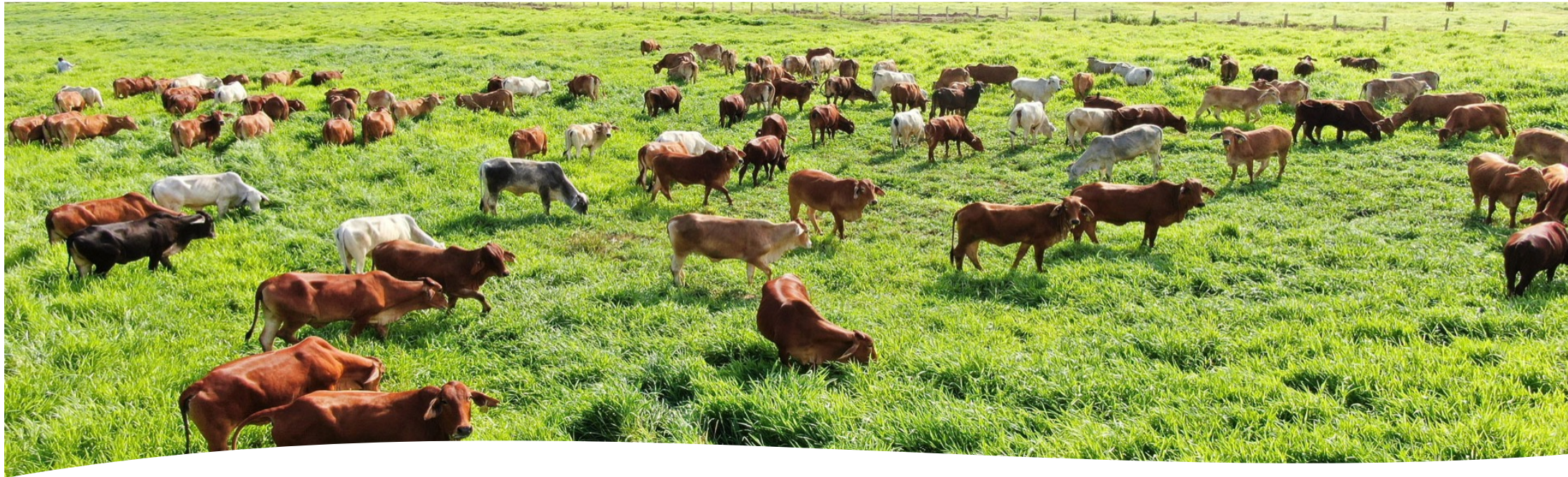


# Trade and consumption trends of beef and cattle products in Vietnam

Present by

 **AGROiNFO**





# Content

- I. Background
- II. Trade trends of beef and cattle products
- III. Affecting factors of trading beef and cattle products
- IV. Conclusion and policy recommendations

# Background

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- ❖ IPSARD conducted a study to investigate rapid transformations in trading patterns and its influenced factors of beef and cattle products in Vietnam and to propose potential policy recommendations for sustainable development of beef and cattle sector in Viet Nam
- ❖ Methodology:
  - Desk review
  - In-depth interviews with key stakeholders
- ❖ Location:
  - North: Ha Noi (experts, abattoirs), Phu Tho, Thai Binh (trader, feed lotters/ livestock breeder)
  - Central + Central Highlands: Gia Lai province
  - South: Ben Tre and Tra Vinh provinces



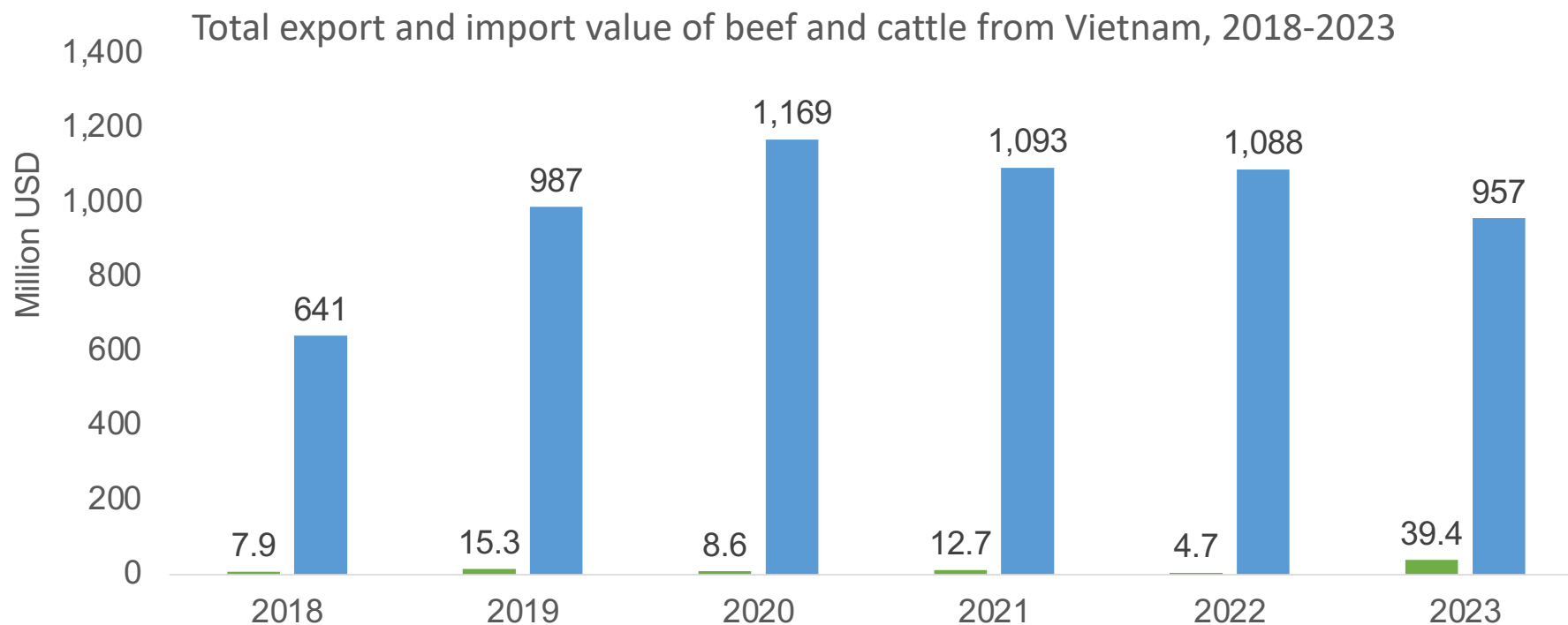


# Trade trends of beef and cattle products

# Trade trends

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During the 2018-2023 period, Viet Nam exported a very small amount of beef and cattle products while import values experienced a significant increase.

