

Voluntary Report – Voluntary - Public Distribution

Date: April 10,2020

Report Number: VM2020-0032

Report Name: Vietnam African Swine Fever Update

Country: Vietnam

Post: Hanoi

Report Category: Livestock and Products, Agricultural Situation

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Report Highlights:

Vietnam first detected African Swine Fever (ASF) in early 2019, with the disease spreading to all 63 provinces throughout the year. By December 2019, over 5.9 million pigs were culled, accounting for about 23 percent of the entire swine herd. According to Vietnam's Ministry of Agriculture and Rural Development (MARD), the ASF outbreak is starting to be controlled. To date, 44 of 63 provinces have gone more than 30 days without an ASF case. While the speed of the ASF spread and the pace of the herd decline have appeared to slow down, concerns remain over the risks of ASF outbreaks and hog price hikes. For previous reporting on ASF please see GAIN report VN9012, GAIN report VN9027, and GAIN report VN2019-0067.

Status Update

Vietnam first detected African Swine Fever (ASF) in early 2019, with the disease spreading to all 63 provinces throughout the year. By December 2019, over 5.9 million pigs were culled, accounting for about 23 percent of the entire swine herd. According to MARD, as of April 6, 2020, 44 out of 63 provinces in Vietnam have gone more than 30 days without an ASF case, leading MARD to declare the ASF epidemic over in those provinces. The number of new cases or of recontamination also appear to have significantly slowed down. Since the start of 2020, only 24 ASF outbreaks have officially been reported in Vietnam, leading to the death and culling of 20,177 pigs. Specifically, in January, there were 12,037 pigs culled, in February, 7,435 culled pigs, and in March, MARD estimated less than 4,000 pigs culled.

Figure 1: Vietnam's Pig Population and Pork Production

	2018	2019	%Δ 2019/18	2020f
Total pig population (heads)	28,151,948	24,932,202	-11.5	24-25 million
Sow population (heads)	3,974,530	2,710,156	-31.8	2.9 million
Great-grandparent pigs (heads)	120,642	109,826	-9.6	110,000-112,000
Live-weight pig production (tons)	3,816,400	3,289,700	-13.8	3.8-3.9 million

Source: MARD 2020

Industry sources stated that the number of sows in the country decreased by 35-45 percent in 2019, and the sow population is currently around 2.7 million heads. The great-grandparent pig population is about 109,000 heads, which were unaffected by ASF. Due to the economic losses from the ASF epidemic, small-scale pig-raising households have run out of financial resources to restock their herds. The price of breeder pigs has doubled or even tripled from the price in the pre-ASF period, ranging from VND 2.5 million (\$106) to VND 3 million (\$127). Efforts to rebuild the pig herd are still ongoing but mainly driven by large-scale livestock firms as the sow numbers remain limited. As of March 10, the total pig population has reached nearly 24 million heads.

The average growth rate of the value of Vietnam's livestock production in 2020 is forecast at four percent, according to MARD. With meat output at about 5.8 million tons (a 16.3 percent increase from 2019), of which pork output could reach 3.95 million tons, MARD is forecasting that pork supply will recover by Quarter 3 (Q3) of calendar year (CY) 2020. However, based on the sow numbers and the livestock production growth, the Vietnam General Statistics Office (GSO) has recently estimated that there would be a potential shortage of about 100,000 tons of pork in Q2 and about 30,000 tons of pork in Q3.

There are concerns that COVID-19 containment efforts could result in depletion of human/financial resources for ASF-affected pig farmers, slowdowns in herd restocking, and disruptions to the livestock movement, transport, distribution, and trade, which might further stall a hoped-for recovery for the pig industry.

