Vietnam

MARKET SNAPSHOT | BEEF & SHEEPMEAT

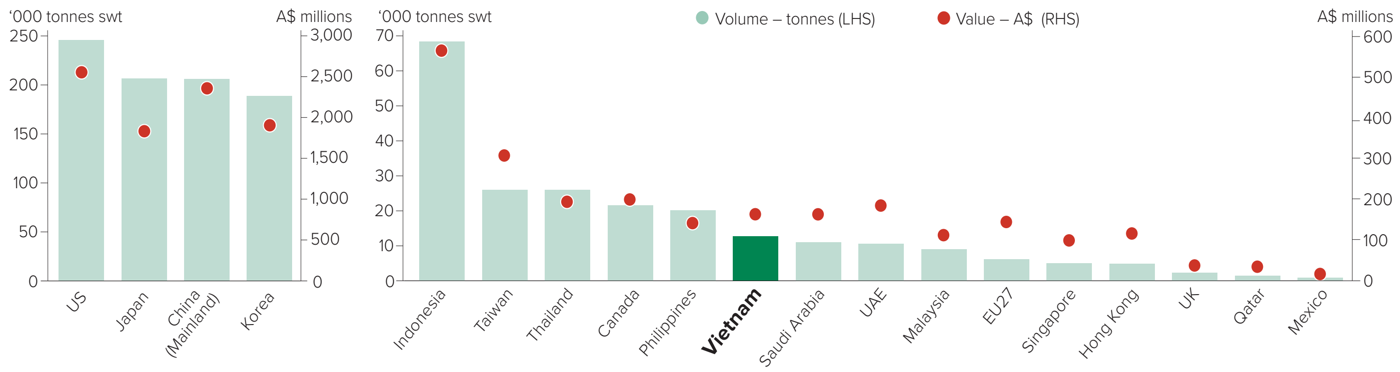
MEAT & LIVESTOCK AUSTRALIA

EXPORTS
Fast-growing beef market and major live cattle destination

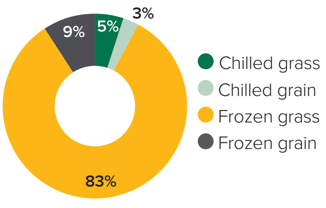
CONSUMERS
Rapid rise in consumer disposable incomes fuelled by fast economic growth

GROWTH
Demand for healthy, natural protein for family occasions

Australian beef exports to Vietnam in a global context [1 and 2]

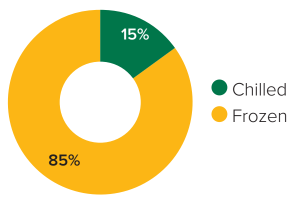


Australian beef exports – volume[1]



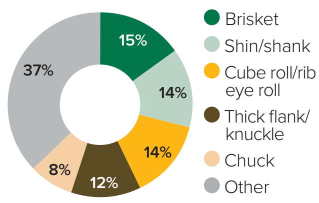
Total 12,689 tonnes swt

Australian beef exports – value[2]

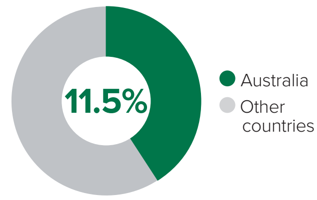


Total A$162 million

Australian beef exports by cut[1]

