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Livestock and Products

Annual

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Report Highlights:

Poultry production in Vietnam has stabilized and shown modest increases over the past year as the Avian Influenza situation in the country has improved significantly. This and FMD outbreaks have moderated the very strong growth in pork production of recent years. Overall consumption of meat and dairy products will continue to grow strongly as prospects for Vietnam's development remain positive, creating opportunities for imports particularly of dairy and beef.

Includes PSD Changes: Yes

Includes Trade Matrix: Yes

Annual Report

Hanoi [VM1]

[VM]

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TOTAL LIVESTOCK SECTOR

The government reported that the value of Vietnam's livestock production in 2005 occupied 25% of the total value of Vietnam's agricultural production. The government expects the country will raise the proportion of livestock to 30% by 2010 and 35% by 2015.

The value of Vietnam's total livestock in 2005 grew 11.6% while the total agricultural sector increased only by 3.2% (see table 1). This was significantly higher than in 2004 because of increased swine and beef production and stabilization of the poultry number after the drop of 2004. In 2005, total meat production (live weight) increased by 12.3%, of which pork increased 13.7%, beef by 18.7%, buffalo by 4%, and poultry meat by 1.74%. Poultry egg production increased by 1% compared with the year before.

Table 1: Vietnam's livestock sector annual growth rate

Year	Total Ag Sector	Crop Production	Livestock
2000	5.4	5.2	6.7
2001	2.6	2.3	4.2
2002	6.2	5.5	9.9
2003	4.2	3.2	8.2
2004	4.2	4.7	2.3
2005	3.2	1.3	11.6

Source: General Statistical Office (GSO)

Vietnam's 2006 animal meat production is expected to reach 3,028 thousand metric tons (TMT) live weight, about 7% higher than 2005's production (see table 2). Currently, pork still plays by far the dominant role at 81% of total livestock production. The share of poultry meat is about 11.5% and all other kinds of meat including beef, buffalo, and goat meat occupy only 7.5%. In terms of relative proportion of different meats in livestock production, post sees no big change in the next two years.

Table 2: Vietnam - Key Livestock Components - 2004-2007

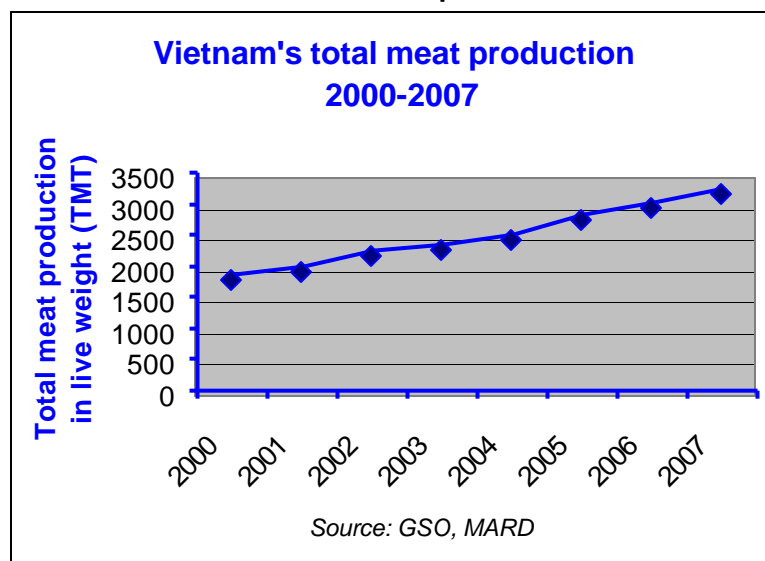
	Unit	2004	2005	2006 est.	2007 est.
Swine population	Thousand heads	26,144	27,435	28,369	29,059
Beef cattle population	Thousand heads	4,908	5,541	5,870	6,160
Dairy cattle population	Thousand heads	95.794	104.12	126.9	145.9
Buffalo population	Thousand heads	2,870	2,922	2,951	2,981
Poultry population	Thousand heads	218,200	219,911	228,500	240,000
Goats and sheep	Thousand heads	1,023	1,314.2	1,492	1,641
Total meat production (live weight)	tmt	2,513.07	2,821.8	3,420.9	3,754.8
<i>of which pork meat</i>	tmt	2,012	2,288.3	2,446	2,617
<i>Poultry meat</i>	tmt	316.41	321.89	747.5*	893.5*
<i>Beef meat</i>	tmt	119.8	142.2	153	164
<i>Buffalo meat</i>	tmt	57.46	59.80	62.2	64.7
<i>Other meat</i>	tmt	7.4	9.6	12.17	15.59
Share of pork meat/total meat	%	80	81	71.5	69.7
Share of poultry meat/total meat	%	12.6	11.4	21.9	23.8
Share of beef meat	%	4.8	5	4.5	4.4
Share of buffalo meat	%	2.3	2.1	1.8	1.7

