

For over a decade the international community has tried to assist Vietnam in containing Highly Pathogenic Avian Influenza (HPAI) by emphasizing restrictions on live-bird-selling and promoting a „western“ pattern of large-scale-production, industrial slaughter and supermarket vending. The success of these initiatives has been limited. Our findings suggest, that the proposed interventions do not adequately consider the economic rationality of actors along the value chain, including – above all – consumers. In order to be successful, interventions have to offer economic advantages to individual actors and come at reasonable enforcement costs. The study combines the results of previous epidemiological and statistical analyses with data gathered through qualitative interviews and field visits around Hanoi in the course FAO-ECTADs EPT+ program.

Demand

- Demand is not uniform: native “yellow” chicken commands higher prices than industrial “white” chicken
- Almost half of all native chicken but almost no industrial chicken is sold live
- Freshness, quality and safety are prime concerns for consumers who buy chicken live

Retail Markets

- Almost all groceries are bought at fresh markets or from street vendors
- Customer orientation mainly works through inspection and trust in vendors
- Supermarkets play almost no role (too expensive, mistrust of frozen food)

Supply

- Native chicken is produced on small to medium sized farms who sell small batches as rarely as 2 times per year.
- Birds reach urban Hanoi through 3 large wholesale markets (Ha Vy, Tu Son, Bac Thang Long)
- Slaughterhouses exist with sufficient capacity, but are not used.

LIVE SELLING



Live-selling is critical to ensure market efficiency

On the demand side

- It responds to the customer’s desire for freshness and safety.
- It allows for a differentiated projection of quality under fresh market vending conditions (no labels or brands)

On the supply side

- “Better” birds receive better prices.
- Intermediaries have a lower risk of miscalculations of demand
- Retailers can earn a slaughtering fee.



A ban of live-selling - ceteris paribus - reduces welfare.

- Live-birds sell at a **premium**. This premium will be lost for the supply-side
- The distribution of premium amongst value chain actors depends on market power, but **everyone seems to profit** at least a bit (eg. slaughter fees for retailers)
- There would be **welfare losses for consumers**, who value of freshness/safety of live birds.
- Replacing live-selling as the **main mechanism of customer orientation** requires investment (eg. traceability schemes) and a change in mentality (trust in labels rather than vendors).
- A lot of “**social capital**” exists in the markets, which would be lost, if the system changes.
- Societal trends may favor **changes in the long run** (female employment, single households)
- **High enforcement cost:** As many as 1000 street markets in Hanoi; banning live-selling might only move business underground

Where to intervene?

50.000 birds per day in the city require:

18.000 farms (1000 chicken per year)

100 trucks

250 wholesalers (200 birds)

2500 retailers (20 birds)

Hundreds of thousands of consumers

Combining epidemiology and economics – focus on value creation

- **Mark-ups** from farm gate to urban markets are **as high as 100 %** -> Birds collected for sale in on urban markets do not go back to farms.
- A live-selling ban in urban areas is unlikely to affect HPAI prevalence in chicken population (**no conceivable transmission pathway**)
- Centralised slaughter by itself also will not reduce HPAI risk, if the hygienic conditions of the aggregation process remain unchanged.
- Upstream processes (**aggregation and wholeselling**) have to be targeted
- The focus should be on **investments in hygiene, safety, quality** of wholesale markets
- Challenging situation: 2 out 3 markets face unclear relocation, **private investment** is discouraged, **market governance** is weak
- **Investment needs** and **enforcement cost** appear **manageable** – Food safety is no question of cost