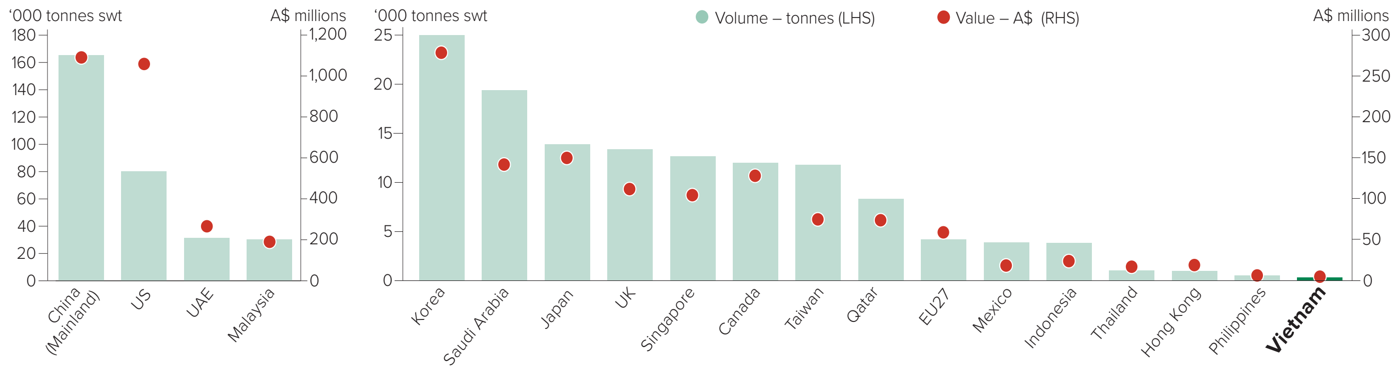


Australia's volume share of beef imports[2]

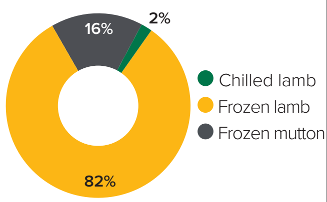


Note: Data are based on total export figures reported by suppliers and do not take into consideration re-exports

Australian sheepmeat exports to Vietnam in a global context [1 and 2]

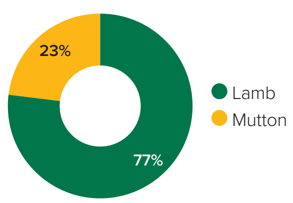


Australian sheepmeat exports – volume[1]



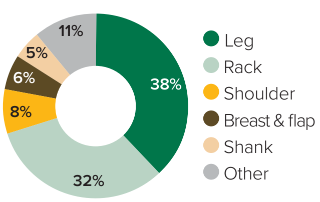
Total 355 tonnes swt

Australian sheepmeat exports – value[2]

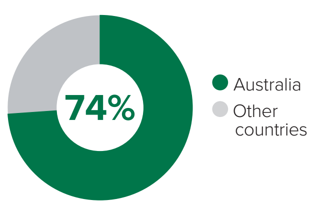


Total A$4.3 million

Australian sheepmeat exports by cut[1]



Australia's volume share of sheepmeat imports[2]



Note: Figures are for supplier exports to Vietnam

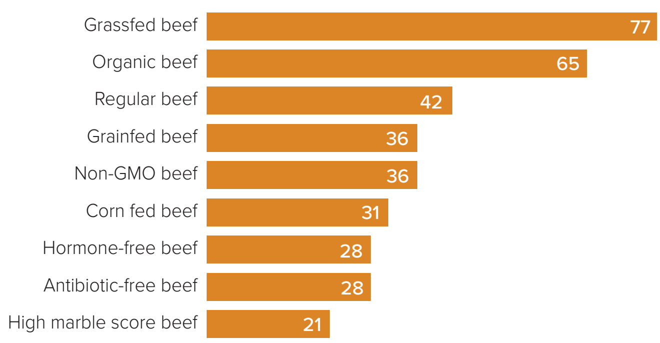
Data source for charts: [1]DAFF (CY2023), [2]S&P Global MI Global Trade Atlas (GTA) (MAT Nov 2023)

Beef

CONSUMERS

- Beef is a very popular protein in Vietnam. While the local diet is dominated by fish, pork and poultry on a per capita consumption volume basis, beef consumption frequency is the highest in South-East Asia.
- Vietnam has the fastest growing economy in South-East Asia, with a rapid expansion of the middle class and demand for superior and quality food items such as imported beef. Per capita beef consumption in Vietnam is projected to grow by 3.9% annually from 2023 to 2027, the fastest in the region. By 2026, Vietnam is expected to rank third regionally on beef per capita consumption, after Malaysia and Singapore *(Source: Fitch Solutions)*.
- Vietnamese consumers have relatively good knowledge about beef compared with other South-East Asian countries, largely attributed to its prominence in local cuisine. They regard beef as a superior meat and an important source of nutrition, essential to a healthy diet for the family, especially for children. Hence Vietnamese are willing to pay a premium price for it *(Source: MLA Global Consumer Tracker, Vietnam 2023)*.
- Fresh beef (hot meat) is the most preferred type of beef in Vietnam as it is often associated with high quality and better taste. This also reflects common meal preparation habits, which demands purchasing fresh ingredients for cooking the same day.
- Food health and safety remain two of the biggest public concerns in Vietnam due to a series of food scandals over the past decade, which was amplified during the pandemic. As a result, awareness of beef types other than regular fresh beef has been growing. While still niche, in recent years more Vietnamese have bought specific types of beef such as organic and products with health-related claims *(Source: MLA Global Consumer Tracker, Vietnam 2023)*.
- The pandemic escalated Vietnamese consumers' health concerns, resulting in stronger demand for products with health-related credentials such as guaranteed safety, hygienic, 'immunity-boosting' and 'free from' harmful ingredients attributes. 'Peace of mind' represents a strong value proposition that Australian red meat offers.

