

# POLICY BRIEF

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Prepared by:



## INTRODUCTION

Over the past decade the Vietnamese beef sector has witnessed significant change. A growing population of around 100 million people and a 35% upsurge in domestic demand for beef products together with increasing consumer awareness and demand for improved hygiene, food safety and nutrition present opportunities as well as challenges for the sector.

Increased demand has led to a change in supply patterns for beef in Vietnam. From a position of self-sufficiency in the early 2010’s, Vietnam now supplies around half of its beef demand from domestically produced cattle with the balance coming from a variety of sources, including beef produced from cattle imported from Myanmar, Thailand and Australia; beef imported from Australia, USA, Brazil and Argentina; and frozen buffalo meat from India.

The rapid changes in sources of beef accompanied by increases in demand and unstable international trading conditions mean that the policy implications of the future pathways for Vietnam to meet its beef demand are not yet well understood. Policymakers need to take into account many

factors when developing strategies for the beef sector, including imports of fodder and feed grains, changes in cold chain availability, the impact of increased competition with China for animal protein and implications for Vietnam’s GHG emission targets.

Vietnam's beef and cattle meat market is undergoing a noticeable shift in terms of trade and consumption. Imports have remained relatively stable since the COVID-19 pandemic, while exports are still exhibiting an unstable tendency to rise. According to customs data, Vietnam still has the potential to export cattle and beef to neighboring nations like Laos and Cambodia (particularly live cattle), as well as the profitable Chinese market. Vietnam, however, is still a net importer of beef and cattle meat products; the value of imports is more than 24 times that of exports. Specifically, the value of imported frozen beef and buffalo meat is increasing while there has been a decrease in formal live cattle imports. The trade trend in beef and cattle products has reflected the changes in domestic production, consumption and behavior of key actors in the Vietnamese cattle sector.



Having a young population of approximately 100 million, of which more than 50 percent are of working age (2022), a sustainable rate of economic growth (GDP growth rate of 6.03 percent over the 2012-2022 period), and a high urbanization rate (37.3 percent of the population resides in urban area in 2022), Viet Nam presents a promising market for bovine meat (GSO data). As consumption has increased, the Vietnamese beef and cattle sector has not been able to satisfy domestic demand and therefore relies on imports of beef and cattle products. During the 2018-2023 period, Viet Nam exported a very small amount of beef and cattle products while import values experienced a significant increase.

**Figure 1: Total export and import value of beef and cattle from Vietnam, 2018-2023 (Million USD)**



Source: Calculated from Viet Nam Customs data

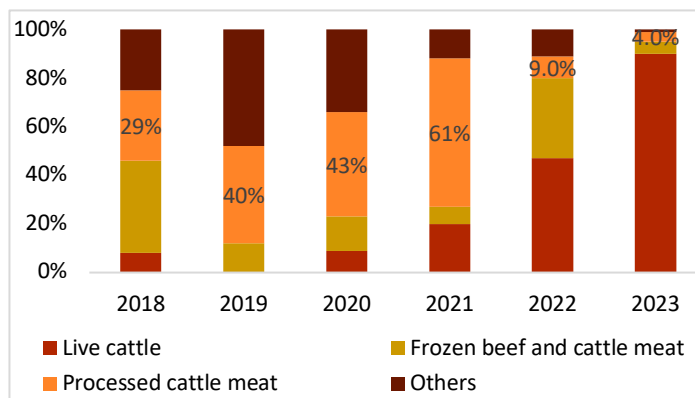
**EXPORT**

From 2018 to 2023, **Vietnam's export of cattle and buffalo and beef products fluctuated** between USD 8.6 million and USD 39.4 million, with an average annual value of USD 14.7 million. In 2023, exports peaked at USD 39.4 million, a 730% increase from 2022 and 211% from 2021. While exports of beef and cattle meat products are declining, live cattle exports have increased from 20% of export value in 2021 to nearly 90% in 2023. Vietnam's buffalo and beef products reach 34 markets, with Cambodia, Laos, China, and South Korea being key destinations. In 2023, exports to Cambodia were USD 28.4 million (72%), Laos USD 8.8 million (22.2%), China USD 1.04 million (2.6%), and South Korea USD 0.6 million (1.5%).