Challenges of ASF control in Vietnam

In addition to the challenges mentioned in previous reporting on ASF, the GVN is still facing the following challenges in the prevention and control of ASF:

- Global spread of ASF: Indonesia is the most recent country to declare ASF detections in December 2019, making it the 11th country in Asia to be hit by ASF; additional ASF outbreaks were reported in the Philippines; there have also been recent outbreaks reported in western Poland, close to Germany. Poland and Germany are two of the Europe's major pork exporters to Vietnam;
- The high risk of other emerging and re-emerging contagious livestock/animal diseases, such as avian influenza and foot-and-mouth disease;
- Unplanned and large-scale restocking runs the risk of recontamination or the risk of introducing other animal diseases. Before restocking, pig farmers are required to register their restocking plans with the local government and get approval;
- Traditional practices relating to the farming, consumption, trading and slaughtering of animals (such as the use of fresh meat or sale of unwholesome meat or live animals) are still prevalent.

ASF impacts

High Domestic Hog prices – High Inflationary Pressure

According to MARD, hog prices in the first seven months of 2019 were lower and less volatile than those in the neighboring countries. Since August 2019, hog prices have recovered and increased rapidly. In the second half of December 2019, domestic hog prices escalated to a record high of more than VND 90,000 (\$3.8)¹ per kilo. The live hog price has recently hovered around VND 75,000 to VND 85,000 (\$3.2 - \$3.6) a kilo for more than a month, significantly higher than the pre-ASF level.

Between ASF and COVID-19 impacts, sources stated that there has been strong competition between the Vietnamese and the Chinese pork importers in terms of price for available pork supplies. Chinese businesses often import pork in very large quantities and are willing to pay a price 20-30 percent higher than that paid by the Vietnamese businesses.

Currently, high pork prices are driving inflation up and the government is keen to prevent it from rising in order to achieve its inflation target of less than four percent in 2020. Reportedly, the average hog price is at about VND 80,000 (\$3.4) per kilo but the retail pork price is ranging from VND 130,000 to VND 200,000 (\$5.5-\$8.5) per kilo depending on the type of pork meat. According to MARD, the price of imported pork ranges from VND 28,000 (\$1.2) to VND 36,000 (\$1.5) and the limited amount of imported pork mainly goes to industrial zones, food processing or foodservices rather than retailers. The GVN is therefore calling for measures to reduce hog and pork prices. GSO forecasts that the live hog prices could be lowered to VND 60,000 (\$2.5) by the end of Q3.

¹ All USD values based on current exchange rates.

Measures Urged to Stabilize Hog Prices

In response to the hog price rise, the GVN has asked MARD, the Ministry of Industry and Trade (MOIT) and the Ministry of Finance (MOF) to ensure the balance of pork supply and demand, and to control prices.

In early February, the GVN's Price Steering Committee asked MOIT and MARD to coordinate to import about 100,000 tons of pork in Q1 of 2020 to stabilize the domestic live hog price. MARD statistics show that from the beginning of 2020 to April 7, Vietnam has imported 43,553 tons of pork, up more than 300 percent compared to the same period last year. 25 percent of this total was imported from Canada, 20 percent from Germany, 14 percent from Poland, 10 percent from Brazil, 8 percent from the United States, 7 percent from Spain, and 4 percent from Russia.

On March 12, 2020, the MARD Minister asked livestock firms, particularly the 17 large-scale livestock players, to reduce hog prices to protect the livestock industry and the domestic market. MOIT and GSO have suggested including pork in the list of commodities subject to price stabilization for better control of domestic pork prices.

On March 20, 2020, Prime Minister Nguyễn Xuân Phúc stressed that hog prices should follow a market-based mechanism under GVN supervision to prevent speculation and unreasonable price hikes and to protect consumers' rights. He asked MARD and MOIT take drastic measures to reduce the live hog price to below VND 60,000 (\$2.5) per kilo. He asked MARD to call on further efforts to speed up restocking of the national pig herd and MOF to provide livestock producers with financial incentives and support packages, such as reduced interest rates and lower land-use fees.

On March 29, 2020, the Government Office issued [Notice No.132/TB-VPCP](#) regarding Prime Minister Phúc's conclusions on solutions to stabilize pork prices. Accordingly, the pork price will be under the GVN's supervision. Both central and local governments were assigned to encourage the public to use pork substitutes and frozen pork products instead of fresh meat to reduce pressure on the domestic supply. Local governments were responsible for steering the local food processing enterprises towards increasing provision of processed/prepared pork products using imported pork.