Other meat	%	0.3	0.3	0.3	0.4
Total Egg production	Billion pieces	3.939	3.948	4.287	4.765

Source: GSO, MARD

(Notes: * MARD's estimate due to different statistic way to compare with GSO's data based on poultry production cycle per annum)

Chart 1- Vietnam's total meat production in 2000-2007



Consumption

According to the General Statistic Office of Vietnam, Vietnam's GDP for 2005 grew at the remarkable rate of 8.4%, led by gains in construction, tourism and telecommunications. GDP growth in 2006 is predicted at 8 percent according to the Asian Development Bank (ADB). The country's economic development has had a strong influence on consumer spending. According to GSO, consumer spending and retail sales in Vietnam rose 21% in 2005. As a result, Vietnam's per capita meat consumption is increasing as well.

Table 3: Vietnam's per capita meat & egg consumption (2004-2007)

	Unit	2004	2005	2006 est.	2007 est.
Per capita meat consumption (live weight)	kg/head/year	30.64	33.95	35.99	38.16
Pork (live weight)	kg/head/year	24.53	27.53	29.07	30.72
Pork (in CWE)	kg/head/year	17.17	19.27	20.35	21.50
Poultry meat (live weight)	kg/head/year	3.86	3.87	4.22	4.58
Poultry meat (in CWE)	kg/head/year	2.66	2.67	2.91	3.16
Beef (live weight)	kg/head/year	1.46	1.71	1.82	1.93
Beef (in CWE)	kg/head/year	0.73	0.85	0.90	0.96
Buffalo meat (live weight)	kg/head/year	0.7	0.72	0.74	0.76
Buffalo meat (in CWE)	kg/head/year	0.30	0.31	0.32	0.33
Other meat (live weight)	kg/head/year	0.09	0.12	0.14	0.18
Other meat (in CWE)	kg/head/year	0.03	0.04	0.04	0.06
Per capita egg consumption	Pieces/head/year	48.02	47.50	50.94	55.93

Source: MARD

Vietnamese are big consumers of pork and prefer pork to chicken and beef.

In the Vietnamese diet, fresh meat from recently slaughtered animals is still the favorite animal protein source. However, Vietnamese people in the cities are now also accepting frozen meat either produced domestically or imported from other countries. They are also consuming more ready-made food such as canned meat or prepared sausages. Frozen imported beef and chicken meat are used by restaurants and hotels in big cities as they are concerned about meat quality and hygiene.

In 2005, pork wholesale prices recorded an average annual increase of 21% over 2004 due primarily to the impact of bird flu which led to sharp increases in demand for pork.

However, after peaking in January - February 2006, pork prices have been dropping as the bird flu situation has improved. Last year, chicken meat prices increased about 20% over 2004 due to tight supply and renewed demand. In recent months, prices have moderated due to increased supply.

