

VIETNAM FOOD AND BEVERAGE: 2016–2018 OPPORTUNITIES

UNDER THE ASEAN-AUSTRALIA-NEW ZEALAND FREE TRADE AGREEMENT (AANZFTA)

NOVEMBER 2016

On 1 January 2010 the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) came into force. In line with the AANZFTA, many products imported from Australia enjoyed tariff reduction from 1 January 2016. Australian businesses are urged to take a close look at the opportunities created by the agreement, as it will deliver real commercial benefit for Australian exporters and investors doing business in Vietnam.

The Vietnam market with almost 92 million people (as at 1 July 2016, according to the General Office for Population - Family Planning) and a high percentage of population under 30 years of age, increasing disposable incomes, busier lifestyles and increasing Westernisation trends in culture are the main factors to drive changes in consumption patterns. Vietnam's overall demand for agricultural commodities and food products is significant, experiencing steady growth, and trending toward greater interest in western tastes and products that is very attractive to domestic and foreign retailers and food & beverage suppliers.

The Vietnamese food retail sector is growing and expanding rapidly. According to the Association of Vietnam Retailers (AVR), the country currently has around 750 supermarkets, 130 shopping centres and 9,000 traditional markets.

Foreign retail giants have shown their interest in developing modern retailing in Vietnam by investing into trade centres and supermarkets. Foreign retailers such as AEON, Big C, Giant, Lotte and Metro Cash & Carry are leading the change from traditional to modern retailing. However traditional trade is still the dominant channel in Vietnam and most of categories in foreign supermarkets are local products not premium imported items.

Alongside growing retail channels and local retailers including Fivimart, Hapro, Intimex, Maximark, VinMart and Saigon Coop, domestic producers such as Masan, Vissan, Vinamilk and Trung Nguyen are developing their own distribution systems to increase market accessibility and to promote their brands.

Retail sales turnover is expected to increase by 8.5 percent per year in the 2013-15 period, with food and foodstuff being the most important products (*the Institute of Information and Business Research-IIB*).

Fast food revenue in Vietnam in 2015 was VND16,679 billion (USD747.2 million), increase by 9% percent over 2014, according to the Euromonitor International.

Foreign fast-food chains including Burger King, Domino Pizza, KFC, Lotteria, McDonald's, Pizza Hut and Starbucks are presented in Vietnam.

The rapid growth of the fast food sector has increased the activity of businesses that service the industry including bakery, dairy, meat and poultry establishments.

Growth in the tourism industry has also resulted in a growing demand for beef, cheese, seafood, wine and seasonings which are used in western-style, Japanese and other international food outlets.

According to the Ministry of Culture, Sports & Tourism of Vietnam, total international tourist arrivals into Vietnam reached 7,943,651 in 2015, increased 0,9% - with 303,721 from Australia (ranks 8 of top 10 international visitors in Vietnam).



Australian Government
Australian Trade and Investment Commission

Australia
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MEAT	MFN	2016	2017	2018
Beef	20%	5%	5%	0%
Pork	25%	5%	0%	0%
Sheep meat, goat meat	10%	0%	0%	0%
Horse meat	20%	5%	0%	0%
Turkey	20%	20%	20%	20%
SEAFOOD	MFN	2016	2017	2018
Fresh/ chilled/ frozen/ dried/ salted trout, salmon, tuna, cod, sardine, seabass	30%	7%	5%	0%
Fresh/ chilled/ frozen/ dried/ salted shrimp and prawn, lobster, oyster, mussel, octopus, scallop, cutlet fish	30%	7%	5%	0%
Fresh/ chilled/ frozen/ dried/ salted crab	30%	30%	25%	20%
Prepared/ preserved abalone	40%	30%	25%	20%
DAIRY	MFN	2016	2017	2018
Milk and cream, not concentrated nor containing added sugar or other sweetening matters	20%	5%	0%	0%
Buttermilk powder	20%	5%	0%	0%
Whey, butter, dairy spreads	30%	30%	25%	20%
Anhydrous butterfat	5%	0%	0%	0%
Fresh cheese, grated or powder cheese, processed cheese	10%	5%	0%	0%
UHT milk drink	40%	7%	7%	0%
Yogurt	30%	7%	0%	0%
NUTS & VEGETABLE	MFN	2016	2017	2018
Almonds, Hazelnuts, Walnuts, brazil nuts, pistachio	40%	7%	5%	0%
Chestnut	20%	0%	0%	0%
FRUITS	MFN	2016	2017	2018
Grapes	25%	7%	5%	0%
Cherries	40%	0%	0%	0%
Apples & pears	25%	0%	0%	0%
Strawberries	40%	0%	0%	0%
Raspberries, blackberries, cranberries, mulberries, loganberries, kiwis	15%	0%	0%	0%
Mandarins, melons, oranges, apricots, peaches and nectarines	40%	7%	5%	5%
FLOUR PRODUCTS	MFN	2016	2017	2018
Sweet biscuits, waffle, wafer, cake, pastry, bakery products made without flour, cereal products	50%	7%	5%	0%
Wheat flour	5%	0%	0%	0%
Pasta	40%	7%	5%	0%

BEVERAGES	MFN	2016	2017	2018
Wine of fresh grapes, Sparkling wine, Grape must	50%	80%	80%	80%
Fermented beverage	55%	80%	80%	80%
Beer	35%	80%	80%	80%
Spirit	45%	80%	80%	80%
- Whiskies	45%	80%	80%	80%
- Vodka exceeding 46% vol.	45%	80%	80%	80%
- Vodka not exceeding 46% vol	45%	80%	30%	25%
- Liqueurs	45%	80%	80%	80%
Orange, grapefruit, pineapple, grape, blackcurrant, mixture of juices	35%	40%	7%	5%
Mineral water	35%	50%	7%	5%
Sparkling mineral water	35%	40%	5%	0%
GROCERY ITEMS	MFN	2016	2017	2018
Natural honey, olive oil	10%	0%	0%	0%
Mixed seasonings	50%	7%	5%	0%
Cocoa powder, chocolate confectionery in blocks, slabs or bars	25%	5%	0%	0%
Cocoa butter, fat and oil	10%	0%	0%	0%
Soup and broth	10%	0%	0%	0%
Food preparations for infant use	30%	7%	5%	0%
Syrup	10%	5%	5%	4%
Jam, fruit jellies, marmalades, fruit or nut puree and fruit or nut pastes, obtained by cooking	40%	7%	5%	5%

All items in **BLUE** attract ZERO import tariff under AANZFTA.

For more information about the AANZFTA tariffs, please visit the [ASEAN Tariff Finder](#).

NOTE: MFN means Most Favoured Nation. Tariff in % is calculated on CIF value.