On March 30, 2020, Deputy Prime Minister Trịnh Đình Dũng and MARD Minister Cường led a meeting with 15 major livestock producers to discuss solutions to the hog price rise. Accordingly, the live hog price will be lowered to less than VND 70,000 (\$3) starting April 1, 2020, and to VND 65,000 (\$2.8) in Q2 and VND 60,000 (\$2.5) in Q3 to continue developing the pork industry in a sustainable manner.

Despite recent calls, recommendations, and instructions by the GVN, domestic hog/pork prices remain high. According to MARD Minister Cường, high hog prices will not only affect the inflation index but also have many other implications, including the risk of consumers "turning their backs on pork" or the risk of large-scale and unplanned for livestock production, and the consequent loss of control over supply and demand. On April 8, 2020, MARD sent an official letter to the provincial leaders requesting them to take measures to control hog/pork prices. Together with the 15 major livestock producers, pig-raising farms and households were asked to reduce hog prices. Additionally, MARD asked for an increase to the pace and scale of restocking.

Other Animal Protein Sectors

As a result of ASF, some pig farmers switched to poultry and fisheries production. Considerable growth has been seen in other animal protein sectors such as beef production (a 4.4 percent increase – see Figure 3) and fisheries production (a 6.5 percent increase) and notably, the poultry production sector witnessed a booming growth rate of 16.5 percent (see Figure 2), which led to a record high poultry population of nearly 500 million birds. In 2018, the shares of pork and poultry in meat production were 71.5 percent and 20.6 percent respectively in Vietnam. In 2019, the shares shifted to 65.6 percent and 25.5 percent respectively.

Poultry industry: Production up, Consumption down, Price in free-fall

Vietnam has experienced a drop in poultry prices in recent months due to the massive and unplanned expansion of poultry production. In addition, the emergence of the avian influenza outbreaks has led to the death and culling of 137,180 birds. According to MARD, since early 2020, there have been detections of 44 avian influenza outbreaks, which included 39 highly pathogenic A/H5N6 and 5 outbreaks of A/H5N1, in 14 provinces.² Avian influenza, along with the COVID-19 pandemic, caused a sharp decline in demand. Thus, the price of poultry meat has plummeted on the domestic market, causing economic losses for farmers. Local industry associations and industry experts stated that the sharp increase in imports (highest level in a decade) of poultry and poultry products at low prices was also one of the contributors to the sharp decline in poultry prices (lowest level in a decade). The Vietnam Poultry Association (VIPA) has asked the GVN to maintain the current MFN tariff rate of 20 percent on poultry imports until 2025.

Figure 2: Vietnam’s poultry population and production

	2018	2019	%Δ 2019/18
Total poultry population (million heads)	409	467	+14.2
Live-weight poultry production (thousand tons)	1,097.5	1,278.6	+16.5

Source: MARD 2020

² As of March 12, 2020, there were 20 avian flu outbreaks nationally (including 18 outbreaks of A/H5N6 and 2 outbreaks of A/H5N1) in 10 provinces of Vietnam. The risk of the A/H7N9, A/H5N2, A/H5N8 infection is also high.

Figure 3: Vietnam’s beef cattle population and production

	2018	2019	%Δ 2019/18
Total beef cattle for meat population (heads)	5,508,525	5,640,730	2.4
Live-weight production (thousand tons)	334.5	349.2	4.4
Total dairy cows population (heads)	294,382	321,232	9.1
Dairy output (1,000 tons)	936	1,029.6	10