**Exports of live cattle have increased since 2021.** In 2023, the export of live cattle (HS 0102) from Vietnam saw significant growth, particularly to Cambodia and Laos. Exports of breeding cattle reached a value of USD 35.3 million, representing 90% of the total cattle export turnover. Customs data shows that in 2023, over 11,800 Brahman and Brahman crossbred cattle from Australia were exported to Cambodia, along with more than 3,500 dairy cattle. The majority (97%) of Vietnam's live cattle exports use main trade routes, with only 3% through border trade. In 2023, exports to Cambodia reached USD 26.6 million

(75%), and to Laos USD 8.7 million (25%). From 2018 to 2022, Vietnam ranked first in live cattle exports to Cambodia and second to Laos, after Thailand, with all exports to these countries via main trade routes.

**Figure 2: Main export products of beef and cattle from Vietnam, 2018-2023**



Source: Calculated from Viet Nam Customs data

**The proportion of exported meat and meat product from buffalo and cattle in total exports has decreased.** Vietnam's buffalo and cattle meat exports grew annually by 3.8%/year during 2018-2023 period. However, the proportion of frozen beef and cattle meat in total export of beef and cattle products decreased from 38% in 2018 to 4% in 2023.

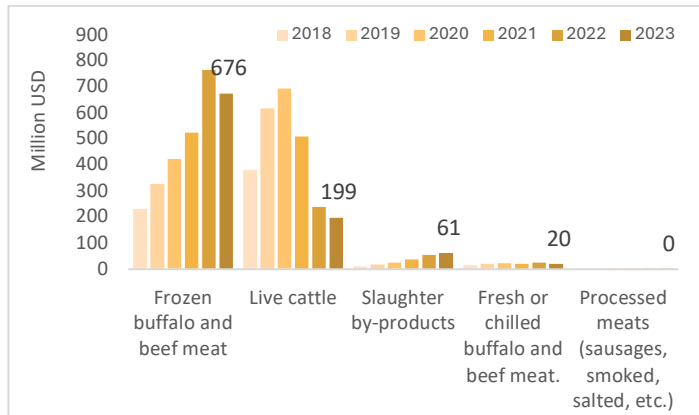
In 2023, exports of frozen and processed beef and cattle meat was about USD 4.1 million. Key markets included Cambodia (USD 1.8 million, 45%), China (USD 1.04 million, 25%), and South Korea (USD 0.59 million, 14%). China, the primary market, experienced a drop in export value from USD 8.74 million in 2021 to USD 1.04 million in 2023.

**IMPORT**

Despite efforts to improve cattle production and beef quality, domestic supply has not met the rising demand in terms of both quantity and quality. Most beef cattle and buffalo are raised by local farmers using free-range methods, resulting in low yield and inferior quality. These cattle are primarily sold to traders, who often do not follow ideal fattening process, and are transported to traditional slaughterhouses, making it challenging to trace the meat origins and food safety standards.

Imports have shown a slight decrease since the Covid-19 pandemic. From 2018 to 2023, the average annual growth rate of value of imports was 10.7%. In 2023, Vietnam's imports of beef and buffalo meat products, as well as live cattle, totaled \$957 million USD, a decrease of 12% compared to 2022 and a decrease of 12.4% compared to 2021.