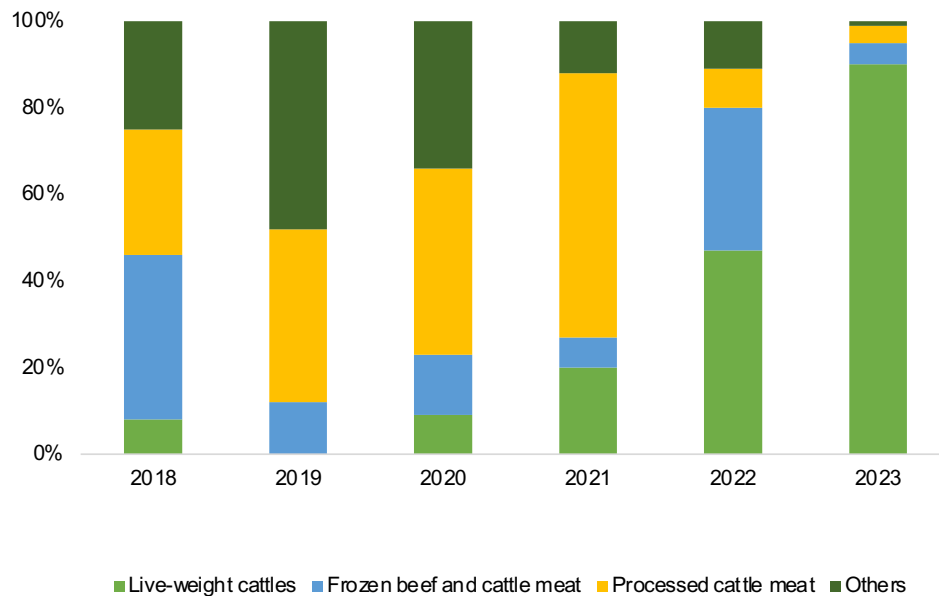


Source: Calculated from Viet Nam Custom's data

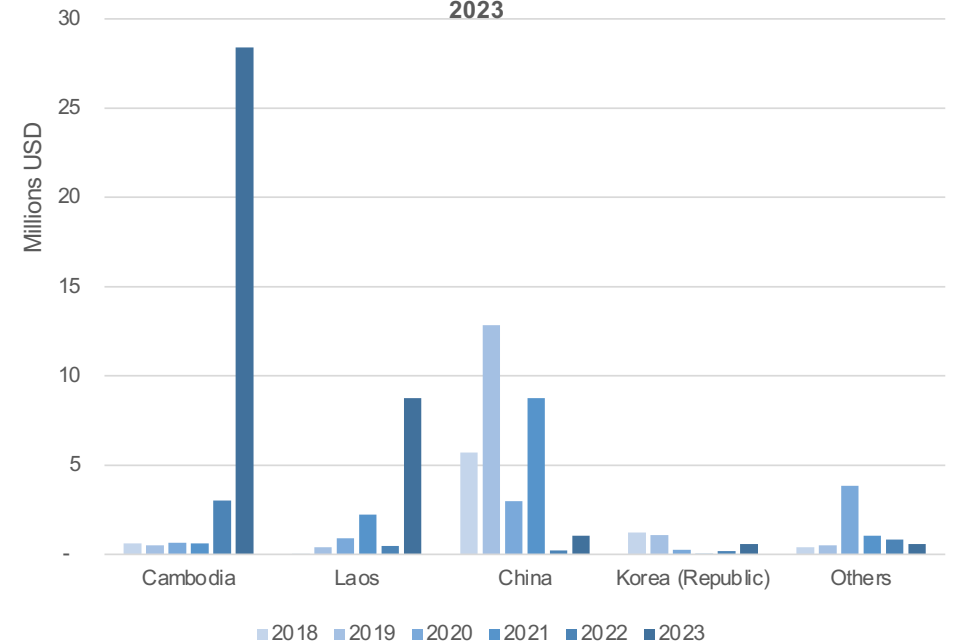
# Export

- The export of beef and cattle products of Vietnam is fluctuating in 2018-2023 period,
- Exporting beef and cattle meat products are decreasing, while the export of live cattle experiences a strong growth, albeit without following a specific pattern.

