2014 is higher than 2013, at 3.3% (IMF). Comparatively, large economies like the US and Japan see GDP growth at 2.4% and 0.1%. Eurozone economic growth reached nearly 1% in 2014. Developing economies in Asia are benefited from recovery of leading economies of the world. China saw a growth of 7.4% in 2014. ASEAN economic growth is 4.5% lower than 5.2% in 2013¹⁶. The world prices for goods tend to reduce, especially oil price tend to reduce sharply in the final half of year. Global agricultural production is bumper due to favourable climate, leading to a reduction in food price compared to 2013. Prices for main foods such as cereal, rice and wheat have reduced from 2013 (Annex 3). Similarly, there has been a downtrend in prices for Vietnam’s agricultural products in 2014, especially in six final months of 2014 when the world crude oil price decreased strongly. Across the research sites, food prices are unchanged compared to last year and higher than previous three years.

Food safety is not only a problem in Vietnam but also a general one globally. According to WHO¹⁷, although there have not been many serious problems in food, warnings

¹⁶ IMF. (2015) *World Economic Outlook Update: Coss Currents* [Online] Jan 2015. Available from: <http://www.imf.org/external/pubs/ft/weo/2015/update/01/>

¹⁷ “*These challenges put greater responsibility on food producers and handlers to ensure food safety. Local incidents can quickly evolve into international emergencies due to the speed and range of product distribution. Serious foodborne disease outbreaks have occurred on every continent in the past decade, often amplified by globalized trade.*

Examples include the contamination of infant formula with melamine in 2008 (affecting 300 000 infants and young children, 6 of whom died, in China alone), and the 2011 Enterohaemorrhagic Escherichia coli outbreak in Germany linked to contaminated fenugreek sprouts, where cases were reported in 8 countries in Europe and North America, leading to 53 deaths and significant economic losses.”

regarding unsafe food processing and production has increased in many developed countries. In Vietnam, with effort of relevant agencies, many risks from unsafe food have been reduced. Vietnam has made many improvements in applying clean and safe food production processes in accordance with GlobalGap or VietGap standards so agro-product export of Vietnam has been continuously up in past years (export value of agro-forestry-fishery products is up from 19.53 billion USD in 2010¹⁸ to 27.47 billion USD in 2013)¹⁹; thus, agro-products of Vietnam have met requirements of countries. However, domestic food consumption is facing many problems in transport and processing of unsafe food, affecting the health of people. Regarding the respondents of the four research sites in 2014, there is not any household getting serious disease related to consumption of unsafe food, but they are worried about safety of foods that they are using.

5. Conclusion

In brief, the survey of life of people in Vietnam indicated some following conclusions:

In recent 3 years, the average price has been stable, except to the increase in price of some foods but only some periods during a year (In Vietnam, food price sees a high growth at the end of the year when demand is up, mostly with expensive foods like meat, milk). However, these changes have not had heavy impact on rural people because their expenses for food from external sources are very small, especially poor households because they rarely buy expensive foods such as beef, pork or chicken. 100% poor households do not pay attention on beef or other expensive foods' price. They are only interested in expenses for tuition and medical treatment so policies of government for poor households over time have focused on supports related to education and health.

Unsafe agricultural production is still a big concern in Vietnam, especially livestock and cropping products due to unawareness of some producers and traders together with communication of mass-media, making people feel unsecured about foods so in the

