Vietnam Market Study
on Cheese & Dairy Products

For

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Acronyms

AANZFTA	ASEAN – Australia and New Zealand Free Trade Agreement
ACFTA	ASEAN – China Free Trade Agreement
AHKFTA	ASEAN – Hong Kong Free Trade Agreement
AIFTA	ASEAN – India Free Trade Agreement
AKFTA	ASEAN – South Korea Free Trade Agreement
AJFTA	ASEAN – Japan Free Trade Agreement
ASEAN	Association of Southeast Asian Nations
CAGR	Compounded Annual Growth Rate
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
CVS	Convenience Store
EVFTA	EU-Vietnam Free Trade Agreement
F&B	Food & Beverage
FMCG	Fast-Moving Consumer Goods
FTA	Foreign Trade Agreement
LFS	Law on Food Safety
LLC	Limited Liability Company
GDP	Gross Domestic Product
HORECA	Hotel, Restaurant and Cafe
MARD	Ministry of Agricultural and Rural Development
MFN	Most Favored Nation
MOH	Ministry of Health
MOIT	Ministry of Industry and Trade
MNC	Multinational Corporation
RCEP	Regional Comprehensive Economic Partnership
RTD	Ready-to-drink
RTE	Ready-to-eat
TVC	Television Commercial
UHT	Ultra-high Temperature Processing
USDA	United States Department of Agriculture
VCFTA	Vietnam – Chile Free Trade Agreement
VJEPA	Vietnam – Japan Economic Partnership Agreement
VKFTA	Vietnam – South Korea Free Trade Agreement
VN-EAEU	Vietnam – Eurasian Economic Union

1. VIETNAM MARKET OVERVIEW AND OUTLOOK

Vietnam, an S-shaped country, is located in the heart of Southeast Asia. The country has 3,260 kilometers of coastline, bordering Cambodia and Laos to the east and China to the North. The geographical location of Vietnam has many advantages including the connection to global supply chains and to the growing consumer markets in Southeast Asia. The country is located on the shipping route from Asia to Europe adjacent to China, a big supplier of raw material in manufacturing industry. Vietnam has 63 provinces including the capital region of Hanoi and the special economic administrative center in Ho Chi Minh City.

With 96.4 million inhabitants as of 2019, Vietnam is the third most populous country in ASEAN and 15th in the world. Independent since 1945 and unified since 1975, the country has transformed itself from a planned to a market economy with GDP growth averaging 6.3% over the last decade. The economic structure has shifted from agriculture to the service sector which contributes more than 40% to GDP.

Table 1: Vietnam 2019 Socio-Economic Stats

Socio-Economic Stats - 2019
Capital: Hanoi
GDP: US$ 261.9 billion
GDP per Capita: US$ 2,715
Population: 96.4 million
Population Growth Rate: 1.01%
Total area: 331,698 sq. km
Key cities (population):
• Hanoi (8.01 million)
• Ho Chi Minh City (9.03 million)
• Da Nang (1.14 million)
Urbanization level: ~40%
Inflation rate: 4.0% (2019), 3.7% (2020e)
Major seaports: Saigon, Hai Phong, Vung Tau, Quang Ninh

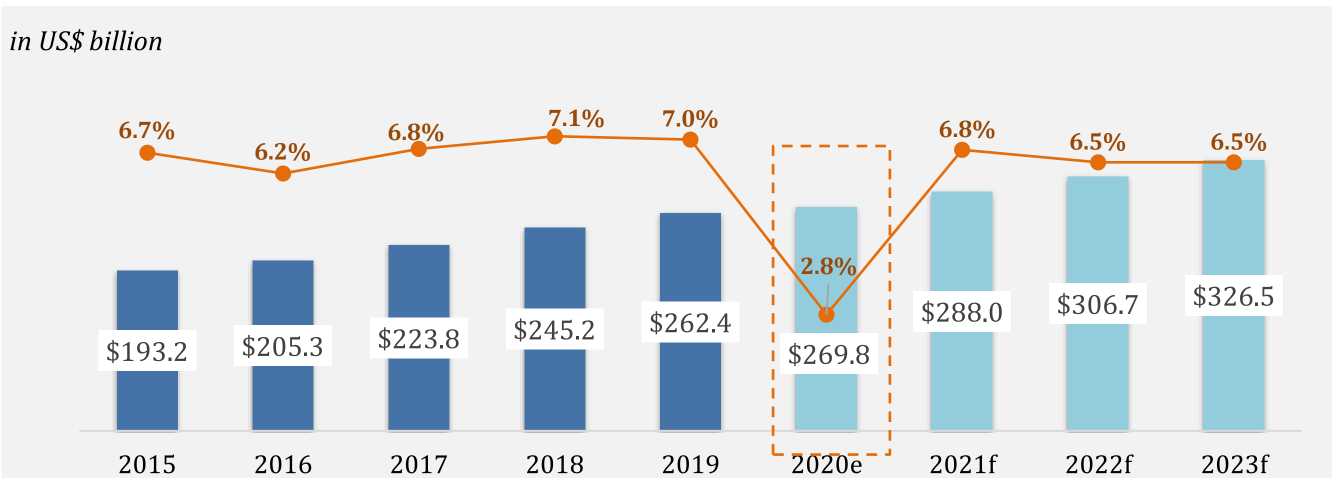
The Vietnamese economy is expected to maintain its strong growth momentum in both mid-term and long-term as external factors indicate Vietnam maintaining its position as an attractive destination for foreign investment. This is further enhanced by the active trade liberalization in Vietnam with at least 13 active FTAs in addition to the ongoing trade conflict between the United States and China, which has positively impacted the manufacturing sector in Vietnam as MNCs move production facilities from China to Vietnam. Additionally, Vietnam is undergoing a phase of economic restructuring and transformation with the government aiming to develop industry to position Vietnam as a manufacturing hub and integrated member of the global value chain. Vietnam aims to shift its industrial growth model from a quantity-focused model to productivity, quality, and efficiency-focused approach to promote the development of industries and products with high added-value and export value. The entry of foreign investors during this period is expected to bring invaluable knowledge and technology transfer, with the aim of strengthening the manufacturing capabilities and competitiveness of Vietnam. By 2035, the focus of the government will be the development of environmentally friendly and green industrial production that meet the international standards and maintain a highly competitive position for Vietnam within the region.

1.1 Vietnam Economy – 2020 Update & Outlook

Macroeconomic Landscape

Vietnam is one of the fastest-growing economies in SEA with 7.0% GDP growth in 2019. This is the second consecutive year that the economy reached over 7% growth since 2011. Various sectors made significant contributions to GDP with growth in manufacturing being the largest (~12% expansion) followed by the industry & construction sector (8.9%), services sector (7.3%) and agriculture, forestry & fishery sector (1.3%). In general, the economic outlook of Vietnam is positive and stable. Key drivers for this economic growth include attractive consumer market, positive manufacturing output, increasing disbursements of foreign investments, deeper integration into global trade, as well as beneficial impact from U.S.-China trade war.

Figure 1: Vietnam GDP and GDP Growth at Current Prices



Source: World Bank, Fitch Solutions, YCP Solidiance Research and Analysis

Entering 2020, the CoViD-19 pandemic has challenged all economic sectors in Vietnam. The economy reported GDP growth for the first of 2020 at 1.81% on a year-over-year basis, its lowest rate in the last three decades. The services sector, accounting for nearly 42% of GDP in 2019, is expected to be the most severely impacted, as tourism and transportation are unlikely to fully recover until next year due to ongoing global pandemic restrictions. Tourism revenue from January to June dropped 53.2% as international flights were suspended from March 25. Q2 2020 saw the most severe decline as the government applied strict mobility and social distancing measures to contain the virus spread. In the first half of the year, the agroforestry-fisheries sector reported 1.19% y-o-y growth and contributed 11.89% to the overall economic growth. At the same time, the industrial sector expanded by 2.98% (equivalent to a contribution of 73.14%), while the services sector grew by only 0.57% contributing 14.97% to the national economy.

Yet, this was a relatively good performance, given the global environment, with at least half of the world's economies facing recession this year. The World Bank has forecast a 5.2% decline in global growth. Key takeaways on the macroeconomic situation in Vietnam for the first half of 2020 include:

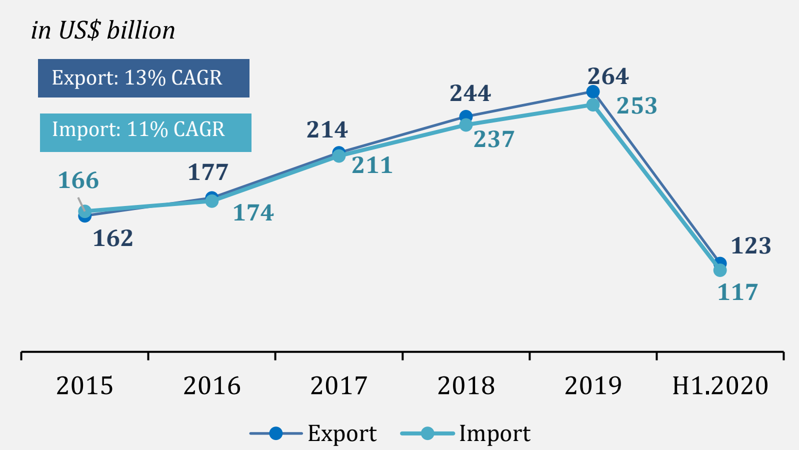
- The national GDP reported positive growth, though at its slowest pace in the past three decades;
- While the State Bank of Vietnam eased monetary conditions to expand loans to businesses, inflation has been stable and is expected to be under 4% during 2020-2022 period; and

- Recorded a trade surplus in the first half of 2020 albeit exports contracted in Q2 2020.

Trade Performance

Vietnam is one of most open economies to international trade in Asia, as evidenced by the value of trade in Vietnam representing 210% of total GDP in 2019. This is the second highest ratio in ASEAN after Singapore. Leveraging its strategic location, Vietnam is an ideal export hub to trade with other markets in ASEAN and globally with foreign investments and exports driving the majority of economic development.

Figure 2: Vietnam Import - Export



Source: Vietnam Custom Office, USDA

Figure 3: Top 5 Exporters to Vietnam

(import value – 2019)

1. China (US$ 65.51 billion)
2. South Korea (US$ 47.6 billion)
3. Japan (US$ 19.04 billion)
4. Taiwan (US$ 13.23 billion)
5. USA (US$ 12.7 billion)

In 2019, the main products exported from Brazil (US$ 2.4 billion) into Vietnam were corn, animal fodder and animal fodder materials, cotton, metal ore and other mineral products, and soybeans.

Increasing commitments to trade liberalization in Vietnam have guided the direction of trade activities. As of September 2020, Vietnam has signed a total of 13 Free Trade Agreements (FTAs) and is in negotiation with three other FTAs. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP, signed in 2018) and E.U.-Vietnam FTA (EVFTA, signed in 2019) are the two largest FTAs that Vietnam currently participates. FTAs are helping attract foreign manufacturing companies into Vietnam, resulting in key knowledge and technology transfer. Additionally, FTAs allow Vietnam to expand trade networks to source cheaper raw material imports used in production eventually increasing the manufacturing competitiveness of Vietnam against others in the region. While Vietnam is an export-driven economy, it relies heavily on imports. The majority of imports are used to support the assembly or production of final products that are eventually exported overseas.

Table 2: Main Import and Export Products

Main Export Products	• Telephones, mobile phones & components • Computers, electrical products & components • Textile & garments • Footwears • Machine & equipment • Wood and wooden products • Fishery products	**Main Import Products**	• Computers, electrical products & components • Machine & equipment • Telephones, mobile phones & components • Fabrics • Iron & steel • Plastic products • Other base metals

In the first half of 2020, trade in goods in Vietnam totaled about US$ 240 billion, 1.4% lower than the first half of 2019. Exports in 2020 increased by 4.7% over 2019 due to the strong revenue from computers, electrical products, spare-parts, and components. However, imports went down by 2.9% in value due to a decrease in the import value of crude oil, machine & equipment, tools, and motor vehicles.

1.2 Vietnam Food & Beverage Industry Overview

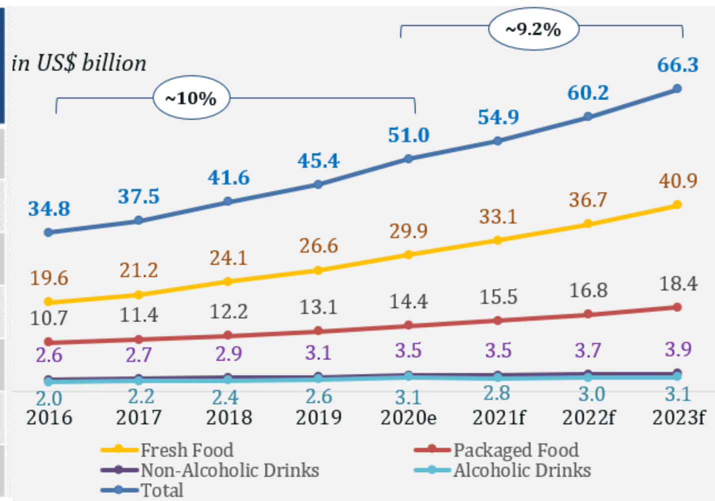
i. Industry Review

Vietnam is one of the largest markets for consumer goods in Southeast Asia and one of the fastest growing markets. Compared with other major economies in the region, Vietnam reported relatively high growth in all F&B segments. The food sector accounts for a substantial and growing part of GDP. Total F&B retail sales is expected to reach approximately US$ 51 billion by end 2020 with slightly slower growth than the past at 9.2% annually between 2020-2023. Fresh food is the biggest component with 59% market shares and is forecasted to gain more shares as the locals will keep spending more on fresh foods. Packaged food is the second largest segment while retail sales for non-alcoholic and alcoholic drinks contributed 7% and 6% respectively.

Table 3: F&B Sector Growth in ASEAN

Sector Growth – 2016-2020	Alcoholic Beverages	Non-Alcoholic Beverages	Packaged Food	Fresh Food
Indonesia	6.7%	0.2%	4.1%	N/A
Malaysia	5.9%	-2.0%	4.6%	N/A
Malaysia	11.4%	4.7%	5.2%	N/A
Philippines	10.2%	8.6%	4.5%	N/A
Singapore	1.8%	-1.5%	3.4%	N/A
Thailand	5.7%	4.7%	6.8%	5.2%
Vietnam	11.7%	8.3%	7.7%	11.1%

Figure 4: F&B Retail Sales in Vietnam



Note: Market value does not include sales in HORECA/foodservice channel.

Alcoholic drinks: beer, cider, spirits, wine, ready-to-drink (RTD)

Non-alcoholic drinks: bottled water, carbonate, concentrates, juices, RTD coffee, energy drinks, sport drinks, specialty drinks

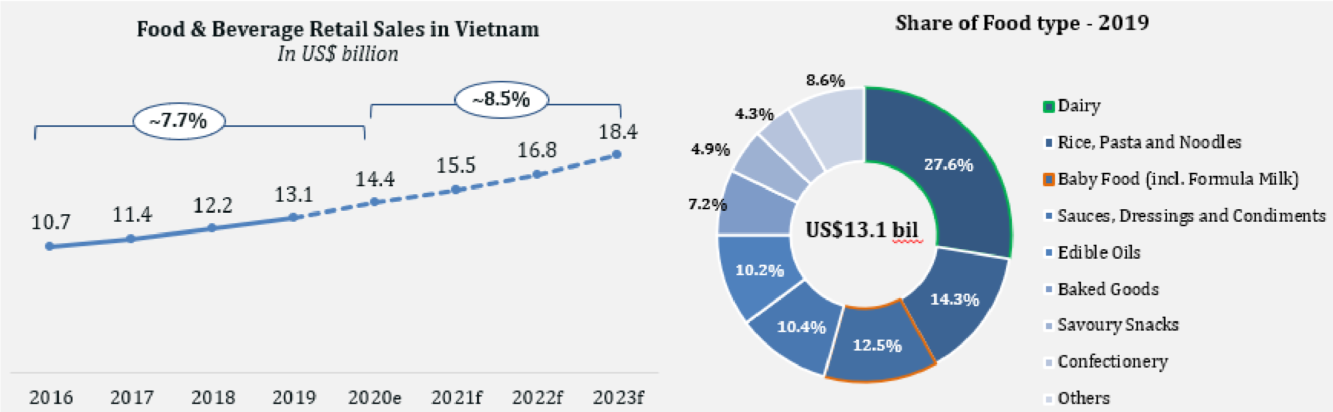
Fresh food: eggs, fish & seafood, fruits, meat, nuts, pulses, starchy roots, sugar & sweeteners, vegetables

Packaged food: edible oils, ready meals, sauces and dressings and condiments, soup, dairy, baby foods, confectionery, snack, ice-cream & frozen dessert, breakfast cereals, processed fruit and vegetables, processed meat and seafood, rice and pasta and noodle, other packaged foods

Source: Euromonitor, YCP Solidiance Research and Analysis

The market outlook for packaged foods in Vietnam is positive with future growth expected to exceed past performance. Packaged food sales grew at approximately 7.7% between 2016-2020 due to demographic shifts and increased incomes. Growth is expected to be higher at 8.5% in the 2020-2023 period. Dairy and baby food were the largest and third largest contributors, respectively, to the packaged foods market accounting more than 40% of total revenue. Rice, pasta, and noodles ranked second with 14.3% contribution to food sales in 2019.

Figure 5: Food & Beverage Market in Vietnam



Dairy products

- *Drinking milk*
- *Cheese*
- *Butter and spread*
- *Yogurt and sour milk*
- *Condensed milk*
- *Cream*
- *Other dairy products*

Baby foods

- *Formula milk*
- *Dried baby food*
- *Prepared baby food*
- *Other baby food*

Source: Euromonitor, YCP Solidiance Research and Analysis

ii. International Trade in Food & Beverage

Vietnam is blessed with natural advantages. The various microclimates from the north to the south resulting in favorable conditions for a variety of seasonal agricultural products. The country is an exporter of rice, coffee, tea, cashew, and pepper. Major imported products are fruits and nuts, frozen fish and meat, corn, soybean, and dried vegetables. Fragmented and small-scale farming, labor intensive production, poor infrastructure, and less developed technology have restricted Vietnam from increasing productivity. Moreover, some areas in Vietnam are extremely vulnerable to flooding, particularly in the lowland rice production areas. Vietnam continues to struggle to find sustainable solutions to adapt and solve these problems. Recently, the government has promoted the adoption of new technologies and modern processes in order to increase productivity.

With rising disposable income and a young population driving consumption, demand for imported agricultural products and processed food ingredients is expected to grow.

Table 4: Vietnam Main F&B Trading Products

Main export foods 	• Fishery products • Fruits and vegetables • Cashew nuts • Coffee • Rice • Cassava and manioc cassava products • Pepper • Pastries, sweets and cereal products • Animal fodders and animal fodder materials	**Main import foods** 	• Maize (corn) • Dairy products • Fresh fruits • Fresh and processed vegetable • Beef & beef products • Tree nuts • Poultry meat • Prepared food • Pork products • Soybean

Source: Vietnam Custom Office, USDA

Import of F&B products to Vietnam reported strong growth of 19% during the 2014-2019 period. Three trading partners having more than US$ 1 billion turnovers for exporting F&B products to Vietnam include the US, Argentina, and Thailand. F&B products imported to Vietnam from the US are varied, from corn, soybean, vegetables, meats to dairy products. Imports from Argentina were mainly corn and wheat while F&B products from Thailand are mainly fruits. Two other key exporters are Australia (cereals and fruits and nuts) and China (vegetables, fish, and sugar).

Figure 6: Vietnam F&B Import - Export

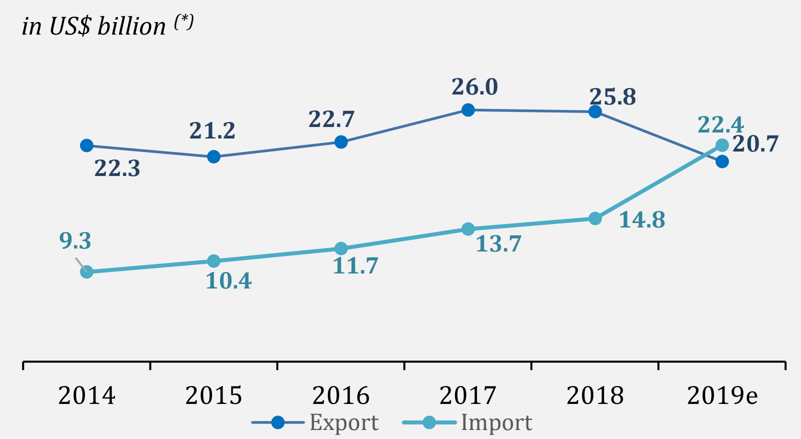


Figure 7: Top F&B Exporters to Vietnam

(import value – 2018)

1. USA (US$ 1.86 billion)
2. Thailand (US$ 1.15 billion)
3. Argentina (US$ 1.09 billion)
4. Australia (US$ 0.94 billion)
5. China (US$ 0.92 billion)

In 2018, the main F&B products imported from Brazil (about US$ 730 million in total F&B import) included cereals (corn & wheat), soybean, meat, and pepper.

Note: (*) Trade values were collected from Trademap for 19 HS Codes covering F&B products (HS 01, 02, 03, 04, 07, 08, -09, 10, 11, 12, 13, 15, 16, 17, 18, 19, 20, 21 and 22). Under this 19 HS-2 digits group, irrelevant codes with product descriptions that indicate non-food uses were excluded (such as animal for breeding purpose, 070110-seed potatoes, 1505-wool grease, etc.)

Source: Vietnam Custom Office, Trademap, USDA, YCP Solidiance Research and Analysis

<u>Drivers</u>

Figure 8: Vietnam Population 2019

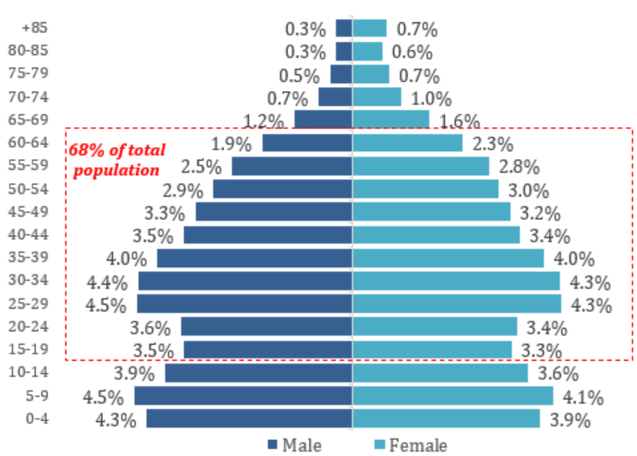
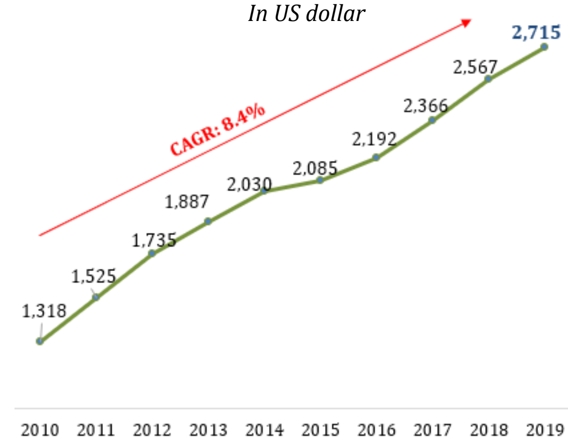


Figure 9: Vietnam GDP per Capita

In US dollar



- **Young and growing population makes Vietnam an attractive market for consumer goods.** With more than 96 million people, it is the 15th most populous country in the world and third in Southeast Asia.

Moreover, Vietnam currently enjoys a prime demographic structure in which the population between 15-64 years old accounts for more than two-third of the entire population.