Table 4. Domestic prices of livestock in Vietnam of Aug. 15, 2006

(US\$ 1= VND 16,020)

	in Northern provinces	In Southern provinces
Pork meat (live weight) (VND/kg)	13,000-14,500	17,000-21,500
Chicken meat (live weight)(local indigenous type) (VND/kg)	3,000- 33,000	40,000-42,000
Chicken meat (carcass weight)(local indigenous type) (VND/kg)	60,000-65,000	65,000-70,000
Beef (VND/kg)	70,000-85,000	75,000-80,000
Chicken Eggs (VND/ten eggs)	14,000-15,000	15,000-16,000
Duck Eggs (VND/ten eggs)	12,000-13,000	13,000-14,000

Source: *MARD, FAS*

Policy

In conjunction with the Vietnam-U.S. bilateral WTO accession agreement signed this year, the Vietnamese recognized the U.S. meat and poultry food safety system as equivalent to Vietnam's. Accordingly the Vietnamese government agreed to no longer require a HACCP certificate and Certificate of Free Sale before granting import permits for U.S. meat and poultry. The only health certification now required is the USDA Food Safety Inspection Service Export Certificate of Wholesomeness. This removes an irritant from trade as the Vietnamese requirements duplicated certifications already implicit in the Certificate of Wholesomeness

SWINE SECTOR

Production

Table 5: Vietnam's Swine Production, Supply and Distribution (PS&D)

Country	Vietnam					
Commodity	Animal Numbers, Swine				(1000 HEAD)	
	2005	Revised	2006	Estimate	2007	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2005		01/2006		01/2007
TOTAL Beginning Stocks	0	26145	0	27435	0	28369
Sow Beginning Stocks	0	3882	0	3930	0	4002
Production (Pig Crop)	0	37543	0	39795	0	42226
Intra EC Imports	0	0	0	0	0	0
Total Imports	0	2	0	1	0	1
TOTAL Imports	0	2	0	1	0	1
TOTAL SUPPLY	0	63690	0	67231	0	70596
Intra EC Exports	0	0	0	0	0	0
Total Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Sow Slaughter	0	1	0	1	0	1
OTHER SLAUGHTER	0	36253	0	38837	0	41532
Total Slaughter	0	36254	0	38838	0	41533
Loss	0	0	0	24	0	4
Ending Inventories	0	27435	0	28369	0	29059
TOTAL DISTRIBUTION	0	63689	0	67231	0	70596
Calendar Yr. Imp. from U.S.	0	110	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Source: MARD, GSO, FAS

Pig crop production has been increasing since 2001. In 2005 production increased at a particularly rapid rate of 13.7% due to the impact of the avian influenza outbreak that led to less competition from poultry production. A smaller increase of 6% is forecast for 2006 and 2007 with the recovery of the poultry sector. An upsurge of foot and mouth disease is also lowering hog prices and dampening growth.

Vietnam's swine production is comprised mostly of backyard/household operations. At present, about 85%-90% of swine are raised in backyard/household operations while the rest come from commercial farms. (In Vietnam, farms are considered commercial if they have 20 sows). As commercial farms are more efficient, only 75-80% of total pork production was from backyard/household operations, while 20-25% came from commercial farms. The government wishes to increase commercial swine production to 30-35% by 2010.

Table 6: Vietnam's average hog price

Prices Table			
Country	Vietnam		
Commodity	Animal Numbers, Swine		
Prices in	VND	per uom	kg of live weight
Year	2005	2006	% Change
Jan	26500	31000	17%
Feb	27600	26000	-6%
Mar	32000	32000	0%
Apr	32400	31600	-2%
May	33300	29400	-12%
Jun	34800	29000	-17%
Jul	34200	28500	-17%
Aug	33400	27500	-18%
Sep	34200		-100%
Oct	34200		-100%
Nov	30400		-100%
Dec	32200		-100%

Source: *MARD*

To support commercial swine production, Vietnam often reduces or eliminates land rents (the government owns most land in Vietnam and rents it long-term) and grants preferential tax rates for commercial farms, large-scale slaughter facilities and livestock processing factories. Special breaks are also given for investment projects in disadvantaged districts in mountainous areas. Further, the Vietnamese government has special support programs for the swine industry including exotic sow development and increased artificial insemination.