Main export products of beef and cattle from Vietnam, 2018-2023



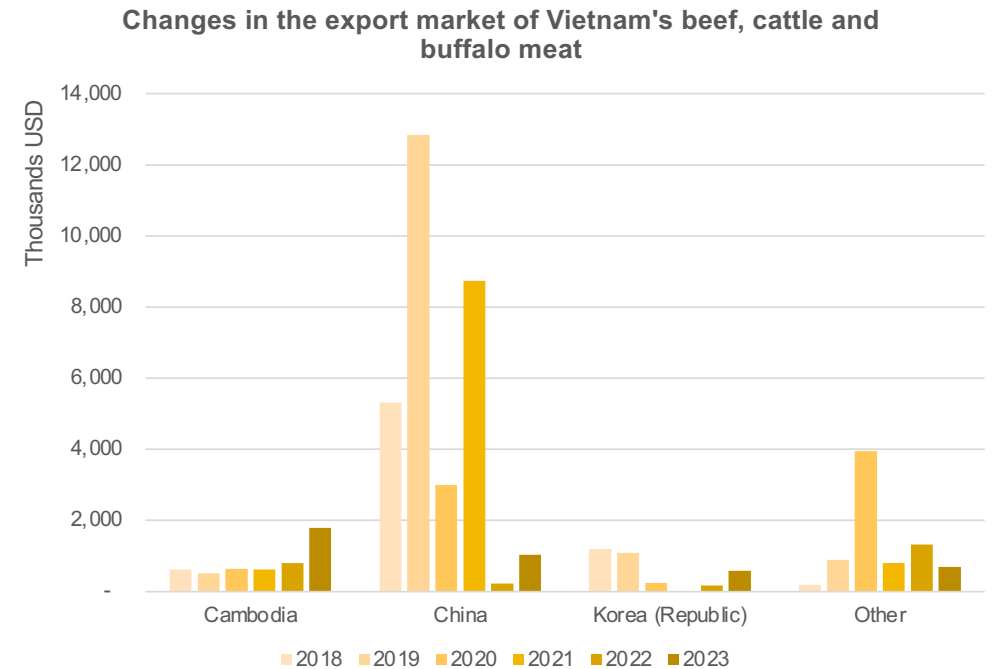
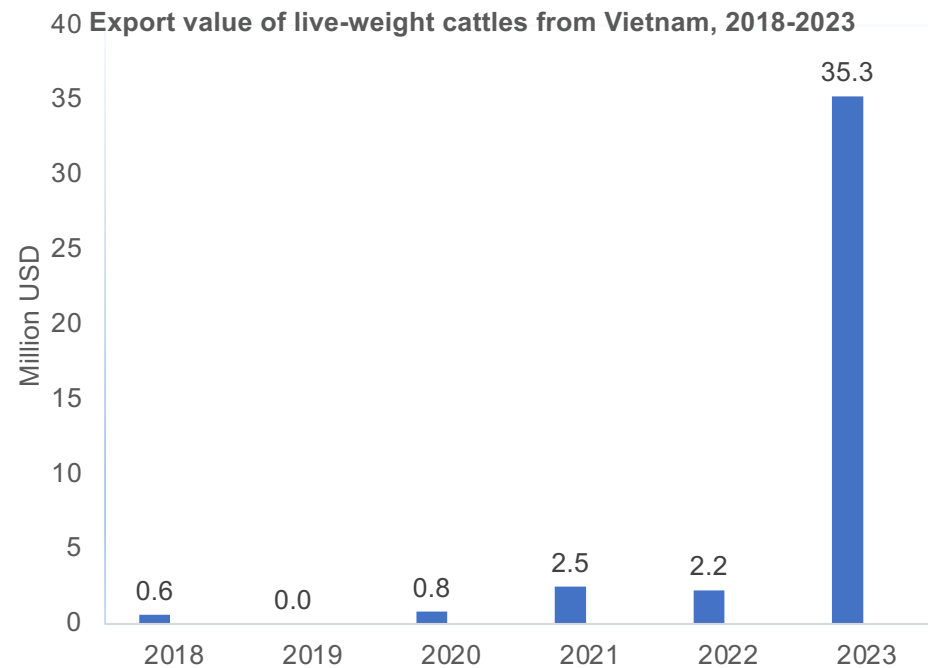
Export value of beef and cattle from Vietnam by market, 2018-2023



Source: Calculated from Viet Nam Custom's data

# Export

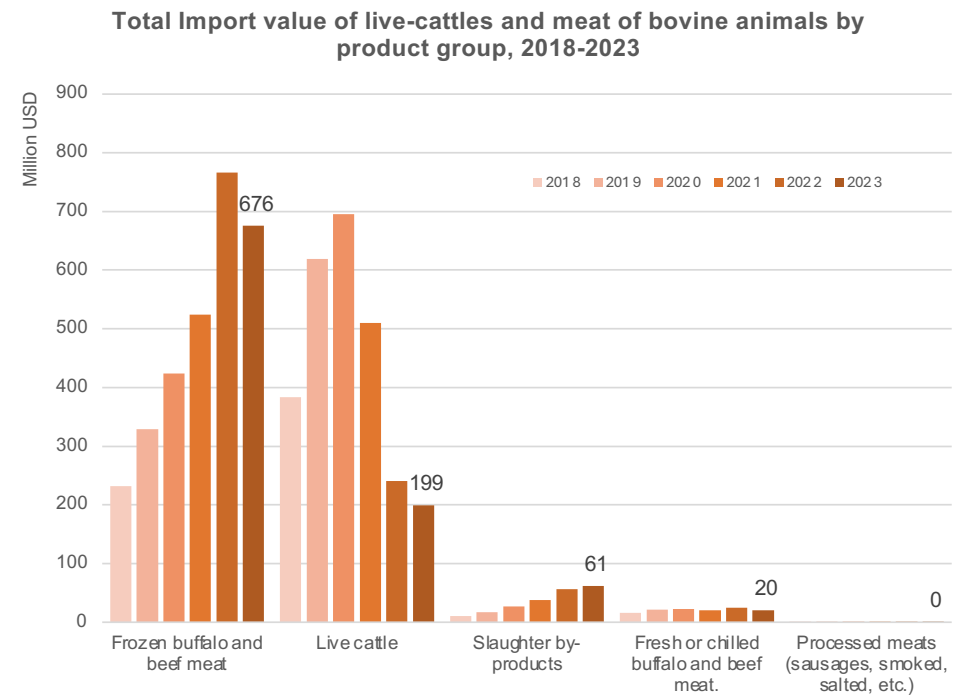
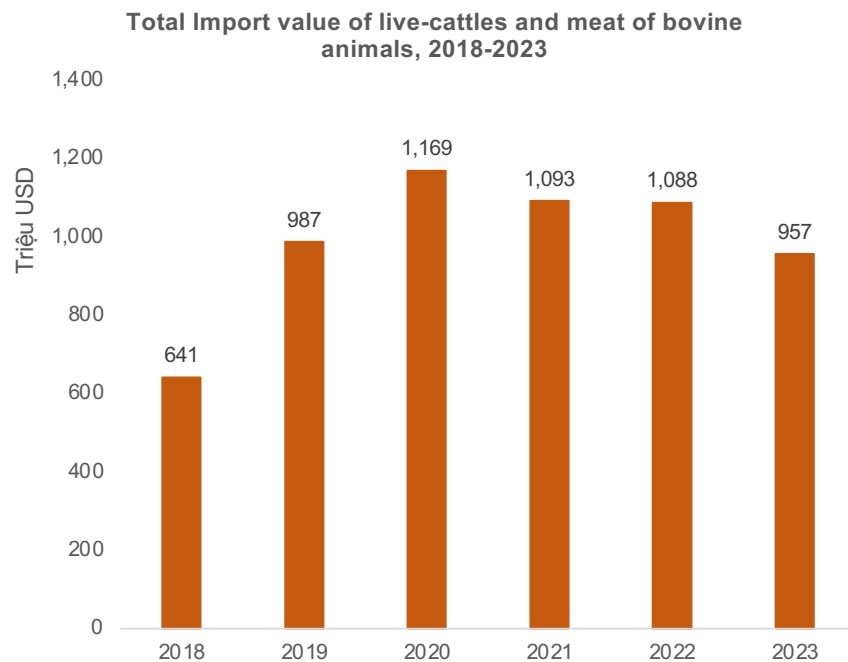
- Export of live cattle has increased dramatically since 2021, driven by a sudden surge in activity from some enterprises (such as Thaco Agri)
- Exporting meat and meat products from buffalo and cattle has decreased.



