

Voluntary Report – Voluntary - Public Distribution

Date: May 11, 2021

Report Number: VM2021-0042

Report Name: Vietnam African Swine Fever Update

Country: Vietnam

Post: Hanoi

Report Category: Agricultural Situation, Pest/Disease Occurrences, Livestock and Products

Prepared By: Nga Bui

Approved By: Robert Hanson

Report Highlights:

In 2020, the African Swine Fever (ASF) epidemic in Vietnam caused a loss of about 86,000 pigs, equivalent to 1.5 percent of the culled pigs in 2019. ASF outbreaks continue to recur but most of them are sporadic, small-scale, and quickly contained. Official statistics show that the total pig herd in Vietnam, as of December 2020, was 27.3 million head, equivalent to about 88.7 percent of the pre-ASF level. Although the recovery of Vietnam's swine industry is underway, it has not reached the pre-ASF level, as ongoing challenges with ASF remain. Vietnam's pork production is predicted to continue to recover in 2021, leading to lower demand for imports of pork and pork products than in 2020.

Status Update

According to Vietnam's General Statistics Office (GSO), 86,000 pigs were culled or died because of ASF in 2020, equivalent to about 1.5 percent of the culled pigs in 2019. Since the first ASF outbreaks were detected in Vietnam in February 2019, about 6 million pigs were culled or died because of ASF to date. According to Vietnam's Ministry of Agriculture and Rural Development (MARD), the total pig herd at the end of 2020, was 27.3 million head, equivalent to about 88.7 percent of the pre-ASF level (January 2019); live-weight pork production reached about 3.5 million metric tons (MMT), up 3.9 percent over 2019. During 2020, the ASF epidemic caused a decline in pork production and an unprecedented pork price crisis, leading to a surge in imported live hogs and pork and pork products, ASF is expected to have less effect on Vietnam's pork production in 2021, leading to lower demand for imported pork and pork products in 2021. Pork prices are now lower because domestic consumption is reduced in summer months and live hog numbers have increased.

According to GSO, as of April 23, 2021, there have been sporadic small-scale ASF outbreaks reported in 22 localities, leading to the death and culling of about 5,000 pigs, since the start of the year. According to industry, some large companies in northern and northern central Vietnam have had ASF outbreaks, so the pork supply in these regions in the summer will be lower than projected. The country's swine herd continues to recover nationwide but has not reached pre-ASF levels as the risk of ASF recurrences remains high. MARD believes that Vietnam could commence commercial production of an ASF vaccine in the second quarter (Q2) of 2021, with the vaccine available by Q3 of 2021.

While ASF is more in control at the moment in Vietnam, challenges remain to reach pre-ASF pork production levels. The transportation and trading of pigs is still not strictly controlled, creating opportunities for ASF outbreaks. Some small-scale pig-raising households in the central part of Vietnam have dumped pig carcasses into unsecure locations, including rivers and canals, which are close to heavily inhabited areas, raising the risk of further spread of the disease. New and ongoing ASF outbreaks are still reported in Asia, with Malaysia being the latest Asian country that has confirmed detection of the first ASF outbreaks in February 2021.

