

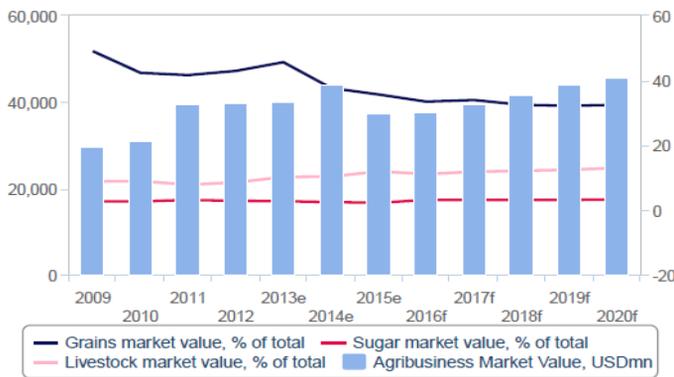


# VIETNAM AGRITECH SECTOR



## Agribusiness Market Value

BMI Market Value By Commodity (2009-2020)



### Dairy

The dairy market is expected to double in size in 2020 compared with the figure of 2015, reaching £6.1 billion. The market recorded a recovery of growth rate at 10.5% in 2017, driven by expansion of powdered milk and other dairy products.

Local production remains a small portion of domestic demand, reaching a self-sufficiency level of 27%. Yet Vietnam still relies on import of raw materials due to limited local capacity. Growth is expected to continue with increasing health awareness and population.

### Value chain

Sustainable agriculture and agri-value chain development are strategic priorities in coming years.

Ambition of becoming a producer of high quality processed agricultural products that are up to international standards will create a need for improvements throughout all parts of the supply chains – in particular optimising agricultural practices and improving effectiveness and inputs.

### Potentials and Incentives

Many traditional conglomerates in Vietnam have shifted to activities in the agricultural sector, e.g. VinGroup, THACO, FPT, FLC. This creates a huge demand for agriculture-related consultancy from experienced foreign players to design projects in the country. Apart from that, knowledge and technology in the field of smart agricultural planning will be of importance, with the attention for ways to develop safe and traceable value chains with decreased losses.

Forms of cooperation among farmers, farmers contracting with enterprises are seen as an increasing and favourable trend.

### Highlights

- Agriculture accounts for around 16.5% of Vietnam's GDP and leads all exports with nearly £40 bil (2018), a y-o-y increase of 11.36%, ranking 15<sup>th</sup> in the world with 10 products having export values over £760 mil pa.
- At the same time the agro-industry's share is expected to grow to £38 billion by 2020 and remains a significant market for outside players.
- Till present, FDI registered in fisheries reached £237 mil. with 70 projects.

### Promising subsectors

#### Feed and Animal Breeding

Vietnam is among the most significant contributors to the expected 10% global growth in all types of meat import demands. With a value of £13.5 billion, Vietnam is the 3<sup>rd</sup> largest market for meat in Asia.

Việt Nam's import value for animal feed and materials (wheat, corn, soybean, fat & oil) for producing animal feed stood at nearly £2.5 bil. in 2018 with the establishment of at least 3 large animal feed factories. Domestically produced animal feed only represents around 35-40% of the country's total demand. It is predicted that Vietnam animal feed market could value £8 bil in 2020.

### Contact

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