Source: Calculated from Viet Nam Custom's data

# Import

- Import has shown a slight decrease trend since the Covid-19 pandemic;
- The imported products have seen a significant shift from live cattle to frozen beef and buffalo meat



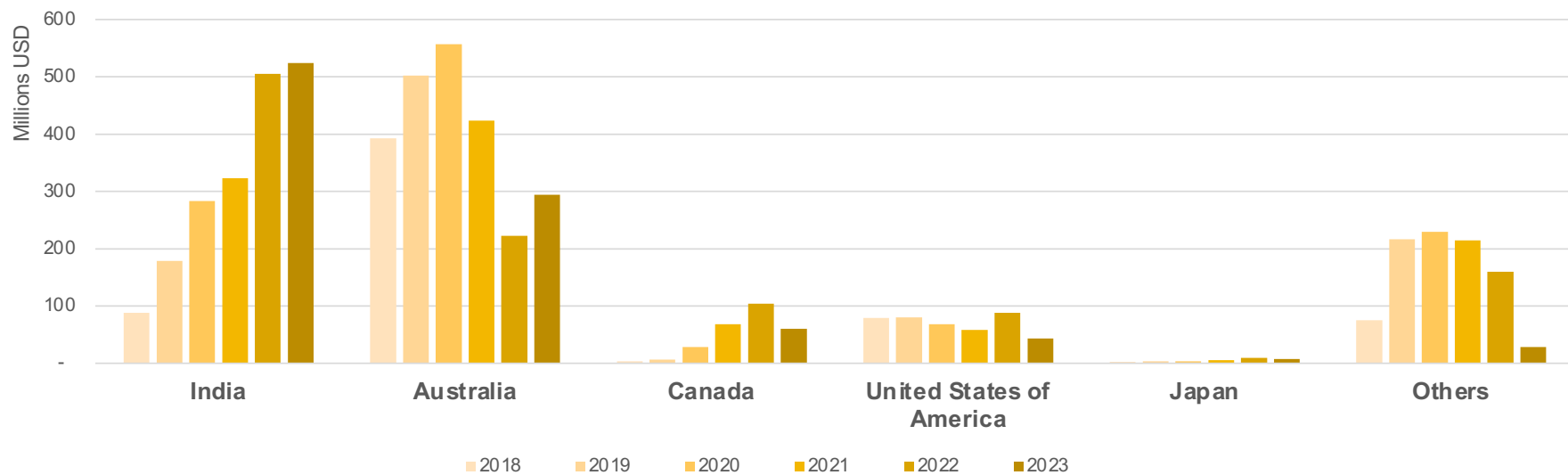
Source: Calculated from Viet Nam Custom's data



# Import

- ✓ Vietnam imports beef and buffalo meat products from 36 markets, mainly from India, Australia, Canada, and the United States
- ✓ India has become the main supplier of frozen beef and buffalo meat while the import value from Australia is decreasing

Vietnam's imported markets for beef and buffalo meat

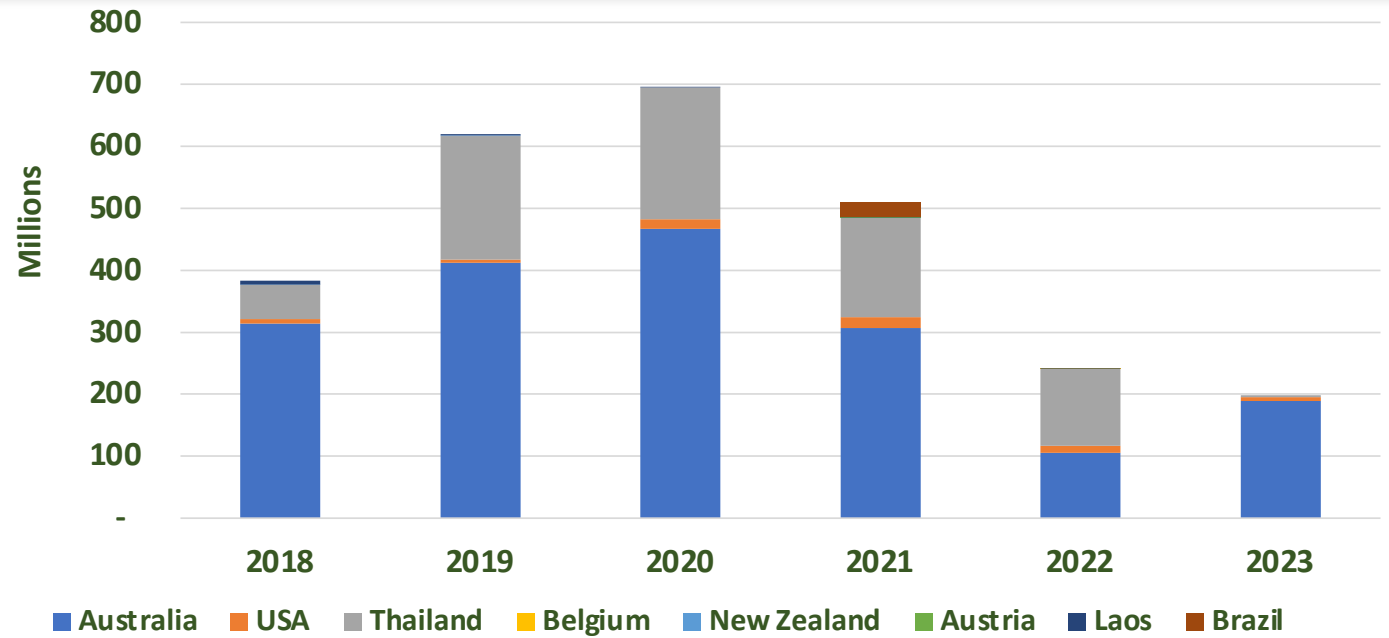


Source: Calculated from Viet Nam Custom's data

# Import

## Import of live-weight cattle by supply countries, 2018-2023

- Importing live cattle tends to decrease
- Main suppliers: Australia (95%), the United States, and Thailand
- Informal imports along the border areas (Laos and Cambodia) are still active, with large quantities involved (field trip result)