- **Stable and solid economic development drives growing income and purchasing power.** Vietnam has one of the fastest-growing middle-classes in Southeast Asia. The Ministry of Planning and Investment forecasted that more than half of the country will be considered middle class by global standards by 2035. GDP per capita, a moderate indicator for consumer tastes and preferences, has grown 8.4% annually over the past ten years, demonstrating a gravitation towards higher priced and branded food and beverage products in the short- and medium-term, including items that are already high in price, such as butter, cheese, and cream.
- **Robust expansion of modern trade stores** gives consumers greater access to greater varieties of formula milk. In 2019, the number of supermarkets and department stores increased 16% and 23% over 2018, respectively. Though modern retail channels are concentrated in major urban centers, such as Hanoi, Da Nang and Ho Chi Minh City, recent network expansion efforts have been placed in second-tier cities, such as Binh Duong and Vung Tau. The number of convenience stores grew even faster, from 1,608 stores in 2018, to about 4,000 stores in mid-2020, due to the aggressive expansion plans from Vinmart+. Vinmart+, now under Masan Group, has 2,300 outlets across Vietnam as of 2019. As modern trade chains become more competitive against traditional trade due to rapid expansion, new and expanding product portfolios of milk, yogurt, cheese, butter, and cream will attract and retain a number of consumer groups.
- There is an **opportunity for imported products to capture market share through the growing interest in foreign foods as consumers perceive them to be of better quality and hygiene standards.** Vietnamese consumers, particularly the young and affluent, have strong recognition of foreign brands. Accordingly, well-known foreign products, supported by strong marketing and promotional campaigns, have a reasonably high chance of successful launches. Consumers are generally more informed making products that provide specific health benefits and / or specific tastes more attractive and more actively sought out. Domestic consumption of foreign dairy foods, especially cheese and butter, reported high growth, both historical and forecasted, ranging from 8.7% to 8.9%, demonstrating an increasing consumer curiosity towards new foreign products.
- The increasing consumption of packaged food products, ready-to-eat meals, bakery products, and sauces **is driving the demand for food ingredients**. According to the USDA, promising food processing ingredients to export to Vietnam include tree nuts, minced pork, poultry products, dairy products, other beef products, processed fruits, peanuts, wheat, and potatoes, all of which are used to make processed foods, such as sausages, meatballs, snacks, instant noodles, and bakery products. The rise of bakery products also incentivizes businesses to try new imported condensed milk, butter, cream, cheese, and powdered milk as new ingredients to diversify tastes and costs.
- **The continuous efforts to more deeply integrate Vietnam into the global supply chain** and its FTA negotiations give more accessibility to foreign products in general. As of September 2020, the country has signed 13 FTAs and is in negotiations for another three agreements which, once completed, will bring free trade access of 57 foreign markets to Vietnam. The free trade commitments of Vietnam under the 13 signed FTAs have widened access to foreign dairy products. Current import duties on formula milk products (under HS Code 19011020) from countries participating in these 13 FTAs are mostly set

between 0%-10% (see Appendix C for more details). Notably, two recently effective FTAs, CPTPP and EVFTA, will further promote dairy imports from Europe, the traditional dairy trading partners for Vietnam. According to EVFTA, Vietnam will soon remove all tariffs on dairy products from the E.U. within five years (from pre-EVFTA duties up to 15%). Tax incentives will lower down product prices for milk, yogurt, cream, cheese, and butter which will help to increase consumption.

Table 5: Vietnam and Free Trade Agreements

Title	Description
ASEAN Free Trade Area	Vietnam is one of the founding members of the Association of Southeast Asian Nations (ASEAN), a regional organization comprising of ten Southeast Asian states that promotes intergovernmental cooperation and facilitates economic integration amongst its members, founded in 1967. The ASEAN Free Trade Area, signed in 1992, included a Common Effective Preferential Tariff (CEPT) for the promotion of free flow of goods. To meet the target of zero import duties, countries have been gradually lowering their import duties since its inception. Dairy imports to Vietnam from ASEAN are exempted from import duties. Import duties for dairy products from ASEAN countries are 0% for all products under HS code 0401 to HS 0406. *Notable dairy exporters:* • *Thailand: Betagen (yogurt), Nestle- Carnation (condensed milk), Meiji (drinking milk), YoGood (yogurt)* • *Malaysia: FamyL (condensed milk), Lamosa (condensed milk), Marigold (drinking milk, condensed milk), Vega (condensed milk), Helio (condensed milk), Dbent (condensed milk), Delipure (condensed milk)* • *Indonesia: Nestle – Carnation (condensed milk), Milk Tiger (yogurt)* • *Singapore: Abbott (formula milk), Nestle Nan Organic (formula milk)*
ASEAN – South Korea Free Trade Agreement (AKFTA)	The ASEAN-Korea FTA includes all ASEAN nations and South Korea which commit to eliminate or reduce tariffs on over 90% of all traded goods between the members. AKFTA was implemented in 2005 with an amendment to include additional goods in 2007, and services and investments in 2009. Since its implementation, 86% of import tariffs in Vietnam have been eliminated since 2018 with the remaining 14% of import tariffs to be either: (i) reduced to a rate of 5%, (ii) partially reduced, or (iii) applying the most favored nation (MFN) rate. From 2020, dairy products exported from South Korea to Vietnam are subjected 0% import duty. *Notable dairy exporters: Imperial Dream XO (formula milk), I am Mother (formula milk), Lotte Foods – Nubone/Grand Noble (formula milk), With Mom (formula milk)*
ASEAN – China Trade Agreement (ACFTA)	ASEAN has a trade treaty with China that effectively eliminated or reduced tariffs on about 8,000 products, or about 90% of imported goods from China. The agreement came into effect in 2006 with Vietnam committed to eliminating tariffs for about 90% of the 8000 imported products within 10-12 years. For any remaining tariffs, Vietnam committed to reducing tariffs to a rate of 5% to 50% by 2020. Import duties for Chinese dairy products are now at 0%. *Notable dairy exporters from China: Wahaha (yogurt)*
ASEAN – Japan Comprehensive Economic Partnership (AJCEP)	AJCEP was implemented in December 2008. In 2019, Japan and five members of ASEAN (Laos, Myanmar, Thailand, Singapore, and Vietnam) signed the first protocol for AJCEP to further promote trade and investment among the members. Vietnam now applies a range of 0-30% import duties on dairy products imported

Title	Description
	from Japan. *<u>Notable dairy exporters:</u> Meiji (formula milk, drinking milk, yogurt), Glico Icreo (formula milk), Wakodo (formula milk, yogurt), Morinaga (formula milk)*
ASEAN – Australia and New Zealand Free Trade Agreement (AANZFTA)	ASEAN, Australia, and New Zealand entered into an FTA in 2009 and established zero import duties on most goods traded between its members, including dairy products. Currently formula milk products from New Zealand and Australia bear no tariffs when entering Vietnam. *<u>Notable dairy exporters:</u>* • *Australia: Devondale (drinking milk), Farmer Union (yogurt), Bega (cheese), Yoplait (yogurt), Dairymont (cream), A2 (powder milk)* • *New Zealand: Fonterra (drinking milk, cheese, butter, cream), Meadow Fresh (drinking milk, cream), Westland Milk Product (drinking milk), Tatua (cream)*
ASEAN – India Free Trade Agreement (AIFTA)	The ASEAN-India free trade agreement came into effect in 2010 but took a longer time to reduce tariffs across the various product lines. At the end of 2016, tariffs of over 4,000 products had been lowered or eliminated. In 2020, dairy products imported into Vietnam from India are charged a tariff of 0% to 9%.
ASEAN – Hong Kong FTA (AHKFTA)	Officially negotiated in 2014 and effective as of June 2019, AHKFTA offers easier market access for goods between ASEAN and Hong Kong. In January 2020, Vietnam issued Decree 07/2020/ND-CP for a preferential tariff for the 2019-2022 period. As of 2020, tariffs applied to Hong Kong formula milk remain relatively high, compared with other FTA partners, ranging from 2% to 20%.
CPTPP	The Trans-Pacific Partnership (TPP), or TPP-11 after the withdrawal of the U.S., was renamed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). On 08 March 2018, CPTPP was officially signed by its 11 members: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. The overall goal of the CPTPP is to bring import duties to 0% on all tariff lines. The CPTPP also contains several regulations related to trade and investment, such as regulations on technical barriers to trade, food safety and hygiene, regulations on customs and trade facilitation, regulations on investment environment, and investment protection. Import duties levied on dairy products from six of the members (Australia, New Zealand, Canada, Japan, Mexico, and Singapore) are now set at 0%-5% with further reduction in the next ten years.
Vietnam – Chile FTA (VCFTA)	Signed in November 2011, VCFTA came to effect in 2014. Vietnam committed to eliminating tariffs on nearly 88% of goods originating from Chile within 15 years. Nearly 84% of tariff lines were eliminated immediately when the agreement went into effect. Chile will eliminate tariffs for most of goods from Vietnam by 2029. In 2020, Vietnam applies duties ranging from 1% to 7% on dairy products imported from Chile.
Vietnam – EU (EVFTA)	The Free Trade Agreement (EVFTA) and the Investment Protection Agreement (EVIPA) between Vietnam and 27 European Union member states was ratified by the European Parliament on 12 February 2020 and approved by the Vietnamese National Assembly on 08 June 2020. Both Agreements were signed on 30 June 2019. EVFTA became effective 01 August 2020 while EVIPA is waiting further ratification by the E.U. Parliament to take effect. Currently, import tariffs for dairy products exported from the E.U. are from 0% to 20%, but will be eliminated in five years. *<u>Notable dairy exporters:</u>*

Title	Description
	• *France: Lactalis (cheese, cream, butter), Elle et Vire (cheese, cream, butter), Paysan Breton (cheese, B.Zelachi (cheese), Lact' Union (drinking milk), Promess (drinking milk)* • *Denmark: Emborg (cheese, cream),* • *Netherland: Friesland Campina (drinking milk), Grand d'Or (cheese), Globemilk B.V (drinking milk)* • *Switzerland: Nestle Nan Supreme*
Vietnam – Eurasian Economic Union (VN-EAEU)	VN-EAEU came into effect in October 2016 between the Eurasian Economic Union (EAEU), a trade block including Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia, and Vietnam. The Vietnamese government has committed to eliminate import duties on 90% of goods originating from the EAEU in a ten-year tariff reduction schedule. Import duties on 88% of goods from the EAEU are set to be eliminated with 43% of tariff lines already eliminated. Other remaining tariffs are scheduled to be reduced within 10 years. Dairy products imported to Vietnam from EAEU country members are taxed 0% duty as of 2020. *Notable dairy exporters: Russia (Nestle)*
Vietnam – South Korea FTA (VKFTA)	VKFTA came to effect in 2015 with Vietnam committed to eliminating import duties on nearly 90% of products from South Korea by 2030, with South Korea committed to eliminating tariffs for over 95% of products imported from Vietnam. *Notable dairy exporters: Imperial Dream XO (formula milk), I am Mother (formula milk), Lotte Foods – Nubone/Grand Noble (formula milk), With Mom (formula milk)*
Vietnam – Japan Economic Partnership Agreement (VJEPA)	Vietnam - Japan Economic Partnership Agreement came into effect in 2009. Under the VJEPA, 92% of goods traded between Vietnam and Japan are tax exempt or to be reduced within ten years from the agreement effective date. According to the agreement, import duties for dairy products from Japan to Vietnam are from 0-30%. *Notable dairy exporters: Meiji (formula milk, drinking milk, yogurt), Glico Icreo (formula milk), Wakodo (formula milk, yogurt), Morinaga (formula milk)*
FTAs in negotiation: *1. RCEP (ASEAN+6): negotiations started in 2013 among ASEAN countries, China, South Korea, Japan, India, Australia, and New Zealand* *2. Vietnam – EFTA (Norway, Switzerland, Iceland and Liechtenstein): officially announced in May 2012, negotiations between Vietnam and EFTA members are still ongoing* *3. Vietnam – Israel: the two countries began discussing a potential FTA in December 2015*	

Source: Vietnam Ministry of Finance, YCP Solidiance Research and Analysis

Current Trends

- **Rising domestic consumption of high-end products and stronger awareness on food safety** drive demand of quality imported F&B products. At the same time, to stay competitive in the market, local food processors are putting more efforts on improving food quality, packaging initiatives, and new offerings. There are also increased interest and demand for organic and healthy options with natural ingredients. Whereas local companies follow E.U. or U.S. standards for food safety, imported dairy products, such as milk and yogurt, enjoy a generally positive consumer perception of safety.

- **Local consumers are becoming more aware of new food products due to globalization and higher penetration of internet**. As local consumers are becoming more informed about their potential food choices as well as health and wellness, this behavior help drives the increasing variety of different categories of dairy products, especially with cream, cheese, and butter.

- **E-commerce purchases are growing among youth** due to the expansion of internet and smart phone usage and is one major channel to expand dairy product awareness to the younger population. Although traditional markets still account for a major part of the value of total food retail sales, its revenue growth is expected to slow down in the upcoming years with the expansion of modern channels, including e-commerce and convenience stores. Consumers are increasingly purchasing from e-commerce sites armed with brand knowledge while unable to find offerings at traditional offline stores. E-commerce sites will be central to both increasing consumer awareness and sales of imported milk, yogurt, cream, cheese, and butter in the future.

Barriers

- As local food & beverage processing companies are working to improve both quality and packaging of their products, imported foods face **stiffer competition** in penetrating the market. The government introduced several policies and financial packages to lure more investments in high-tech agricultural operations in order to promote domestic supply models to reduce reliance on food imports. This barrier is especially high with milk, especially now that domestic milk offers consumers comparable price points while boasting high quality products and packaging.
- Vietnam is a middle-income country with clear income disparity between urban and rural consumers. As food expenditure is linked closely to household income, preference for imported foods, especially with butter, cream, and cheeses, is limited to a small wealthy portion of in people in major cities. **Demand for imported brands is still limited in rural areas** which still account for more than 63% of the total population of Vietnam. Higher-priced cheese, cream, and butter are difficult to access luxuries from the perspective of the average lower- to middle-income consumer.
- Strict regulations on food safety challenge imported food products. According to the Vietnamese Law on Food Safety Number 55/2010/QH12, imported food, food additives, processing aids, imported food-packaging tools, and food packages and containers must adhere to certain conformity requirements and be registered at a competent state agency, must obtain a notice of satisfactory completion of import requirements issued by a designated inspection agency for each goods lot, and for some specific products, obtain a certificate of free sale or health and safety certificate.

2. VIETNAM DAIRY MARKET OVERVIEW

Cheese and Dairy Products	**Milk** • Mothers are becoming more willing to raise their children on natural and organic milk as young as two years of age • As incomes increase, access to fresh milk and dairy products grows, and beliefs that dairy consumption has health and wellness benefits develops, demand for milk is expected to grow rapidly **Yogurt**

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- As manufacturers more actively promote the health and nutrition benefits of yogurt, yogurt products have experience consistently high growth in demand among consumers of all age groups as more and more consumers incorporate yogurt into their diets
- According to a Friesland Campina professional, the yogurt market is completely dominated by local brands, such as Vinamilk and TH Milk, that control up to 95% of the market

Butter

- Consumers in Vietnam predominantly consume margarine and have not distinguished the difference between butter and margarine which makes butter a price sensitive product in the local market
- The butter segment is completely dominated by foreign brands, such as President from Lactalis Group and Anchor from Fonterra

Cheese

- Traditional cheeses are still considered a western food with processed spreadable cheese the only cheese product used in local cuisine
- Local cheese production, other than processed cheese from Vinamilk and mozzarella from TH True Cheese, is limited heavily to small artisanal producers, such as Pizza 4Ps, that cater to niche customer segments

Condensed Milk and Cream

- The cream and condensed milk segment is comprised almost entirely of condensed milk as cream is not a common food ingredient used in Vietnam
- Cream and condensed milk sales are expected to maintain stable growth in the near future, though at the lowest rate of all dairy products, with the main consumption of condensed milk in Vietnam as a condiment for coffee and ingredient in baked goods
- The condensed milk segment is largely a monopoly between Vinamilk and Friesland Campina that account for approximately 98% of production

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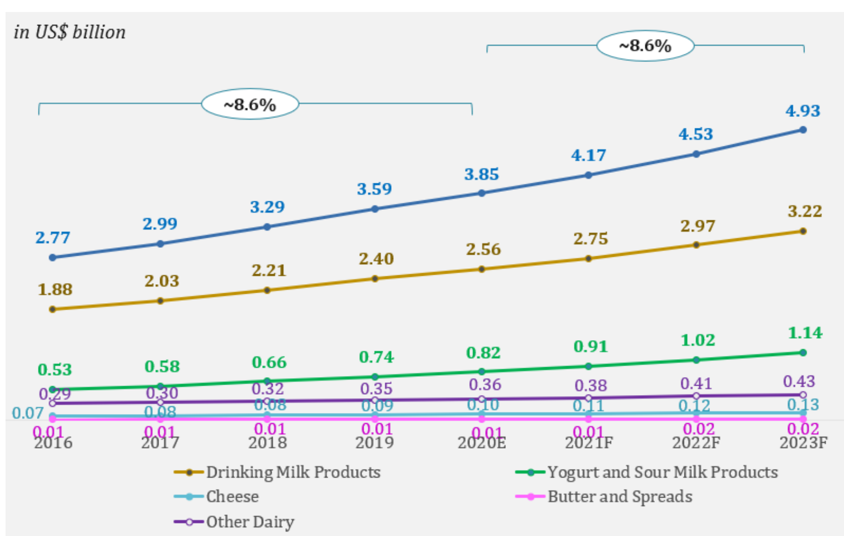
2.1 Total Dairy

Demand

Figure 10: Retail Sales for Cheese & Dairy Products in Vietnam



Source: Euromonitor, YCP Solidiance Research and Analysis

Over the past five years, demand for dairy grew rapidly at 8.6% annually, driven mostly by sales in drinking milk, which accounted for approximately 67% of all dairy demand. Milk was forecasted to lead dairy demand growth in the next three years, but with yogurt and sour milk products gaining shares from milk as consumers increasingly incorporate yogurt into their diets for the purported health benefits.

Cheese, butter, and other dairy products, such as cream and condensed milk, consistently accounted for approximately 3%, less than 1%, and 9%, respectively, of total dairy retail sales. Cheese and butter are not a staple in the Vietnamese diet, so even with the popularization of Western food, most Vietnamese consumers only consumes cheese and butter occasionally rather than on a daily basis.

The other dairy segment, consisting of cream and condensed milk, is comprised primarily of condensed milk which accounts for majority of the sales in the segment. Cream is limited in usage mostly to baking and Western food applications. While condensed milk has historically been more present due to its use as a condiment in coffee, the organic food movement with heavy emphasis on eating well and less sugar may challenge the product sales in the future as consumers will switch to liquid milk.

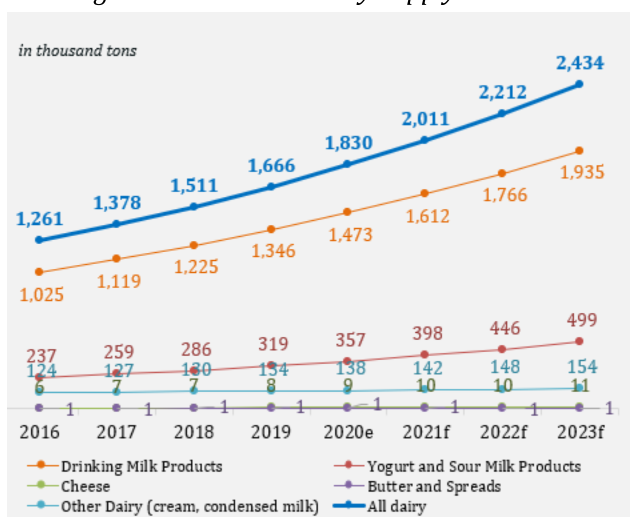
In the milk segment, Vinamilk was the market leader with 42% market share as of 2019. However, TH milk is currently competing aggressively with Vinamilk in the mid-tier segment. The low-end segment consists of 2 types of milk: fresh milk or ultra-high temperature (UHT) processed milk. Fresh milk, like Long Thanh Milk (south) and Moc Chau Milk (north), is more common in urban areas while UHT milk, like Lif Kun milk by IDP, is popular in rural areas due to its cheap price paired with a perception of quality as brand produced under Australian food standards.

Supply

Total dairy production was estimated to be 1.67 million tons in 2019 growing nearly 10% in the 2016-2020 period. Growth was forecasted to continue at a similar pace through 2023. Growth was forecasted as relatively stable because of high consumer confidence in local dairy production, increasing household incomes, and most importantly, increasing dairy consumption as a result of increasing belief of the health benefits of dairy in the regular diet.

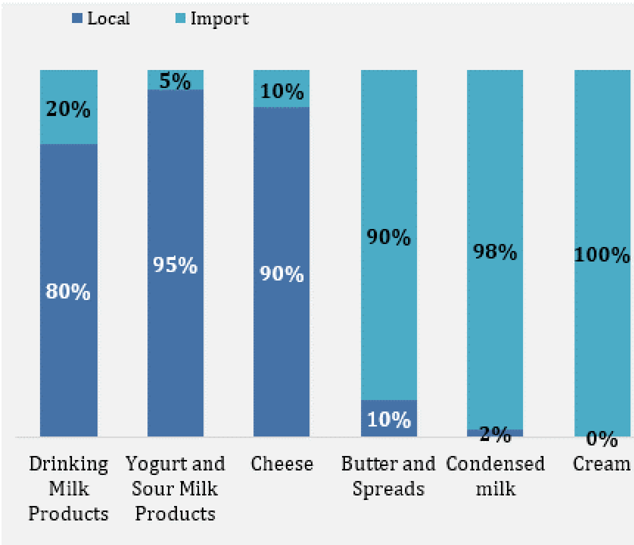
Local production has grown aggressively in the milk and yogurt segments with Vinamilk, Friesland Campina, and TH Milk leading production due to their strong distribution channels, wide multimedia and digital marketing campaigns, as well as innovation in developing new product lines to specifically cater to local consumer tastes and trends.

Figure 11: Cheese & Dairy Supply in Vietnam



Source: Euromonitor, YCP Solidiance Research and Analysis

Figure 12: Cheese & Dairy Supply - Local versus Import

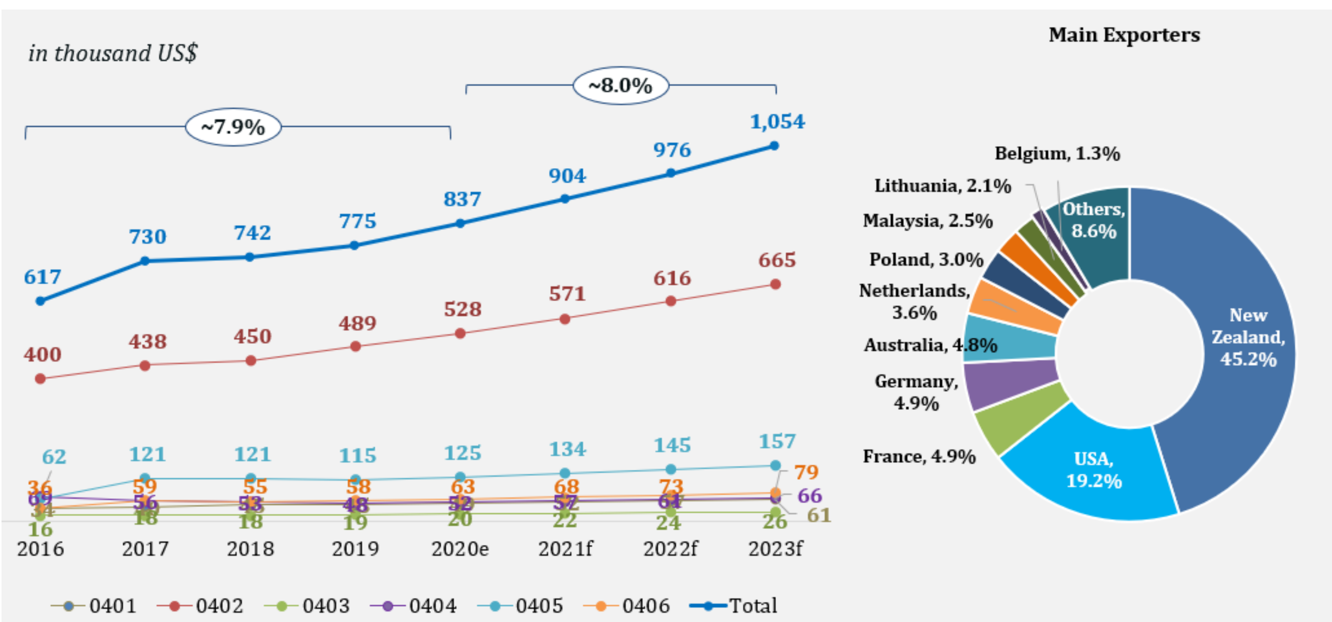


Source: YCP Solidiance Research and Analysis

Locally-produced products dominated the dairy market with around 80% of milk in the market produced locally. Yogurt and cheeses were also produced predominately locally while products less native to the Vietnamese diet, butter, cream, and condensed milk were mostly imported.

Dairy import to Vietnam

Figure 13: Cheese & Dairy Import to Vietnam



HS 0401: Milk / cream unsweetend and unconcentrated
HS 0402: Milk / cream sweetened or concentrated
HS 0403: Buttermilk / curdled milk and cream / yoghurt
HS 0404: Whey / natural milk constituents
HS 0405: Butter and other dairy spread
HS 0406: Cheese

Source: Trade Map, Vietnam General Statistics Office, YCP Solidiance Research and Analysis

Import of dairy products into Vietnam was forecasted to surpass US$ 1 billion in 2023. Over the last several years, dairy imports grew nearly 7.9% annually and was predicted to follow a similar trend in coming years. Dairy products under HS code 0402, milk & cream sweetened or concentrated, were the main imported products, though importers may also register powder formula milk under this code. Butter and cheese were the second- and third-most imported items.