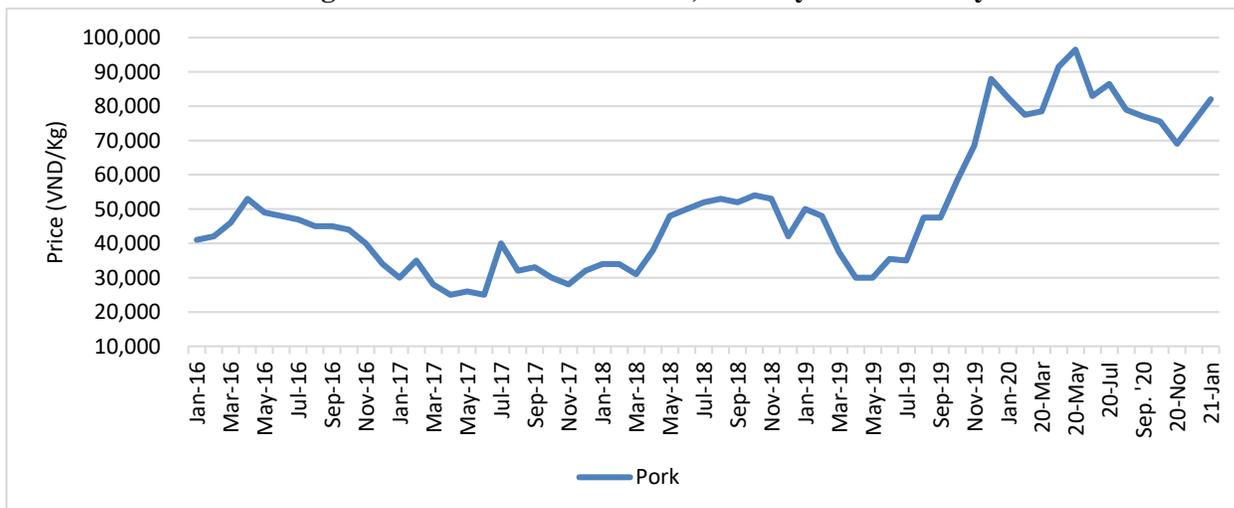
Post expects that the rate of repopulation will accelerate, mainly in industrial swine operations, where investments in large-scale, high-technology, and vertically integrated swine farming operations have driven swine herd recovery and expansion. Vietnam's sow population increased by 19 percent compared to last year, reaching 2.95 million head. While pork prices are trending down, they remain higher compared to the pre-ASF level.

Impacts of ASF

Hog/Pork Prices

Domestic repopulation, along with imports of live pigs and pork products helped lower pork prices in the second half of 2020, with December live weight hog prices decreasing by 14-15 percent compared with the same period of 2019, according to GSO. Reportedly, the price of processed pork, such as pork sausages or roasted pork, was also down 0.46 percent in April 2021 relative to March 2021. Live hog prices in Vietnam were hovering between VND 74,000-78,000 before Vietnam's Lunar New Year and were down to around VND 67,000-72,000 in the first week of May, reportedly reaching its lowest level in a year. According to GSO, the domestic pork prices have seen a 1.75 percent decrease in April relative to March 2021. Hog prices are expected to remain high in 2021, compared to pre-ASF levels, given the rising livestock input prices (e.g. feed, breeder pigs) and the ongoing ASF outbreaks.

Figure 1: Domestic Pork Prices, January 2016-January 2021



(Source: U.S. Grains Council)

Pork Production

Vietnam's pork production is on a rapid path to recovery. GSO data showed that in Q1 of 2021, the swine population increased by 11.6 percent relative to the same period in 2020. The output of live-weight pork produced in Q1 was estimated at 1.02 MMT, up 7.5 percent over the same period last year (GSO).

In 2020, Vietnam imported 43,806 breeder pigs (including 1,219 boars) with 79 percent from Thailand, with the remaining from Canada, the United States, Denmark, France, and Taiwan. Vietnam allowed, for the first time, imports of live pigs from Thailand for raising/slaughtering beginning June 2020, to make up for the domestic pork shortages. MARD statistics show that nearly 448,000 live pigs were imported for slaughtering, equivalent to about 44,800 MT of pork meat in 2020.

Vietnam's pig herd is expected to reach about 28-28.5 million head, with sow numbers at 2.8 - 2.9 million head by 2025. Vietnam aims to reduce the proportion of pigs and increase the proportion of poultry and cattle in its livestock herd structure. By 2025, meat and poultry production is forecast to reach 5.0 - 5.5 MMT, with pork accounting for 63-65 percent.