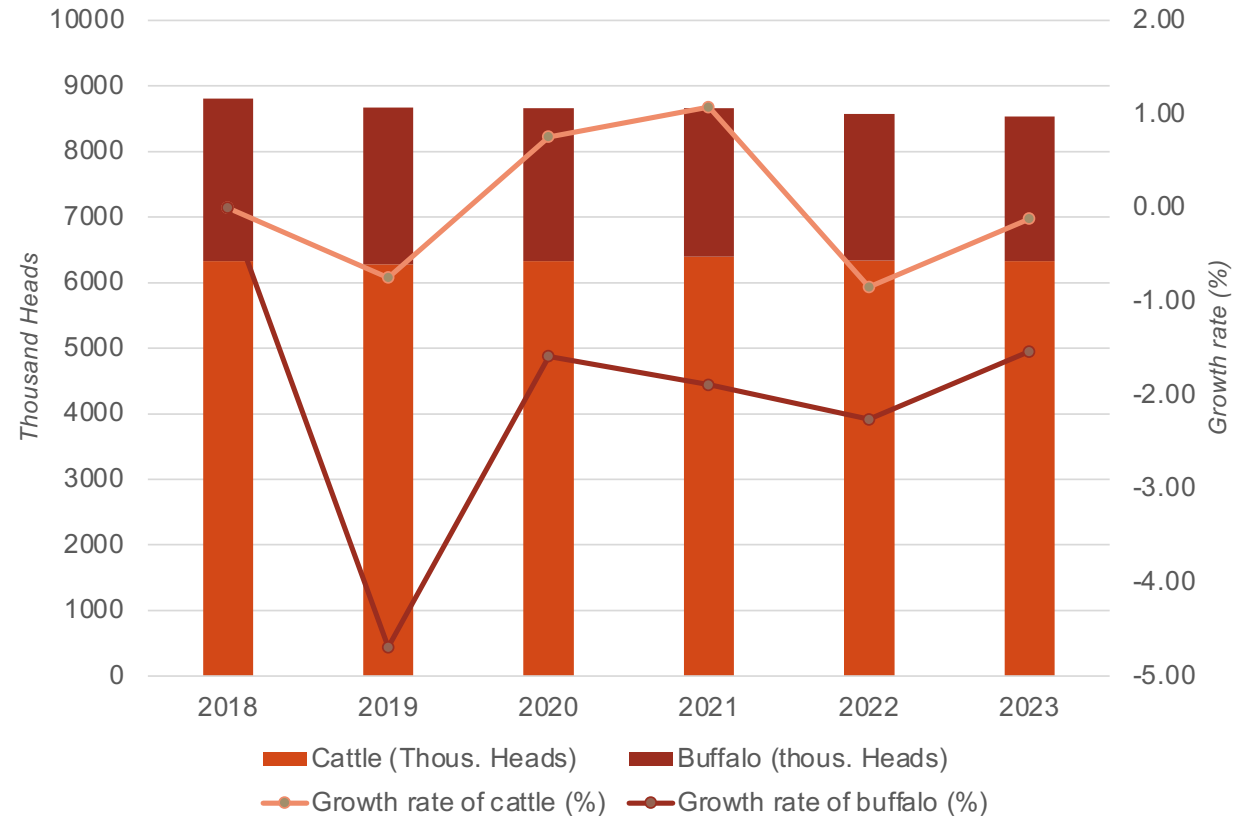
Source: Calculated from Viet Nam Custom's data



**Affecting factors of  
imported beef and  
cattle products**

# Domestic production

- The development of cattle herds has shown a tendency to slow down since COVID-19, from 2018 to 2023:
  - the growth rate of beef cattle herds averaged only **0.02%** per year and increased to 6.33 million head in 2023.
  - the growth rate of buffalo herds averaged **-2.4%** per year, and decreased to 2.2 million head in 2023.
- Meat production of cattle and buffalo accounts for a small proportion compared to pig and poultry meat, accounting for about 7-8% of total live-weight meat

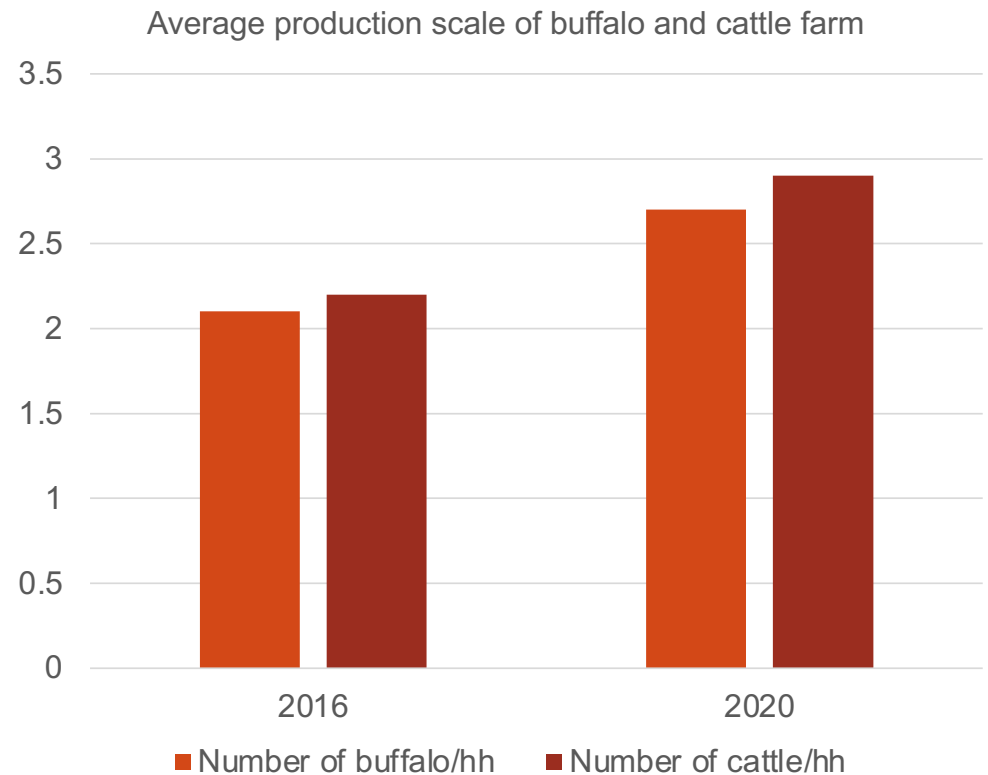


Source: Department of Livestock Production

# Domestic production

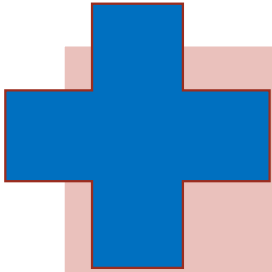
Vietnam is developing large-scale farming operations, but small-scale livestock farming still accounts for a significant proportion