New Zealand was the largest foreign source of imported dairy products to Vietnam supplying more than 45% of total import value. New Zealand-originated dairy products dominated in most of segments, but especially in butter with 86% of total imported butter in 2018. The U.S. was the second largest exporter, followed by other European suppliers such as France, Germany, and the Netherlands.

The CoViD-19 pandemic did not significantly impact the import of dairy products into Vietnam. According to the Vietnam Customs Office, total dairy imports (including formula milk) for the first eight months of 2020 were valued at US$ 761 million, an increase of 10% compared with same period in 2019. Looking forward, with the EVFTA signed recently, dairy imports from Europe will likely increase as local demand continues to grow and when global demand rebounds, the EVFTA will officially come into effect. In addition, the EVFTA also opens opportunities for Vietnamese dairy companies to have easier access to European milk production technology and raw materials, which are highly regarded in terms of food quality and safety.

2.2 Drinking Milk

Demand

Over the past five years, milk consistently accounted for about two-thirds of total dairy retail sales value, growing around 8.0% annually. The momentum in the growth of milk was expected to continue for the next three years with a forecasted growth rate of 7.9% due to strong demand in milk coming in all age segments. Coupled with the organic and natural food movement, milk was predicted to play an increasingly staple role in the ordinary Vietnamese household.

Mothers are becoming more willing to start their children on natural and organic milk as young as 2-years old. By incorporating milk into their diet early, children are expected to retain the habit of drinking milk well into their adult lives. Flavored milk is largely consumed by children, whereas full-fat milk with long shelf life is preferred over those with shorter shelf life due to the lengthy period of time that it takes a typical household to consume a serving of milk. Dairy alternatives, such as nut and soy milk, are becoming more popular with consumers who are concerned with health and wellness, although the percentage of consumption is still minimal compared with cow milk.

In terms of segmentation, with local brands, TH milk and Vinamilk dominated the mid-end segment. Within the low-end segment, urban consumers preferred Long Thanh Milk in the south and Moc Chau Milk in the north, while rural consumers prefer Lif Kun. TH and Vinamilk was perceived in the image of high-quality milk with long shelf life, while Long Thanh Milk and Moc Chau Milk, with cheaper price points, targeted families who consumed fresh milk over shorter period of time. Lif Kun was popular with rural consumers due to their Australian-quality standard milk with relatively lower price points. Notable foreign brands were Meadow Fresh from New Zealand; Devondale, Australia Own, and Harvey Fresh from Australia; Promess from France; and many others targeting high-end segment with a focus on full-fat and fresh taste.

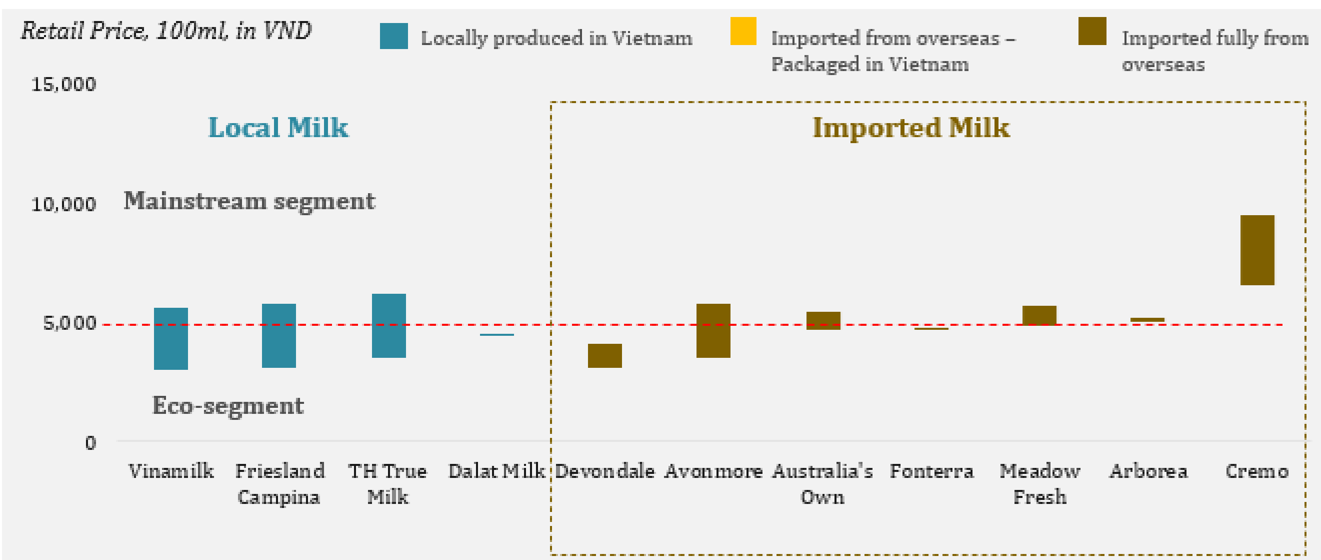
Supply

Drinking milk contributed up to 75% of total local dairy production. This segment grew 9.8% over the last several years and was expected to grow steadily through 2023. The milk segment was forecasted to have continuously high growth as milk consumption was expected to grow due to higher incomes, better access to fresh milk and dairy products, as well as adoption and incorporation of Western food products for health and wellness benefits.

Locally-produced milk accounted for approximately 80% of the drinking milk market, with local brands such as Vinamilk, TH Milk, Nutifood, and Friesland Campina having expanded their productions both domestically in Vietnam as well as in other regions. TH Milk has production capability in Russia and Vinamilk will be expanding to a U.S.-based production plant. Foreign expansions were done not only to cater to a foreign market, but also served as an addition to the supply chain to ensure stable product supply. Imported brands, such as Meadow Fresh from New Zealand and others, accounted for about 20% of the market.

Export of locally-produced products was expected to grow with local brands, such as Vinamilk and TH Milk, having pushed their products to foreign markets in the region as a brand-strengthening exercise. Vinamilk invested in foreign subsidiaries in Cambodia and the U.S. while TH Milk already set up a manufacturing plant in Russia. Moreover, Friesland Campina production plants in Vietnam were leveraged to produce for other APAC markets.

Figure 14: Price Range of Drinking Milk Products in Vietnam



Source: YCP Solidiance Research and Analysis

Prior to the fresh and organic milk movement in 2007 spearheaded by Vinamilk, milk in Vietnam was largely reconstituted milk – milk powder imported from overseas and mixed with water with added vitamins and nutrients to increase nutritional value for consumers. This was a standard practice for locally-produced milk, including Friesland Campina and Nutifood. However, Vinamilk and other local dairy companies began investing in dairy farms and importing cows to Vietnam to ramp up production in 2007. Fresh and organic milk became more common in the milk market with consumers. Vinamilk now produces only fresh milk and advertises their domestically-produced milk to be more organic. TH Milk added organic milk to their product portfolio since joining the market in 2009. Friesland Campina produces fresh milk and reconstituted milk at a ratio of one-to-one to cater to the local market and competes on price because their local production is smaller in scale compared to TH Milk and Nutifood.

By price, locally-produced organic milk was about VND 5,000 – 6,000 per 100ml for Vinamilk and TH Milk. While imported organic milk was priced between VND 6,500 to VND 9,000 per 100ml depending on the brand and exporting country, such as Globemilk from Netherlands, Cremo from Switzerland, and Daioni from the U.K..

2.3 Yogurt

Demand

Yogurt accounted for the entirety of the yogurt and sour milk product segment as the Vietnamese market did not have any significant demand for sour milk products in 2019. Yogurt retail sales value grew 11.6% through 2020 and was estimated to grow around 11.9% through 2023. The high growth in yogurt demand was due to the incorporation of yogurt into the diet of the public at all ages as manufacturers actively marketed and advertised the health benefits and nutritional benefits of yogurt.

Consumers had many yogurt options on the market, from solid to liquid yogurt. Yogurt was segmented into ready-to-drink and ready-to-eat yogurts, or alternatively categorized into ambient yogurt, which can be stored in room temperature, and chilled yogurt, which needs to be stored in cold storage.

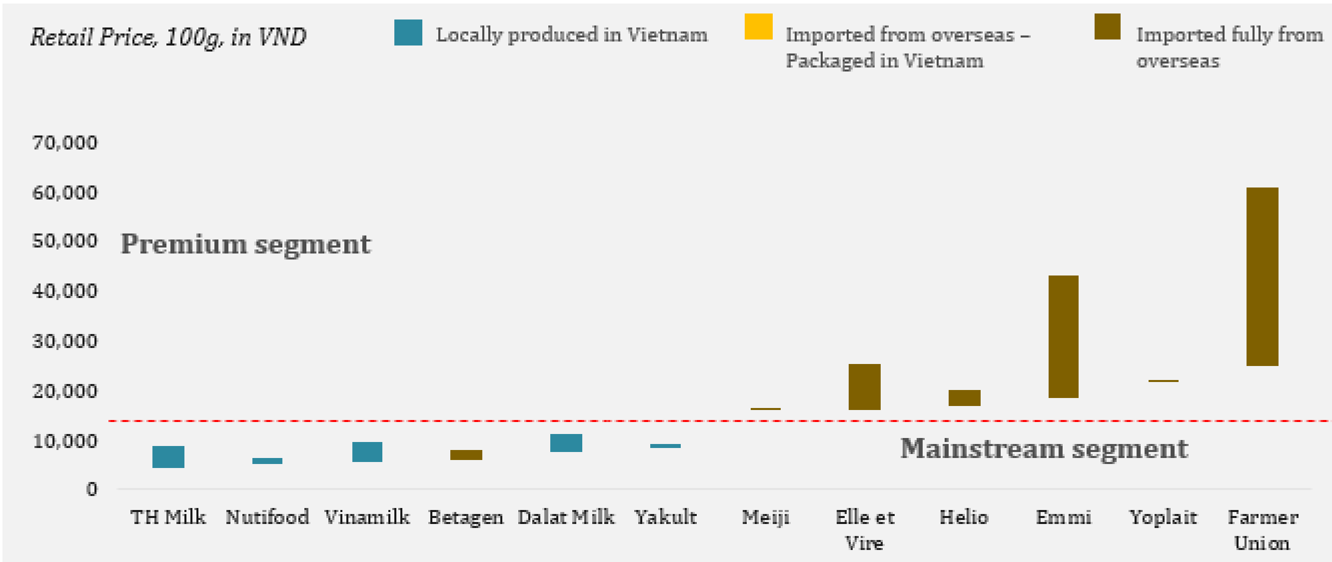
Vinamilk dominated this segment with approximately 70% of market share, followed by Friesland Campina with 15% and TH Milk with about 5%. Vinamilk targeted consumers with different product lines to provide a larger product range, such as added-fruit for taste or added-probiotics to help with the digestive system. TH Milk targeted the high-end segment with standalone physical locations selling yogurt along with their other product lines.

Supply

Total yogurt production accounted for about 18% of total dairy production. The yogurt segment reportedly grew 11% in the 2016-2020 period with estimations of 12% growth over the next three years based on increases in local consumption likely from movement to more organic and healthy foods.

According to a Friesland Campina professional, local brands, such as Vinamilk and TH Milk, accounted for up to 95% of the yogurt market. Moreover, consumers preferred local products due to the perception of fresh and local production. The cheaper price points were a major selling point as well, as consumers are less willing to pay a premium for imported products if there was no difference in the health benefits. Only about 5% of yogurt supply was from imported products, mostly from ready-to-drink yogurt.

Figure 15: Price Range of Yogurt Products in Vietnam



Source: YCP Solidiance Research and Analysis

Yogurt supply can be segmented into ready-to-drink and ready-to-eat yogurt or categorized into ambient yogurt, which can be stored in room temperature, and chilled yogurt, which needs to be stored in cold storage. The majority of yogurt products were in the ready-to-eat segment due to consumer familiarity with them, but ready-to-drink yogurt products, despite accounting for a smaller portion of yogurt market, was growing quickly due to its image as more convenient for consumers. Moreover, the perception of increasing probiotics for better digestive was another selling point for ready-to-drink yogurt brands like Yakult, Betagen, and Probi from Vinamilk.

Other than Dalat Milk, all other locally-produced brands such as Vinamilk, Nutifood, TH Milk, and Yakult had a low price range of below VND 10,000 per 100g. After TH Milk acquired Dalat Milk along with foreign stakeholders from Japan and Korea, products under the Dalat brand were marketed and differentiated as “100% made from fresh milk” and targeted to higher-end modern trade retailers. Imported yogurt products, including Greek yogurt that contain higher concentrations of milk, were considerably more expensive from VND 20,000 per 100g.

2.4 Butter

Demand

Demand growth for butter grew steadily at 8.8% from 2016 to 2020 and is forecasted to grow similarly at 8.7% through 2023. Local butter production was minimal and contributed minimally to local dairy production as Vietnamese consumers predominantly consume margarine over butter.

Foreign imported butters dominated the butter segment with brands such as President from Lactalis Group and Anchor from Fonterra. No local brands have tried developing product offerings in the butter segment other than TH Milk which had actively tried targeting both the butter and cheese segments.

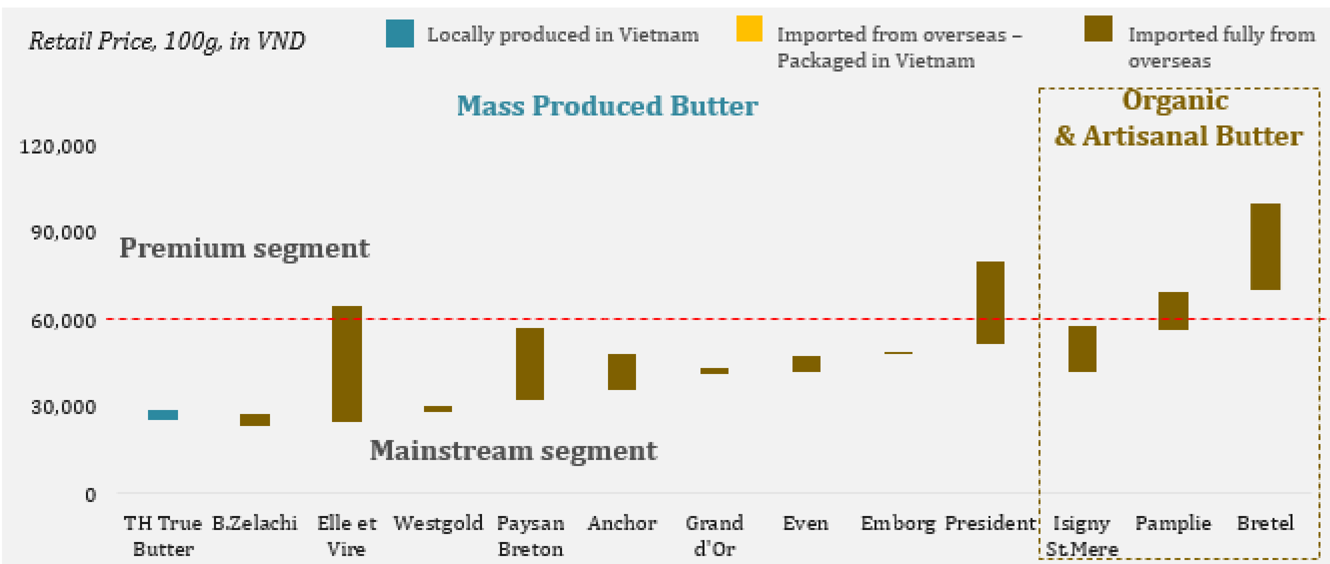
Supply

Butter accounts for the smallest share of all dairy products at about 0.3%. Growth in butter from the past 5 years was stable at around 10% and was predicted to continuing growing at the same rate. The level of growth indicated that there were a slowly growing number of consumers consuming more butter as exposure to Western food became more common, but with the caveat that consumers still view butter as a particularly unhealthy food.

Consumers in Vietnam relied on margarine historically and has yet to distinguish the taste between butter and margarine. The wildly different price points between butter and margarine were another driver for consumers demonstrating the relative price sensitivity of consumers in this segment. Baked goods became more prominent in Vietnam in recent years, and more consumers started to bake Western styled breads and pastries which were two major drivers for growth of butter consumption.

Predominately an import-driven segment, the President brand from Lactalis dominated the butter market in Vietnam, accounting for approximately 90% of total market share. TH Milk had a strategy to take some share in this segment with their launch of TH True Butter at a cheaper price point, but as a relatively new product line, its market share and revenue contribution to TH was expected to be minimal.

Figure 16: Price Range of Butter Products in Vietnam



Source: YCP Solidiance Research and Analysis

Butter supply was segmented into two types: standard butter and organic and artisanal butters. Standard butter accounted for about 95% of the market with brands such as Bottega Zelachi, Anchor, and President. These brands, ranging from approximately VND 30,000 – 80,000 per 100g, were segmented by fat content and milk composition. Organic and artisanal butters accounted for less than 5% of the market and were considerably more expensive ranging from approximately VND 40,000 – 100,000 per 100g.

2.5 Cheese

Demand

Cheese accounted for only about 3% of the dairy market but grew 8.8% from 2016-2020 and was forecasted to grow 8.9% through 2023. As a Western food product, local consumers had not adopted traditional cheeses heavily into their diet with spreadable processed cheese the main cheese product consumed locally. Traditional cheeses had very limited presence in specialty grocery stores and in the Hotel – Restaurant – Catering (HORECA) channel which was more likely to prominently feature Western cuisine.

"… Cheese consumers in Vietnam can be segmented into 2 types: (1) local consumers who associate cheese with processed cheeses like Laughing Cow spreadable cheese or Vinamilk processed cheese; and (2) expatriate consumers working in Vietnam who have a tradition of eating cheese and purchase cheeses not for the brand but based on country or region of origin or cheese type…"

shared by a sourcing specialist from Annam Gourmet, a specialty grocery store chain

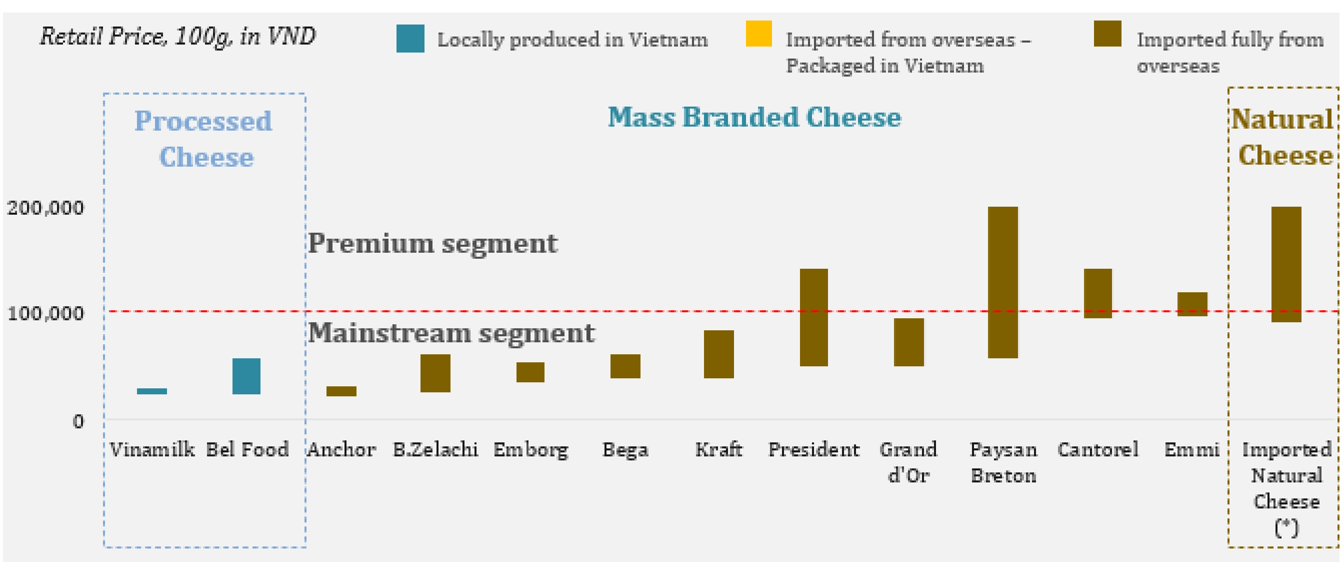
Laughing Cow brand from the Bel Group was the most popular cheese consumed locally, while President cheese from Lactalis targeted mid- to high-end consumers with their traditional cheese offerings, such camembert and brie. Other players, such as Paysan Breton, Ile de France, and Grand d'Or, offered a variety of imported cheeses predominantly in the upper-mid to high-end segments. Vinamilk began offering low-end price point processed cheeses focused on local consumers, but penetration into the overall dairy market was minimal and not a major focus area for development for Vinamilk.

Supply

Cheese accounted for only about 0.4% of total dairy production but grew 8.3% from 2016-2020 and was forecasted to grow even faster at 9.3% through 2023. The steady growth of the segment demonstrated a gradual change in local tastes as more locals are open to new foreign foods.

Local cheese production made up about 14% of the cheese market, and outside of processed cheese from Vinamilk and TH mozzarella cheese, consisted mainly of small artisanal producers, such as Pizza 4Ps, that cater to their own restaurant supply chain. Even with a production plant from Bel Foods in Binh Duong province that produced approximately 76% of cheese on the market, local cheese production was still relatively low. Moreover, for the small number of consumers that consumed high-end cheeses, the overall demand was still too low to warrant local production.

Figure 17: Price Range of Cheese Products in Vietnam



Source: YCP Solidiance Research and Analysis

Cheese in Vietnam can be segmented into 3 types: processed, natural, and mass-produced. Processed cheese accounted for 90% of the cheese market alone. Mass-produced cheeses and natural cheeses consist of the many varieties of traditional cheese, such as brie, camembert, cheddar. The main differences between mass-produced cheeses, such as Bottega Zelachi, Anchor, Kraft, and President, in comparison to natural cheese is that they are typically packaged in slices, small blocks, or shredded packets at a price range considered mainstream. Natural cheeses are almost entirely imported coming from artisanal dairy farms specializing in cheesemaking from other regions in the world at a high retail price averaging VND 100,000 – 200,000 per 100g.

2.6 Cream and Condensed Milk

Demand

Cream and condensed milk accounted for about 9% of the dairy market. The segment grew 6.2% from 2016-2020 and was forecasted to grow 5.8% through 2023. Cream and condensed milk sales were expected to maintain steady growth with its most common local application as a condiment in coffee and as an ingredient in baking.

Historically, local consumers embraced condensed milk for its long shelf life and application as a replacement for fresh milk. Longevity brand from Friesland Campina, previously known by its Vietnamese name, Ong Tho, was an established brand prior to the end of the Vietnam War and was so familiar with Vietnamese consumers as a sweetener for coffee that the name became synonymous with condensed milk locally. In recent years, Vinamilk took over rights to the Ong Tho brand in Vietnam and has continued to reinforce consumption of condensed milk in coffee.

On the other hand, full-fat cream is considered a more novel ingredient with usage restricted as an ingredient for baked goods and western food. As a food ingredient is has far fewer common applications as much as condensed milk. As a result, the HORECA channel was the main distributed channel for cream products.

Local brands, such as Ong Tho and Ngoi Sao Phuong Nam from Vinamilk, dominated condensed milk offerings on the market with a very small percentage imported through the Coffeemate brand from Nestle.

> ***"As more wholesalers, F&B chains, franchises, and others food services joined the market in recent years, some chains and brands have started importing their own condensed milk to ensure the taste of their product offerings, such as Trung Nguyen Coffee."*** - expert from Nutifood.

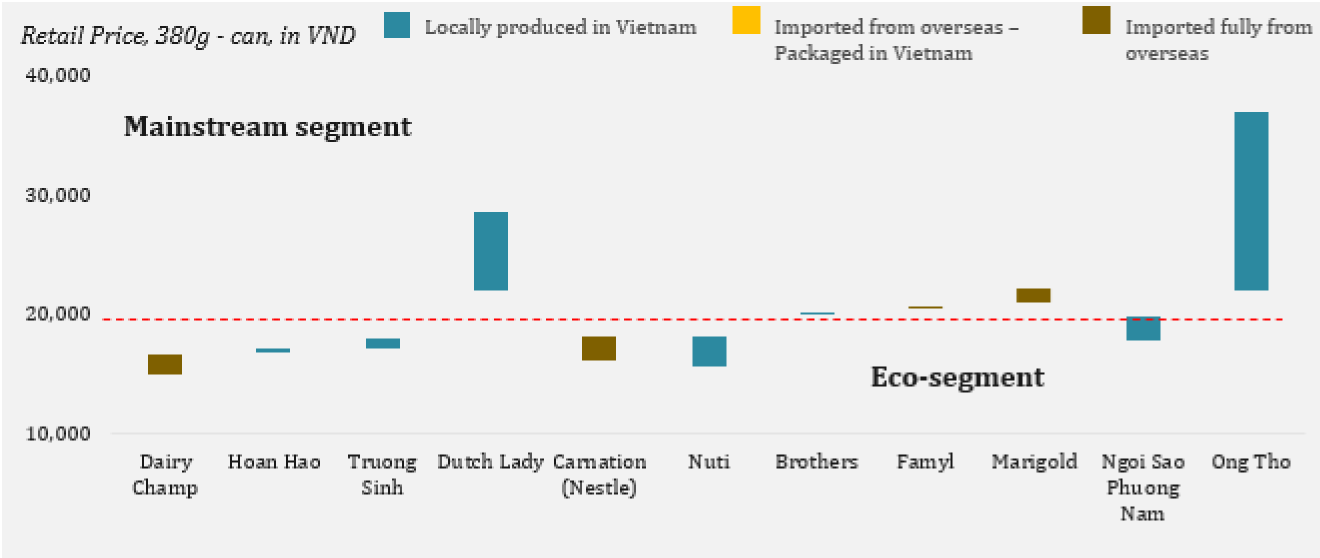
Cream is entirely imported into Vietnam and for the niche consumers that purchase cream, it is commonly associated with brands, much like Ong Tho with condensed milk.