**Figure 3: Total Import value of live-cattle and meat of bovine animals by product group, 2018-2023**

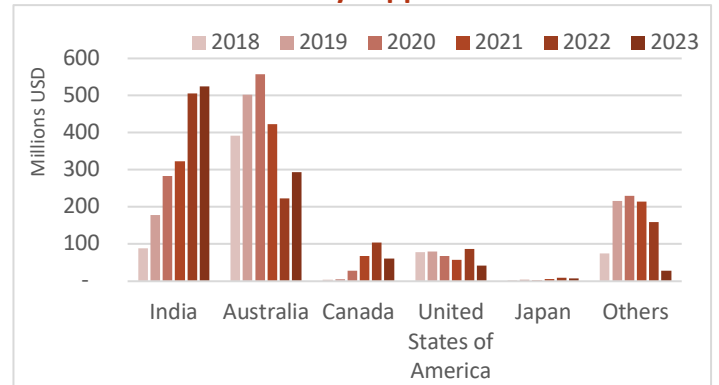


Source: Calculated from Viet Nam Custom's data

The imported products have seen a significant shift from live cattle towards frozen beef and buffalo meat. Viet Nam Custom's data shows a consistent and rapid growth in the import of frozen beef and buffalo meat over the years, while live cattle imports saw a sharp decline after reaching their peak in 2020. From 2018 to 2020, both live cattle and frozen meat experienced significant growth annually, with live cattle imports, in particular, commanding double the import value of frozen meat and reaching its highest level of \$695 million USD in 2020. However, starting from 2021, due to the impact of the Covid-19 pandemic and a series of changes in consumer habits, live cattle imports decreased rapidly, reaching only around \$200 million USD in 2023. Conversely, the demand for imported frozen beef and buffalo meat remained high and continued to grow, reaching its peak in 2022 at around \$766 million USD.

Although there was a decrease in 2023 compared to 2022, the import value of frozen beef and buffalo meat still remained significantly higher than that of live cattle imports.

**Figure 4: Changes in Vietnam's imported market for beef and buffalo meat by suppliers**



Source: Calculated from Viet Nam Custom's data

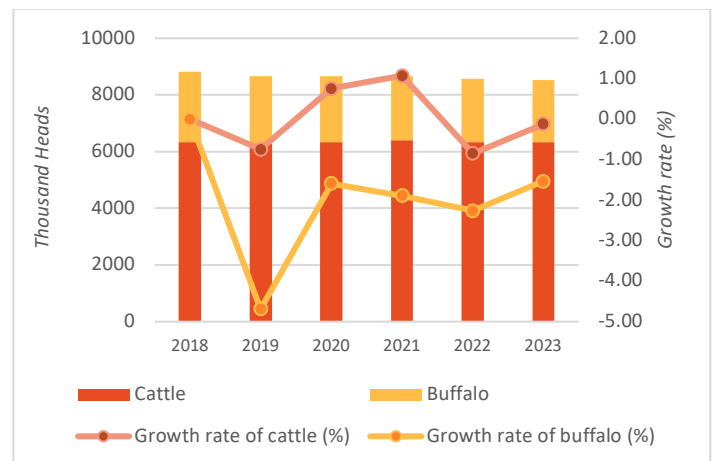
India has become the main supplier of frozen beef and buffalo meat for Vietnamese market. Vietnam imports beef and buffalo meat products from 36 markets, with India, Australia, Canada, and the United States being the four main suppliers. In 2023, imports from India reached \$524 million USD, accounting for 55%; Australia reached \$294 million USD, accounting for 31%; Canada reached \$60.6 million USD, accounting for 6%; and the United States reached \$42.8 million USD, accounting for 4.5%. India is now the largest source of frozen meat for Vietnam, accounting for 73% of the total value of frozen beef and buffalo meat imports in 2023 while the import value from Australia is decreasing since 2020.

## AFFECTING FACTORS OF BEEF AND CATTLE PRODUCTS TRADE IN VIET NAM

### DOMESTIC PRODUCTION

The development of cattle herds has shown a tendency to slow down since Covid-19. From 2018 to 2023, Vietnam's cattle populations (both beef and dairy cattle) experienced an average annual growth rate of 1.8%/year while the buffalo heads reduced from 2.425 million heads in 2018 to 2.2 million heads in 2023. Beef cattle herds also experienced growth, increasing from 5.51 million head in 2018 to 6.008 million head in 2023. However, the population in 2023 is below the peak of \*\*\*\*\*, reached in 2021.

**Figure 5: Viet Nam's cattle herds, 2018-2023**



Source: Department of Livestock Production

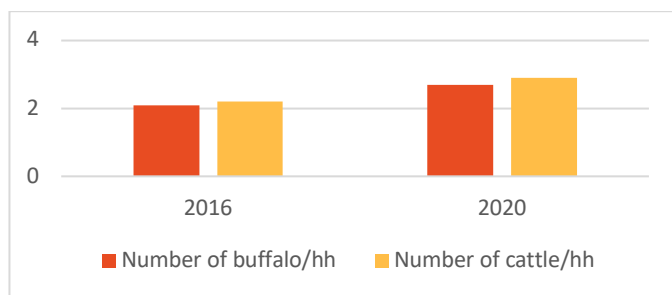
Various incentive policies on scientific research, promotion of agriculture investment, encouragement of breeding, and disease control implemented in Vietnam have attracted individuals and businesses to invest in and develop cattle farming in general and beef cattle in particular. However, the



decrease in beef cattle herds is attributed to the low economic efficiency of beef cattle farming compared to pigs and poultry. Additionally, the import of beef is also affecting domestic cattle farming. Prolonged low prices of beef cattle have caused significant difficulties for farmers, leading to a reduction in herds.

