

Purpose: *To examine the market for beef and lamb in Vietnam*

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The Market for Beef and Lamb in Vietnam

1.0 Beef

1.1 Beef is a relatively niche meat in Vietnam, accounting for around 13% of the country's meat consumption in 2020 according to the OECD-FAO Agricultural Outlook 2021-30 dataset. Going forward, this consumption share is projected to fall further to 12% in 2030. However, in per capita terms, consumption is set to rise; from 4.9kg in 2020 up to 6kg in 2030.

1.2 Perhaps unsurprisingly given its niche position in the meat market, the price local farmers are paid for beef is around three times higher than for chicken and twice the price of pork, highlighting the place of beef as a premium protein in Vietnam.

1.3 Despite a projected fall in the share of total meat consumption for beef from 2020-30, the actual level of consumption grew by 16% in the decade to 2020 and is projected to jump by another 31% between 2020 and 2030. While local production is also expected to grow by nearly 20% between 2020 and 2030, imports are projected to surge by 52%. At an estimated 361,500t in 2030, imports would account for nearly 41% of consumption, up from 35% in 2020.

1.4 While farmgate beef prices are lower than in Scotland, they are projected to rise over the next decade, from around the equivalent of £3.70/kg to £4.60/kg (at constant exchange rates), reflecting strong demand growth as the country continues to develop economically.

2.0 Lamb

2.1 Lamb is even more of a niche protein than beef in Vietnam, accounting for only 0.4% of total meat consumption in 2020 according to the OECD-FAO Agricultural Outlook. At this level, per capita consumption works out at just 0.19kg.

2.2 However, like beef, lamb consumption is set to grow over the next decade in line with the country's economic development and subsequent rise in protein requirements. Consumption is projected to rise by 42.5% between 2020 and 2030. While imports are projected to climb faster than local production over the decade (+62%), it should be noted that they are set to remain limited, at only 3% of consumption and 950t.

2.3 Nevertheless, like beef, the niche position of lamb raises its value and local farmgate prices are modelled to rise even more strongly than for beef, from around £3.70/kg in 2020 to £5.40/kg in 2030.

3.0 Consumer Market

3.1 While Vietnam is a less economically developed country, its economy grew rapidly in the years leading up to the pandemic as its annual GDP growth rate averaged 6.8% from 2015-2019 according to World Bank data¹. According to the IMF World Economic Outlook, this trend is set to return in the coming years. Vietnam's economy is projected to almost double from 2019 levels by 2026 (+92%), while GDP per capita is set to surge by 81% to nearly \$6,150 in 2026.

3.2 Meanwhile, its high population level of just under 96.5m in 2019 is expected to rise by another 6.2% by 2026, reaching 102.5m. At this level of population, it indicates that even if a very small share of the population are earning high enough incomes to afford premium PGI beef and lamb from Scotland, it is still likely to be a significant number of people. Indeed, the USDA's Exporter Guide from 2021 highlights that 20% of the population have already reached 'middle class' status and this share is projected to climb to 26% in 2026. Furthermore, it highlights "rapid development of food service and modern retail food sectors"², while rising international tourism in the last decade has led to significant investment in the high-end hotel sector³.

3.3 This economic development trend is highlighted by the USDA as presenting opportunities for growth in food imports, especially when placed alongside food safety concerns which lead to demand for trusted products from overseas. It is separately reported by the USDA that QR codes are being used on retail packaging to highlight traceability credentials⁴.

3.4 Premium imports are therefore likely to find a home in high-end foodservice and retail channels and the guaranteed quality and traceability offered by the whole of chain assurance schemes underpinning Scotch Beef and Scotch Lamb PGI make them suitable for Vietnam.

3.5 Looking forward, demand for high value foods is expected to rebound strongly in the coming years after a short-term blip caused by economic disruption related to covid-19.

4. Barriers to entry

4.1 While Vietnam appears to present significant opportunities for premium PGI beef and lamb, the USDA highlights that significant market access barriers need to be negotiated. Once a country has been approved for exporting to Vietnam and specific processing sites have received their approval, the barriers will unsurprisingly include export health certificates, but there are additional rules such as a requirement for labelling in the local language. One challenge is that customs authorities are said to be very strict in applying the rules.

¹ <https://databank.worldbank.org/source/world-development-indicators#>

² <https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Exporter%20Guide%20Hanoi%20Vietnam%2012-31-2021>

³ <https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Food%20Service%20-%20Hotel%20Restaurant%20Institutional%20Hanoi%20Vietnam%2009-30-2021>

⁴ <https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Vietnam%20Livestock%20Market%20Update%20Hanoi%20Vietnam%2012-13-2021>

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4.2 However, the USDA also highlight that most imports destined for the foodservice sector will enter the market via local distributors and wholesalers who are well versed in dealing with complex import processes and requirements. Therefore, working with an experienced local partner would be likely to make it easier for exporters.