Per Rabobank Group's March 2021 report, Vietnam's pork production output will increase by 8-12 percent year-on-year (YOY). Given the current ASF developments, some industry analysts predict that Vietnam's swine herd cannot fully recover from ASF until after 2025.

In 2020, Vietnam witnessed an unprecedented wave of investments in the livestock sector in general and in swine production in particular. Examples of these investments include, New Hope's three pork farms in Binh Dinh, Binh Phuoc, and Thanh Hoa provinces with a total capacity of 27,000 sows; the strategic co-operation between De Heus Group (Netherlands) and Hung Nhon Group to develop a network of large-scale breeding projects in the Central Highlands; Japfa Comfeed Vietnam Co., Ltd.'s hi-tech hog farm in Binh Phuoc Province with a capacity of 130,000 finishers a year (equivalent to about 140,000 MT of pork meat), and Masan Meatlife's slaughtering and processing complex in Long An Province with an annual capacity of 140,000 MT. Of note, THADI - a subsidiary of one of Vietnam's leading automakers Truong Hai Auto Corporation THACO - emerged as a new player in the agriculture sector, investing in hi-tech breeder pig farms in An Giang and Binh Dinh provinces with a capacity of 1.2 million hogs a year. Vietnam's leading steel maker, Hoa Phat Group, also invested in developing Farm-Feed-Food (3F) value chain and in farms nationwide to supply parent breeder pigs, commercial breeder pigs, hi-quality hogs with a goal of supplying 500,000 commercial pigs a year to the market.

Retail



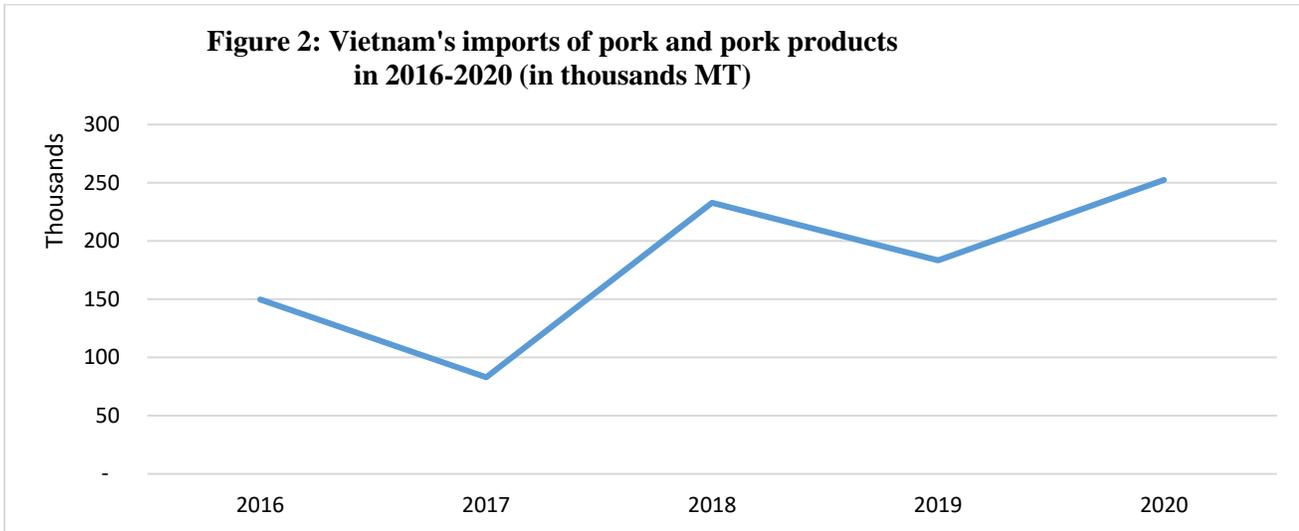
Due to the ongoing ASF outbreaks, coupled with the COVID-19 pandemic, there is growing interest among Vietnamese consumers in the origin, affordability, convenience, nutrition, and health value of meat products. Greenfeed has created a product line that specifies that the pork is ASF free. Greenfeed has built on the success of its well-established 3F Plus (Feed-Farm-Food) model and developed an expansive network of pork retail channels (including pork sales outlets in the wet market) to promote its pork as 100 percent safe, clean, and ASF-free under its G

Kitchen brand.