Table 7: Vietnam's pork meat Production, Supply and Distribution

Country	Vietnam					
Commodity	Meat, Swine		(1000 MT CWE)(1000 HEAD)			
	2005	Revised	2006	Estimate	2007	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2005		01/2006		01/2007
Slaughter (Reference)	0	38838	0	38838	0	41533
Beginning Stocks	0	14	0	16	0	17
Production	0	1602	0	1713	0	1832
Intra EC Imports	0	0	0	0	0	0
Total Imports	0	1.5	0	1.5	0.0	2.0
TOTAL Imports	0	1.5	0	1.5	0.0	2.0
TOTAL SUPPLY	0	1617.5	0	1730.5	0.0	1851.0
Intra EC Exports	0	0	0	0	0	0
Total Exports	0	18	0	15	0	18
TOTAL Exports	0	18	0	15	0	18
Human Dom. Consumption	0	1583.5	0	1698.5	0	1815
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	0	1583.5	0	1698.5	0	1815
Ending Stocks	0	16	0	17	0	18
TOTAL DISTRIBUTION	0	1617.5	0	1730.5	0	1851
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Source: MARD, GSO, FAS

In line with swine inventory growth, pork production increased quickly in 2004 and 2005 as bird-flu dampened poultry demand, but growth has moderated in 2006 as Vietnam's bird-flu situation has improved.

Table 8: Average pork wholesale price

Prices Table			
Country	Vietnam		
Commodity	Meat, Swine		
Prices in	VND	per uom	kg of live weight
Year	2004	2005	% Change
Jan	12200	17600	44%
Feb	13500	18400	36%
Mar	13300	17500	32%
Apr	13900	17800	28%
May	14300	18300	28%
Jun	14500	18800	30%
Jul	14400	18200	26%
Aug	16200	16200	0%
Sep	15800	16500	4%

Oct	15900	17000	7%
Nov	15800	17900	13%
Dec	16400	18400	12%
Average	14683	17716	21%

Source: MARD, Trade

Trade

Swine

Vietnam needs to import breeding stock as it continues to boost its swine production. The country has in recent years imported breeding pigs and semen from the United States, Canada, Thailand, Korea and Belgium. According to U.S. trade data, in the period of 2000-2004, the United States exported 1,374 live pigs to Vietnam with a value of \$ 708,000. However, since the beginning of 2005 Vietnam has not imported any live swine from the United States. Breeding farms currently feel that the cost of U.S. breeding swine is too high and have looked to other sources.

Table 9: Swine Import Trade Matrix

Country	Vietnam		
Commodity	Animal Numbers, Swine		
Time Period			Units: head
Imports for:	2004		2005
U.S.	110	U.S.	110
Others		Others	
Canada	77	Korea (Republic)	1090
Thailand	1084	UK	576
		Belgium	37
		Thailand	229
		Laos	95
		Japan	37
Total for Others	1161		2064
Grand Total	1271		2174

Source: MARD, GSO, FAS

Pork

In Vietnam, almost all pork production is for local demand. Only 1-2% of total pork production was for export. The main pork export for Vietnam is suckling pigs. These in the past have been to several nearby countries, but disease concerns have recently restricted exports only to the biggest market, Hong Kong. The government hopes to become a major exporter of pork, but strong and growing domestic demand and other countries health restrictions make this very unlikely anytime soon.

Vietnam also imports pork, but volumes are very small, far less than one percent of consumption. Almost all is processed meat. With WTO accession, tariff rates will drop but Vietnam is still expected to supply most of its pork demand domestically except possibly for offal, where the Vietnamese affinity for cuts unpopular in Western diets might result in significant imports.