Vietnamese consumers who claim to have ever bought beef types

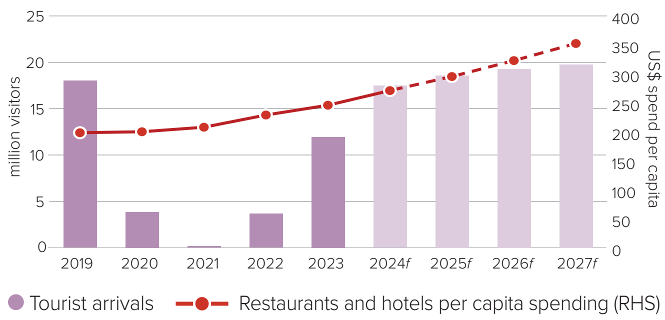


Source: MLA Global Consumer Tracker, Vietnam 2023

FOODSERVICE

- Vietnam's foodservice sector is highly fragmented with many different channels and players. The sector is dominated by small-scale, local independent restaurants, where fresh beef from local or locally-processed Australian cattle is typically used. These small restaurants generally purchase fresh beef from local wet markets or wholesale markets daily in the early morning. Modern chain restaurants represent a relatively small share of the market but are rapidly expanding. Frozen and chilled boxed beef is utilised more in this segment.
- Vietnamese locals and Asian tourist visitor diners predominantly favor Asian cuisines, which constituted over 40% of the foodservice offerings in 2022. The foodservice sector is expanding to meet the needs of growing numbers of international tourists, in particular from China.
- Restaurants recovered rapidly post-pandemic, driven by young consumers seeking the full dine-in experience to enjoy a variety of cuisines, along with the notable business dining segment. In these channels, consumers seek superior quality and exciting dishes – this is where Australian beef leverages its positive perceptions of being tender and consistently high quality *(Source: MLA Global Consumer Tracker, Vietnam 2023)*.
- Affluent and young consumers, especially Generation Z and young Millennials (aged between 18 to 40) are the key growth drivers for the Vietnamese foodservice sector. This consumer segment is aspirational and seeks new experiences, and is keen to try new food trends and cuisines from different cultures.

Vietnam restaurants and hotels spending and international tourist arrivals



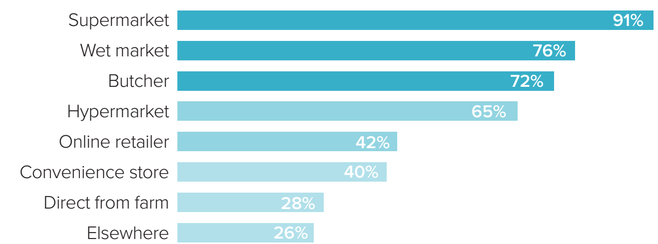
Source: Fitch Solutions

- While full-service restaurants continue to lead in sales, cloud kitchens are experiencing the most rapid growth. A key factor propelling the expansion of the cloud kitchen channel is the surging consumer demand for online food delivery services, exemplified by platforms like GoFood, GrabFood, Baemin and Lala. These applications tap into a broader customer demographic and enhance the efficiency of food ordering and delivery operations.
- Demand from affluent consumers for dining out is also robust. This presents an opportunity for higher-end foodservice players to explore, despite some remaining challenges associated with the country's still-developing modern foodservice infrastructure.

RETAIL

- Vietnam has a fragmented grocery retail sector, with about 90% of the market dominated by traditional retail. The wet market sector is expected to continue to grow at a rate of 9.4% per year on average through to 2027 *(Source: IGD)*, underpinned by Vietnamese consumers' cultural preferences and cooking habits.
- Wet markets are the main distribution channel for fresh (hot) beef, while modern retail outlets are more typically used for chilled and frozen products. While the vast majority of beef is estimated to be sold through wet markets, the pandemic has paved the way for faster development in modern (online/offline) retail as players across the value chain look for ways to overcome inefficiencies in traditional supply chains and infrastructure, to meet unprecedented demand.