**Vietnam is developing large-scale farming operations, but small-scale livestock farming still accounts for a significant proportion.** Livestock farming is shifting from small-scale to larger household-scale operations, promoting the development of farm models, concentration, and the establishment of livestock value chains. This is an important factor contributing to increasing productivity, quality, disease control capability, and food safety. However, currently, the majority of livestock farming is still small and very small-scale, accounting for 60-80% of the total livestock population depending on the locality. The average scale of buffalo and cattle raising is quite small with 2.7 heads/household and 2.9 heads/household in 2020, respectively. Except for some provinces with suitable land conditions and grassland areas for livestock farming, most provinces primarily engage in small-scale livestock farming within residential areas, with operations typically consisting of less than 10 cattle/buffaloes per household.

**Figure 6: Average production scale of buffalo and cattle farm in Vietnam**



*Source: Agrocensus 2020, GSO*

**Vietnam has advantages of developing livestock farming, but it faces challenges in developing large-scale livestock herds.** Vietnam has advantages in beef cattle farming in terms of diverse terrain, climate, favorable conditions and natural food sources. In 2023, beef cattle farming was concentrated in the Northern Central and Central Coastal area (39%), Northern Midland and Mountain area (20%), Central Highlands (15%), and Mekong Delta (14.4%).

However, these regions face challenges such as a scarcity of green food and grazing area due to industrialization and reduced agricultural land. Additionally, the escalating prices of livestock feed and agricultural by-products pose significant hurdles for farmers, raising production expenses and affecting profitability.

**The quality of domestic breeds is being enhanced to compete with imported cattle.** Vietnam's crossbred cattle population has grown significantly, accounting for 66.8% of the total cattle

population in 2022. High rates of crossbred cattle are found in regions like the Mekong Delta and Red River Delta. These cattle breeds are efficient in production, leading to higher economic returns for farmers. Breeds including Droughtmaster, Brahman, Blanc Bleu Belge (BBB), Angus, and Charolais have gained popularity due to their quick growth, plentiful meat output, and superior quality. Vietnam has implemented various breeding programs to enhance the quality of cattle breeds, contributing to increase meat production, improve economic efficiency for farmers, and the sustainability of the livestock sector in Vietnam.

**The application of high technology in farming and slaughtering processes remains limited.** In various localities, advanced technologies such as artificial insemination, climate-control measures, high-tech solutions and the use of sex-sorted semen have been implemented in cattle farming, breeding and slaughtering. However, these technologies have mainly applied in medium and large-scale enterprises while smaller-scale farmers face numerous constraints in adopting technological advancements such as finance access, technology access, knowledge and skills.

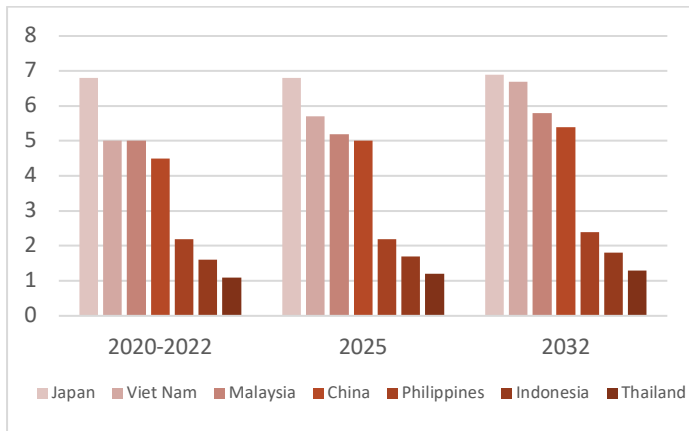
## DOMESTIC CONSUMPTION

**Viet Nam is a strong market for beef and buffalo products.**

Beef and veal are popular protein meats in Vietnam. With a young population of approximately 100 million, a sustainable economic growth rate, and a high urbanization rate, Vietnam presents a promising market for high-value meat products, including beef and buffalo meat. Beef consumption in Vietnam was estimated at 3.15 kilograms per capita in 2018. FAO estimated that beef and veal consumption per capita in Vietnam will increase 2.34%/year in the 2023-2032 period.