Table 10: Vietnam's swine meat export trade matrix (2000-2005)

Unit: MT

Exports for:	2000		2001		2002		2003		2004		2005
U.S.		U.S.		U.S.		U.S.		U.S.		U.S.	
Others		Others		Others		Others		Others		Others	
Russia	1,500	Russia	15,000	Russia	3,100	Russia	100				
Hong Kong	8,000	Hong Kong	8,800	Hong Kong	10,000	Hong Kong	12,000	Hong Kong, Malaysia	20,000	Hong Kong & Taiwan	18,000
Malaysia	700	Malaysia	700			Malaysia	4,000				
China, Singapore & other	2,000	China, Singapore & other	1,500	China, Singapore & other	1,900	China, Singapore & other	400				
Grand Total	12,200		26,000		15,000		16,500		20,000		18,000

Source: *MARD*

CATTLE SECTOR

Production

In 2005, the beef cattle inventory in Vietnam was 5.541 million head, up 13% compared with 2004(see table 2). The cattle population is spread relatively evenly throughout the country.

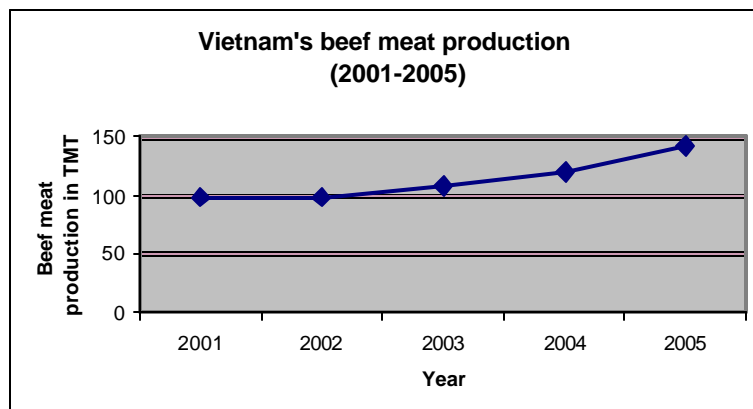
There are still many difficulties for development of the beef cattle industry such as a lack of good quality cattle breeds, unstable prices of live cattle, lack of breeding skill, lack of advanced technology in artificial insemination, not enough grazing with appropriate grass varieties, lack of knowledge of cattle nutrition and scarce veterinary services. Vietnam's government so far does not have a specific program for beef cattle development like it does for dairy cattle development.

Of the total cattle population, about 90% is raised in backyard/household farms and only about 10% come from commercial operations. To change this ratio of commercial farms vs. backyard operation, Vietnam's government has policies to encourage commercial farms such as tax and land-use preferences, support for artificial insemination, policies to increase available grass forage and vaccine, and agricultural extension training.

Total beef production of Vietnam in 2005 reached 142 TMT, a 19% increase compared to 2004 as domestic demand was high. However, beef production remained relatively small at only 5% of total meat production. Besides good quality cattle breeds, feeding also plays very important role in beef cattle development. In Vietnam at present local farmers are unable to provide enough grazing for cattle to expand production greatly. The government encourages many regions in the country to increase grass areas but with demand on land high for other purposes, the success of this is dubious. No official data of area devoted to grass is collected to measure growth.

Due to low domestic beef production, imports of beef are expected to continue growing to meet local beef meat consumption in the future.

Chart 2: Vietnam's beef meat production (2001-2005)



Source: *MARD*

Policy

As part of the Vietnam-U.S. WTO accession agreement for market access, Vietnam has agreed to allow all type of U.S. beef with appropriate certification per World Organization for Animal guidelines to prevent the spread of BSE .

Trade

Since 2001, Vietnam has imported over 10,000 dairy cattle from various sources but these imports have slowed. In 2006, there are no reported imports of dairy cattle. Live beef breeding cattle imports have been negligible. Bovine semen imports are currently the main source of cattle genetic imports.

