

Wheat and barley markets in Vietnam

THEIR STRATEGIC IMPORTANCE TO AUSTRALIA

Vietnam is experiencing rapid economic and social change, with its economy set to double by 2030. Vietnam's appetite for bread and noodles made from premium Australian wheat could jump 44% by 2030. Read the full report at aegic.org.au.



RECOMMENDATIONS

1



Australia needs to monitor and respond to the changing needs of Vietnam to ensure it remains a preferred wheat supplier for noodles and bread.

Vietnam's middle class is expected to make up one-quarter of the population by 2030 and will demand higher quality food and beverages. New consumption preferences will become manifest within this group and will help set the future trends that eventually move to the broader population as the economy grows.

While Australian wheat is well regarded in Vietnam, functionality variations in recent years have negatively impacted perceptions of Australian wheat quality. The Australian wheat industry needs to remain aware of the impact of these trends.

2



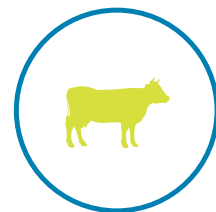
Convenience and affordability will remain important consumer factors for the foreseeable future. Australian wheat needs to be attractively priced despite its preferred status in the market.

Wheat consumption per capita as food in Vietnam has increased from 5kg in 1990 to over 16kg in 2018, and will continue to grow to about 23kg by 2030.

Australia is well positioned to benefit from this growth, mainly in the noodle and bread sectors where quality is important.

However, despite the expected economic growth, incomes are relatively low in Vietnam and cost will remain a major factor for most Vietnamese people.

3



The feed market in Vietnam has expanded rapidly over the past 10 years but feed barley is not yet used. Providing technical information and assistance about the advantages of Australian feed grains may stimulate demand in Vietnam.

The feed sector continues to expand rapidly in Vietnam, providing opportunities for a range of Australian feed grains.

Building awareness of the benefits of feed barley and other feed grains, and supporting their use in the Vietnam feed industries, should allow Australian farmers to participate in this expanding market.



At 96 million people, Vietnam is the third most populous nation in South East Asia. Vietnam's emerging middle class will double from 13% to 26% by 2026 – however the middle class is small relative to other South East Asian countries such as Indonesia.

Demand for quality Australian grain is expected to increase, albeit under increasing pressure from low-cost producers.

AEGIC's report, *Wheat and barley markets in Vietnam: their strategic importance to Australia*, provides an overview of Vietnam's grain market and economy to better understand the trends, prospects and future actions for Australia.

WHEAT

Australia has been Vietnam's largest wheat supplier for 20 years. Since 2000, Australia usually supplied more than half of Vietnam's total wheat imports. In some years this was as high as 90%.

Australia exports about 1.5mmt to Vietnam each year on average, however this total has decreased in recent years with the increase in Black Sea wheat for feed.

About 0.9mmt of Australian wheat has been used in Vietnam's higher priced food market. Increased demand could grow this market segment to 1.3mmt by 2030 – a 44% increase. Australian wheat is preferred in Vietnam creating superior noodle colour and colour stability. Vietnam is also one of the few countries that prefers Australian wheat for bread (banh mi).

The use of wheat for feed has increased significantly since 2009. Australian wheat supplied a large part of this demand, but since 2016 most feed wheat has been sourced from the Black Sea region.

BARLEY

Vietnamese people love their beer. Beer consumption has doubled over the past decade and Vietnam is now one of the top 10 beer markets in the world. Beer production in Vietnam is likely to continue to expand. Australia is the largest supplier of malt and malt barley to Vietnam.

In the two years since the Inter malt malting plant opened in Vietnam (partly owned by CBH Group), barley imports into Vietnam increased from 50,000mt to 150,000mt, with about 80% from Australia. This malting plant could potentially double its capacity by 2030, representing a further opportunity for Australian barley exports.

Feed barley has not been used in Vietnam's rapidly expanding feed barley market despite its excellent suitability. Acquainting Vietnamese buyers with the benefits of Australian feed barley is an opportunity for Australia.

Read the full report at aegic.org.au

Other reports in this series:

The Indonesian wheat market: Its strategic importance to Australia
The Indonesian baked goods market: Its importance to Australian wheat exports



Australian Export Grains Innovation Centre



AEGIC is an initiative of the Western Australian State Government and Australia's Grains Research and Development Corporation