Supply

Cream and condensed milk accounted for about 7% of local dairy production. Compared to other dairy segments, cream and condensed milk grew modestly at 2.6% from 2016-2020 and was forecasted to grow only 3.7% through 2023.

The condensed milk segment was saturated with about 98% of retail production coming primarily from Vinamilk and Friesland Campina mostly for local consumption rather than export. Other brands, like Nestle, Famyl, and Marigold, represented only approximately 2% of the market as they mostly imported from overseas.

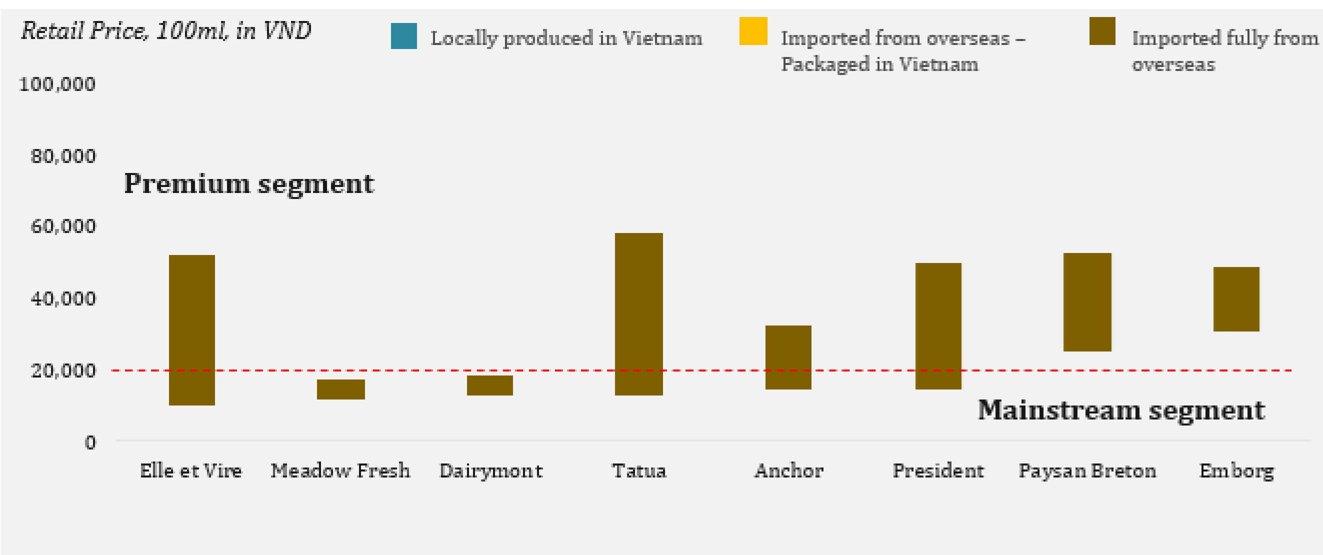
Figure 18: Price Range of Condensed Milk Products in Vietnam



Source: YCP Solidiance Research and Analysis

In terms of pricing and segmentation, Ong Tho brand from Vinamilk and Dutch Lady from Friesland Campina belonged to the mainstream segment with an average price around VND 22,000 per 380g can. For other imported brands, such as Dairy Champ and Carnation (Nestle) due to heavy competition from the dominant local brands, these brands have to price their offerings lower to compete in the market.

Figure 19: Price Range of Cream Products in Vietnam



Source: YCP Solidiance Research and Analysis

Cream was an extremely small segment, consisting entirely of imported products. The cream segment was extremely fragmented with numerous brands, like Anchor, Elle et Vire, Paysan Breton, and President, all with tiny market share and no clear leader.

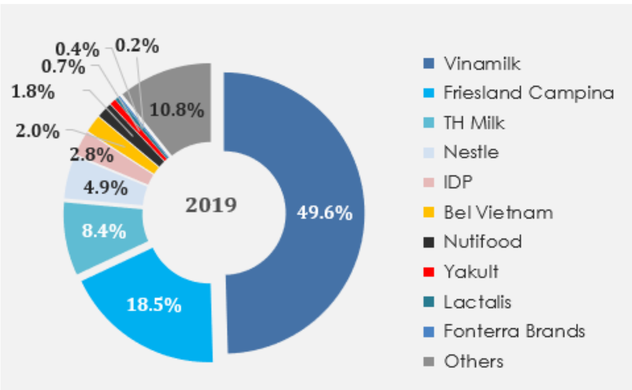
As all cream products have about 35% fat content, the main difference in pricing is based on country of origin. Brands coming from New Zealand, such as Tatua, Anchor, and Meadow Fresh, were priced relatively cheaper compared to brands coming from France, such as Paysan Breton, President, and Elle et Vire or Denmark (Emborg).

3. COMPETITOR LANDSCAPE

3.1 Overall

Across all dairy segments, Vinamilk alone accounted for about half of the dairy market due to its dominance in the milk, yogurt, and condensed milk segments. Friesland Campina with 18.5% market share and TH Milk with 8.4% market share were the closest competitors to Vinamilk. However, in terms of segmentation, while Friesland Campina and Vinamilk competed in the mid-tier with multiple product lines at various segments, TH Milk focused on the mid- to high-end segments with drinking milk, yogurt, and condensed milk products.

Figure 20: Dairy and Cheese Market Shares by Brand



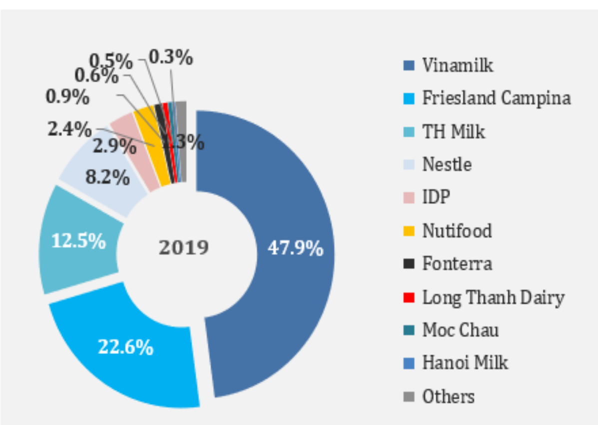
Source: Speeda, YCP Solidiance Research and Analysis

Other brands such as Nestle, IDP, and Nutifood were unable to capture a significant share in multiple dairy segments because of inferior distribution networks and weaker marketing. These players managed to capture only small consumer segments, such as IDP with the Lif Kun milk brand popular in rural areas or Nutifood more popular in the north than the south.

Bel Vietnam and Yakult were the only foreign brands that dominate a niche market in their respective cheese and yogurt segments. Though their market shares were small in the overall dairy market, both have set up local production in Vietnam due to their local dominance.

3.2 Drinking Milk

Figure 21: Drinking Milk Company Share

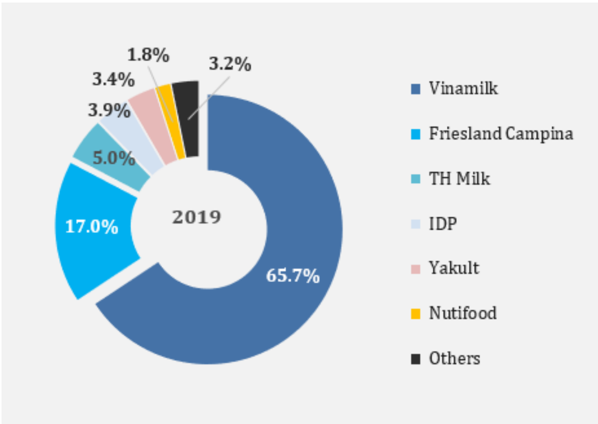


Source: Euromonitor, YCP Solidiance Research and Analysis

Overall, brands that were producing in Vietnam accounted for the majority share of the market. Vinamilk accounted for nearly half the market (48%) within drinking milk segment, Friesland Campina another quarter (23%) and TH Milk another 13%. Notable imported milk brands were Fonterra and IDP with each accounting for approximately 1% but focusing on UHT milk. A major difference in their business strategies was that Fonterra imported all of their milk directly into Vietnam while IDP only imported ingredients from Australia and then packaged the milk in Vietnam.

3.3 Yogurt

Figure 22: Yogurt and Sour Milk Company Share



Source: Euromonitor, YCP Solidiance Research and Analysis

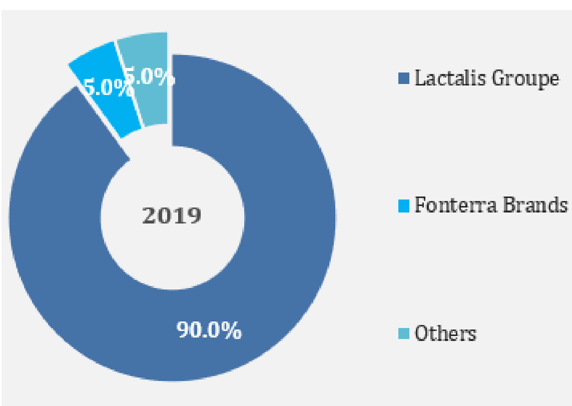
Vinamilk dominated yogurt and sour milk market in Vietnam, owning nearly two-third total retail sales. In addition to its core strengths including its national distribution network, strong marketing campaign, and social media presence, the company also frequently launched new yogurt products and refreshed its traditional offerings to capture consumer demand and latest food trends.

While the leading position of Vinamilk was enormous, other players like Friesland Campina (with Yomost and Fristi brands), TH Milk, IDP and Yakult became more competitive through more product diversification, particularly in the ready-to-drink product segment.

All of these players competed heavily with local adaptations (yogurt with young rice ("cốm") and black sticky rice ("nếp cẩm")), flavors (aloe vera, strawberry, blueberry, and mango), and a variety of packaging sizes. Since local brands dominated the market, the shares of foreign brands were small and fragmented with presence limited to premium retail stores.

3.4 Butter

Figure 23: Butter Company Share



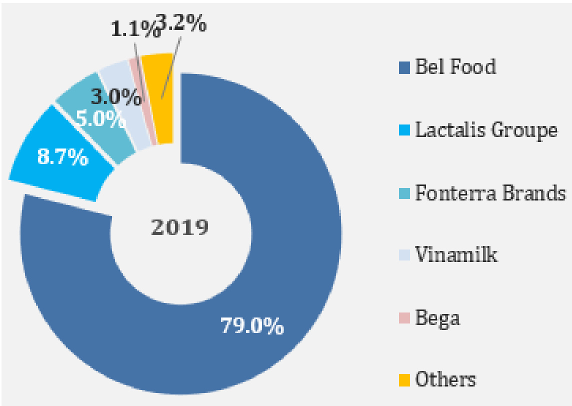
Source: Euromonitor, YCP Solidiance Research and Analysis

Lactalis Group dominated the butter market with about 90% of the market through their President brand. Fonterra Brands accounted for only about 5% of the market through their Anchor brand, concentrating more on the HORECA channel rather than regular retail.

The remaining 5% was divided among numerous imported butter brands, such as Paysan Breton, Igsiny St. Mere, and Bretel.

3.5 Cheese

Figure 24: Cheese Company Share



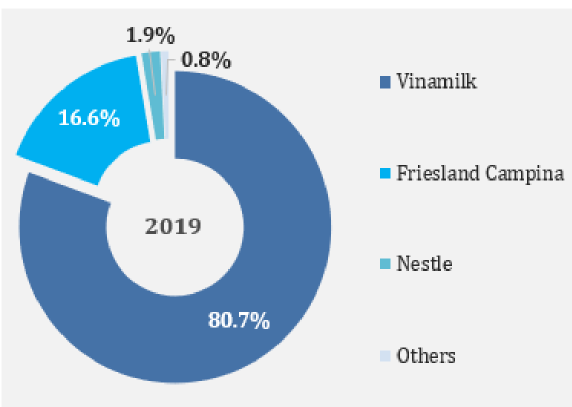
Source: Euromonitor, YCP Solidiance Research and Analysis

Bel Food held 79% of the market through their Laughing Cow brand processed cheese, while Vinamilk had tried tapping into this segment with limited success gaining 3.0% of the market. Lactalis Group, Fonterra, and Bega offered both processed cheese and mass-produced processed cheeses.

"Others" consisted mainly of imported specialty cheeses from all over the world, mainly Europe.

3.6 Cream & Condensed Milk

Figure 25: Cream & Condensed Milk Company Share



Source: Euromonitor, YCP Solidiance Research and Analysis

The cream and condensed milk segment was only a small fraction of the dairy market.

More than 99% of the condensed milk market belonged to local brands, including Ong Tho and Ngoi Sao Phuong Nam under Vinamilk and Dutch Lady, Hoan Hao, and Truong Sinh under Friesland Campina. Carnation under Nestle was the leading imported brand, while numerous other local brands, such as Nuti and Brothers, shared 0.8% market share with imported brands, like Famyl, Marigold, and Helio.

Market size for cream products remained small in Vietnam with offerings only from imported brands like Paysan Breton and Anchor.

Table 6: Top Players – Drinking Milk

	Vinamilk	FrieslandCampina	TH true MILK	Fonterra	Meadow Fresh	Devondale
Company	Vietnam Dairy Products JSC	Friesland Campina Vietnam Company Limited	TH Food Chain JSC	Fonterra Brands (Vietnam) Company Limited	Meadow Fresh	Devondale
Revenue	VND 56,400 billion	VND 7,399 billion (2017)	VND 4,682 billion (2018)	N/A	N / A	N / A
Market share – Drinking Milk	66%	17%	5%	N/A	N / A	N / A
Product type	UHT Milk Fresh Milk	UHT Milk	UHT Milk Fresh Milk	UHT Milk	UHT Milk	UHT Milk
Product	• Vinamilk 100% Organic • Vinamilk 100% Fresh Milk – Imported from Europe • Vinamilk 100% Fresh Milk Premium • Vinamilk 100% A2 • Vinamilk ADM IQ Gold • Vinamilk UHT	• Dutch Lady • Dutch Lady Organic – imported from Holland • Dutch Lady +	• TH True Milk Pasteurized Milk • TH True Milk Organic UHT Milk • TH True Milk UHT Pure Fresh Milk • TH True Milk UHT Fresh Milk TopKid	• Anchor Full Cream Milk • Anchor Low Fat Milk	• Meadow Fresh Pure Milk Full Cream • Meadow Fresh Calci Max • Meadow Fresh Pure Milk Low Fat • Meadow Fresh flavored milk (Chocolate, Strawberry, Banana)	• Devondale Full Cream
Market segment	Mainstream	Mainstream	Mainstream	• Mainstream	• Mainstream	• Mainstream
Note on operation / production	• Other than Vinamilk 100% Fresh Milk – Imported from Europe which is produced by their European plants, all other Vinamilk product line is produced locally	• Other than Dutch Lady Organic imported in Hollands, other Dutch Lady drinking milk is produced locally	• All of TH True Milk drinking milk is produced in Vietnam	• Local entity – Fonterra Brands Vietnam to handle all distribution matter • Import from other overseas manufacturing plants to distribute in Vietnam	• All of Meadow Fresh Milk is imported from New Zealand by GoodFood Vietnam	• All of Devondale milk is imported and distributed by DKSH from Australia to Vietnam
Distribution network	• 251,000 points of sale • 430 stores • 200 distributors	• >150,000 retailer households • >150 distributors	• >180,000 point of sale • >250 stores • >180 distributors	• Large supermarkets / hypermarkets • Premium stores: Nam An Market, An Nam Gourmet, etc.	• Large supermarkets / hypermarkets • Premium stores: Nam An Market, An Nam Gourmet, etc.	• Large supermarkets / hypermarkets • Premium stores: Nam An Market, An Nam Gourmet, etc.

Value Proposition	• Well-established local brand • High affordability • Easy to buy	• International quality milk from the Netherlands • Long-standing presence in the Vietnam market	• Well-established local brand • Easy to buy • Quality fresh milk image to consumers	• Still limited exposure compared to other local brands • Incorporated into Vietnam market along with other products (Butter, Cheese, Cream) offered	• Well-established brand in both New Zealand and Vietnam • High affordability • Can be found easily in modern trade channels and dairy shops	• Well-established brand in both Australia and Vietnam • High affordability • Can be found easily in modern trade channels and dairy shops
Commercial Strategies	• Strong distribution network • Massive multimedia marketing campaign • Multiple product line to cater to different customer sub-segment.	• Concentrating on existing consumers to encourage them to buy more • Currently switching to digital marketing to target consumers reading up on product • Focusing on E-commerce and Mom & Baby channel	• Strong distribution network • Their own retailer stores also works as offline marketing to the brand • Multiple product line to cater to different customer sub-segment.	• Focus on their clean and fresh image of New Zealand dairy products to consumers and / or businesses	• Strong image of Fresh and organic milk from New Zealand • Imported fully from New Zealand is also perceived to be of high-standard and high-quality by local market	• Strong image of Fresh and organic milk from Australia • Imported fully from Australia is also perceived to be of high-standard and high-quality by local market

Table 7: Top Players - Yogurts

	Vinamilk	FrieslandCampina	TH true MILK	Helio	Farmers Union	Betagen
Company	Vietnam Dairy Products JSC	Friesland Campina Vietnam Company Limited	TH Food Chain JSC	Helio	Farmer Union	Betagen
Revenue	VND 56,400 billion	VND 7,399 billion (2017)	VND 4,682 billion (2018)	N / A	N / A	N / A
Market share – Yogurt	66%	17%	5%	N / A	N / A	N / A
Product type	• Ready-to-eat • Ready-to-drink	• Ready-to-eat • Ready-to-drink	• Ready-to-eat • Ready-to-drink	• Ready-to-eat	• Ready-to-eat	• Ready-to-drink
Product	*Vinamilk Yogurt*: • Vinamilk Organic Yogurt Light • Vinamilk Yogurt • Vinamilk Star Yogurt • Vinamilk Kefir Yogurt • Vinamilk 100% Fresh Milk Yogurt *Vinamilk Probi*: • Vinamilk Probi Eating Yogurt • Vinamilk Probi Drinking Yogurt *Vinamilk Beauty Yogurt* *Vinamilk Drinking Yogurt* *Vinamilk Probeauty Yogurt* *Vinamilk Susu Yogurt*	• Dutch Lady Yogurt • Yomost • Fristi	• TH True Yogurt TopKid • TH True Yogurt • TH True Yogurt Probiotic (ready-to-eat) • TH True Yogurt Probiotic (ready-to-drink) • TH True Yogurt UHT Drinking Yogurt	• Helio Plain Yogurt • Helio Fruit Flavors Yogurt	• Farmers Union	• Betagen
Market segment	Mainstream	Mainstream	Mainstream	• Premium	• Premium	• Mainstream
Note on operation / production	• All yogurt products are produced locally	• All yogurt products are produced locally	• All yogurt products are produced locally	• All yogurt products are imported by Nhat Lam Imex from Germany	• All yogurt products are imported by GoodFood Vietnam from Australia	• All yogurt products are imported by Betagen Vietnam from Thailand
Distribution network	• 251,000 points of sale • 430 stores	• >150,000 retailer households • >150 distributors	• >180,000 point of sale • >250 stores	• Large supermarkets / hypermarkets	• Large supermarkets / hypermarkets	• Large supermarkets / hypermarkets

	VINAMILK VƯƠN CAO VIỆT NAM	FrieslandCampina	TH true MILK Thật sự thiên nhiên	Helio	FARMERS UNION	Betagen
	• 200 distributors		• >180 distributors	• Premium stores: Nam An Market, An Nam Gourmet, etc. • Mom & Baby shops	• Premium stores: Nam An Market, An Nam Gourmet, etc.	• Premium stores: Nam An Market, An Nam Gourmet, etc.
Value Proposition	• Well-established local brand • Affordability • Easy to buy	• International quality milk from the Netherlands • Long-standing presence in the Vietnam market	• Well-established local brand • Easy to buy • Quality fresh milk image to consumers	• Relatively small brand with strong focus on yogurt for kids • Easy to buy	• Strong focus on Greek style yogurt that is better than normal yogurt for health benefits • Typically concentrated on fruit flavors and have diversed packaging sizes	• Well-established Thai brand • Focus on drinking yogurt with natural yeast to help digestion • Easy to buy
Commercial Strategies	• Strong distribution network • Massive multimedia marketing campaign • Multiple product line to cater to different customer sub-segment.	• Concentrating on existing consumers to encourage to encourage them to buy more • Currently switching to digital marketing to target consumers reading up on product • Focusing on E-commerce and Mom & Baby channel	• Strong distribution network • Their own retailer store also works as offline marketing to the brand • Multiple product line to cater to different customer sub-segment.	• Concentrating on modern trade and mom & baby shops channels • Relative presence in e-commerce sites	• Concentrating on modern trade channels • Relative presence in e-commerce sites	• Concentrating on modern trade channels • Relative presence in e-commerce sites

Table 8: Top Players – Butter (with TH Milk being the only representative local player)

	Lactalis	Fonterra	Paysan Breton	TH true MILK	Elle & Vire	Emborg
Company	Lactalis International Vietnam	Fonterra Brands (Vietnam) Co. Ltd.	Paysan Breton	TH True Milk	Elle et Vire	Emborg
Revenue	N / A	N / A	N / A	VND 4,682 billion (2018)	N / A	N / A
Market share – Butter	90%	5%	N / A	N / A	N / A	N / A
Brand	• President	• Anchor	• Paysan Breton Butter	• TH True Butter	• Elle et Vire • Marquis	• Emborg
Market segment	Mainstream to premium	Mainstream	Mainstream	Mainstream	Mainstream	Mainstream
Note on operation / production	• Local entity to handle all of importing and distribution matter	• Local entity to handle all of importing and distribution matter	• Imported from France and distributed by New Viet Dairy	• All butter products are produced locally	• Imported from France and distributed by GoodFood VN	• Imported from Denmark and distributed by Annam Gourmet
Distribution network	• Large supermarkets / hypermarkets • Premium stores: Nam An Market, An Nam Gourmet, etc.	• Large supermarkets / hypermarkets • Premium stores: Nam An Market, An Nam Gourmet, etc.	• Large supermarkets / hypermarkets • Premium stores: Nam An Market, An Nam Gourmet, etc.	• >180,000 point of sale • >250 stores • >180 distributors	• Large supermarkets / hypermarkets • Premium stores: Nam An Market, An Nam Gourmet, etc.	• Large supermarkets / hypermarkets • Premium stores: Nam An Market, An Nam Gourmet, etc.
Value Proposition	• Is currently a leader in the market with their "President" butter brand due to longstanding presence in the market	• Focus more on Hotel – Restaurant – Catering (HORECA) channel with their presence of cream and butter	• Brand name is associated with France standards for all their product lines	• Well-established local brand • Easy to buy • Quality fresh butter image to consumers	• Brand name is associated with French standards for all their product lines	• Brand name is associated with Danish standards for all their product lines
Commercial Strategies	• Focus more on Modern Trade retailers to sell directly to consumers rather than focusing on HORECA channel • Relies on butter brand to bring up other product line such as cheese, whip cream, etc.	• Focus on their clean and fresh image of New Zealand dairy products to consumers and / or businesses • Wholesale price is more agreeable than the other other brands such as Lactalis and Paysan Breton	• Have more product variety than Lactalis's President line in terms of butter • Focus more on Modern Trade retailers to sell directly to consumers rather than focusing on HORECA channel	• Strong distribution network • Their own retailer store also works as offline marketing to the brand	• Focus more on Modern Trade retailers to sell directly to consumers • Relies on butter brand to bring up other product line such as cheese, whip cream, etc.	• Focus more on Modern Trade retailers to sell directly to consumers • Relies on cheese brand to bring up other product line such as butter, milk, etc.