Place of beef purchase for frequent* shoppers



*Source: MLA Global Consumer Tracker, Vietnam 2023. *Buy beef at least once a month*

- Vietnam is undergoing rapid urbanisation, with the number of modern retail outlets increasing across the country, especially in large cities. Modern grocery retail is estimated to grow at about 11% annually from 2024 to 2027 *(Source: IGD)*.
- Major modern retail chains include Winmart, Saigon Co.op, Go!, Tops Market, Bach Hoa Xanh, LotteMart, Aeon and Mega Market nationwide, while more local specialist stores such as Annam Gourmet and Vissan are also expanding rapidly. Modern retail growth is expected to outperform traditional retail, increasing market share in coming years, particularly the online and hypermarket formats.
- Due to pandemic-related disruptions to wet markets, many local stakeholders transitioned to frozen boxed beef, recognising its convenience. This shift allowed them to order specific cuts tailored to consumers' preferences, and the extended shelf life of frozen products streamlined the supply chain to reach end consumers more efficiently. Additionally, increasing urbanisation rates and rising disposable incomes have shaped consumer preferences, emphasising the importance of quality and safety in frozen products. Consequently, this shift has led to an accelerated and long-lasting transformation in favor of packaged products within the market.
- Branded chilled meat products, including modern meat shop chains, have emerged and are expected to increase penetration as consumers and local stores become more sophisticated, switching from wet markets to modern stores in their growing quest for safe food and, ultimately, health and wellness.

Key benefits of shopping for beef at traditional versus modern retail

Wet market: Perceived better taste of fresh beef, personal relationship with seller.

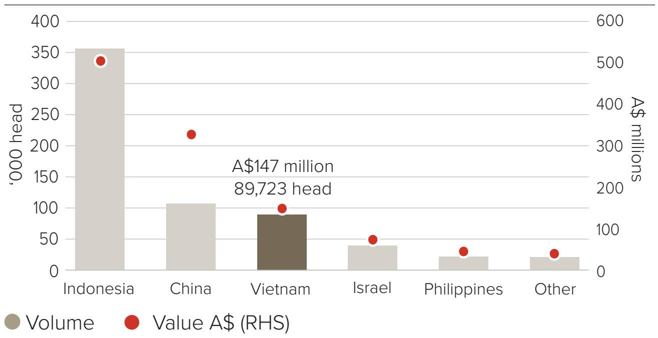
Supermarket: Meat with higher guarantee of safety due to higher hygiene standards, higher levels of quality control, greater transparency across the supply chain and more accurate information about provenance.

Source: MLA Vietnam Wet Market Shoppers Research 2020

AUSTRALIAN LIVE CATTLE EXPORTS

- For the 12 months ending August 2023, Vietnam ranked as the third-largest market for Australian cattle, primarily a destination for slaughter cattle, accounting for some 83% of total slaughter cattle exports. Additionally, Vietnam stands as the second-largest market for breeder cattle, after China *(Source: DAFF)*.

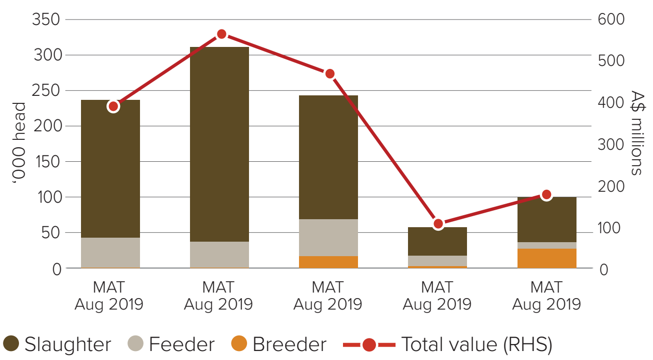
Australian live cattle exported to Vietnam



Source: DAFF, S&P Global MI Global Trade Atlas (GTA). 12-month period August 2022 to July 2023. All cattle types combined