However, since the COVID-19 era, Vietnam's demand for beef consumption has decreased both in households and restaurant. According to PwC's "2023 Consumption Habits" survey, Vietnamese consumers are starting to practice more frugal spending. More specifically, compared to the global average of 69%, 62% of consumers tend to buy fewer non-essential items. The majority of Vietnamese households still view beef as a luxury good because of its higher prices when comparing to pork or fish.

**Figure 7: Beef and veal consumption per capita in selected countries (kg/capita/year)**



Source: OECD-FAO Agricultural Outlook (Edition 2023)

**Vietnamese consumers are gradually changing from “hot meat” to “cool meat”, especially in big cities.** Fresh beef and buffalo meat (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. Hence, consumers are likely to buy and consume fresh meat at traditional markets daily. However, since the Covid-19 pandemic, consumers’ concerns have gradually shifted to safe and clearly sourced foods. This has led to a trend of shifting towards purchasing meat at supermarkets, shopping centers in major cities. As people accept using meat sold in supermarkets, they also begin to accept using chilled and frozen meat as a substitute for hot meat.

**Chilled and frozen imported meat is mainly consumed in restaurants, canteens in industrial zones and schools.** Consumers in Vietnam are showing a growing acceptance of and preference for chilled and frozen meat over traditional hot meat. Alongside pork, the consumption of chilled beef and buffalo meat is also on the rise, mainly in kitchens of factories, schools and restaurants. Factories and production facilities for chilled beef have been established and put into operation

### CHANGES IN TRADE POLICY

**Vietnamese producers face high competition from importers due to tariff reduction path of FTAs.** Vietnam's import tax duties on live cattle currently range from 0-5%, while post-slaughter meat products still face Most Favored Nation (MFN) tariff rates ranging from 8-35% for WTO members. As a result, businesses often opt to import live cattle for fattening and slaughter. However, under the committed tariff reduction schedule, meat products from other countries are expected to see reduced or eliminated tariffs. In such a scenario, high-quality chilled and frozen meat products at competitive prices will find it easier to enter the Vietnamese market. This will intensify competition for domestic products, posing a greater challenge for local producers.

**China's tightened management of cross-border exports and source traceability has led to a redirection of temporarily imported products towards consumption in Vietnam.** China

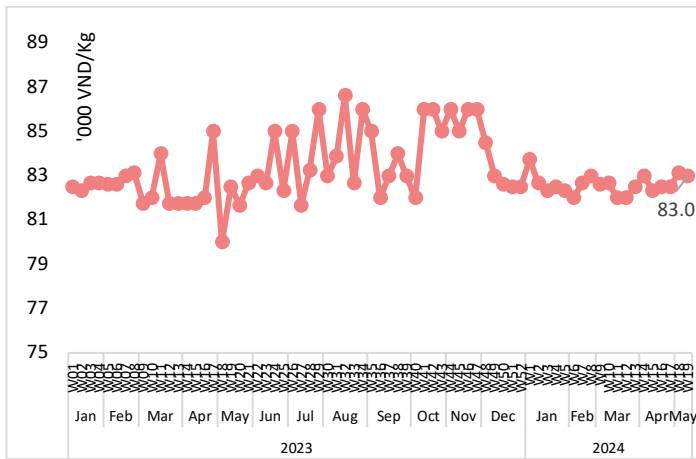
has been advocating for enhanced quality management of imported goods, intensifying efforts to combat smuggling, and formalizing cross-border trade activities. For Vietnam, the export of livestock products such as live cattle and meat across the border has significantly decreased during the period of 2021-2023 compared to pre-Covid-19 times. According to traders in the northern region, prior to 2019, the export of live cattle and frozen meat products sourced from India and Cambodia to China was relatively easy through informal cross-border exchanges. At certain times, the export live cattle from Vietnam to China through the border line might reach up to 17 trucks per day, carrying approximately 40 cattle per truck. However, China has now nearly completed the construction of a steel fence system along the border and redirected most import-export activities to official border checkpoints. This has led to a sharp decline in the export of cattle products from Vietnam to China. Hence, importers shift to directly import for the Vietnamese market.