Table 9: Top Players - Cheese

Company	Bel Food Vietnam	Vietnam Dairy Products JSC	TH Food Chain JSC	Lactalis International Vietnam	Fonterra Brands (Vietnam) Co. Ltd.	Paysan Breton
Revenue	N / A	VND 56,400 billion	VND 4,682 billion (2018)	N / A	N / A	N / A
Market share – Cheese	79%	3%	N / A	5.0%	8.7%	N / A
Cheese products	Processed Cheese	Processed Cheese	Natural Cheese	Natural Cheese	Processed Cheese Natural Cheese	Natural Cheese
Brand	• The Laughing Cow	• Vinamilk Cheese	• TH True Cheese	• President	• Anchor	• Paysan Breton
Market segment	Mainstream	Mainstream	Mainstream	• Mainstream to Premium	• Premium	• Mainstream to Premium
Note on operation / production	• All of "The Laughing Cow" brand is currently produced locally	• All of Vinamilk's cheese product is currently produced locally	• All of TH True Cheese product is currently produced locally	• Local entity to handle all importing and distributing matters	• Local entity to handle all importing and distributing matters	• Imported from France and distributed by New Viet Dairy
Distribution network	• Traditional trade (mom & pop shops, general grocery stores, etc.) • Modern trade	• 251,000 points of sale • 430 stores • 200 distributors	• >180,000 point of sale • >250 stores • >180 distributors	• Large supermarkets / hypermarkets • Premium stores: Nam An Market, An Nam Gourmet, etc.	• Large supermarkets / hypermarkets • Premium stores: Nam An Market, An Nam Gourmet, etc.	• Large supermarkets / hypermarkets • Premium stores: Nam An Market, An Nam Gourmet, etc.
Value Proposition	• Well-established brand in Vietnam • High affordability • Easy to buy	• Well-established local brand • Affordability • Easy to buy	• Well-established local brand • Easy to buy • Quality fresh milk image to consumers	• Is currently a leader in the market with their "President" butter brand due to longstanding presence in the market	• Focus more on Hotel – Restaurant – Catering (HORECA) channel with their presence of cream and butter	• Brand name is associated with France standards for all their product lines
Commercial Strategies	• Medium distribution network • Multiple product line within "The Laughing Cow" brand to create	• Strong distribution network • Massive multimedia marketing campaign • Slight differentiation in flavor to enhance	• Strong distribution network • Their own retailer store also works as offline marketing to the brand • Multiple product line to cater to	• Focus more on Modern Trade retailers to sell directly to consumers rather than focusing on HORECA channel	• Focus on their clean and fresh image of New Zealand dairy products to consumers and / or businesses • Wholesale price is more agreeable	• Have more product variety than Lactalis's President line in terms of butter • Focus more on Modern Trade retailers to sell

	bel for all for good			GROUPE LACTALIS	Fonterra Dairy for life	paysan BRETON
	diversity for consumer	brand image and create market share	different customer sub-segment.	• Relies on butter brand to bring up other product line such as cheese, whip cream, etc.	than the other other brands such as Lactalis and Paysan Breton	directly to consumers rather than focusing on HORECA channel

Table 10: Top Players – Condensed Milk

	Vinamilk	FrieslandCampina	NutiFood	Nestlé	Marigold	Dairy Champ
Company	Vietnam Dairy Products JSC	Friesland Campina Vietnam Company Limited	Nutifood	Nestle	Marigold	Etika Holdings
Revenue	VND 56,400 billion	VND 7,399 billion (2017)	N / A	N / A	N / A	N / A
Market share – Condensed milk	81%	17%	N / A	2%	N / A	N / A
Brand	• Ong Tho • Ngoi Sao Phuong Nam	• Dutch Lady • Truong Sinh • Hoan Hao	• Nuti	• Carnation	• Marigold	• Dairy Champ
Market segment	Mainstream	Mainstream	Eco	• Mainstream	• Eco	• Eco
Note on operation / production	• All condensed milk products are produced locally	• All condensed milk products are produced locally	• All condensed milk products are produced locally	• Nestle Carnation is produced either in Thailand and / or Indonesia before being imported by Nestle Vietnam to Vietnam market	• All condensed milk products are produced in Malaysia before being imported to Vietnam by Asian Fine Foods JSC	• Dairy Champ is produced in Malaysia before being imported to Vietnam by Asahi Beverages Vietnam
Distribution network	• 251,000 points of sale • 430 stores • 200 distributors	• >150,000 retailer households • >150 distributors	• >60,000 points of sale • 96 distributors	• Large supermarkets / hypermarkets • Premium stores: Nam An Market, An Nam Gourmet, etc.	• Large supermarkets / hypermarkets • Premium stores: Nam An Market, An Nam Gourmet, etc.	• Large supermarkets / hypermarkets • Premium stores: Nam An Market, An Nam Gourmet, etc.
Value Proposition	• Well-established local brand • High affordability • Easy to buy	• International quality milk from the Netherlands • Long-standing presence in the Vietnam market	• Well-established local brand • High affordability • Easy to buy	• Well-established brand • High affordablity • Easy to buy	• High affordability • Easy to buy at modern trade channels	• High affordability • Easy to buy at modern trade channels
Commercial Strategies	• Strong distribution network • Massive multimedia marketing campaign • Multiple product line to cater to different customer sub-segment.	• Concentrating on existing consumers to encourage to encourage them to buy more • Currently switching to digital marketing to target consumers reading up on product	• Strong distribution network • Focus on pricing to compete with Vinamilk and Friesland Campina	• Strong distribution network • Focus on the imported image, which is perceived to be higher quality than local brands despite cheaper prices.	• Focus on pricing to compete with local brands • Focus on catering to consumers rather than HORECA channels	• Focus on pricing to compete with local brands • Focus on catering to consumers rather than HORECA channels.

		• Focusing on E-commerce and Mom & Baby channel				

Table 11: Top Players – Cream

	Fonterra Dairy for life	GROUPE LACTALIS	paysan BRETON	TATUA	Elle & Vire	EMBORG
Company	Lactalis International Vietnam	Fonterra Brands (Vietnam) Co. Ltd.	Paysan Breton	Tatua	Elle et Vire	Emborg
Revenue	N / A	N / A	N / A	N / A	N / A	N / A
Market share – Cream	N / A	N / A	N / A	N / A	N / A	N / A
Cream products	• Whipping Cream • Cooking Cream	• Whipping Cream	• Whipping Cream • Cooking Cream	• Whipping Cream • Cooking Cream	• Whipping Cream • Cooking Cream	• Whipping Cream
Brand	• Anchor	• President	• Paysan Breton	• Tatua	• Elle et Vire	• Emborg
Market segment	Mainstream	Mainstream	Mainstream	• Mainstream	• Mainstream	• Mainstream
Note on operation / production	• Local entity to handle all importing and distributing matters	• Local entity to handle all importing and distributing matters	• Imported from France and distributed by New Viet Dairy	• Imported from New Zealand and distributed by New Viet Dairy	• Imported from France and distributed by GoodFood VN	• Imported from Denmark and distributed by Annam Gourmet
Distribution network	• Large supermarkets / hypermarkets • Premium stores: Nam An Market, An Nam Gourmet, etc.	• Large supermarkets / hypermarkets • Premium stores: Nam An Market, An Nam Gourmet, etc.	• Large supermarkets / hypermarkets • Premium stores: Nam An Market, An Nam Gourmet, etc.	• Large supermarkets / hypermarkets • Premium stores: Nam An Market, An Nam Gourmet, etc.	• Large supermarkets / hypermarkets • Premium stores: Nam An Market, An Nam Gourmet, etc.	• Large supermarkets / hypermarkets • Premium stores: Nam An Market, An Nam Gourmet, etc.
Value Proposition	• Focus more on Hotel – Restaurant – Catering (HORECA) channel with their presence of cream and butter	• Is currently a leader in the market with their "President" butter brand due to longstanding presence in the market	• Brand name is associated with France standards for all their product lines	• Brand name is associated with New Zealand standard for their cream products	• Brand name is associated with French standards for all their product lines	• Brand name is associated with Danish standards for all their product lines
Commercial Strategies	• Focus on their clean and fresh image of New Zealand dairy products to consumers and / or businesses • Wholesale price is more agreeable than the other other brands such as Lactalis and Paysan Breton	• Focus more on Modern Trade retailers to sell directly to consumers rather than focusing on HORECA channel • Relies on butter brand to bring up other product line such as cheese, whip cream, etc.	• Have more product variety than Lactalis's President line in terms of butter • Focus more on Modern Trade retailers to sell directly to consumers rather than focusing on HORECA channel	• Focus more on Modern Trade retailers to sell directly to consumers	• Focus more on Modern Trade retailers to sell directly to consumers • Relies on butter brand to bring up other product line such as cheese, whip cream, etc.	• Focus more on Modern Trade retailers to sell directly to consumers • Relies on cheese brand to bring up other product line such as butter, milk, etc.

4 DISTRIBUTION LANDSCAPE

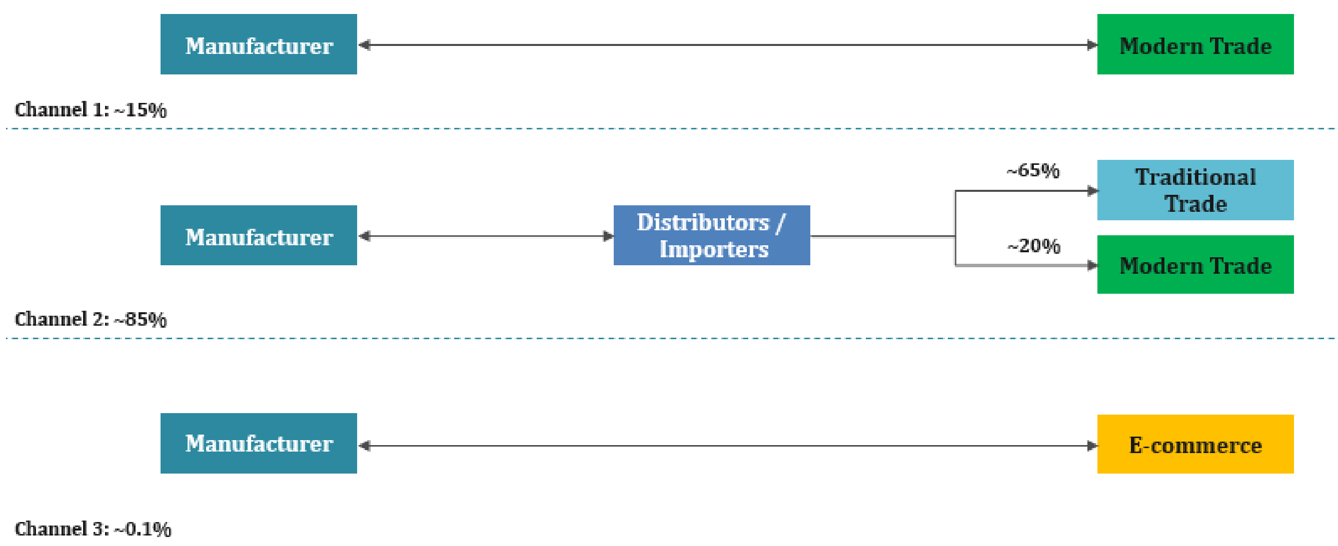
4.1 Distribution Channel

Table 12: Retail Channels for Dairy & Cheese Products in Vietnam

Channel	Description	Illustration / Key players
Wet market Traditional Trade	An open marketplace, typically with stalls and kiosks, that sells fresh perishable goods (e.g. meat, fish, vegetables, fruits) alongside dry and packaged goods	
Mom-and-Pop shop Traditional Trade	A small-scale traditional trade store selling various FMCG product categories, from household care, personal care, packaged and dry food, and dairy targeting consumers its immediate surrounding neighborhood	
Supermarket & hypermarket Modern Trade	A large retail store offering a variety of foods and household goods, mostly on self-service basis. While hypermarkets, such as Lotte Mart and Big C, are generally known for having a wider variety of products due to their size in comparison to supermarkets, such as Vinmart and Co.opmart, the two are rarely differentiated in general practice in Vietnam. As of 2019, there were 3,510 supermarkets and hypermarkets in Vietnam with Co.opmart, Vinmart, and Big C being the most common.	co.op mart Big C VinMart Mega Market
Convenient stores Modern Trade	A modern trade retail format that focuses on same offerings as those of supermarkets. It is larger in scale in comparation with mom-and-pop shop. As of 2019, there weree more than 4,000 outlets in Vietnam, 57% of which are Vinmart+'s stores (2,300 units). Other big players include Family Mart, Circle K, and B's Mart.	VinMart+ B's mart K FamilyMart 7 ELEVEN
E-commerce	An organized online platform where manufacturers, companies, traders, and individuals can sell their products over the internet. As of 2019, the trading volume through e-commerce platforms in Vietnam remained low at around 1% of total retail sales and was still mainly concentrated in Hanoi and Ho Chi Minh City, but market potential is high. The CoViD-19 pandemic has changed consumer behavior normalizing and growing e-commerce.	Shopee Sendo TIKI Laz

Source: Euromonitor, YCP Solidiance Research and Analysis

Figure 26: Distribution Channels for Dairy & Cheese Products in Vietnam



Source: Experts Interviews, YCP Solidiance Research and Analysis

Direct distribution from the manufacturer to modern trade retailers (e.g. supermarkets and convenience stores) allows retailers to negotiate margins with the manufacturer and represents approximately 14% of total distribution of dairy products. This is the typical distribution channel for retail chains with strong internal logistics networks with larger manufacturers, such as Vinamilk, TH Milk, and Friesland Campina.

The most common distribution method in the dairy market is through a distributor or an importer. Distributors or importers are an important access point for traditional trade retailers, approximately two-thirds of the market, but also serve modern trade retailers to a significant degree, amounting to about another one-fifth of the market. The distribution of product through an intermediate distributor or importer is necessary for small-scale retailers or retailers with weak or nonexistent internal logistics capabilities, especially outside of major cities. Moreover, the local distributor or importer is an important entry point for foreign manufacturers that may not have any presence or a strong enough presence in Vietnam.

In some cases, the distributors or importers actively reach out to manufacturers to negotiate distribution rights or exclusivity, and as a result, may become an active local promoter for the product or brand. As this channel is more popular with higher-end products, distributors focus more modern trade retailers in order capture greater volumes and a larger customer base.

The e-commerce channel primarily serves large cities, like Ho Chi Minh City and Hanoi, with a specific subset of consumers that are already familiar with brands and products through their own research. Sales of dairy products through the e-commerce channel remain small as it is not a fully developed access point for most consumers. However, this channel is growing rapidly together with the development of overall e-commerce business in Vietnam.

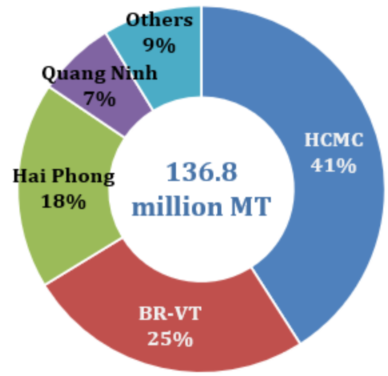
4.2 Logistics

According to Vietnam Seaports Association, the country has a total of 49 seaports concentrated in two regions: Quang Ninh and Hai Phong in the north, and Ho Chi Minh City and Ba Ria – Vung Tau in the south. Ports in the central region (Da Nang) and Mekong Delta region are small and mainly serve for smaller-scale domestic goods transport.

However, the majority of seaports in Vietnam are considered medium- or small-scale. Vietnam has only two deep seaports which can handle containerships of a capacity of 100,000 DWT or larger: Cai Mep Port in Ba Ria-Vung Tau (south) and Lach Huyen Port in Hai Phong (north).

As dairy and cheese products are considered common goods, they have no major restrictions in terms of movement through ports. As a result, the movement of cheese and dairy products simply follows demand.

Figure 27: Major Ports of Import in Vietnam - 2019



Source: Vietnam Seaports Association

Regarding the mode of shipping, dairy and cheese products rely on expiry dates to determine whether they will be shipping by air freight or ocean freight. Products having expiry dates within a year are normally shipped via air freights whereas those having expiry dates more than one year may be shipped via ocean freights.

4.3 Profile of top 04 Distributors

	AN NAM GOURMET
Company	Gourmet Distribution Company Limited
Year of Establishment	2011
Company Type	Distributor / Importer / Retailer
Contact Details	Address: 1 Thao Dien Street, Thao Dien Ward, District 2, Ho Chi Minh City Telephone: +84 (0) 28.3823.5800 Website: https://annam-gourmet.com/
Key Personnel	Ms. Nguyen Thi Phuong Vien – Director
Revenue	2016: VND 696 billion 2017: VND 1,008 billion 2018: VND 921 billion

Company Highlights	• Carries more than 12,000 brand names
	• Currently, six outlets across Vietnam and two foreign branches (in Myanmar and Cambodia)
	   ○ Six locations in Ho Chi Minh City
	   ○ One location in Hanoi
	• Supply to other modern trade retailers as well but primarily to their own stores
	• Serve as an importer of Emborg, Westgold

Product Offering	• Cheese • Butter • Cream • Drinking milk • Yogurt • Condensed • Formula milk
Distribution Channels	• Modern trade retailers (e.g. An Nam Gourmet, Nam An Market) • Hotel – Restaurant – Catering
Commercial Strategy	• Focus on high-end to luxury consumers • Carries all dairy and cheese product lines, including formula milk in their stores • Currently expanding to Myanmar and Cambodia
Market Reputation	• Known as one of the leading local retailers for imported goods, mainly from Europe and the U.S. • In-house catering line uses products that they import

	GOOD FOOD
Company	Good Food Company Limited
Year of Establishment	2004
Company Type	Distributor / Importer
Contact Details	Address: 94 Ung Van Khiem Street, Ward 25, Binh Thanh District, Ho Chi Minh City Telephone: +84 (0) 28.3512.5248 Website: https://goodfood.com.vn/
Key Contact	Mr. Jimmy Ong, Co-Founder & Director of Sales, Food Service
Revenue	2016: VND 538 billion 2017: VND 594 billion 2018: VND 627 billion
Company Highlights	• Carrying over 200 product varieties widely used in almost every market segment in Vietnam • Other than dairy products, they are also carrying other fruits, vegetables, meats, and other food products
Product Offering	• Cheese (Ile de France, Elle et Vire) • Butter (Ile de France, Elle et Vire) • Cream (Elle et Vire) • Drinking milk (Milkana, Avonmore) • Yogurt (Yoplait)
Distribution Channels	• Modern trade retailers (e.g. Annam Gourmet, Saigon Co.op) • Hotel – Restaurant - Catering
Commercial Strategy	• Typically stock a broad selection of product lines carried to be exclusive in the market • Targets mid- to high-end retailers
Market Reputation	• A well-known and established distributor with presence in Hanoi and Ho Chi Minh City

	HOANG LAN
Company	Hoang Lan Group
Year of Establishment	1994
Company Type	Distributor / Importer
Contact Details	Address: 25 Le Thi Rieng, Ben Thanh Ward, District 1, Ho Chi Minh City Telephone: +84 (0) 28.3832.4441 Website: http://hoanglangroup.com/
Key Contact	Ms. Huynh Thi Nuong, Director
Revenue	2015: VND 70 billion 2016: VND 77 billion 2017: VND 55 billion
Company Highlights	• Was exclusive distributor for Lactalis Group • Had experience distributing Meiji, Morinaga, Snow, and Tulip formula milk • Is also carrying olive oil and pate product lines
Products Carried	• Cheese (California Select Farm) • Butter (Bretel, Lactalis – President line)
Distribution Channels	• Traditional trade retailers • Modern trade retailers (e.g. Annam Gourmet, Saigon Co.op, Vinmart) • Hotel – Restaurant – Catering
Commercial Strategy	• Depending on product lines and segment, they will target the appropriate retailers, e.g. Pons Olive Oil is available for all modern trade retailers, Bretel butter is only available in high-end retailers • Is also focusing on HORECA and industrial channels
Market Reputation	• A well-known and established distributor with presence in Hanoi and in Ho Chi Minh City • Known as a leading retailer for imported goods, mainly from Europe and the U.S.

HOANG LAM FOODS	
Company	Hoang Lam Foods
Year of Establishment	2004
Company Type	Distributor / Importer
Contact Details	Address: No01, LK03-04 Cay Quyt Service Land, Van Khe Urban Area, La Khe Ward, Ha Dong District, Hanoi, Vietnam Telephone: +84 (0) 24.35377010 Website: http://holafoods.com.vn/
Key Contact	Mr. Dao Duc Hoang, Director
Revenue	2016: VND 571 billion 2017: VND 511 billion 2018: VND 582 billion
Company Highlights	• Supplies food ingredients, food additives, food machinery and equipment, food training, solutions, and technology transfer • Experience distributing dairy products from Uruguay and the U.S.
Product Offering	• Drinking Milk (Oldenburger) • Cheese (Conaprole)
Distribution Channels	• Industrial ingredient inputs for bakeries, confectionary factories, etc. • Modern trade retailers (Saigon Co.op, Vinmart, etc.) • Hotel – Restaurant – Catering
Commercial Strategy	• Depending on product lines and segment, they will target the appropriate retailers. • Strong with HORECA and industrial channels
Market Reputation	• Is a well-known food distributor spanning across Vietnam through 4 offices: Ho Chi Minh City, Hanoi, Quang Ninh, and Da Nang

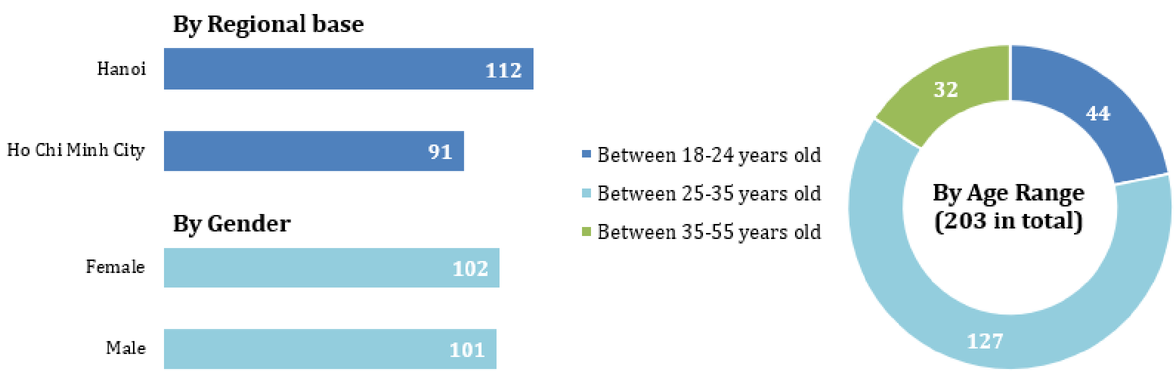
5 CONSUMER INSIGHTS

5.1 Consumer Online Survey Overview

The consumer survey was conducted online targeting consumers of dairy products in Vietnam to understand consumer behavior, preference and usage of dairy products as well as their preference toward Brazilian dairy products. In order to participate in the survey, a consumer had to meet all of the following criteria:

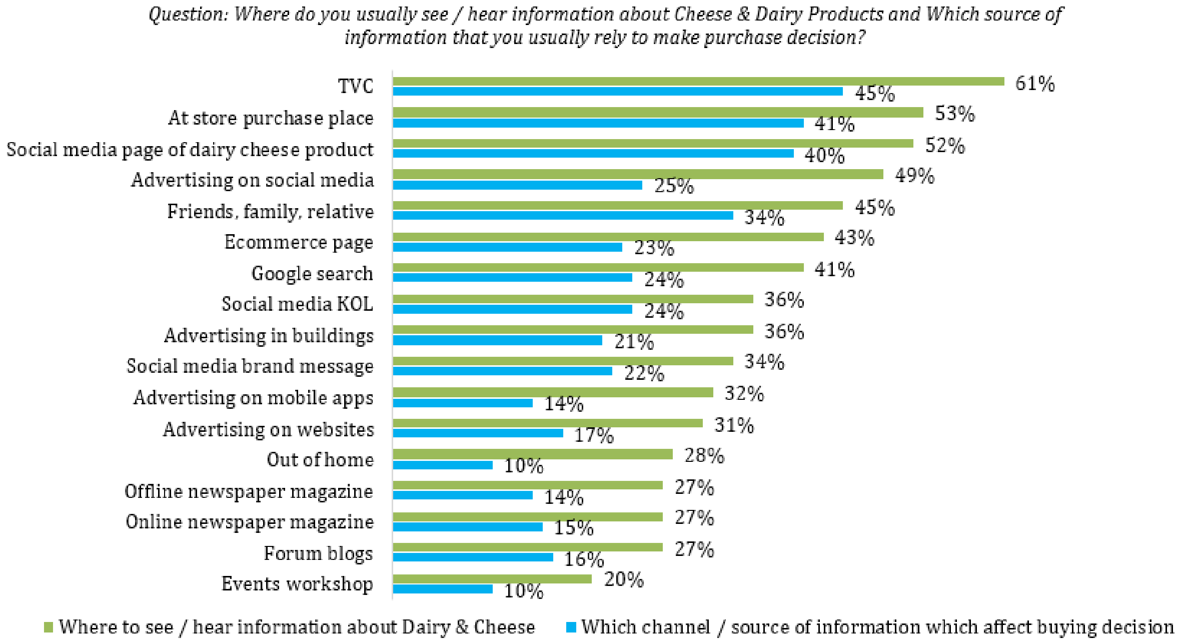
- Living in Hanoi or Ho Chi Minh City, the two largest consumers market and the biggest markets for retail and consumer products in Vietnam;
- Monthly household income of at least VND 20,000,000 as respondents are expected to be knowledgeable about imported dairy products and can afford mid-range to premium goods; and
- Have purchased at least dairy products (drinking milk, cheese, butter, yogurt, cream, or condensed milk) within the last three months.