- In 2022, Thailand supplied more cattle than Australia, accounting for some 52% of Vietnam's total imports, driven by market proximity and price. Australia dropped to second place due to a 65% year-on-year fall in volumes, continuing the downward trend observed since 2020, which has been driven in large part by higher Australian cattle prices during a period of herd rebuild. This decline saw the lowest volumes shipped in the 12 months ending August 2022 since 2012 *(Source: Trade Map, MLA estimates)*.
- Historically, Australian cattle are estimated to contribute to approximately 20% of Vietnam's total beef consumption.
- Australian cattle exports to Vietnam for the 12 months ending August 2023 saw an increase of 73% compared to the previous year, reaching a total of 99,361 head. This marked a turnaround driven in large part by lower Australian cattle prices *(Source: DAFF)*.
- In an effort to diversify their supply sources, Vietnam has been importing live cattle from alternative suppliers in neighboring countries such as Thailand, as well as sourcing frozen Indian buffalo meat. At the same time, consumer demand for fresh meat has waned due to oversupply issues and a gradual shift towards boxed beef, which was accelerated by pandemic impacts on wet markets and their supply chains.

Australian live cattle exported to Vietnam

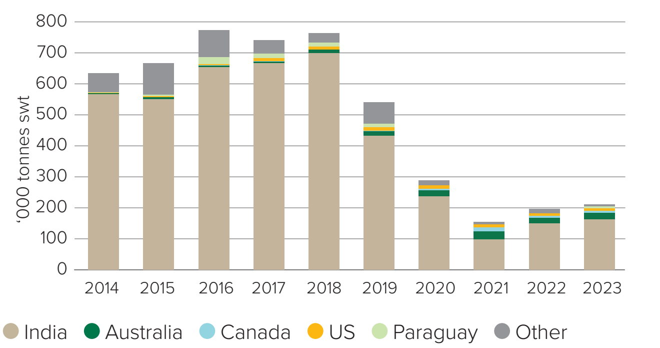


Source: DAFF, S&P Global MI Global Trade Atlas (GTA). MAT = moving annual (12 months) total to August

COMPETITIVE LANDSCAPE

- In the 12 months ending August 2023, Vietnam imported a total of 211,577 tonnes swt of beef. This is notably lower than the all-time high of 2016, when about 85% of the imports were re-exported and not for domestic consumption. Re-export volumes have been decreasing since 2019 and in 2022 accounted for only 10% of imports.
- India was Vietnam's largest beef supplier with a market share of approximately 76%. Indian buffalo meat (IBM) imports grew 9% year-on-year in the 12 months ending August 2023 due to the post-pandemic resumption in demand, and demand for cheaper product against the backdrop of global high prices. Rising global beef prices triggered increased demand for cheaper beef into wet markets. IBM is typically channeled through wholesale markets for distribution to low-end food service and traditional markets. However, the meat is considered low quality and less favoured by the majority of Vietnamese consumers.
- Australia was the second largest supplier, accounting for approximately 10% of Vietnam's imported (boxed) beef market in the 12 months ending August 2023. Vietnam has been one of the fastest-growing markets for Australian beef exports globally since 2018, accelerated by the removal of Vietnam's import tariffs for Australian products under the ASEAN-Australian-New Zealand Free Trade Agreement, increasing consumer interest in Australian products. For the 12 months ending August 2023, Australia exported 11,906 tonnes swt of beef, a 11.5% year-on-year increase *(Source: DAFF)*.

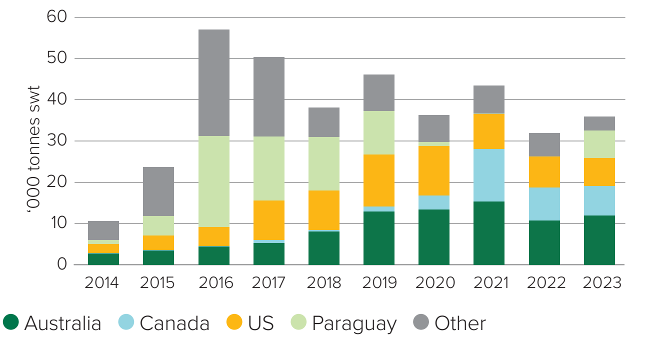
Vietnam beef imports by supplier*



Source: Vietnam Customs, S&P Global MI Global Trade Atlas (GTA), DAFF
**Note: Data are based on total export figures reported by suppliers and do not take into consideration re-exports. MAT= 12 months ending in August*

- The demand for high-quality beef has been steadily rising over the long term. Import volumes from Australia, Canada, and the US have increased more than six-fold in the last ten years. Additionally, while the market demand for high-value Australian beef is relatively small, it has been growing, with notable increases in chilled and grainfed products.