Beef is Vietnam's largest meat import. The total value was \$ 3.2 million in 2005 (about 730 thousand MT of all types of beef meat). Beef came from a variety of sources including Argentina, the United States, Australia, New Zealand, India, and Malaysia. Exports were very small at a total value of only \$ 40,000 with Hong Kong the biggest market.

Due to low domestic beef production in the country and limited resources particularly for grazing, imports of beef are expected to continue growing to meet local consumption, especially in hotels and restaurants in big cities.

Table 11: Vietnam's beef meat import-export value in 2004-2005

(Unit: US\$)

Items	2004		2005	
	Import	Export	Import	Export
Meat of bovine animals, fresh or chilled (HS 0201)	1,159,700	25,284	1,619,900	0
Meat of bovine animals, fresh or chilled (HS 0202)	1,296,444	16,464	1,672,924	39,815

Source: *MARD, GSO*

DAIRY**Production**

Ninety-five percent of the dairy cow herd is raised in backyard/household farms with an average number of 4-5 dairy cows per farm (in the north) and 7-10 cows per farm (in the south). Only 5% of the national herd is in what are considered commercial operations with a thousand cows or more. The largest populations are in the provinces of Ho Chi Minh City (56,162 head), Long An (5,326 head), Son La (4,491 head), Ha Tay (4,083 head) and Tuyen Quang (4,090 head). In Vietnam, Holstein Friesland and Jersey dairy cattle breeds dominate the herd.

The government reports that Vietnam's dairy cattle population increased significantly from 41,241 heads in 2001 to 104,120 heads in 2005 after it instituted its dairy cattle development program. In 2003, Vietnam's dairy cattle production growth rate peaked at 42%. In 2004 its growth rate slowed to 20 percent and to 9% in 2005 as milk prices moderated and feed prices rose, particularly in the winter season. Post foresees in 2006 that the growth rate of the dairy cattle population in Vietnam will continue to slow as profits stay relatively anemic.

Table 13. Vietnam's dairy cow population (2001-2005)

Unit: head

Areas Provinces, Cities	Year					2005 proportion of total country dairy cattle population (%)
	2001	2002	2003	2004	2005	
Whole country	41,241	55,848	79,243	95,794	104,120	100
North	6,170	8,216	17,885	24,151	26,308	25.27
Red River Delta	3,543	5,040	9,033	11,424	11,975	11.5
North East Area	0	746	2,910	4,832	5,458	5.24
North West Area	2,613	2,103	4,044	5,048	5,058	4.86
North Central Area	14	327	1,898	2,847	3,817	3.67
South	35,071	47,632	61,358	71,643	77,812	74.73
South Central Area	132	848	3,532	5,902	3,014	2.89
Central Highlands	804	1,007	1,732	2,119	2,549	2.45
South East Area	32,298	41,937	51,098	56,799	63,939	61.41
Mekong River Delta	1,837	3,840	4,996	6,823	8,310	7.98

Source: *MARD*

Government statistics currently put farm gate price of milk at between VND3,800-VND4,200/kg, (\$0.24-\$0.26/kg). These prices are increasingly unattractive to particularly to small farmers and many are selling their dairy cattle. Post believes that large-scale commercial operations will continue to quickly replace the small backyard/household farms.

Vietnam's fresh milk production has increased from 53 thousand tons in 2000 to 198 thousand tons in 2005. This increase has been greater than increases in dairy cattle as cow quality and yields have improved. High demand for fresh dairy products in Vietnam,

particularly in big cities, is driving this increase in local production. Fresh milk production per capita is 2.38 kg/person in 2005, a 29% increase compared with the year before.

According to government statistics, the milk yield of hybrid cows per 305-day cycle increased from 3,000 liters in 2000 to 3,500 liters in 2005 and for Holstein cows from 3,800 liters to 4,600 liters.