**Standards for exporting live animals make Australia less competitive in the Vietnamese market.** Australian exporters must also comply with standards and requirements for exporting live livestock in terms of export license, control system for transporting, tracking and managing cattle in all stages, identification systems and animal welfare standards. To import Australian live cattle Vietnamese importers, feedlots, and slaughterhouses require significant investment resources and skills compared to domestic livestock farming and abattoirs units. As a consequence, the investment for importing Australia live cattle is quite high, leading to high price of beef in comparison with imported beef or live cattle from other countries.

### BEHAVIOR CHANGES OF KEY ACTORS IN CATTLE SUPPLY CHAIN

**Cattle farmers are reducing their herds and delaying restocking due to low prices of live cattle.** Low selling prices of live cattle in Vietnam have discouraged farmers from expanding their herds or replenishing stocks. Beef prices have plummeted significantly, with calves sold to farmers dropping by over 60% compared to before. Since late 2023, many households have reduced their livestock numbers or suspended operations to pursue other work. Small-scale livestock farmers in Thai Binh, Dak Lak and Long An provinces state that increased feed costs and low selling prices as reasons for their losses and herd reduction

Figure 8: National weekly price of live-weight cattle



Source: MARD, and Compiled from local traders' data

**Small-scale livestock farmers tend to be a small-scale slaughterer to maximize profits.** In many provinces, livestock farmers are faced with significant challenges of cattle price reduction. While live cattle prices are decreasing, retail prices for slaughtered meat remain notably high. In response, some livestock farmers are adopting strategies such as slaughtering the animals themselves or selling them to small-scale slaughterhouses to maximize their profits per head of cattle.

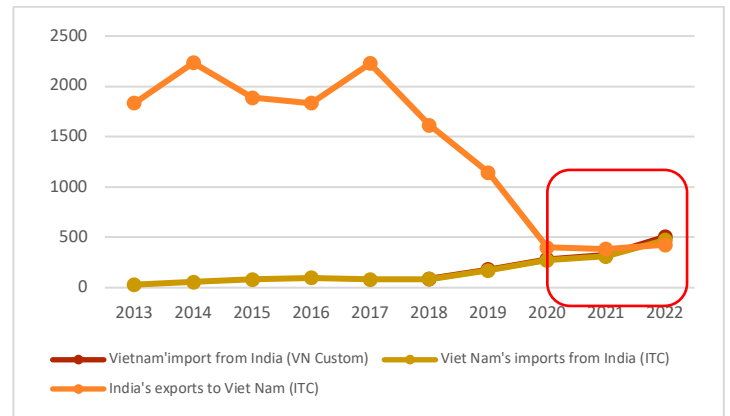
**Beef feedlots are maintaining their scale at a moderate level and seeking new cattle breeds from imported sources.** Beef cattle farms and feedlots are experiencing losses due to low selling prices of live cattle. They have been slow to replenish their herds since late 2023, maintaining them at 40-50% of capacity. Fattening farms are shifting from the BBB breed to the Brahman and Brahman crossbreeds because of a fast growth rate and simpler feed. In addition, importation and quality control pose risks, including disease control and cattle health.

**Traders in border areas are increasing imports of breed cattle.** Traders in Southern border areas are experiencing a surge in demand for imported breeding cattle, particularly Brahman and Brahman hybrids, to reestablish breeding farms. Department of Animal Husbandry and Veterinary Medicine in Gia Lai reported that reports that in 2023, imports of breed cattle reached over 14240 heads, a 13-fold increase from 2022. In Long An province, traders imported 300-400 cattle per day from Cambodia. However, most export activities are conducted through informal border exchanges so that it is difficult to monitor and control breed quality.