- Small and very small-scale farms account for 60-80%
- The average scale of buffalo and cattle is quite small, 2.7 heads/household in 2016 and 2.9 heads/household in 2020
- Most provinces have small-scale farming within residential area: Less than 10 cattle/buffaloes per household



Source: Agrocensus 2020, GSO

# Domestic production



## Advantages

- Vietnam's landscape includes plains, hills, and mountains → suitable environments for beef cattle farming across different regions
- The country experiences both tropical and temperate climates → allows for year-round cattle farming in different parts of the country
- **Rich Natural Food Sources:**
  - Abundant grasslands offer natural grazing areas for cattle
  - Fertile plains are ideal for growing cattle feed crops like grass, corn, and other forages
  - Regions cultivating rice and sugarcane generate by-products that can be used as cattle feed

## Challenges

- Industrialization has led to a decrease in available grazing lands
- Conversion of agricultural land to more profitable crops reduces areas for cattle grazing
- Limited availability of green fodder strains cattle nutrition and growth
- Farmers struggle to find sufficient natural feed resources
- Rising costs of commercial livestock feed and agricultural by-products
- Financial strain affects the sustainability of small-scale and household farms
- Larger operations also face challenges in maintaining profitability with rising input costs

**Vietnam has advantages of developing cattle production, but it faces challenges in developing large-scale farms**

# Domestic production

*The quality of domestic breeds is being enhanced to compete with imported cattle breed*

The proportion of crossbred cattle in Vietnam has risen to about 66.8% of the total cattle population in 2022.

Many new cattle breeds, such as Droughtmaster, Brahman, Blanc Bleu Belge (BBB), Angus, and Charolais with rapid growth, substantial meat output, and superior quality

Several breeding improvement programs have been initiated to enhance cattle quality and productivity:

- Foundational Livestock Breeding Program (late 20th century-present): Focuses on establishing and improving foundational breeds to enhance growth rate, meat quality, and disease resistance.
- Sindization Program (late 1960s-1970s): Promotes the Sind breed, known for its adaptability to tropical climates and high productivity, through selective breeding and distribution.
- Beef Cattle Crossbreeding Program (late 1970s-present): Enhances meat quality and productivity by crossbreeding indigenous cattle with high-quality beef breeds.
- Yellow Cattle Improvement Program (1970s-present): Improves the genetic traits of the indigenous Yellow Cattle breed, focusing on both milk and meat production and disease resistance.
- Cattle Improvement Program for Increased Productivity and Quality (early 21st century-present): Utilizes advanced breeding techniques to achieve desired genetic improvements.



# Domestic production

- The application of technology in livestock farming and slaughtering processes remains predominantly limited

The application of technology in farming and slaughtering processes remains predominantly limited to large-scale enterprises in Vietnam

Smaller-scale livestock farmers continue to face numerous constraints in adopting technological advancements

Advanced technologies such as artificial insemination and the use of sex-sorted semen have been implemented in cattle farming

Medium and large-scale cattle farming have adopted advancements in breeds, feed, and barns to mitigate heat stress, including shade structures, automatic misting systems, and temperature-controlled cooling

Vietnam has also implemented advanced breeding technologies, including sex-sorted semen, with a female calf birth rate reaching 87-92% of the supplier's recommended rate.





# Domestic consumption

Vietnam presents a promising market for high value meat products, including beef and buffalo meat products

- In 2018, beef consumption in Vietnam stood at 3.15 kilograms per capita (DLP). Over the years, this figure has seen steady growth, with an annual increase rate of 5%/year.
- By 2022, the estimated beef consumption per capita has risen to approximately 3.83 kilograms per year, indicating a consistent upward trend in demand for beef products.

FAO estimates that Vietnam will continue to experience robust growth in beef consumption.

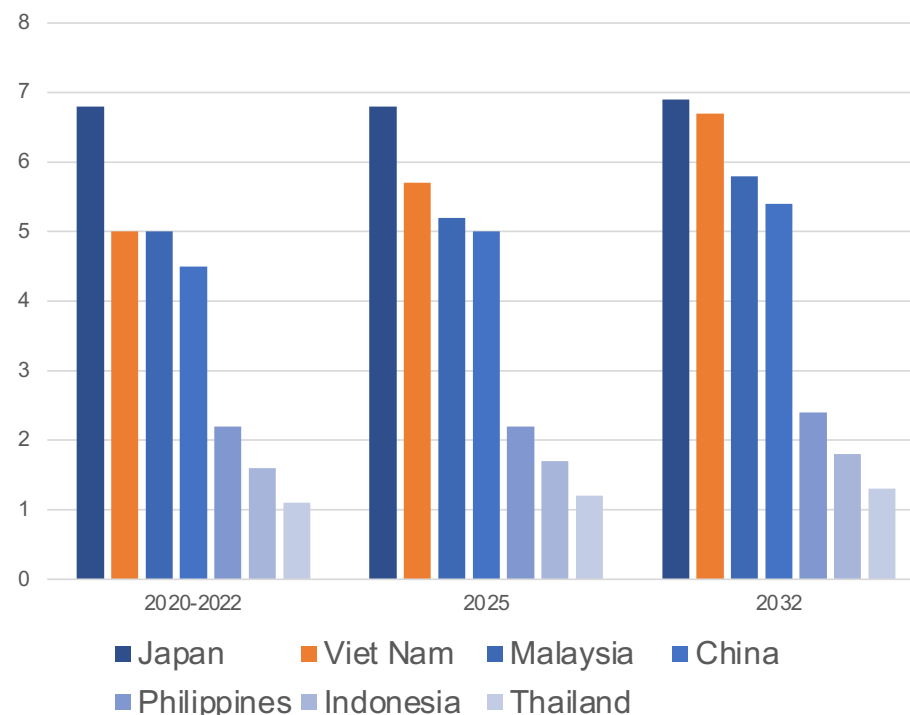
- The forecast suggests an annual growth rate of 2.34% during the period from 2023 to 2032, making it the fastest-growing beef market in the Southeast Asia region.