Source: MARD 2020

Responses to ASF

Trade

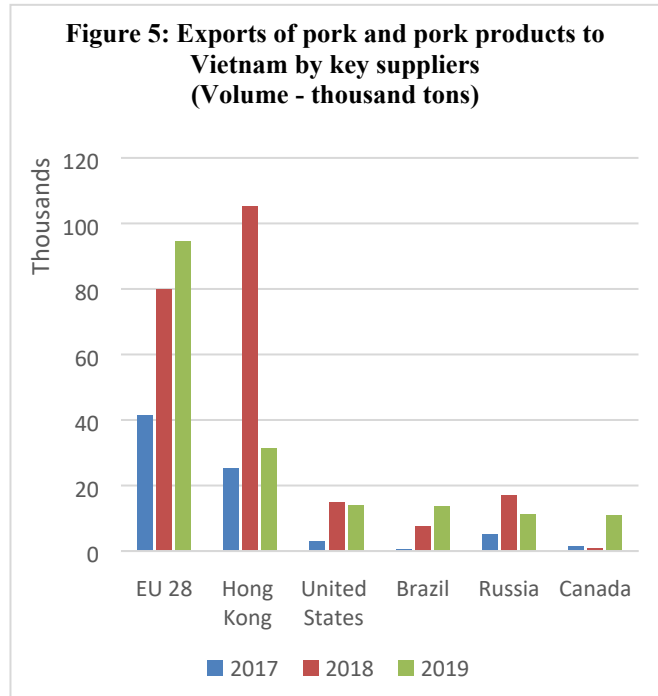
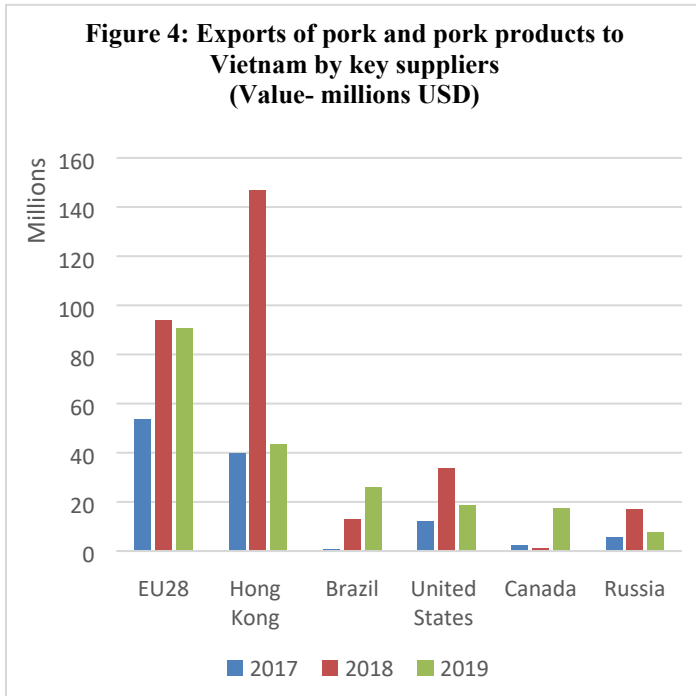
Pork supply sought - Pork imports encouraged – Pork import tariff reductions proposed

In response to the GVN instructions, MARD and MOIT have boosted trade connection activities to seek pork suppliers and encourage imports. Since January 2020, MARD’s animal health agencies have worked with their counterparts from Laos and Cambodia to discuss protocols for the import of live hogs. On March 19, 2020, MARD leaders directly connected one of Vietnam’s largest private sector firms with Russia’s biggest meat producer to discuss imports of Russian pork. According to MARD, Vietnam agreed to import 3,500 tons of pork from the Russian firm. MARD Vice Minister Tiến stated that the importation of pork was seen as a solution to ease pressure on the domestic supply and to reduce the pork price. MARD leadership also signaled that Vietnam could import more pork from the United States, Brazil, Germany, and Russia in the future.

On April 7, MARD Minister Cường explained one of the main reasons for the high hog/pork prices is the pork supply shortage. Prior to the ASF outbreak, Vietnam’s quarterly demand was 910,000 tons of pork meat. However, Minister Cường said that Vietnam has only been able to supply 820,000-830,000 tons of pork to the domestic market in recent times³ and he expected that there would be a sufficient supply of pork to meet the local market demand in Q3 of 2020. He further added that in the near term, pork meat would continue to be imported to make up for the shortfall to ensure the supply and demand balance.