**Importers and traders are shifting from temporary re-importation to formal imports of frozen cattle meat products to the domestic market.** Vietnamese traders have previously

temporarily imported frozen meat products from India and re-exported to the Chinese market. However, China has implemented numerous measures to manage imported products from Southeast Asia, leading to the disruption of temporary re-exports. Therefore, traders have shifted from temporary imports to direct imports to Vietnamese market. Trademap-ITC and Vietnam Customs data show a significant increase in direct imports of frozen buffalo from India to Vietnam, bypassing intermediary markets.

Figure 9: Import and export of frozen, boneless meat of bovine animals from India to Vietnam (million USD)



Source: Viet Nam Custom's data and Trademap-ITC

**Slaughterhouses are maintaining production capacity at a minimum capacity.** Cattle slaughterhouses have also been significantly affected by recent price fluctuations. Many slaughterhouses have minimized their cattle slaughtering capacity due to decreased demand and price. In addition, the increasing importation of frozen meat has driven prices down, leading traditional customers of slaughterhouses such as canteens, restaurants, and hotels to switch to cheaper imported products. Competition from small-scale slaughterhouses also poses challenges for larger, centralized slaughterhouses, with lax quality control and lower operation costs.

**Government authorities face difficulties in controlling the use of banned substances in livestock farming, especially with imported live cattle.** The use of growth-promoting agents in cattle farming is a major concern for traders, slaughterhouses and consumers. Currently, there is still evidence of livestock farmers using these agents to stimulate animal growth. Additionally, smuggling live cattle across border areas poses risks of using prohibited substances before being imported into Vietnam. This directly affects consumer health and contributes to unhealthy competition with domestic breeding facilities.

## POLICY RECOMMENDATIONS

Vietnam's beef cattle sector is currently facing numerous challenges in maintaining production, increasing productivity and meat quality, ensuring animal feed sources with reasonable price, controlling cattle meat quality of both imported and domestic sources. To sustainably develop the beef and cattle

sector in Vietnam, the government should consider necessary solutions and recommendations, including:

In term of **production**, small-scale household farming requires multifaceted support. This includes advocating for efficient and safe feeding practices, such as utilizing by-products as bio-feed, and encouraging labor-intensive feed mixing methods to

optimize resources. Moreover, there's a pressing need for policies that facilitate access to land funds and capital sources, fostering investment and the expansion of production capacities. Developing integrated supply chains and focusing on deep processing to add value to livestock products are also crucial strategies to enhance competitiveness and profitability. Through agricultural extension and vocational training, farmers are encouraged to enhance their skills and capabilities in applying technology in processing green fodder, controlling nutrition and disease, waste treatment technology, and circular economy models.

Regarding trade dynamics, securing **feed sources** domestically and limiting reliance on imported feed is essential to ensure the sustainability and autonomy of Vietnam's livestock sector. Coherent policies spanning production, market access, and import/export regulations are necessary to ensure the competitiveness of the domestic livestock industry. Strict controls over imports are particularly critical to safeguard local producers from unfair competition and maintain consumer preference for domestically produced meat. By aligning policies across various sectors, Vietnam can foster a conducive environment for the sustainable growth and development of its livestock industry.

By prioritizing **cattle breeds** such as the Sind or Zebu crossbreed, renowned for its premium quality and efficient rearing characteristics, Vietnam can capitalize on its unique genetic resources to enhance production efficiency and product quality.

In terms of **technology** adoption, establishing identification codes for livestock farms is paramount to facilitate source tracing and product tracking along the supply chain. Leveraging information technology and digital transformation tools can streamline management processes and enhance efficiency throughout the production cycle. Additionally, there's a need to promote the adoption of advanced livestock farming technologies to improve productivity and product quality.

Moreover, **attracting investments** in large-scale livestock projects is crucial for sectoral development. However, it's imperative to implement stringent controls over these operations to mitigate environmental pollution and minimize risks associated with disease outbreaks. Furthermore, fostering cooperation, knowledge transfer initiatives and sharing experiences among livestock breeders is essential to enhance technical skills and ensure product quality standards are met consistently.

To control beef and cattle meat products quality, strict **quality control measures** over imported and domestic livestock products are crucial to all stages in the value chain from farming, slaughtering, transporting and distributing. Additionally, ensuring the control of imported products of unknown origin, quality, and low prices is essential for fair competition./.

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