



The Damage of Avian Influenza on Farm Household Economics in Northern Vietnam

Quoc Hoang Dinh

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Department of Agricultural Development Theory and Policy and
Department of Animal Breeding and Husbandry in the Tropics
and Subtropics, University of Hohenheim

PD Dr. Gertrud Buchenrieder
Prof. Dr. Anne Valle Zárate

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Summary

The unprecedented influenza outbreaks in poultry, commonly known as bird flu, caused by avian virus (H5N1) in Asia have affected man's and animal's health and turned out to be a financial disaster for many countries since the winter of 2003/2004. Vietnam was the most severely affected country by the outbreak in Southeast Asia. As the poultry production is most carried out by small holders and it plays a vital role for the predominately rural farm population, it is necessary to survey the direct and indirect damage costs caused by the latest bird flu crisis.

Field research in 100 smallholder farm households in Son La Province, Northwest Vietnam seeks to examine the extent of the losses of the epidemic and risk-coping strategies of the affected households. Information was obtained through the standardized questionnaire and individual interviews with key persons. The research data were first analyzed by using descriptive statistics and later the quantitative data were analyzed using economic statistics, the software SPSS.

In early 2004, six out of eleven districts in Son La Province were infected by the avian H5N1 virus. The most affected areas, Son La town and Mai Son district, were situated along the national road No.6 connecting the province with other infected provinces. The VET department and the local authority applied several methods to wipe out the H5N1 viruses. One of the methods was the so-called culling regulation which culled all poultry within a 3 km radius from the center of outbreak. All culled poultry were compensated by cash; however, the compensation was just about one-sixth of its market value. Moreover, farmers were not informed that they would get any compensation before the culling regulation. Thus, many tried to hide their poultry instead of having them culled, which can pose many problems for the next crisis.

It is recommended that the cash compensation to cover most of the losses be increased, and therefore make the eradication of the outbreak possible. The following six coping strategies were used by the farmers in the research area: hiding poultry, quick consumption of poultry, process poultry meat, stop buying new poultry, consume less poultry, and turn to other livestock production. Out of these strategies, turning to other livestock negatively influenced the household income. But it might turn out to be a positive influence in the long run. The effected population's perception of bird flu turned out to be important to the effects of total income. A lack of understanding of the seriousness of the bird flu pushes the total income down. Thus, it is suggested to improve the information channel with more emphasis on the socio-economic damage caused by the bird flu. The results of the regression model indicated that *minority*, *big ruminant* and *pig population* were factors influencing the decision of hiding the poultry among the sample households.