Due to widespread ASF outbreaks and the recent COVID-19 pandemic, sourcing pork supply is challenging as many countries have been suspending trade, imposing movement restrictions and lockdowns, leading to disruptions in trade flows, supply chains, and distributions. Therefore, MARD recommended MOIT and the Ministry of Foreign Affairs (MFA) assist businesses in identifying reasonable pork supply sources in exporting countries.

³ According to GSO, the total amount of pork supplied to the market in Q1 of 2020 is estimated at 811,000 tons, down 19.3 percent and 17.3 percent over the same period in 2019 and 2018 respectively.



Source: Trade Data Monitor (TDM)

It has been reported widely in the local media that Vietnam’s imports of pork and pork products sharply increased in 2019.⁴ However, TDM data shows that Vietnam’s total imports of these products (by both value and volume) declined by around 33 percent and 21 percent respectively in 2019. Vietnam’s major pork suppliers were the EU, Hong Kong, Brazil, the United States, Russia, and Canada.

U.S. exports of pork to Vietnam in 2019 were down to 13,788 tons (a 7 percent decline YOY), valued at nearly \$18.5 million. One of the major constraints for U.S pork exports to Vietnam is the high tariffs. A MARD official was recently quoted by the local media saying that in the context of the widespread Covid-19 pandemic, MARD requested that MOF consider adopting import tariff reductions for pork, including tariff reductions and exemptions for businesses importing pork from the United States.⁵ MOF has proposed tariff reductions for fresh or chilled pork (HS 0203.19.00) from 25 percent to 22 percent. MOF’s proposal is still waiting for the Prime Minister’s approval.

In 2019, the EU continued to be Vietnam’s leading pork supplier, with export volume up more than 18 percent YOY. On June 30, 2019, Vietnam and the EU signed a free trade agreement (EVFTA) that will lead to the EU’s frozen pork and fresh/chilled pork exports becoming duty-free within 7 years and 9 years of entry in force respectively. The agreement is expected to be ratified by Vietnam in May 2020,

⁴ MARD statistics show that in 2019 Vietnam imported a total of 67,131 tons of pork and pork products (up 63 percent compared to 2018).

⁵ <https://nongnghiep.vn/dong-loat-dua-gia-lon-hoi-ve-muc-70000-d-kg-tu-ngay-1-4-d261064.html>; <https://haiquanonline.com.vn/nhap-khau-thit-lon-tang-hon-300-keo-gia-xuong-ngay-dau-thang-4-123451.html>

and enter into force soon after. Analysts forecast that imports of pork and pork products from Europe may rise further once the EVFTA is ratified and implemented.

In 2019, Hong Kong ranked second, accounting for more than 20 percent of the market share (in terms of value) in Vietnam. Hong Kong enjoys preferential tariffs from the ASEAN-Hong Kong free trade agreement (AHKFTA) which entered into force in June 2019 (tariff rates of 12 percent and 20 percent on frozen pork and fresh/chilled pork respectively in 2019-2020, and will be reduced to 9 percent and 15 percent respectively in 2021-2022).

Brazil's pork exports to Vietnam increased, posting a 97 percent and 83 percent increase in value and volume respectively in 2019. Vietnam is conducting a feasibility study on an FTA between Vietnam and Mercosur which would include Brazil, Argentina, Uruguay, and Paraguay.

From 2020 onwards, Russia's pork and pork products are subject to an import tariff rate of 0 percent (tariff rates of 2.5-3 percent were applied to Russian's pork in 2019) under the Vietnam – Eurasia Economic Union free trade agreement (VN-EAEU FTA).

TDM data shows strong growth in the volume of Canada's pork and pork products exports to Vietnam (from around 777 tons in 2018 to nearly 11,000 tons a year later). This has brought Canada's market share to 8 percent in 2019 by value - close to the market share of the United States - from only 0.37 percent in 2018, making Canada the fifth largest pork supplier to Vietnam, just behind the United States in terms of value. Canada has benefited from lower import tariffs on its pork exports under the CPTPP. Under the CPTPP, pork meat has progressive tariff reductions on an annual basis, with fresh and chilled pork decreasing from 21.6 percent in 2019 (18.9 percent in 2020) to 0 percent in 2027 and frozen pork meat decreasing from 11.2 percent in 2019 (9.3 percent in 2020) to 0 percent in 2025.