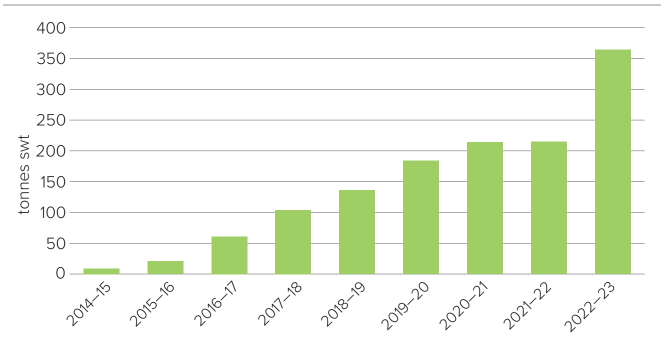
Beef exported to Vietnam by key suppliers (excluding India and Hong Kong)*



Source: Vietnam Customs, S&P Global MI Global Trade Atlas (GTA).
**Note: Data are based on total export figures reported by suppliers and do not take into consideration re-exports. MAT= 12 months ending in August*

- Since the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CP-TPP) came into effect in 2020, Canada has emerged as a significant competitor in the premium beef segment, alongside the US. In the 12 months to August 2023, Canada was the third largest exporter, accounting for 7,181 tonnes swt. During the same period, the US exported a total of 6,740 tonnes swt.
- Influenced by Chinese migrants, offal dishes feature in Vietnamese cuisine. *Pha Lau Bo* is a popular Vietnamese dish prepared with a combination of offal cuts. Australia is an important supplier of beef offal after India, Hong Kong and, more recently, Canada. In the 12 month ending in August 2023 Australian offal export value to Vietnam reached almost A$12 million, up 136% year-on-year, while Canada's export totaled A$48 million.

Australian chilled beef exports to Vietnam



Source: DAFF, Australian Fiscal Year

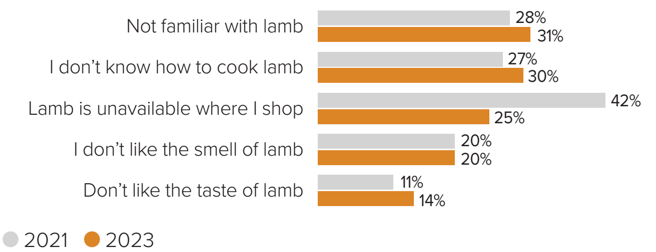
Pho (Vietnamese noodle soup)

Sheepmeat

CONSUMERS

- Sheepmeat is a relatively new and unfamiliar niche protein in the Vietnamese diet. Therefore, it tends to be consumed on special occasions at foodservice venues rather than at home. However, affluent households with children consume it more frequently as it is considered a nutritious protein that supports healthy growth and development. Lamb is increasing in popularity as more consumers seek to cook new, sophisticated meat dishes.
- Although Vietnamese consumers do not eat lamb often, they do have relatively positive associations with lamb. They regard lamb as a superior, tender meat of high nutritional value which makes it worth paying a bit more for *(Source: MLA Global Consumer Tracker, Vietnam 2023).*
- Vietnam has a long tradition of using goat meat in their cuisine as a special occasion item and the presence of specialised goatmeat restaurants is spread across the country. Historically, the warm climate limited the need for sheep wool, however the demand for sheepmeat has been driven by tourists and young consumers over the years.

Reasons why Vietnamese consumers don't buy lamb

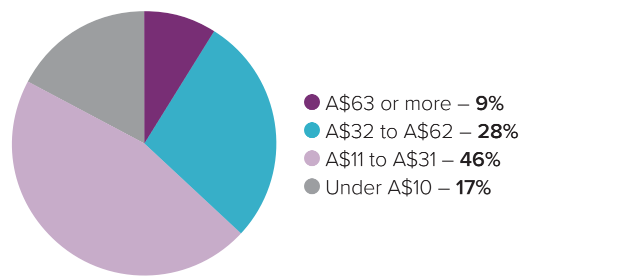


Source: DAFF. Australian Fiscal Year

FOODSERVICE

- Foodservice remains the key distribution channel for sheepmeat as most Vietnamese consumers either do not know how to cook it or find it difficult to cook at home.
- Australian sheepmeat exported to Vietnam is mostly utilised in higher-end Western-style restaurants.
- Tourists and young consumers looking for novel and exciting new tastes have increased demand for Western-style cuisines, thereby growing demand for lamb dishes.
- The pandemic-related restrictions in 2021 initially reduced demand for sheepmeat imports. However, the foodservice sector is now recovering at a fast pace, driving increased import demand.

