



# MARKET BRIEF

## VIETNAM

### Global Exports to Vietnam 2018-19

- Rank at #10 in the global dairy market (by volume).
- Destination for almost 364 thousand tonnes of dairy product, worth US\$848.3 million (July 2018 to June 2019).
- Exports to Vietnam has increased by 38.2% over five years.
- The biggest volume growth (product categories exceeding US\$20 million) has been in: Ice Cream (156%), Lactose (110%), Cheese (100%), Protein (52%) and Infant Powder (40%).
- The biggest volume decline (product categories exceeding US\$20 million) has been in: Butter Oil (-7%).

### Australian Market Share in 2018-19

- Rank at #4 in the share of Vietnam import volume.
- Destination for almost 25 thousand tonnes of Australian dairy product, worth US\$42.7 million (July 2018 to June 2019).
- Exports to Vietnam have increased by 216.7% over five years.
- The biggest volume growth (product categories exceeding US\$1 million) has been in: SMP (276%), Milk (245%), Cheese (221%) and Infant Powder (96%).

### Market developments

Vietnam is one of Southeast Asia's fastest growing economies and has transformed from one of the world's poorest countries to a lower middle-income country. Over the past three decades this economic growth has led to rising GDP per capita and a growing middle class. This has boosted dairy consumption and seen dairy exports to Vietnam grow 38.2% over the past five years.

Dairy is widely considered to be nutritional and essential food however, the high retail price compared to average incomes, poses some limitations on expansion. Currently it is estimated that dairy products account for 10% of total food expenditure in Vietnam. Despite this, dairy consumption is relatively strong compared to other developing countries with sales of dairy in rural regions growing faster than in cities.

The domestic dairy industry is increasing however it struggles to fulfil demand for milk locally. Current estimates suggest the local industry provides about 40% of the milk required, with imports accounting for the balance. Most milk is sold as reconstituted product, but there is a push for more fresh milk as consumers become increasingly health conscious.

Cheese and cream cheese have increased in popularity in Vietnam over the last year. Cheese has not traditionally been part of the local diet. However, the growing prevalence of Western-style foods, both street-food and food service outlets, has led to it being incorporated into traditional foods. It is food items such as seafood with cheese flavour and sweet potato sticks with cheese condiments, that currently drive demand. Despite growing consumer interest, the knowledge of varieties of products and brands is still limited, and spreadable processed cheese remains the most popular variety.

The functional benefits of yoghurt appeal to health-conscious consumers in Vietnam. The belief that yoghurt acts as a source of nutrition, contributes to external beauty and aids digestion is driving demand. Yoghurt retailed with additional functional benefits, such as 'increased body resistance' and 'helpful bacteria for digestion' are anticipated to further increase sales in coming years.

### Tariff environment

Australia and Vietnam are both party to the multilateral ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA). Entry came into force in January 2010, with a reduction in tariffs for selected dairy products, and with all tariffs (except liquid yoghurt and dairy spreads) scheduled to be removed by 2020. Australia and Vietnam are also signatories of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Entry came into force on 30 December 2018 for Australia and on 14 January 2019 for Vietnam. A schedule of Vietnam tariffs can be found in Figure 7.

## Key international marketing programs and initiatives

Dairy Australia runs or is involved in a number of marketing programs and activities in Vietnam. These include the South East Asia Dairy Scholarship program aimed at familiarising dairy and food industry professionals from the region with aspects of the Australian dairy industry and the South East Asian Alumni Program for past scholars. Dairy Australia regularly visits Vietnam and presents seminars to local industry players in key markets.