Trade

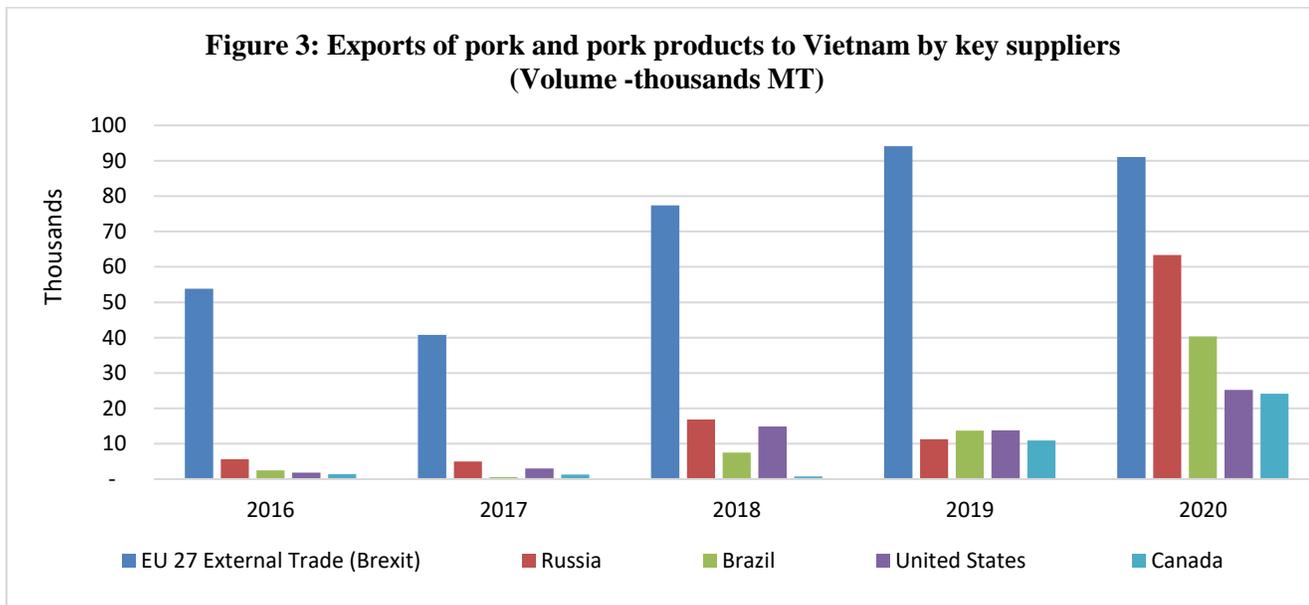
Vietnam temporarily reduced the Most Favored Nation (MFN) tariff rates for frozen pork from 15 percent to 10 percent and for chilled pork from 25 percent to 22 percent from July 10- December 31, 2020. The United States doubled exports of pork and pork products to Vietnam during that period

compared with the first half of 2020. 2020 was a record year for U.S. pork and pork products exports to Vietnam at \$54.4 million. However, in Q1 of 2021, U.S. exports of pork and pork products were \$5 million, representing a decrease of 49 percent compared to Q1 of 2020 (GATS).



(Source: TDM)

Due to the domestic pork supply shortages, Vietnam’s imports of pork and pork products reached a record level of 252,400 MT in 2020 with major suppliers being Russia, the European Union, Brazil, the United States, and Canada, up nearly 38 percent over the same period in 2019. Rabobank Group forecasts Vietnam’s pork imports will decline by 10-20 percent YOY but will still be higher than the 2019 levels.



(Source: TDM)

Attachments:

No Attachments.