TDM data shows that in January 2020, Vietnam's pork and pork products imports were up 62.5 percent and 21.6 percent by value and volume compared to the same period in 2019. Vietnam's top 5 suppliers in January were the EU, Canada, Brazil, Russia, and the United States.

Consumer Behavior

As noted in Post's previous GAIN report, due to ASF, there have been increasing food safety concerns, thus shopping in modern retail outlets has gained more and more popularity, since consumers can identify the origin of meat and make purchases at a relatively stable price. There have been some consumer behavior changes observed since the emergence of ASF. Now with COVID-19 impacts, a marked consumer behavior shift towards increase of online shopping and decrease of physical shop visits has been observed so far. Post has observed increasing demand for frozen products, especially frozen prepared and semi-prepared products.

Government's Recent Responses to the Spread of ASF

The GVN has still been taking actions to control ASF to avoid reinfection and encourage restocking and expanding herds. The Government has held a number of meetings/conferences and issued guidance

on ASF prevention and control as well as the way forward for the livestock production in general and the pig industry in particular.

Central Government

- On March 5, 2020, the GVN's Official letter [CV 1721/VPCP-KTTH](#) dated March 5, 2020 regarding the hog price situation.
- On March 9, 2020 the Prime Minister issued [Directive No12/CT-TTg](#) calling on Ministries, Government agencies and local authorities nationwide to implement solutions to prevent and control livestock and poultry diseases.
- On 19 December 2019, MARD released 3 [Notices](#) concerning restocking procedures (No.13/BCĐDTLCP), transport procedure for breeding pigs and well processed pork products (No.14/BCĐDTLCP), and promoting pig production and biosafety, as well as production of other animals, poultry and fisheries (No.9523/BNN-TY), and a letter to livestock producers (No.9524/BNN-TY) recommending to minimize the risk of disease recurrence in accordance with current regulations and No.13/BCĐDTLCP on restocking, to strictly applying biosecurity, to avoid hoarding to ensure price stability, and not to be involved in illegal trading of pigs or slaughtered pigs across the Vietnamese border.
- On December 24, 2019 MARD issued [Circular 24/2020/TT-BNNPTNT](#) amending and supplementing a number of articles of Circular 07/2016/TT-BNNPTNT dated May 31, 2016 regarding prevention and control of terrestrial animal diseases. ASF was included in the list of terrestrial animal diseases subject to epidemic announcement.
- Under the [GVN's Directive No. 12/CT-CP](#) dated March 9, 2020, MARD was assigned to develop and propose to the Prime Minister a **National Program on prevention and control of ASF in the period of 2020-2025**.
- Under the [GVN's Resolution No. 28/NQ-CP](#) dated March 10, 2020, MARD was requested to urgently submit to the Government an overall plan to boost agricultural exports and reduce costs for agricultural production, promote production and processing of agricultural products, create linkages, control diseases in cattle and poultry production, organize repopulation of the herd with an appropriate structure, and devise solutions to ensure sufficient food supply for consumption, especially pork supply.
- MARD is working on a *draft strategy on the livestock sector development in the period of 2020-2030 and vision towards 2040*. In its current draft version, MARD envisaged that the size of the pig population will be about 29-30 million (heads) on a regular basis, the size of the poultry population will be 400-450 million (heads). Vietnam's livestock production sector would be categorized as advanced in the region by 2030. Most of the livestock products will be produced under a professional farming model. By 2040, Vietnam's livestock industry will be a modern and techno-economic one in almost every stage.

Local Government

On February 17, 2020, HCMC People's Committee issued [Decision 545/QĐ-UBND](#) on the approval of the Master Plan regarding the Restructuring of the Pig Production Sector in HCMC during the period of

2020-2025". The Plan set such goals as developing pig production towards reducing the proportion of pigs raised for meat and increasing the proportion of breeder pigs, forming more high-quality breeding farms, maintaining HCMC as the center providing breeders for the whole country, and switching from small-scale pig farming households to large-scale pig farming operations.

Attachments:

No Attachments.