Table 14: Vietnam's Fresh Milk Production (2000-2005)

		2000	2001	2002	2003	2004	2005
Dairy cow population	Thousand head	35,000	41,241	55,848	79,243	95,794	104,120
Fresh milk production	Thousand tons	52.200	64.703	78.453	126.697	151.314	197.679
Vietnam's population	Million persons	77.63	78.7	79.7	80.9	82	83.1
Fresh milk production per capita	Kg/person	0.67	0.82	0.98	1.57	1.84	2.38

Source: MARD

Table 15: Vietnam's Fresh Milk Production Plan (2006-2015)

		2006	2007	2008	2009	2010	2015
Dairy cow population	Thousand head	126.9	145.9	163.5	181.4	200	350
Fresh milk production	Thousand tons	215	243	275	310	350	550
Vietnam's population	Million persons	84.1	85.1	86.1	87.2	88.4	93.4
Fresh milk production per capita	Kg/person	2.6	2.9	3.2	3.6	4.0	5.9

Source: MARD

The state-owned company, Vinamilk, collects about 60 percent of fresh milk produced in Vietnam. Dutch Lady Company collects another 20 percent while the remainder is collected by a number of smaller processing companies. Fresh milk production in Vietnam is small even after recent gains. Local dairies meet only about 22% of the demand for dairy products.

Trade

After eliminating an import quota scheme, Vietnam's dairy product imports increased 47 percent to over \$300 million in 2005. Although growth will not be as rapid in 2006, Vietnam is on track to exceed this record again with imports of \$168 million through the first six months. Vietnam imported dairy products from various countries including the United States, Australia, Korea, and Netherlands. The volume of US milk and milk product imports has increased sharply from 2001 to 2005. Vietnam's dairy product import growth is forecast to continue as improvements in living standards especially in big cities increases demand well beyond the capacity of local production to expand.

Table 16: Vietnam's milk & milk product import/exports in 2000-2004

	Unit	2001	2002	2003	2004	2005	Jan. - Jun. 06
Export: Milk & milk products	1,000 Dollars	42,612	187,665	88,413	64,201	34,243	N/A
Import: milk & milk products (from HS0401 to HS0406)	1,000 Dollars	138,567	229,989	129,569	209,000	307,000	168,000

Source: MARD, GSO

Table 17: U.S. milk & milk products exports to Vietnam

	Unit	2001	2002	2003	2004	2005	Jan.-Jun. 06
Milk concentrated (HS: 0402)	MT	3,367.3	1,312.0	780.4	10,383.0	16,591.0	6,398.9
	1,000 dollars	7,129	1,730	1,145	21,050	35,647	13,919
Milk powder <1.5% FA (HS: 040210)	MT	784.0	800.9	780.4	7,575.4	16,591.0	6,362.0
	1,000 dollars	1,727	1,110	1,145	15,720	35,647	13,865
Whey, Natural milk (HS: 0404)	MT	1,364.6	2,304.1	3,186.8	4,467.8	6,752.1	5,098.0
	1,000 dollars	748	1,317	1,412	2,529	3,257	3,571

Source: U.S. Trade

POULTRY

Production

Of the total poultry population, about 50 percent are raised from backyard/household farms of up to 200 birds; 25-30% are raised on what are termed commercial poultry farms of from 200 to 2,000 birds; and 18-20% are in industrial farms that can range anywhere from 2,000-100,000 birds. The biggest poultry farms are joint ventures or wholly foreign-owned companies.