Figure 28: Consumer Online Survey - Respondents Profile



5.2 Consumer Usage Journey

Figure 29: Consumers Touchpoints for Awareness and Decision-Making Impact



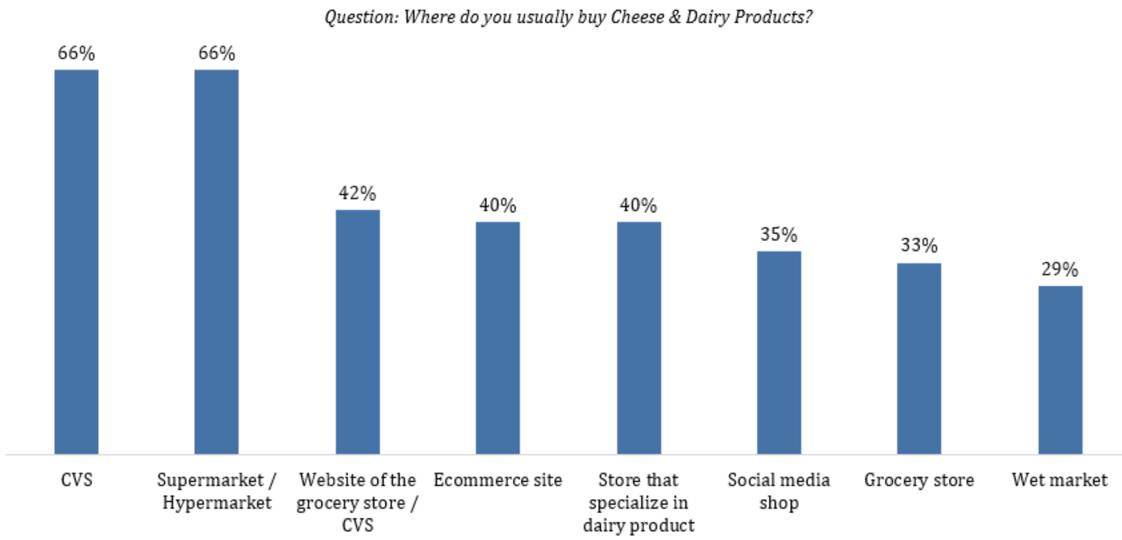
Source: Consumer Survey, YCP Solidiance Research and Analysis

Among 203 respondents participating in the survey, 61% reported to have received dairy and cheese product information through television advertisements (TVC) and 53% of the respondent were engaged through in-store marketing. Both channels also reported the highest impact in the purchasing decision of the consumers, most notably through repeated advertisements and promotions.

Digital marketing was an effective way to reach consumers with more than half of respondents reported having received information through the official social media presence of dairy brands alone. More than one-third of respondents noted that they researched dairy product information through e-commerce platforms (43%), Google searches (41%), and social media influencers (36%). However, less than a quarter of respondents said e-commerce pages, Google searches, and social media influencers had an actual impact on their purchasing decisions. This disparity is likely indicative that consumers may experience a lot of advertisements in various channels, but a reasonable proportion may also using such platforms in order to do product research so purchasing decisions are not solely swayed by these channels alone.

Recommendations from friends, family, and relatives were the most unique source of information as the disparity between experiencing product knowledge and the influence on purchase was far less disparate than most other sources. More than one-third of respondents were influenced by recommendations from friends, family, and relatives in stark contrast to social media advertising, e-commerce platforms, Google searches, and social media influencers. Only about half of those influenced by social media were influenced to purchase through that channel as opposed to over 75% of respondents that heard about products through friends, family, and relatives were influenced to purchase following their introduction.

Figure 30: Consumers Touchpoints for Buying Cheese & Dairy Products



Source: Consumer Survey, YCP Solidiance Research and Analysis

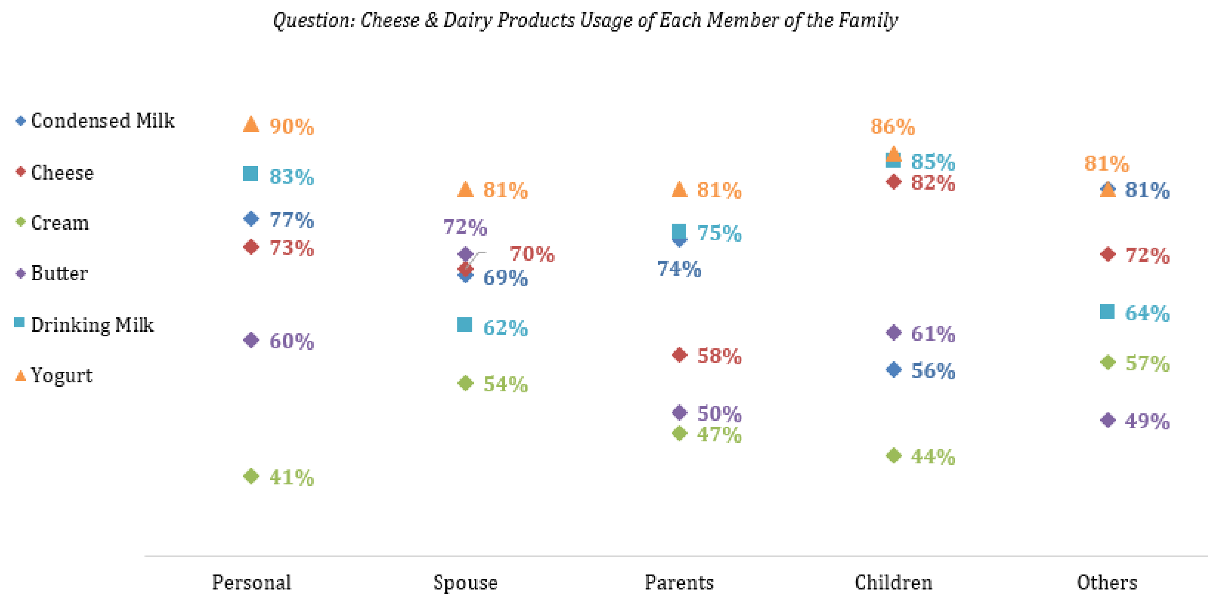
Modern trade channels, including convenience stores, supermarkets, and hypermarkets, were the most common location for consumers to purchase dairy and cheese products representing two-thirds of respondents. Online platforms were also popular, likely based on convenience, with more than 40% of consumers noted to have purchased dairy and cheese products online either directly through grocery and convenience store websites or e-commerce platforms.

The disparity between modern retail environments compared with online platforms demonstrated that convenience did not outweigh purchases made in-person at large modern retail locations meaning consumers still favor making purchases in-person over online when it comes to dairy products.

Vendors on social media and grocery stores ranked higher than traditional open air market vendors likely because of a higher perception of food safety and a wider variety of choices available in specialty stores, grocery stores, or online.

5.3 Consumer Behavior

Figure 31: Consumers Usage per Dairy & Cheese Segment in a Household

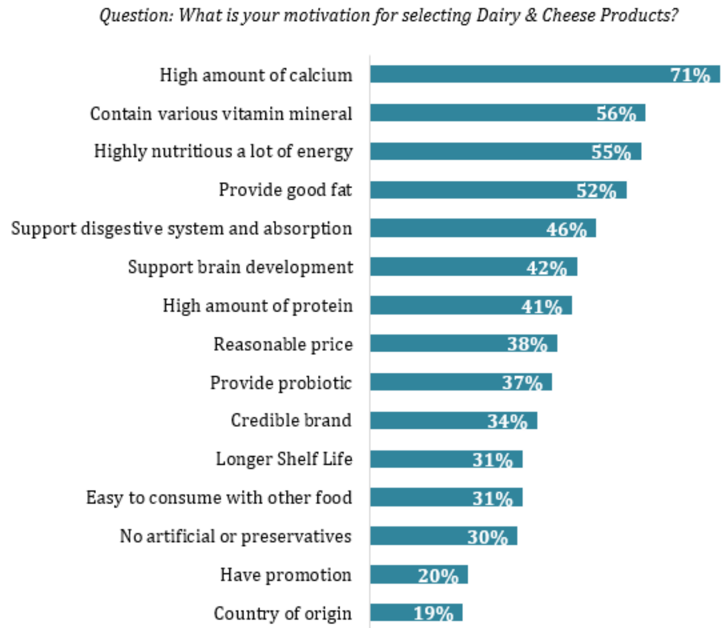


Source: Consumer Survey, YCP Solidiance Research and Analysis

Yogurt and liquid milk were the most consumed dairy products among the respondents in nearly every household segment. Condensed milk was the third most consumed product, followed by cheese, butter, and lastly cream.

Overall, for parents, children, and other members of the family of the respondents consumed in similar fashion to the respondent themselves. Although spouses and partners were perceived to have slightly different consumption patterns from the other family members, with yogurt, butter, and cheese being the most consumed dairy products in that order, cream was still the overwhelmingly least consumed dairy product. This was likely due to the traditional roles of family members in most families in Vietnam where one partner is more heavily responsible for cooking and may be more inclined to experiment, incorporate, and use more novel products, such as butter and cheese.

Figure 32: Reasons to Use Dairy & Cheese Products

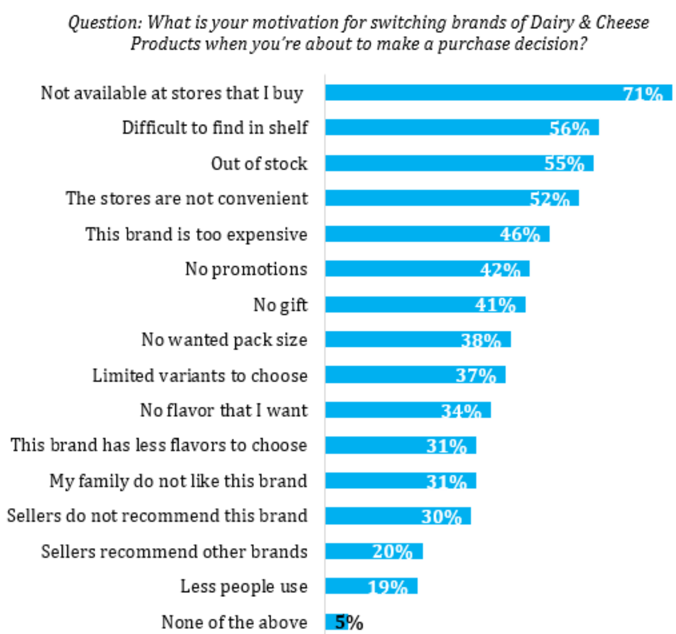


Source: Consumer Survey, YCP Solidiance Research and Analysis

Health benefits and nutrition were overwhelmingly the primary motivators for consumers to purchase dairy. Nearly three-quarters of respondents were motivated to consume dairy products due to the perceived health benefits of high calcium intake (71%) while more than half also cited various vitamin and minerals (56%) and high energy and nutrition (55%) as a prime reason that they consumed dairy. More than half perceived that dairy products contained healthy fats (52%), and nearly half of respondents believed that dairy supported digestive health (46%), brain development (42%), and probiotic health (37%).

The most common non-health reason for dairy consumption among the respondents was related to the price (38%), but this is also in comparison to the many perceived health benefits from consumption. Furthermore, long shelf life (31%) and ease of incorporation into other foods (31%) may have helped dairy products to become more of a staple within a typical Vietnamese household.

Figure 33: Barriers to Use Dairy & Cheese Products



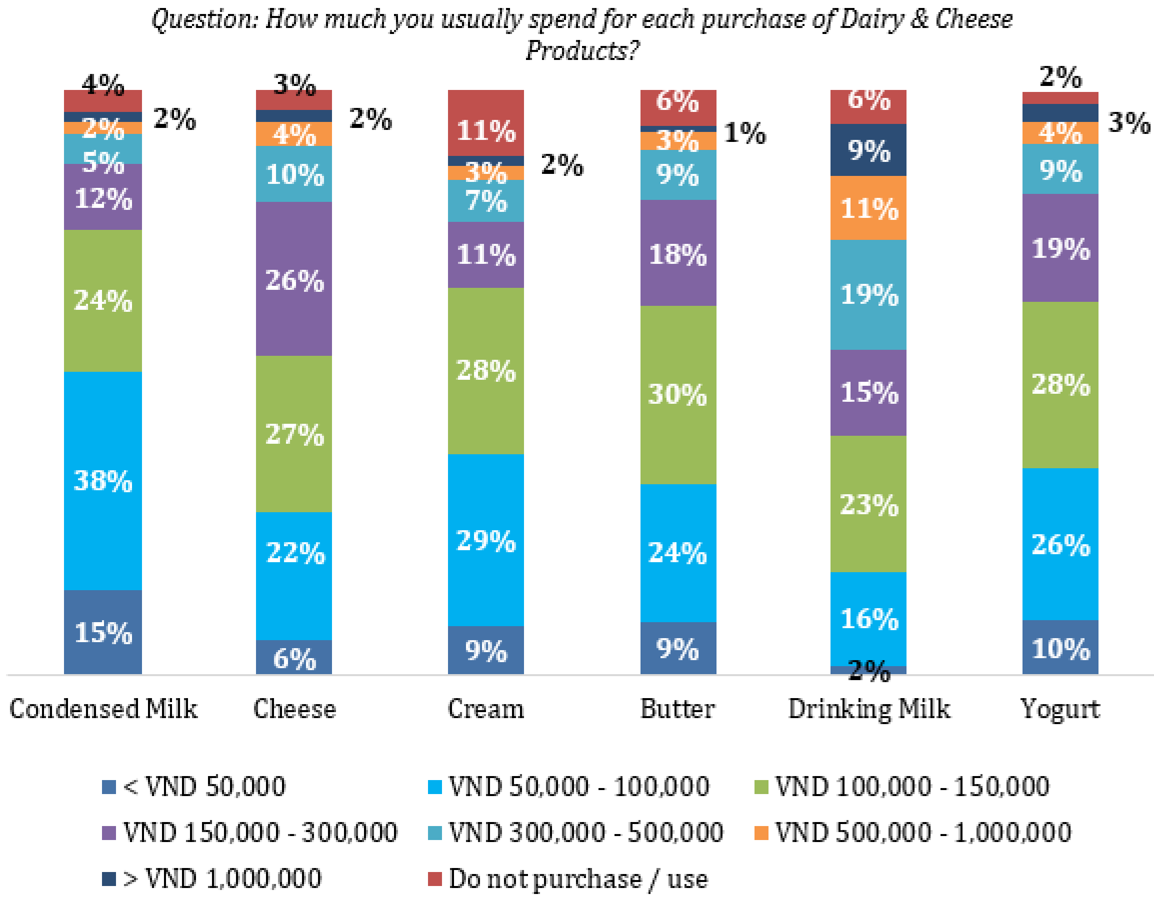
Source: Consumer Survey, YCP Solidiance Research and Analysis

More than half to three-quarters of respondents cited reasons around unavailability or inaccessibility of products being the most common reason to switch brands.

Price and promotional factors were the second most common factor and another major reason consumers switched brands with high pricing (46%), lack of promotional pricing (42%), and lack of promotional gifts (41%) just behind factors of access and availability.

Around one-third of consumer also had strict product packaging, size, and flavor preferences which pushed them to try different brands.

Figure 34: Average Spending per Dairy & Cheese Segment



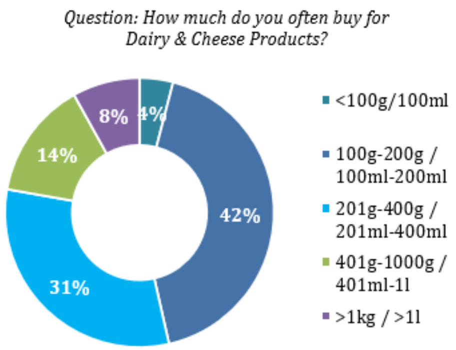
Source: Consumer Survey, YCP Solidiance Research and Analysis

In terms of spending, respondents were most comfortable spending between VND 50,000 (roughly US$ 2.50)-150,000 (roughly US$ 7.50) on average on dairy products in one shopping trip.

Likely due to its higher price points, cheese and cream were two product segments where consumers typically spent more in a single shopping trip compared to other segments. The typical spending for milk also skewed higher, but this was likely due to overall volume of milk purchased during one trip. Consumers were more likely purchase milk in bulk, particularly long shelf-life milk.

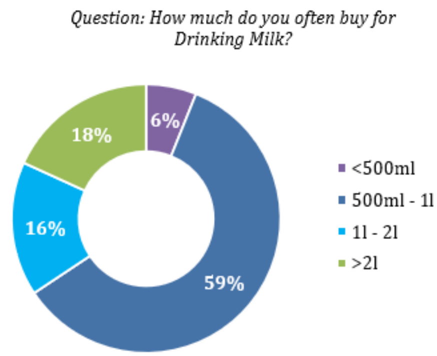
More than one in ten consumers did not purchase cream products, the highest of any dairy segment. As previously discussed, the usage of cream in local cuisine and overall is still limited and is favored in western cuisines which local consumers only enjoy rarely.

Figure 35: Average Purchase Amount for Dairy & Cheese



Source: Consumer Survey, YCP Solidiance Research and Analysis

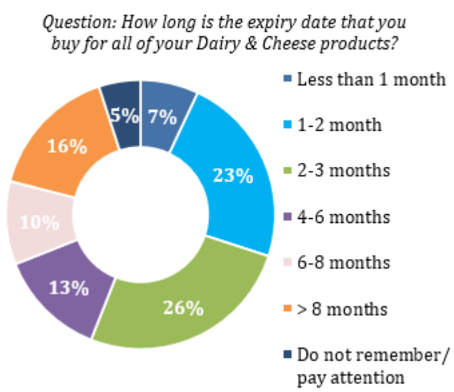
Figure 36: Average Purchase Amount for Drinking Milk



Source: Consumer Survey, YCP Solidiance Research and Analysis

Nearly half of consumers preferred volumes of 100g-200g or 100ml-200ml when purchasing dairy. However, nearly 60% of respondents purchased amount of 500ml-1 liter of milk on average in one trip. This finding was consistent with the typical volumes of demand and consumption of milk in comparison to other dairy products reported in the market.

Figure 37: Preferred Expiry Dates per Purchase



Source: Consumer Survey, YCP Solidiance Research and Analysis

Consumers typically consumed products with a shelf life ranging from one to three months demonstrating the generally slower pace that local consumers consume dairy products in general. About half of consumers preferred products that expired within this range.

As dairy products with a shelf life beyond three or four months are less common and consumers generally prefer fresh dairy free of preservatives, far fewer consumers buy products with short (under one month) or long (over 4 months) shelf lives.

5.4 Brand Perception

Table 13: Popular Brands for Dairy & Cheese Products in Vietnam

Product Segment	Popular Brands
Drinking Milk	Vinamilk, Dutch Lady, TH true MILK, Abbott Grow, Nestlé, NutiFood
Yogurt	Vinamilk, TH true MILK, Elle & Vire, Yomost, Yogu, Dalatmilk
Butter	Président, Paysan Breton, TH true MILK, Elle & Vire, Anchor, Westgold
Cheese	Vinamilk, The Laughing Cow, Paysan Breton, EuroCow, Président, Ile de France
Cream	Monte, Elle & Vire, Tatua
Condensed Milk	Vinamilk, Dutch Lady, Brothers, Carnation, Dairy Champ

Source: Consumer Survey, YCP Solidiance Research and Analysis

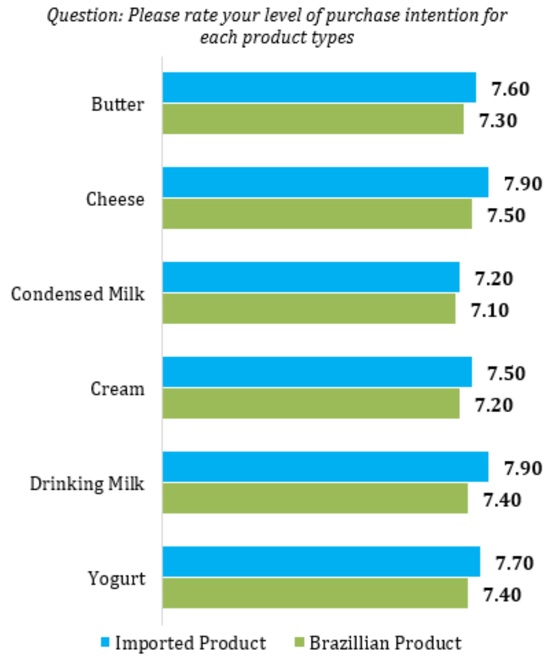
There are numerous players in the dairy market, but only a few strong players that have relatively strong product offerings across multiple segments, such as Vinamilk (e.g. milk, yogurt, condensed milk, and cheese). Vinamilk enjoys a longtime presence in the market widely familiar with local consumers as well as strong distribution channels. These factors allow Vinamilk to rapidly and frequently introduce and market new products as well and distribute their products widely across Vietnam.

Within both the milk and yogurt segments, the main competitors are Vinamilk, TH Milk, Friesland Campina, and Nestle. As more niche products, the butter and cheese segments are the most fragmented and rely almost entirely on imported products, with the notable exception of Vinamilk and Lactalis Group. Lactalis Group has relatively strong product offerings in the cheese, butter, and yogurt segments through their Paysan Breton, Elle et Vire, and President brands.

The condensed milk segment is also fragmented like the butter and cheese segments, with the exception of the dominant brands under Vinamilk and Friesland Campina. As a relatively unpopular product locally, cream has few standout brand names and is probably the most fragmented segment of all of the dairy segments relying almost entirely on imported product.

5.5 Vietnamese Perception of Brazil

Figure 38: Purchase Intention for Imported Products and Brazilian Products



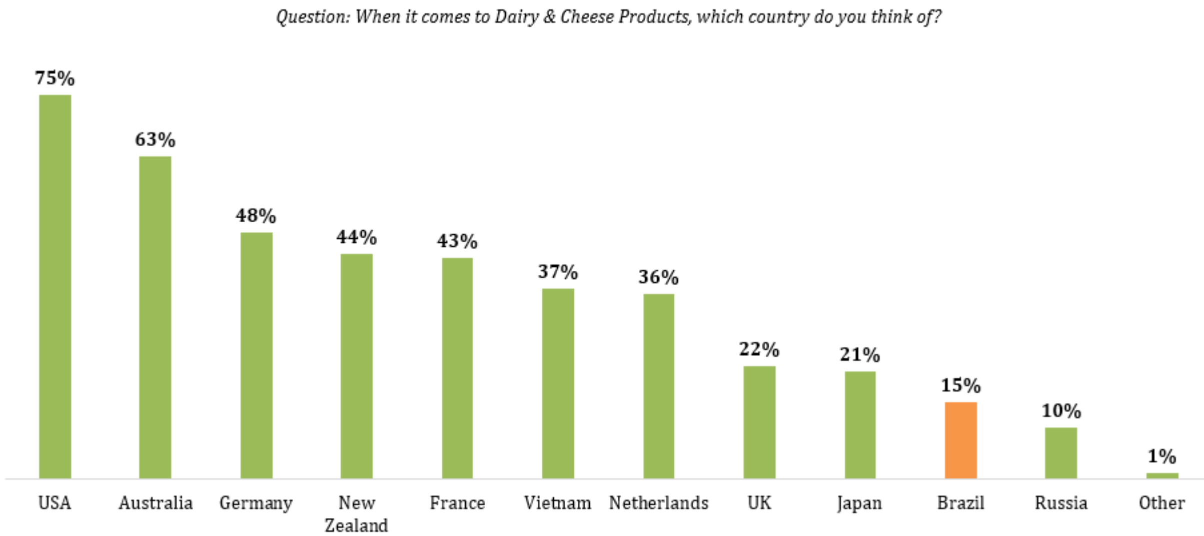
Source: Consumer Survey, YCP Solidiance Research and Analysis

Vietnamese consumers were relatively open to trying new products. When asked about their overall willingness to try imported dairy and cheese products, and dairy and cheese products imported from Brazil in particular, all segments reported relatively high willingness scores from 7.0-8.0.