Average spend on lamb meals eaten out of home

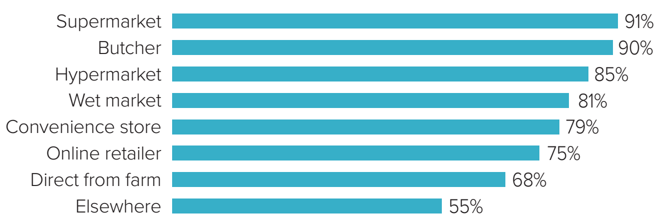


Source: MLA Global Consumer Tracker, Vietnam 2022

RETAIL

- Vietnamese consumers who buy sheepmeat at retail in large cities tend to shop at multiple venues, from modern retail outlets to traditional markets. However, modern retail is the main channel selling imported sheepmeat products.
- Lamb is primarily available in frozen form at modern retail outlets in Vietnam. However, for more discerning customers, certain higher-end stores and specialized butchers provide the option of chilled lamb products. Meanwhile, online platforms continue to be used for purchasing lamb even since the restrictions eased, maintaining a relatively large customer base *(Source: MLA Global consumer Tracker, Vietnam 2023).*

Where frequent* consumers purchase lamb

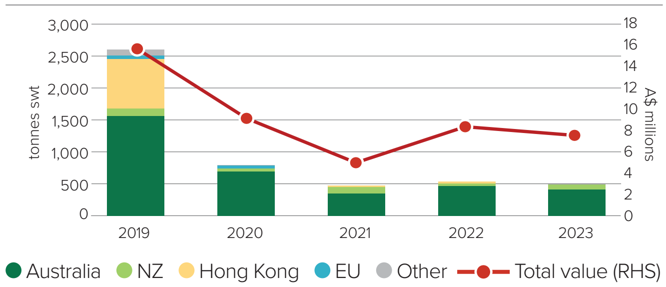


*Source: MLA Global Consumer Tracker, Vietnam 2023. *At least once a month*

COMPETITIVE LANDSCAPE

- Vietnam's domestic production is relatively small, with an estimated combined sheep and goat flock of 2.9 million head. In 2023, domestic production is forecast to be approximately 8,600 tonnes cwe, accounting for about 80% of total national consumption, and is forecast to increase to around 9,000 tonnes by 2027 *(Source: GIRA).*
- Australia is the largest sheepmeat supplier with a market share of about 84%, followed by New Zealand with 16% in the 12 month ending in July 2023. Australian exports dropped 11% to 411 tonnes swt year-on-year. Although these volumes are still below pre-pandemic levels, foodservice recovery and expansion is a key driver of this demand.

Sheepmeat exports to Vietnam by key supplier*



Source: S&P Global MI Global Trade Atlas (GTA). Figures are for supplier exports to Vietnam
**MAT year ending September*

Beef

Market access overview – beef

Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
ASEAN-Australia New Zealand Free Trade Agreement **(AANZFTA)** Comprehensive and Progressive Agreement for Trans-Pacific Partnership **(CPTPP)**	**Under AANZFTA:** 0% for all product lines	**India** (buffalo meat): under India-ASEAN FTA zero tariff **Canada, New Zealand and Japan:** same as Australia **US and Paraguay:** No FTA, tariffs vary between 14%–30%	Zero	No major hurdles

Best access — Major challenges

Sheepmeat

Market access overview – sheepmeat

Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
ASEAN-Australia New Zealand Free Trade Agreement **(AANZFTA)** Comprehensive and Progressive Agreement for Trans-Pacific Partnership **(CPTPP)**	**Under AANZFTA:** 0% for all product lines	**New Zealand:** Same access conditions as Australia **UK:** Under UK-Vietnam FTA: 0%	Zero	No major hurdles

Best access — Major challenges

Source: Trade agreements, DFAT, WTO