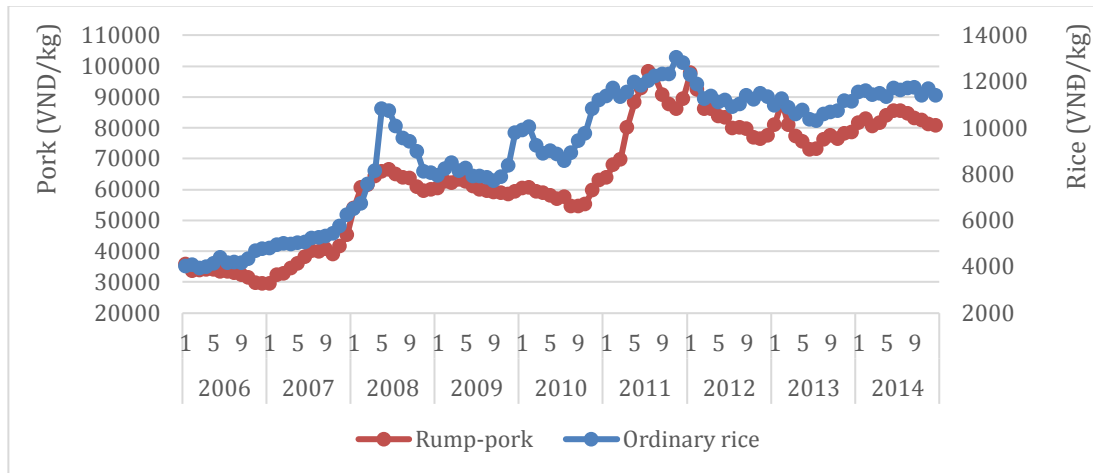
WHO (2015) Food safety, *Fact sheet N°399*, Available from: www.who.int/mediacentre/factsheets/fs399/en/.

¹⁸ Hoang, N and Bac, N (2011) *Promoting new model of rural area* [Online] Available from: <http://thutuong.chinhphu.vn/Home/Day-manh-xay-dung-nong-thon-moi/20117/12574.vgp>

¹⁹ Son, P (2013) *Agricultural export value keeps its pace* [Online] Available from: <http://baotintuc.vn/kinh-te/nong-san-giu-vung-gia-tri-xuat-khau-20131227080656041.htm>

coming time, Vietnam needs to have appropriate policies to improve safe production and collaboration between relevant agencies in food safety monitoring. Efficient policies are also required in order to exactly alarm and disseminate information on unsafe foods to the whole community.

Annex 1: Price volatility of 2 essential goods in Vietnam

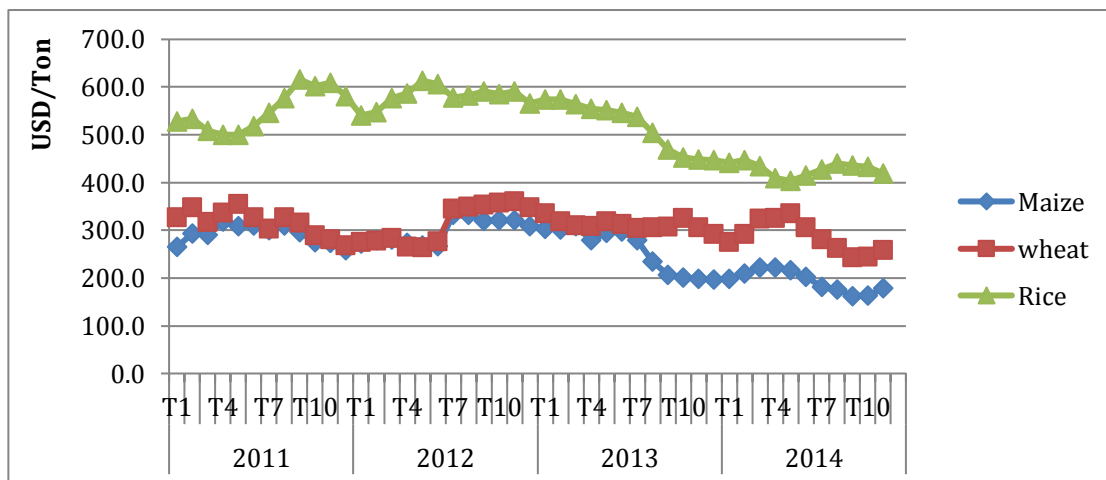


Source: IPSARD, 2014

Annex 2: Statistics of food poisoning of Vietnam, years of 2013-2014

In 11 months of 2014, there are 121 serious food poisoning cases, making 4.1 thousand people poisoned, of which there 24 deaths (GSO Vietnam, 2014), smaller than 127 ones at the same period last year with 4.4 thousand of poisoned people, of which 20 are died (GSO Vietnam, 2013).

Annex 3: Global food price volatility



Source: IMF

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