Respondents had the highest willingness to try imported cheese and milk, with imported products in general scoring 7.9 for both products while imported Brazilian cheese had a willingness rating of 7.5 and milk at 7.4. This was consistent with the overall perception that imported products from Brazil are widely not known or valued as highly relative to products from the U.S., Japan, Europe, or Australia.

Yogurt, another commonly consumed product in the Vietnamese market, also scored highly in willingness of consumers to try imported Brazilian products at 7.4 compared to 7.7 for imported yogurt in general. This was consistent with the differences in willingness between other countries compared to Brazil for most other dairy segments.

Figure 39: Current Countries that Consumers Recognize with Good Dairy & Cheese Products

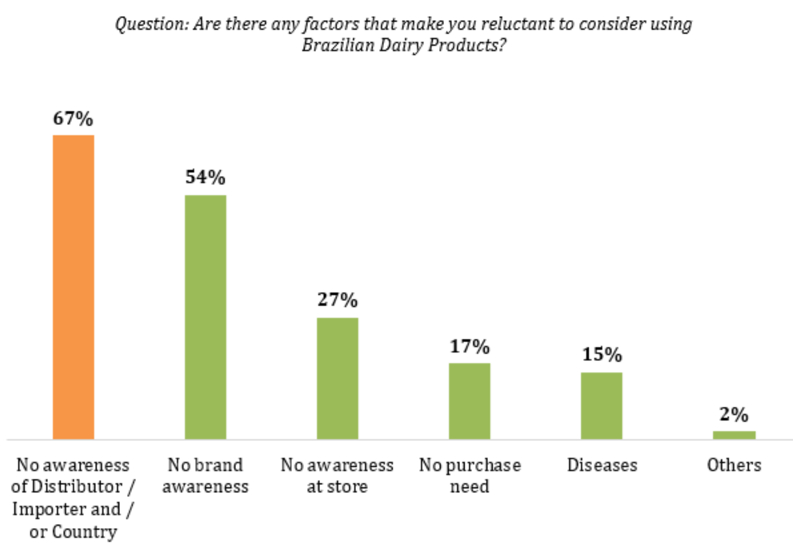


Source: Consumer Survey, YCP Solidiance Research and Analysis

Consumers most recognized dairy products coming from the U.S., Australia, and Germany. Around three-quarters of respondents cited the U.S. was a source of dairy and nearly two-thirds citing Australia in the top tier of dairy producers. New Zealand and a number of European countries with traditional strength in dairy production, such as France and the Netherlands were recognized by more than one-third of respondents.

The U.K., Japan, Brazil, and Russia are also recognized as having imported dairy and cheese products in the market. However, overall association of these countries being famous for dairy and cheese products are still much lower than other European countries, Vietnam, or the U.S.

Figure 40: Barriers that Prevent Consumers from Buying Brazilian Dairy & Cheese Products



Source: Consumer Survey, YCP Solidiance Research and Analysis

Lack of knowledge and awareness of Brazilian dairy products as well as the overall lack of known distributors or importers carrying Brazilian dairy products were the greatest barriers to consuming Brazilian dairy. It should be noted that a small but sizeable percentage of respondents (15%) cited disease as a barrier, referring to the Zika virus outbreak from 2016 and the perceived mismanagement of CoViD-19 in 2020.

6 LEGAL REVIEW

In general, food manufacturing and trading businesses in Vietnam must comply with the Law on Food Safety (LFS) 55/2010/QH12 issued on 17 June 2010. The LFS regulates the rights and responsibilities of food organizations and individuals to ensure food safety; conditions for food safety; food production and trading; food import and export; food advertisement and labeling; food testing; food risk analysis; prevention and dealing with food safety incidents; information, education, and communication on food safety; and state management of food safety. According to the LFS, all imported food, including dairy products, shall be subject to state inspection for food safety, except in cases where the state inspection of food safety is exempt. Imported dairy products are only granted customs clearance once inspection results show that the products in question meets import requirements. The most updated legal document on food safety is Decree 15/2018/ND-CP dated 02 February 2019 in which the government has simplified registration procedure for prepackaged -and processed foods as well as introducing a new regime of import inspection.

There are 03 governmental bodies that are responsible for state management on food safety:

1. Ministry of Industry and Trade (MOIT): responsible for most pre-packed and processed food products. Under Decree 15/2018/ND-CP processed milk products, excluding micronutrient-enriched products and functional foods under the management of the Ministry of Health, are under the management of the MOIT:
   - Liquid milk (including liquid milk that contains flavorings or other food additives): pasteurized products & products sterilized by ultra-high-temperature processing or other high-temperature methods.
   - Fermented milk: liquid and solid
   - Powdered milk
   - Condensed milk: sweetened and non-sweetened
   - Cream: pasteurized and UHT
   - Soy milk
   - Other dairy products: butter, cheese, and other products from processed milk.
2. Ministry of Agriculture and Rural Development (MARD): responsible for agricultural products including raw milk. In the cases where the contents of a shipment fall under the jurisdiction of more than one ministry, the Ministry of Agriculture and Rural Development shall be the inspecting authority
3. Ministry of Health (MOH): bottled water, natural mineral water, food ice; functional foods; micronutrients in food, additives, flavorings, food processing aids; tools, packaging materials directly in contact with food; other products which are not under the inspection of MOIT and MARD.

6.1 Vietnam Regulation on the Import of Dairy & Cheese Products into Vietnam

According to the current Vietnamese Law on Customs 54/2014/QH13, customs declaration procedures should be conducted electronically with some specific exceptions. The general customs procedures, supervision, and inspection of imported foods in Vietnam are regulated under Decree 8/2015/ND-CP issued on 21 January 2015 and further detailed in Circular 38/2015/TT-BTC, dated 25 March 2015, on customs procedures, customs supervision, inspection, export tax, import tax, and tax administration applied to exported and imported goods.

There are five main steps related to the customs clearance procedure for imported dairy products into Vietnam:

Step 1. Preparation for customs import declaration and supporting documents. The customs import declaration in Vietnam is standard, which needs official form used for customs clearance purposes where the importer declares all information required for the assessment of the taxable value of the import shipment. In general, standard customs clearance documents are listed below, but depending on the specific shipment and requirements of customs office of entry, the importer may need to prepare and present other additional documents:

- Commercial/sales contracts (copy)
- Commercial invoice (copy)
- Packing list (original)
- Bill of lading (copy)
- Certificate of origin (original)

In addition, there are some other documents specifically required for the import of cheese and dairy products as described in Table 14. The customs authority at each port of entry may use their own judgement on the type of documents necessary for customs clearance, so the exporter should have consult with the local customs authority and an experienced importer to prepare set of documents in advance. It is common in Vietnam that an exporter and importer hire an agency to guide and support them in preparing relevant customs documents.

Table 14: Legal Documents Supporting the Import of Cheese & Dairy Products in Vietnam

Type of Document	Description	Submission Form	In-charge party	Issuance Office
Certificate of Analysis (COA or C/A)	A form to validate that microbiological and physical / chemical tests have been conducted by an appropriate laboratory in the exporting country.	Original copy or copy notarized by the Consulate in Vietnam	Exporter	Independent Testing Center which has ISO 17025 accredited.
Certificate of Good Manufacturing Practice (if any)	A certificate that manufacturing sites and their respective manufacturing methods follow the conditions of Good Manufacturing Practice (GMP).	A copy of original copy in any language with a sufficient version in English is required.	Exporter	Competent agency in export country
Free sales certificate, or Certificate of Exportation, or Health Certificate	A certificate which is issued by a competent authority of the country of origin / exporting country, which assures safety of users or permit free sale of the products in the country of origin / exporting country	A copy legalized by Consulate in Vietnam	Exporter	Competent authority in export country.
Veterinary Health Certificate for Animal Products	A certificate verifying that products of animal origin have been examined according to the relevant procedures, are not contaminated, do not have any contagious disease, and follow with Vietnamese veterinary regulations.	A notarized copy in original language accompanied by a Vietnamese translation	Exporter	Competent authority in export country.
The food safety data sheet	The food safety data sheet must be issued within 12 months before registration and must specify safety indicators prescribed by the Ministry	Original copy or notarized copy in Vietnamese	Importer	A designated laboratory or a laboratory complying with

Type of Document	Description	Submission Form	In-charge party	Issuance Office
	of Health according to risk management principles under international regulations (or standards applied by the supplier if relevant regulations of the Ministry of Health are not available)			ISO 17025
Certificate of Statement of Product Standards	A certificate that ensure foodstuffs follow the appropriate product quality standards.	Vietnamese	Importer	Ministry of Health, Department of Food Inspection.
Product Declaration for Foodstuff	All imported foodstuffs need to have a Product Declaration, which is a form validating that the product has been announced to the Vietnamese authorities. Application files shall be dispatched to Ministry of Industry and Trade via online public service platforms, by post, or directly.	Vietnamese	Importer	Ministry of Industry and Trade
Quarantine Registration	A form assures that an importer has applied for quarantine at the customs office of entry. Under Circular 25/2016/TT-BNNPTNT, dairy products are listed as subjects of quarantine of terrestrial animals and animal products. Quarantine registration is a form assures that an importer has applied for quarantine at the customs office of entry.	Vietnamese	Importer	Department of Animal Health, Vietnam Ministry of Agriculture and Rural Development
Quarantine Certificate for Animal Products	A certificate ensuring that animal products in application has been in quarantine and that their importation has been approved.	Vietnamese	Importer	Department of Animal Health, Vietnam Ministry of Agriculture and Rural Development
State Quality Inspection of Imported Goods	Quality inspection at the customs office of entry. The Ministry of industry and Trade (MOIT) is responsible for the inspection.	Vietnamese	Importer	Ministry of Industry and Trade
Table of Standards Applied in the Facility	A certificate ensuring that the appropriate quality conditions for foodstuffs are being met at the importer's facilities.	Vietnamese	Importer	Provincial Food Safety Management Authority

Source: European Union's the Food and Beverage – Market Entry Handbook for Vietnam, Decree No. 15/2018/ND-CP, Decree 19/2012/TT-BYT, Circular 25/2016/TT-BNNPTNT, YCP Solidiance's research

Step 2. Registration and Installation of VNACCS: The Vietnam Automated Cargo and Port Consolidated System (VNACCS) is the state automated customs clearance platform for the electronic submission of customs import declaration and supporting documents. In order to use the VNACCS, importer must first obtain an E-Customs Registration and download the software from the Customs website (https://www.customs.gov.vn/ChuyenMuc/VNACCS_VCIS/Default.aspx). In addition, a digital signature must be approved by the customs authorities for this purpose.

Step 3. Registration for relevant inspections

- Quarantine registration: According to Circular 25/2016/TT-BNNPTNT, dairy products are under the category of terrestrial animals and animal products subject to quarantine. The importer shall apply for the quarantine registration at a local quarantine agent operating under the Ministry of Agriculture and the National Agro-Forestry-Fisheries Quality Assurance Department. The quarantine shall be carried out at the port of entry or checkpoint. Upon the decision of the quarantine authority and agreement from the customs authority, the foods can be moved to an inland quarantine location.
- Registration for inspection for food safety: According to Decree 15/2018/ND-CP dated 02nd February 2018 which elaborates some articles of the LFS, dairy products are subject to food safety inspection. The inspection shall be conducted at the checkpoint unless the authorized inspection agency agrees to different locations for the purpose of safe storage of the product.

Step 4. Open and submit the customs import declaration form

- The importer must open and submit the customs import declaration from to Vietnam Customs Office before or within 30 days of arrival.
- Upon the submission, the product shall be classified into one of the below 03 categories

Greenline – Simplified inspection	Yellow line – Ordinary inspection	Red line – Strict inspection
The import is exempt from inspection on documents and exempt from inspection on actual shipment	The import is subject to document inspection but exempt from inspection on actual shipment.	The import is subject to both document inspection and actual shipment inspection.

Step 5. Completion of the import procedure: depending on outcome of Step 4, importer has to follow different steps to complete the customs clearance

Greenline – Simplified inspection	Yellow line – Ordinary inspection	Red line – Strict inspection
Submit following documents at customs office at entry to complete customs clearance: • Printed customs declaration form • Receipt of VAT and import tax payment	• Undergo the document inspection with the customs office: submit supporting documents and/or revise customs declaration form as per customs officer request. • Physical inspection on the shipment may be requested by the customs officer if there is any suspicion of the accuracy of the documents.	• Undergo document inspection similar to the Yellow line • Upon satisfactory outcome on the document inspection, customs authority shall conduct physical inspection of the actual shipment (such as weight and types of imported foods)

Labeling Requirement

In order to import and distribute dairy products in Vietnam, the exporter should comply with the state requirements on labels on products. Label means any manuscript, printed copy, drawing, photocopy of words, pictures, images that is stuck, printed, attached to, casted, or carved on the container of good or other kinds of materials to be attached to the good or commercial container. The state requires that good labels should present essential information to enable consumers to identify the good, give suitable selection, consume, and use; to enable manufacturers and traders to advertise the good; and to enable regulatory agencies to carry out the inspection and supervision.

The Ministry of Science and Technology is responsible for enforcing the goods labeling requirement. Mandatory contents on the labels of goods are stipulated in the Decree on Good Labels No. 43/2017/ND-CP, including:

- Name of product
- Name and address of the enterprise responsible for the food products
- Origin of the product
- Quantity
- Ingredients and ingredient quantities
- Date of manufacture and expiration date
- Warning (if any)
- Instruction for use, instruction for storage

The information on the label must be written in Vietnamese. For food imported into Vietnam with labeling that does not contain or insufficiently contain mandatory information in Vietnamese, a secondary label containing mandatory information in Vietnamese is required. The Vietnamese content shall be consistent with the original label text.

6.2 Import Tariffs and Duties

Vietnam applies three rates of duties for import products: (1) preferential rates apply to imports originating from any country, group of countries or territory which accords Vietnam most-favored nation (MFN) treatment; (2) special preferential rates apply to imports originating from any country, group of countries or territory that has an agreement on special preferential import duties with Vietnam; and (3) standard duty rates apply to other imports. The standard duty rate is 50% higher of the preferential rates for each corresponding article. Products imported from Brazil are subject to MFN rates.

Table 15 below describes the current import tariffs applicable to dairy products under major HS codes. Importers should advise local customs office in identifying the right HS code for each shipment in order to arrive accurate right tariff and taxable duties. In addition to import duties, dairy products imported to Vietnam shall be subject to 10% value added tax.

Table 15: Import Tariff for Cheese & Dairy Products in Vietnam

HS Code	***Description***	***Import Tariff – 2020, from Brazil***
0401	*Milk and cream; not concentrated, not containing added sugar or other sweetening matter*	
040110	*- Of a fat content, by weight, not exceeding 1%*	*15%*
040120	*- Of a fat content, by weight, not exceeding 1%*	*15%*
040140	*- Of a fat content, by weight, exceeding 6% but not exceeding 10%*	*15%*
040150	*- Of a fat content, by weight, exceeding 10%*	*15%*
0402	*Milk and cream; concentrated or containing added sugar or other sweetening matter*	
040210	-In powder, granules or other solid forms, of a fat content, by weight, not exceeding 1.5 %:	
04021041	- - Not containing added sugar or other sweetening matter, In containers of a net weight of 20 kg or more	*2%*
04021042	- - Not containing added sugar or other sweetening matter, In containers of a net weight of 2 kg or less	*5%*
04021049	- - Not containing added sugar or other sweetening matter, Other	*2%*
04021091	- - Other, In containers of a net weight of 20 kg or more	*2%*
04021092	- - Other, In containers of a net weight of 2 kg or less	*5%*
04021099	- - Other, Other	*2%*
040221	-In powder, granules or other solid forms, of a fat content, by weight, exceeding 1.5 %, Not containing added sugar or other sweetening matter,	
04022120	- - In containers of a net weight of 20 kg or more	*2%*
04022130	- - In containers of a net weight of 2 kg or less	*5%*
04022190	- - Other	*2%*
040229	-In powder, granules or other solid forms, of a fat content, by weight, exceeding 1.5 %, Other	
04022920	- - In containers of a net weight of 20 kg or more	*2%*
04022930	- -, In containers of a net weight of 2 kg or less	*5%*
04022990	- -, Other	*2%*
04029100	-Other, Not containing added sugar or other sweetening matter	*2%*
04029900	- Other, Other	*2%*
0403	Buttermilk, curdled milk and cream, yoghurt, kephir, fermented or acidified milk or cream, whether or not concentrated, containing added sugar, sweetening matter, flavored or added fruit or cocoa	
04031021	Yogurt, in liquid form, whether or not condensed, flavored or containing added fruits (including pulp and jams), nuts or cocoa	*20%*
04031029	Yogurt, in liquid form, whether or not condensed, flavored or containing added fruits (including pulp and jams), other	*20%*
04031091	Yogurt, Other, flavored or containing added fruits (including pulp and jams), nuts or cocoa	*20%*
04031099	Yogurt, Other	*20%*
04039010	Other, Buttermilk	*20%*
04039090	Other, Other	*20%*

HS Code	Description	Import Tariff – 2020, from Brazil
0404	Whey, whether or not concentrated or containing added sugar or other sweetening matter; products consisting of natural milk constituents, whether or not containing added sugar or other sweetening matter, not elsewhere specified or included.	
04041010	Whey and modified whey, whether or not concentrated or containing added sugar or other sweetening matter, in powder form	*0%*
04041090	Whey and modified whey, whether or not concentrated or containing added sugar or other sweetening matter, other	*0%*
04049000	Other	*5%*
0405	Butter and other fats and oils derived from milk; dairy spreads.	
04051000	Butter	*13%*
04052000	Dairy Spreads	*15%*
04059010	Other, Anhydrous butterfat	*5%*
04059020	Other, Butteroil	*5%*
04059030	Other, Ghee	*15%*
04059090	Other, Other	*5%*
0406	Cheese and curd.	
04061010	Fresh (unripened or uncured) cheese, including whey cheese	*5%*
04061020	Curd	*5%*
04062010	Grated or powdered cheese, of all kinds, in packages of a gross weight exceeding 20 kg	*5%*
04062090	Grated or powdered cheese, of all kinds, Other	*5%*
04063000	Processed cheese, not grated or powdered	*5%*
04064000	Blue-veined cheese and other cheese containing veins produced by Penicillium roqueforti	*5%*
04069000	Other cheese	*5%*

Source: Vietnam Customs Office, Vietnam Ministry of Finance, Decree 57/2020/NĐ-CP on 25th May 2020 providing amendment and supplements on export and preferential import tariff schedules.

7 CONCLUSION AND RECOMMENDATION

7.1 Evaluation on Market Potential for Brazilian Cheese & Dairy Products in Vietnam

The market outlook for dairy products in Vietnam is promising given the increasing personal income, strong economic development, and consumer's openness to western cuisine. Yogurt and liquid milk are especially buoyant due to its mass consumption on daily basis for consumers at all ages. Cheese and butter, despite their small market sizes, still report high consistent growth whereas condensed milk and cream are more reserved due to their specific usages with other food and / or cooking types.

However, the CoViD-19 pandemic experienced in 2020, and potentially to 2021, has put more pressure on the whole economy. Vietnamese consumers, with growing cost consensus, are more inclined to consider affordable products than premium options. Interviews with importers revealed that mainstream products will be their priority at the current situation while premium products such as organic product can enter once the economy is back to pre-CoViD conditions.

Yet, Vietnam holds its strong position to be a potential market for import products in the region as local consumer spending keep outpacing its ASEAN peers. The economic boom over the past decade with increasing personal income generates greater demand for the higher-value products in modern retail concepts.

Strength	• Vietnam is a large and growing consumer market, strengthened by its political and social stability. • With the growing concern on health issue, middle class consumers tend to spend more on quality foods. Import products are generally considered as high quality and widely accepted by local population. • Demand for dairy ingredients is high as many local dairy processors (including Vinamilk, TH True Milk, Friesland Campina) rely on imported ingredients such as milk powders, cream, sweet, whey, lactose, butter, and cheese. • Historical and forecast growth of dairy products all reported positive growth, leading by yogurt and drinking milk with annual growth rate of 12% and 9.5% respectively for 2020-2023 period.
Weaknesses	• The competition is high in both mainstream segment and premium segment. • Lack of customer awareness on Brazilian products in any type of dairy products. • Except for yogurt, drinking milk, and condensed milk, consumption of cheese, butter, and cream are still concentrated in tier I cities (Hanoi, HCMC, Hai Phong, Da Nang, Can Tho) while market for these products are still very limited in rural areas.
Opportunities	• Growing demand in premium segment, such as organic products. • Middle-class consumers are open to try new products, especially with western food and cooking ingredients. • Modern retailers are expanding to meet the growing consumer demand in Tier II cities areas, which helps to expand accessibility to new consumer groups. • The state is putting efforts in improving its Global Competitiveness while administration barriers are expected to be improved and / or removed in the near future. For example, the latest Decree on Food Safety management, Decree 15/2018/ND-CP, has allowed self-declaration for pre-packaged and processed foods instead of state authorization and record keeping as stipulated in previous regulations.
Threats	• High-level of regulatory uncertainty negatively impacts importers in all channels. • Registration for new products is very costly and burdensome. • -Multiple FTAs with multiple trade partners, including traditional key exporters of dairy products such as New Zealand, Australia and a number of European countries, creates further challenge for Brazilian products to compete in the market. For example, dairy products imported from New Zealand and Australia are subject to 0% import duties according to AANZFTA. And in 5 years, dairy import from EU will be entitled for tariffs reduction and elimination according to EVFTA. • Plant-based milk, including milk made from soybean, rice, nut, grain and seed, is catching more and more interest. • Cumbersome import administrative procedures can be a big challenge to new entrants.

Table 16: Evaluation on Market Opportunity for Import Cheese & Dairy Products

Product segment		Demand		Competition
Drinking Milk	Promising	• Gradual trend toward organic and liquid milk from formula milk. • Drinking milk consumption is expecting a forecasted annual growth of 7.9% due to strong demand in drinking milk coming from all ages. • Coupled with the organic and natural food movement to have a healthier diet, drinking milk is expected to be a continued staple.	Challenging	• Massive competition from Vinamilk, TH Milk, and Friesland Campina with about 83% of total milk • Imported milk brands all have similar price points, which pull consumers of locally produced brands to try new imported products.
Yogurt	Promising	• Expecting double-digit growth due to increasing local consumption on the back of the organic health movement from consumers. • Variety of offerings in terms of ready-to-eat and ready-to-drink signify consumers readiness to try new products.	Challenging	• Yogurt market is completely dominated by local brands such as Vinamilk, TH Milk, and many others covering 95% retail sales. • Consumers prefer local products due to the image of freshly and locally made as well as affordable price points and will be reluctant to pay higher for imported products with the same promoted health benefits.
Butter	Promising	• Small market with high growth of 8.7% due to increase consumption coming from westernized food and baking • Small niche segment for specialty butter	Neutral	• Heavy competition from market leader – President from Lactalis Group • New entrant from TH True Butter promising to capture market share at lower price points.
Cheese	Promising	• Small market with high growth of 9.3% due to increasing consumption from expats and Middle to Affluent class. • Pre-dominantly processed cheese market with recently emerging natural cheese niche.	Neutral	• Heavy competition from market leader – The Laughing Cow from Bel Group due to consumers' familiarity with processed cheese rather than natural cheese
Cream	Neutral	• Expected growth of 7.6% for coming years as local consumers are becoming familiarize with cream in other cooking usage. • Yet market size is still negligible.	Neutral	• Exclusive market playground for import brands. • Presence of different brands who also distribute other dairy products.
Condensed Milk	Neutral	• Growing but at lowest speed compared with other dairy products. • Condensed milk reported stable usage from local consumers	Neutral	• Locally produced condensed milk accounts for ~98% at mainstream segment, with remaining imports coming from ASEAN countries competing at eco-segment.

Promising Neutral Challenging

Given the intense competition in yogurt, drinking milk, and condensed milk, where majority of players are competing in the mainstream segment, Brazilian exporters should consider offering quality products at an affordable price range to attract consumers' initial awareness and interests. With butter segment, case study of Lactalis Group – President is exemplary where they offer price range both in mainstream and premium areas to best capture the market. However, with cheese we suggest targeting from mainstream to premium segment for natural cheese to differentiate themselves provide attractive edge with the price points. As cream segment is still small compared to other segments, therefore we suggest considering cream at mainstream to premium segment only after Brazilian exporters have brought in other dairy and cheese products.

7.2 Market Entry Strategy for Brazilian Dairy Exporters

As market demand for each dairy and cheese product type will vary in best market practice and nuances, Brazilian exporters should equip themselves with local market knowledge before entering the market. Each player should identify what products best suit the market, which consumer group to focus on, what value proposition to offer, and through which channel to sell.