Abattoirs and dealers claim that Vietnam's demand for beef consumption has dropped dramatically due to economic reduction and ban on using alcohol while driving

Vietnamese consumers are gradually changing from “hot meat” to “cool meat”, especially in big cities

Chilled and frozen imported meat is mainly consumed in restaurants, canteens in industrial zones and schools

Beef and veal consumption per capita in selected countries (kg/capita/year)



Source: OECD-FAO Agricultural Outlook (Edition 2023)

# Changes in trade policy

## Vietnamese producers face high competition from importers due to tariff reduction path of FTAs

- Import tax on live cattle currently range from 0-5%
- Post-slaughter meat products still face Most Favored Nation (MFN) tariff rates ranging from 8-35% for WTO members
- → high-quality chilled and frozen meat products at competitive prices will find it easier to enter the Vietnamese market
- → intensify competition for domestic products, posing a greater challenge for local producers

## China's tightened trade requirements has led to a redirection of temporarily imported products towards consumption in Vietnam.

- Since 2018, especially after Covid-19, China has been advocating for enhanced quality management of imported goods, intensifying efforts to combat smuggling, and formalizing cross-border trade activities
- → led to a sharp decline in the export (and re-export) of cattle products from Vietnam to China

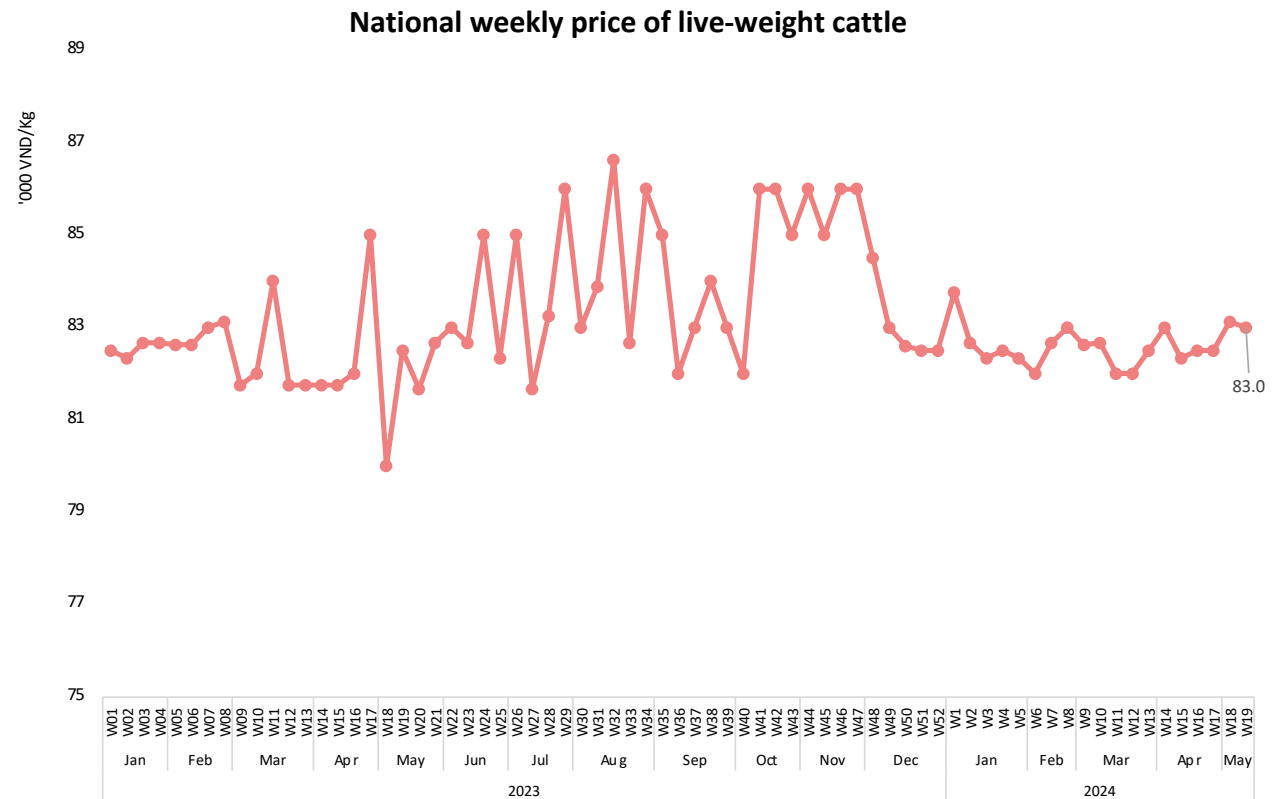
## Standards for exporting live animals make Australia less competitive in Vietnamese market

- 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
- the investment costs for slaughtering Australian cattle are higher than smaller local slaughterhouses
- → Australian live cattle faces considerable price competition with imported frozen meat products;

# 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 have discouraged farmers from expanding their herds or replenishing their stocks
- → Traders find it challenging to purchase cattle from small-scale farmers, with numbers remaining at only 30-40% compared to before.



Source: MARC, and Compiled from local traders' data

# Behavior changes of key actors in cattle supply chain



Small-scale farmers sell their products to small slaughterhouse and slaughter their own beef cattle to maximize profits



Beef feedlots are maintaining their scale at a moderate level and seeking new cattle breeds from imported sources