Table 18: Vietnam's poultry production (2001-2005)

	Unit	2000	2001	2002	2003	2004	2005	2006 est.
Total poultry population	Million heads	198.05	218.12	233.3	254.06	218.15	219.9	228.5
Chicken population	Million heads	147	158	159	185	159	159.8	173
Duck population	Million heads	51	57.97	63.65	69.39	58.92	60.01	55.5
Poultry meat production	Thousand metric ton	286	322.6	388.4	372.72	316.41	321.89	747.5*
Poultry egg production	Billion pieces	3.7	4.16	4.53	4.85	3.94	3.95	4.28

Source: GSO; MARD

(Notes: * MARD's estimate due to different statistic way to compare with GSO's data based on poultry production cycle per annum)

In the 3 years before avian influenza outbreaks began in late 2003, Vietnam's poultry population's growth rate was 8.6% per year, with the chicken population increasing by 8.3% and the duck (waterfowl) population increasing by 9.4%. However in 2004, due to the highly pathogenic avian influenza outbreak in Vietnam, the poultry population dropped 14%, and poultry meat production decreased by 15%. However, the poultry sector stabilized in 2005 as the avian influenza situation improved. It increased by 0.08 percent in population and 1.7% in total meat production. Post expects the recovery from AI to be slow as the risk from new outbreaks remains and government measures in place to control AI will continue to inhibit

growth particularly in the duck population. The duck population in 2006 is expected to decrease 7.5% to 55.5 million head.

According to the government, Vietnam has destroyed 51 million poultry since December 2003 as a result of AI outbreaks. Local producers are still hesitant to invest in this sector due to the continued risk of avian influenza. Vietnam still uses vaccination as the main control measure for HPAI.

Poultry trade

Vietnam imports significant numbers of live poultry for breeding. Due to the bird flu outbreaks in the country, the live poultry import value decreased from \$3.27 million in 2002 to \$2.58 million in 2003 and \$1.58 million in 2004 (see table 20). However, according to the government, in 2005, Vietnam increased spending to \$2.7 million for live poultry imports (about 667 thousand birds) as it began rebuilding its flock. Currently imports mainly come from the United Kingdom, the United States, France and Netherlands. Vietnam exported a small quantity of live poultry to neighboring countries such as Laos, Cambodia and Myanmar (see table 21).

Table 19: Vietnam's live poultry import value

Item		2000	2001	2002	2003	2004	2005
Live poultry (HS 0105)	In US Dollars	1,439,039	1,700,344	3,276,338	2,584,289	1,586,374	2,740,064

Source: MARD, GSO

Table 20: Vietnam's live poultry export value

Item		2000	2001	2002	2003	2004	2005
Live poultry (HS 0105)	In US Dollars	117,792	0	3,841	79,388	34,536	N/A

Source: MARD, GSO

Table 21: Vietnam's poultry meat import value

Item		2000	2001	2002	2003	2004	2005
Poultry meat (HS 0207)	In US Dollars	59,375	17,483	3,521,704	1,412,153	2,831,080	3,584,874

Source: MARD, GSO

Table 22: Vietnam's poultry meat export value

Item		2000	2001	2002	2003	2004	2005
Poultry meat (HS 0207)	In US Dollars	405,365	55,218	3,723,503	1,482,304	1,613,119	35,352

Source: MARD, GSO

In November 2005 due to bird flu outbreaks, the Vietnamese government banned imports of live birds as well as poultry products from all countries. However, after pressure from trading partners and an improved AI situation, in January 2006 the Vietnamese government lifted this ban for imports of poultry and poultry products from countries that are free from highly pathogenic Avian Influenza. As a result, in 2006 Vietnam's imports of live poultry and poultry products have increased significantly. Despite a slight recovery of local poultry production in 2005 and 2006 due to the improvement of the bird flu situation in the country, imports of chicken meats are expected to continue to increase, particularly for use by the food processing industry.

High prices following the AI outbreak are fueling the current increasing in imports. Since recovery is expected to be slow, this attractive market should continue in the near term at least. After AI fears recede, the extent the industry can expand in the long term will determine how much imports will eventually grow. However high Vietnamese demand for offal and dark meat cuts that are relatively unpopular in the United States should continue to create opportunities for U.S. exporters particularly if progress can be made in reducing tariffs currently ranging up to 20%.