Figure 1 Dairy Imports

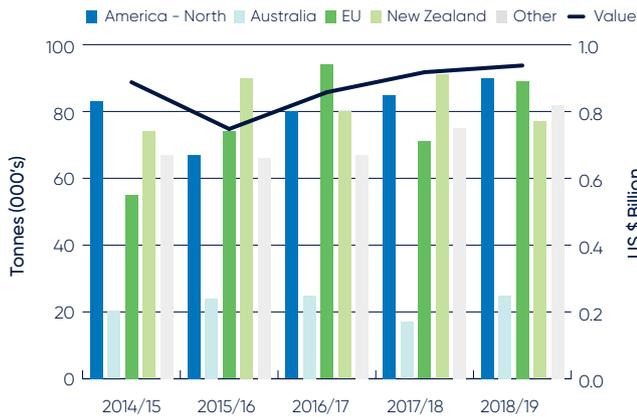


Figure 6 Australian exports

Product group	Market Share (USD)		Volume (1000 of tonnes)		Value (Million USD)	
	2014-15	2018-19	2014-15	2018-19	2014-15	2018-19
Cheese	8.7	13.6	0.4	1.1	1.9	4.9
Ice Cream	4.5	3.4	0.2	0.3	0.5	0.7
Milk	23.3	41.2	4.5	10.3	6.0	9.7
SMP	14.9	12.0	11.0	12.1	30.1	24.0
Whey Powder	0.2	0.8	0.0	0.3	0.1	0.4
Total Imports	6.2	5.0	19.6	24.8	49.7	42.7

Figure 7 Dairy tariffs

Tariff category	Product category	Applied tariff %
0401	Milk and cream, not concentrated nor containing added sugar or other sweetening matter	0
0402	Milk and cream, concentrated or containing added sugar or other sweetening matter	0
0404	Whey	0
0406	Cheese and curd	0-3

Figure 2 Top dairy imports by volume

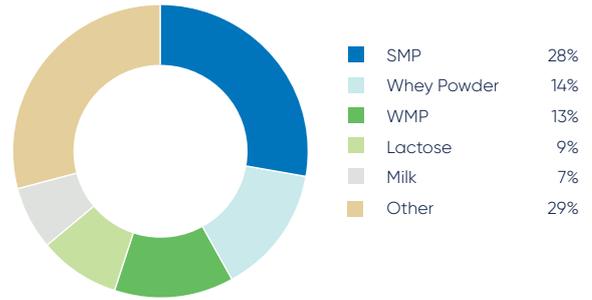


Figure 3 Top dairy imports by USD value

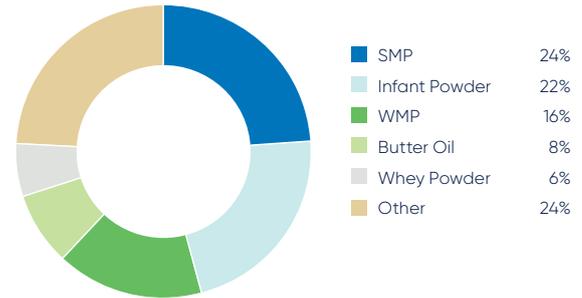


Figure 4 Top Australian dairy exports by volume

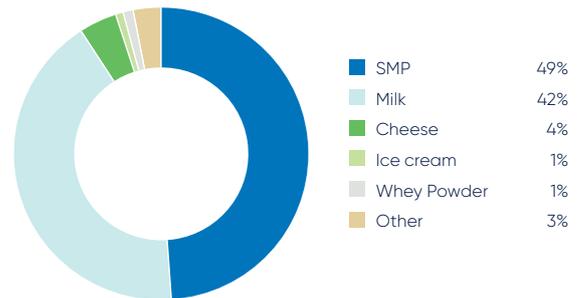
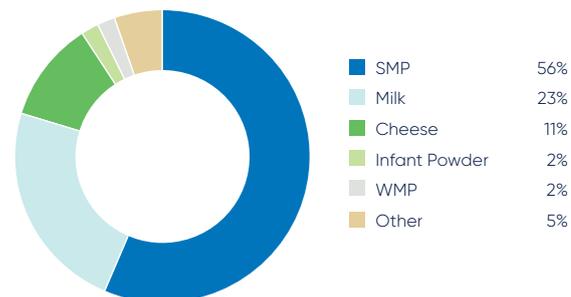


Figure 5 Top Australian dairy exports by USD value



### FOR FURTHER INFORMATION

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