Slaughterhouses are maintaining production capacity at a minimum capacity

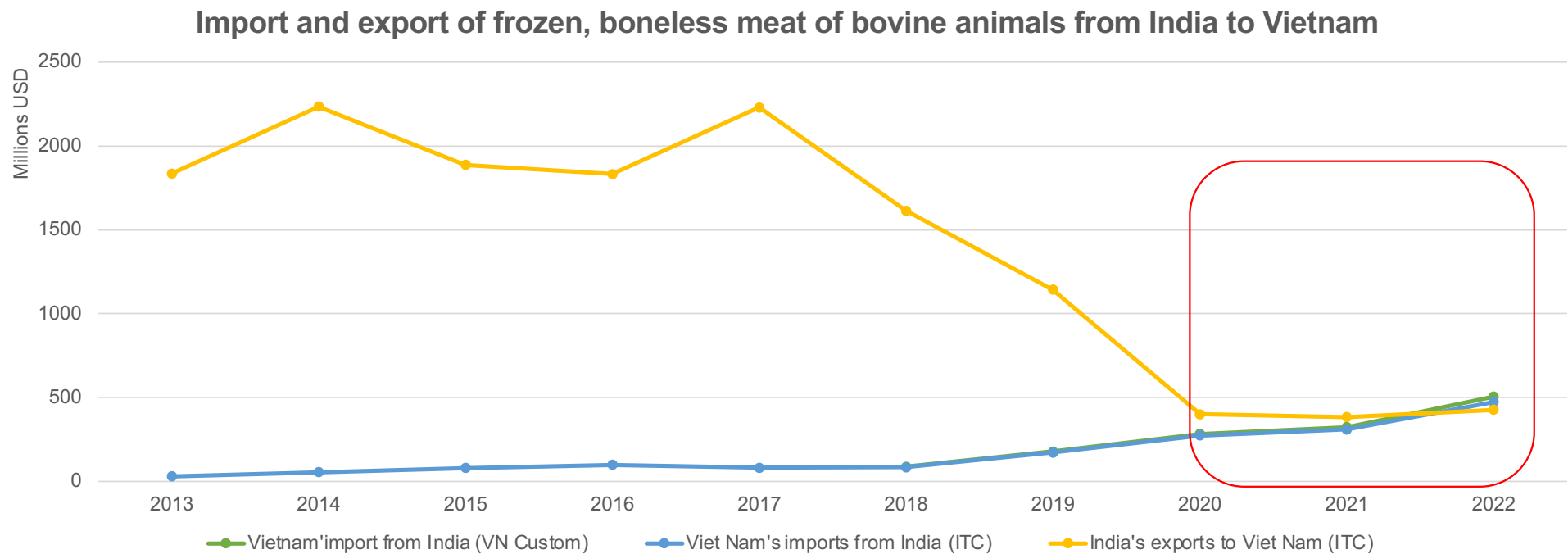
# Behavior changes of key actors in cattle supply chain

- ❖ Government authorities face difficulties in **controlling the use of banned substances** in cattle farming and imported live cattle
  - livestock farmers still use growth-promoting agents to stimulate animal growth
  - the smuggling of live cattle across border areas also poses many risks such as disease, using prohibited substances
  - breeding cattle may be exposed to growth-promoting agents before being imported into Vietnam, making it difficult to detect which animals have been subjected to these substances
- ❖ **Traders in border areas are increasing imports of breed cattle**
  - there is currently an increasing demand for imported breeding cattle to serve the needs of reestablishing breeding farms



## Behavior changes of key actors in cattle supply chain

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



Source: Calculated from Viet Nam Custom's data and Trademap-ITC (4/2024)

A herd of brown cows is grazing in a lush green field. In the background, there is a dense line of trees and a range of mountains under a clear sky. The text "CONCLUSION AND POLICY RECOMMENDATIONS" is overlaid in the center of the image.

# CONCLUSION AND POLICY RECOMMENDATIONS

# Conclusion

## Trade Trends

- Vietnam's beef and cattle meat market remains largely reliant on imports, while exports account for a small proportion
- The imported products have seen a significant shift from live cattle to frozen beef and buffalo meat

## Production Challenges:

- Showing a slight decrease in herds
- Dominating by small-scale farms
- Favorable conditions for farming but facing challenging diminishing grazing areas and agricultural land, reducing cattle price

## Changing Consumption Patterns:

- Vietnam is potential market for beef and cattle products
- Consumers are gradually changing from “hot meat” to “cool meat”
- Acceptance of frozen and chilled meat as substitutes for fresh meat is increasing.

## Behavioral Changes of key Actors:

- Farmers are reducing production scale due to low prices, while small-scale farmers are slaughtering cattle themselves or selling to smaller slaughterhouses for higher profits.
- Feedlots and slaughterhouses maintain moderate scales and seek new cattle breeds from neighboring countries

## Competition and Regulatory Challenges:

- Increased imports of frozen cattle meat intensify competition with domestic meat, especially amid market-opening pathways under Vietnamese FTA commitments.
- Government authorities face difficulties in controlling banned substances in beef and cattle meat products, particularly with imported live cattle.



# Policy recommendation

## Production Enhancement:

- Support for small-scale farms, including efficient and safe feeding practices, access to land funds and financial sources
- Develop integrated supply chains and focus on deep processing to add value to livestock products, enhancing competitiveness and profitability
- Promote vocational training to empower farmers with skills in applying technology for green fodder processing and waste treatment
- Improve domestic cattle breeds, such as the Sind crossbreed, to enhance production efficiency, productivity and meat quality

## Trade Management:

- Secure domestic feed sources to ensure sustainability and autonomy, minimizing reliance on imported feed
- Implement coherent policies across production, market access, and import/export regulations to safeguard local producers from unfair competition.
- Enhancing management measures of border trade for live cattle

## Technology Adoption:

- Establish identification codes for livestock farms to facilitate source tracing and product tracking along the supply chain
- Promote the adoption of advanced livestock farming technologies among producers to improve productivity and product quality
- Attract investments in large-scale farm projects with effective measures to mitigate environmental pollution and disease risks

## Quality Control Measures:

- Enforce strict quality control measures over imported and domestic livestock products at all stages of the value chain.
- Ensuring the control of imported products of unknown origin, quality, and low prices is essential for fair competition.
- Enhancing quarantine measures at slaughterhouses to ensure meat quality before going to market

# MAINTAINING THE MARKET INFORMATION SYSTEM

## Weekly market facesheet

- Price fluctuations (raw meat, carcass meat)
- Updated retail prices at major supermarkets for domestic and imported beef.

## Bi-weekly newsletter

- Price fluctuations
- Production and trade situation
- Domestic and international news related to beef and cattle markets



**BI-WEEKLY BULLETIN ON BEEF AND CATTLE MARKET IN VIETNAM**

**Volume: May-2024 (29/4 - 10/5)**

Prepared by: **AGRO INFO**

This activity received grant funding from the Department of Foreign Affairs and Trade under the Australia-Vietnam Enhanced Economic Engagement Grant Program.


Australian Government Department of Foreign Affairs and Trade



# VIET NAM'S BEEF MARKET MONTHLY REPORT

April 2024



 Australian Government  
Department of Foreign Affairs and Trade

This activity received grant funding from the Department of Foreign Affairs and Trade under the Australia-Vietnam Enhanced Economic Engagement Grant Program

Prepared by: 

## MAINTAINING THE MARKET INFORMATION SYSTEM

### Monthly report:


- Import and export situation
- Price fluctuations
- Production and trade situation
- Domestic and international news related to beef and cattle markets



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**THANK YOU FOR YOUR ATTENTION!**