Table 17: Market Penetration Recommendation

Product segment	Recommendation			
	Target consumer group	Focused Marketing channel	Distribution channel	Proposed price points
Drinking Milk	Mass market	• TVC • Social Media • In-store marketing	• Supermarket / Hypermarket • Convenience Store • F&B stores specialized on import products	• Mainstream Segment
Yogurt	Mass market	• TVC • Social Media • In-store marketing	• Supermarket / Hypermarket • Convenience Store • F&B stores specialized on import products	• Mainstream Segment
Butter	Mass to Middle class	• TVC • Social Media • In-store marketing	• Supermarket / Hypermarket • Convenience Store • F&B stores specialized on import products	• Mainstream to Premium Segment
Cheese	Middle to Affluent class	• TVC • Social Media • In-store marketing	• Supermarket / Hypermarket • Convenience Store • F&B stores specialized on import products	• Mainstream to Premium Segment
Cream	Middle to Affluent class	• TVC • Social Media	• Supermarket / Hypermarket • Convenience Store • F&B stores specialized on import products	• Mainstream to Premium Segment
Condensed Milk	Mass market	• In-store marketing	• Supermarket / Hypermarket	• Mainstream to Eco Segment

Vietnam Market Penetration Journey

Figure 41: Vietnam Market Penetration Journey

Business Incubation

Brazilian exporters should study the Vietnamese market carefully for their specific dairy product offerings to understand market segmentation and marketing strategy. Exporters can obtain market insights by getting advice from local contacts such as local business associations, chambers of commerce, and industry experts. Exporters can also hire local agencies to conduct specialized research on market demand, consumer behavior, competition landscape, and marketing strategy for each product line.

Trade fairs and exhibitions are common B2B and B2C business matching platforms in Vietnam. Participation in such events can help Brazilian exporters build their first impression with with the local business community. Exporters can register for a physical booth to present their products or join the exhibitions as a guest to gather relevant industry contacts. Vietfood and Propack are the most well-known food- related exhibitions organized by the Ministry of Industry and Trade to promote the local food market as well as export opportunities for Vietnamese products. The event is organized annually, but due to CoViD-19 , the 2020 event is converted to a virtual exhibition.

Table 18: Relevant Trade Fairs in Vietnam

Vietnam FoodExpo 2020 – Virtual Exhibition • Brief: The largest international tradeshow for food and food industry in Vietnam. HCMC's 2019 event hosted 550 enterprises from 20 countries and territories with about 650 booths. • Timeline: 09 – 12 December 2020 • Location: • Link for registration: Vietnam FoodExport - Virtual Exhibition
Vietfood & Propack Vietnam 2021 • Timeline: 17 – 20 November 2021 • Location: Ho Chi Minh City • For more information: Vietfood & Propack 2021
ILDEX Vietnam 2021 • The 8th International Livestock, Dairy, Meat Processing and Aquaculture Exposition in Vietnam • Timeline: 21 – 23 July 2021 • Location: Ho Chi Minh City • Link for registration: ILDEX 2021

Trading Focus - Partnership with local distributors / importers

Importers play a crucial role in distributing import dairy products to retail stores in Vietnam. Setting up business relationships with local experienced importers and distributors would be beneficial for Brazilian exporters in three key areas:

- Leveraging their current distribution networks in Vietnam, especially with modern trade channels (supermarkets, hypermarkets, convenience stores, premium retail stores)
- Leveraging their consumer knowledge to carry out an efficient marketing strategy for each distribution channel.
- Leveraging their understanding of local regulations and existing relationships with relevant authorities to handle the paperwork including product registration, shipment and product inspections and customs clearance procedure.

A list of notable formula milk importers is provided in Appendix B for reference. Exporters are recommended to conduct satisfactory due diligence on their potential local importers and distributors on legal, commercial, and financial capability to ensure that the partner can fully meet their long-term business objectives and plans in

Vietnam. Exclusive or authorized partnership models work well in Vietnam depending on the business strategy of the exporter and the negotiation with local partners. Since Vietnam is a long, narrow country where each region has different social and cultural characteristics, there is notable different regional consumer behaviors. Exporters may want to establish a trading or commercial base in each region, starting first with Ho Chi Minh city in the south and Hanoi in the north.

The due diligence process should be executed by a local professional agent given that business information in Vietnam remains not totally transparent, limited to government's office platforms and subject to several rounds of validation

Sales representative office

In the early stage of market entry, Brazilian exporters who wish to have a direct presence in Vietnam can consider setting up a sales representative office (RO) as a base to explore the market. Establishing and running a RO entity is a common and low-cost method for market entry for new entrants to gain better understanding of the local business climate. An RO can also collaborate with contracted importers and distributors to better promote the product penetration into the Vietnamese market.

As stipulated by Decree 07/2017/ND-CP, a Vietnam-based representative office of a foreign trader is a dependent unit of the foreign trader, which is allowed under the provisions of Vietnamese law to conduct market survey and a number of commercial promotional activities permitted by Vietnamese law. However, an RO is not allowed to conduct profit-making activities in Vietnam. Exporters should consult with local licensing agents for detailed guidance on the legal registration for setting up an RO in Vietnam.

Limited Liability Company

Once market confidence is confirmed, Brazilian exporters can establish a legal entity in Vietnam to conduct full scope of business which can include importing, assembling, manufacturing, repackaging, warehousing, distributing, and trading. The most common form of legal entity for foreign companies in Vietnam is limited liability company (LLC). The LLC is a legal entity established by its members through capital contribution to the company. All of the members of an LCC are liable for the financial obligations of the entity to the extent of their capital contribution. An LLC can have from 1 to 50 members (single-member limited liability company or multi-member limited liability company).

Brazilian companies can choose to set up their 100% foreign-owned LLC or a partly foreign-owned entity if they wish to partner with a (or multiple) local partners.

The establishment and operation of foreign-owned business in Vietnam are governed by the Law on Investment 2020 and the Law on Enterprise 2020.

Extra notes on local business practice

To establish a good business relationship in Vietnam, Brazilian companies should be aware of the basic local business practice and etiquette as shown below:

- Face-to-face meetings are prerequisite in Vietnamese business culture with the relationships normally developed after the first few in-person meetings; punctuality shows your professionalism and respect to local partners.
- Connection and introduction are important for initial approach with most Vietnamese business contacts

mostly on referrals; essentially a business relationship is formed based on the recommendation of another business associate.

- Seniority is very important to the Vietnamese, especially when dealing with state-owned enterprises or government bodies; rather than addressing the other party as simply Mister or Miss or Missus, it is always appropriate to address the other party by his designation for example Chairman [Name], Director [Name], Manager [Name], and so forth.
- Business dining is common with invitations from Vietnamese partners to go out for dining and drinking.
- While English is widely used in larger business meetings in Vietnam, Brazilian exporters should confirm in advance with local partner(s) if interpretation should be arranged for smooth communication.
- Given the difference in social culture and business practice, Brazilian exporters can consider hiring a local consultant to conduct deep-dive market research, partner search or develop a detailed market entry roadmap and strategy for their specific products.

Appendix A - List of Interviews

No.	Category	Company	Position
1	Formula Milk Manufacturer	Nutifood	Area Sales Manager
2	Formula Milk Manufacturer	Friesland Campina	Ex-Sales Director
3	Importer / Retailer	Annam Gourmet	Sourcing Specialist
4	Dairy & Cheese Manufacturer	Bel Food Vietnam	Country Manager
5	Importer / Distributor	GoodFood	Sales Supervisor
6	Importer / Distributor	Hoang Lam	Deputy Director, Product Development Department
7	Importer / Distributor	Hoang Lan	Import Specialist
8	Importer / Distributor	Phu Thai	Account Specialist
9	Importer / Distributor	Hang Ngoai Nhap	Director

Appendix B - List of Dairy Importers/Distributors in Vietnam

No.	Name	Type	Dairy Products & Brands	Contact Details
1	Nhat Lam Import - Export	Importer / Distributor	Milk: Helio, Frischli, Formil Yogurt: Helio Cream: Meggle Dual, Frischli Condensed Milk: Helio Cheese: Helio Ice Cream: Helio, Quiches, Petit, Restro Frozen	Website: http://nhatlamimex.com Address: Plot H18-H19, 68 Trung Kinh Alley, Yen Hoa Ward, Cau Giay District, Ha Noi Tel: 0243 538 0102 / 0948 48 1978
2	New Viet Dairy	Importer / Distributor	Cheese: Bottega Zelachi, Paysan Breton All Products of Arla Pro	Website: https://en.newviet.net Address: 145 Ton That Dam St, Ben Nghe Ward, District 1, Ho Chi Minh City Tel: 028 6288 3535
3	Cast Food	Importer / Distributor	Drinking milk: Paysan Breton, Condensed milk: Nestle	Website: https://castfood.vn Address: 27, 31C Street, An Phu Ward, District 2, Ho Chi Minh City Tel: 0909856699
4	Annam Gourmet	Importer / Distributor / Retailer	Cheese: Emborg, Kolio, etc, Drinking Milk: Westgold, Emborg Yogurt: Kolio (Greek Yogurt)	Website: https://annam-gourmet.com Address: 1 Thao Dien Street, Thao Dien Ward, District 2, Ho Chi Minh City Tel: +84 (0) 28.3823.5800
5	Classic Fine Foods	Importer / Distributor	Butter: Pamplie, President Cheese: Champignon, Miraflores, Pastiri, President, etc. Cream: President Yogurt: Emmi Milk: Emmi	Website: https://classicfinefoods.talentnetwork.vn/ Address: Lot Vb.17b-19-21a, Street 22A, Tan Thuan EPZ Tan Thuan Dong Ward, District 7 Ho Chi Minh City Tel: 028 37407105
6	Fobe Co., Ltd	Importer / Distributor	Cheese: Cascade Dairy Whipping cream: Oldenburger Butter: Westgold Drinking milk: Westgold, Oldenburger	Website: https://fobe.vn Address: 14th Floor, HM Town Building, 412 Nguyen Thi Minh Khai, Ward 5, District 3, Ho Chi Minh City Tel: (84) 901 80 40 80, (84) 908 354 682
7	Dai Thuan Corporation	Importer / Distributor	Drinking milk: Mleko, Ammerlander Cheese: Kiri, Bel, Ammerlander Condensed milk: Koneri	Website: https://daithuan.vn Address: 360D Ben Van Don, Ward 1, District 4, Ho Chi Minh City Tel: (028) 39 45 09 23
8	Deli Yours	Importer / Distributor / Retailer	Dairy products: Florilait, Candia	Website: http://shop.deliyours.com Address: 75 Nguyen Co Thach, An Loi Dong Ward, District 2, Ho Chi Minh City Tel: 0898 77 0898
9	GoodFood	Importer / Distributor	Butter: Elle et Vire, Grand d'Or, Marquis Cheese: Meadow Fresh, Ile de France, Grand d'Or, Elle et Vire Cream: Elle et Vire, Avonmore	Website: https://goodfood.com.vn Address: 94 Ung Van Khiem Street, Ward 25, Binh Thanh District, Ho Chi Minh City Tel: +84 (0) 28.3512.5248

No.	Name	Type	Dairy Products & Brands	Contact Details
			Yogurt and dessert: Dairy Farmers, Yoplait, Farmers Union, Milkhana, Elle et Vire	
10	Hoang Lam Trading and Foods Technology Joint Stock Company (HOLAFOODS JSC)	Importer / Distributor	Drinking milk: Oldenburger, American dairy Cheese: Conaprole Other dairy products	Website: http://holafoods.com.vn Address: No01, LK03-04 Cay Quyt Service Land, Van Khe Urban Area, La Khe Ward, Ha Dong District, Hanoi, Vietnam Tel: +84 (0) 24.35377010
11	Hoang Lan Group	Importer / Distributor	Cheese: California Select Farm Butter: President Formula Milk: Morinaga, Meiji, Snow, Tulip	Website: http://hoanglangroup.com Address: 25 Le Thi Rieng, Ben Thanh Ward, District 1, Ho Chi Minh City Tel: +84 (0) 28.3832.4441
12	ACE FOODS	Importer / Distributor	Drinking milk: Happy Barn, Taciate Cheese: Mlekpol	Website: https://acefoods.vn Address: 30 Nguyen Khang Street, Cau Giay District, Hanoi Tel: (024) 3783 2562
13	Trung Minh Thanh Food Company Limited - Tmt Foods Co., Ltd	Importer / Distributor	Cheese: Teama, Baker String Cheese, Schreiber, Fonterra Liquid Milk: Fonterra Butter: Fonterra Cream: Fonterra	Website: https://www.tmtdistribution.com Address: 47 Phan Xich Long Street, Ward 3, Phu Nhuan District, Ho Chi Minh City, Vietnam Tel: 84.8 3995 5666
14	Luxury Foods	Importer / Distributor	Butter: Paysan Breton, NZMP, Elle et Vire, Even, Petit Normand, Zelachi Cream: Elle et Vire, Paysan Breton, Anchor, Meadow Fresh Cheese: Grand d'Or, Paysan Breton, Elle et Vire, Drinking milk: Paysan Breton, Meadow Fresh, Conaprole, NZMP	Website: https://luxuryfoods.vn Address: Plot G36, Area 1, Binh Minh Street, Dong Huong Ward, Thanh Hoa City Tel: 09893.12345 – 0931373688
15	Hifood Co., Ltd.	Importer / Distributor	Butter, Cream, Cheese, etc. from Anchor Yogurt from H3Q Miki	Website: https://www.hifood.com.vn Address:55B Hang Bai Street, Hanoi Tel: 0243 9433 711 / 090 2288 015
16	Pham Gia Food	Importer / Distributor	Drinking milk: Cremier de France Cheese: Paysan Breton, Conaprole, Oldenburger, Dairymont, Emmental Even Cream: Tatua Butter: Bottega Zelachi	Website: https://phamgiafood.com.vn Address: 128/63 Le Duc Tho Street, Ward 6, Go Vap District, Ho Chi Minh City Tel: 0938122615
17	Bigsun Vietnam	Importer / Distributor	Drinking milk: NZMP, Paysan Breton Cream: Vivo, Tatua Cheese: Diamond, Even,	Website: https://bigsunfood.com Address: 149, Pho Hue Street, Ngo Thi Nham Ward, Hai Ba Trung District, Hanoi

No.	Name	Type	Dairy Products & Brands	Contact Details
			Frico, Arla, Conaprole, Dairymont, Dana Butter: NZMP, Westgold, Even	Tel: 0869899379
18	Mr. Cao Cheese & Milk	Importer / Distributor	Butter: NZMP, Anchor, Zelachi, Pilot, Cream: Tatua, Dairymont, Millac Gold, Anchor, Paysan Breton, Naarman Germany Drinking milk: Oldenburger, Binda Valley Cheese: Zelachi, Tatua, Anchor, Madam Loik, Oldenberger, Paysan Breton, Sungold, Schreiber	Website: http://www.ongcao.com Address: 23, 23rd Street, Ap 5 Residential Area, Phong Phu Ward, Binh Chanh District, Ho Chi Minh City Tel: 0987600650 – 0969287907
19	VINA CFDT Co., Ltd.	Importer / Distributor	Cream: Paysan Breton Cheese: Paysan Breton. Tatua, Delicatessese, Butter: Paysan Breton, Petit Normand, Even, Dairymont Drinking milk: Paysan Breton, Cremiere de France, Conaprole Cream: Vivo, Paysan Breton. Etc.	Website: https://thucphamvietnam.com.vn Address: 45, Alley 4, Dong Tam Xa Village, Dong Anh District, Hanoi Tel: 0989603612 - 024.38836786
20	Duy Linh Food	Importer / Distributor / Retailer	Cheese: Hochland Butter: President	Website: https://duylinhfood.com Address: 26 Vinh Ho Street, Dong Da District, Hanoi Tel: 0988 235 801
21	Hung Dung Co., Ltd.	Importer / Distributor	Drinking milk: Pure Milk, Globe Milk Condensed milk: Famil	Website: http://hungdung.com.vn Address: 216 Nguyen Van Linh, Tan Thuan Tay Ward, District 7, Ho Chi Minh City Tel: (+84 08)3824.4404
22	CAC Vietnam	Importer / Distributor	Yogurt: Dutch Mill Butter: Allowrie, Imperial, Dahlia Cheese: Imperial	Website: http://www.cacvietnam.com Address: 60/26 Yen The, Ward 2, Tan Binh District, HCMC, Vietnam Tel: 028.3848 9647
23	Interbos	Importer / Distributor	Yogurt, Cheese (for kids): Hoff, Gotz	Website: https://hoff.vn Address: 15 Tay Ho Street, Ward Quang An, Tay Ho District, Hanoi Tel: 1800 599983
24	Chau Dai Duong Co., Ltd.	Importer / Distributor	Drinking milk: Avonmore, Australia Own, Devondale, Pauls, Harvey Fresh, Promess	Website: https://suatuoi.com Address: 1A Nguyen Thai Binh street, Ward 14, Tan Binh District, Ho Chi Minh City Tel: 1800.2023
25	Nutrilife	Importer / Distributor	Drinking milk: Australia's Own	Website: http://nutrilife.com.vn Address: A134OT02, Aqua 1 Tower, Vinhomes Bason Complex, 2 Ton Duc Thang Street, District 1, Ho Chi Minh City Tel: 028 3636 7300

No.	Name	Type	Dairy Products & Brands	Contact Details
26	Tam Nhin Xanh Co., Ltd.	Importer / Distributor	Drinking milk: Promess - Lact'Union	Website: https://www.promess.com.vn Address: 100-102 Dien Bien Phu Street, Da Kao Ward, District 1, Ho Chi Minh City Tel: (028) 71.001.001
27	Vinsun Group	Importer / Distributor	Drinking milk: Pauls (Parmalat)	Website: http://vinsungroup.com Address: HH2, Meco Complex, 102 Truong Chinh Street, Dong Da District, Hanoi Tel: (024) 666 36 089
28	Hung Thinh Phat Food Trading Co., Ltd.	Importer / Distributor	Condensed milk: Marigold	Website: http://hungthinhphatfood.com.vn Address: 391/26/16 Nguyen Van Qua Street, Residential Area No. 4, Dong Hung Thuan Ward, District 12, Ho Chi Minh City Tel: 028 36 208 750
29	Solomon International Co., Ltd.	Importer / Distributor	Drinking milk: Daioni, Horizon, Organic Valley, Granarolo - Yomo, etc. Condensed milk: California Farm	Website: https://solomonorganic.com Address: 653 Phan Van Tri street, Ward 7, Go Vap District, Ho Chi Minh City Tel: (028) 6 296 6570
30	Science and Beauty	Importer / Distributor	Liquid milk: Cremo	Website: N/A Address: R430 My Toan 2, Pham Thai Buong Street, Phu My Hung New Urban Area, Tan Phong Ward, District 7, Ho Chi Minh City Tel: N/A
31	Food Source International	Importer / Distributor	Cheese, Yogurt: Meredith Dairy	Website: http://foodsource.com.vn Address: 59 1st Street, Thao Dien Ward, District 2, Ho Chi Minh City Tel: (+84) 28 6680 1169

Appendix C – Vietnam 2020 Import Duties (%) on Dairy products under signed FTAs

HS Code	ACFTA	ASEAN (ATIGA)	AJCEP	VJEPA	AKFTA	AANZ-FTA	AIFTA	VKFTA	VCFTA	VN-EAEU	CPTPP(*)	AHKFTA	EVFTA
0401	***Milk and cream; not concentrated, not containing added sugar or other sweetening matter***												
040110	*0*	*0*	*4*	*5*	*0*	*0*	*8*	*0*	*5*	*0*	*M: 7.5; #: 3.7*	*12*	*11.2*
040120	*0*	*0*	*4*	*5*	*0*	*0*	*8*	*0*	*5*	*0*	*M: 5; #: 0*	*12*	*11.2*
040140	*0*	*0*	*4*	*5*	*0*	*0*	*8*	*0*	*5*	*0*	*M: 5; #: 0*	*12*	*11.2*
040150	*0*	*0*	*4*	*5*	*0*	*0*	*8*	*0*	*5*	*0*	*M: 5; #: 0*	*12*	*11.2*
0402	***Milk and cream, concentrated or containing added sugar or other sweetening matter.***												
04021041	*0*	*0*	*0*	*0*	*0*	*0*	*5*	*0*	*1*	*0*	*M: 0-1; #: 0*	*2*	*2.2*
04021042	*0*	*0*	*0*	*0*	*0*	*0*	*5*	*0*	*4*	*0*	*M: 0-1; #: 0*	*2*	*2.2*
04021049	*0*	*0*	*0*	*0*	*0*	*0*	*5*	*0*	*4*	*0*	*M: 0-1; #: 0*	*2*	*2.2*
04021091	*0*	*0*	*4*	*4.5*	*0*	*0*	*9*	*0*	*7*	*0*	*M: 1.6; #: 0*	*4*	*4.1*
04021092	*0*	*0*	*4*	*4.5*	*0*	*0*	*9*	*0*	*7*	*0*	*M: 1.6; #: 0*	*4*	*4.1*
04021099	*0*	*0*	*4*	*4.5*	*0*	*0*	*9*	*0*	*7*	*0*	*M: 1.6; #: 0*	*4*	*4.1*
04022120	*0*	*0*	*0*	*0*	*0*	*0*	*9*	*0*	*1*	*0*	*0*	*2*	*2.2*
04022130	*0*	*0*	*0*	*0*	*0*	*0*	*9*	*0*	*4*	*0*	*0*	*2*	*2.2*
04022190	*0*	*0*	*0*	*0*	*0*	*0*	*9*	*0*	*4*	*0*	*0*	*2*	*2,2*
04022920	*0*	*0*	*6*	*7.5*	*0*	*0*	*9*	*0*	*7*	*0*	*M: 1.6; #: 0*	*4*	*4.1*
04022930	*0*	*0*	*6*	*7.5*	*0*	*0*	*9*	*0*	*7*	*0*	*M: 1.6; #: 0*	*4*	*4.1*
04022990	*0*	*0*	*6*	*7.5*	*0*	*0*	*9*	*0*	*7*	*0*	*M: 1.6; #: 0*	*4*	*4.1*
04029100	*0*	*0*	*0*	*0*	*0*	*0*	*9*	*0*	*6*	*0*	*M: 6; #: 4*	*8*	*8.3*
04029900	*0*	*0*	*30*	*30*	*0*	*0*	*9*	*0*	*7*	*0*	*M: 12; #: 8*	*20*	*16.6*
0403	***Buttermilk, curdled milk and cream, yogurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavored or containing added fruit, nuts or cocoa.***												
04031021	*0*	*0*	*6*	*7.5*	*0*	*0*	*0*	*0*	*4*	*0*	*M: 2.3; #: 0*	*7*	*5.8*
04031029	*0*	*0*	*6*	*7.5*	*0*	*0*	*0*	*0*	*4*	*0*	*M: 2.3; #: 0*	*7*	*5.8*
04031091	*0*	*0*	*6*	*7.5*	*0*	*0*	*0*	*0*	*3*	*0*	*M: 2.3; #: 0*	*7*	*5.8*
04031099	*0*	*0*	*6*	*7.5*	*0*	*0*	*0*	*0*	*3*	*0*	*M: 2.3; #: 0*	*7*	*5.8*
04039010	*0*	*0*	*6*	*7.5*	*0*	*0*	*0*	*0*	*2*	*0*	*M: 1; #: 0*	*2*	*2.2*
04039090	*0*	*0*	*6*	*7.5*	*0*	*0*	*0*	*0*	*3*	*0*	*M: 2.3; #: 0*	*7*	*5.8*
0404	***Whey, whether or not concentrated or containing added sugar or other sweetening matter; products consisting of natural milk constituents, whether or not containing added sugar or other sweetening matter, not elsewhere specified or included.***												
04041010	*0*	*0*	*4*	*5*	*0*	*0*	*0*	*0*	*2*	*0*	*0*	*0*	*0*
04041090	*0*	*0*	*4*	*5*	*0*	*0*	*0*	*0*	*2*	*0*	*0*	*0*	*0*
04049000	*0*	*0*	*6*	*7.5*	*0*	*0*	*0*	*0*	*5*	*0*	*0*	*0*	*0*
0405	***Butter and other fats and oils derived from milk; dairy spreads.***												
04051000	*0*	*0*	*4*	*5*	*0*	*0*	*8*	*0*	*6*	*0*	*M: 5; #: 0*	*10*	*12.5*
04052000	*0*	*0*	*4*	*5*	*0*	*0*	*8*	*0*	*6*	*0*	*M: 5; #: 0*	*12*	*12.5*
04059010	*0*	*0*	*0*	*0*	*0*	*0*	*2*	*0*	*5*	*0*	*M: 1.6; #: 0*	*4*	*4.1*
04059020	*0*	*0*	*0*	*0*	*0*	*0*	*2*	*0*	*5*	*0*	*M: 1.6; #: 0*	*4*	*4.1*
04059030	*0*	*0*	*4*	*5*	*0*	*0*	*8*	*0*	*6*	*0*	*M: 7.5; #: 3.7*	*12*	*12.5*

HS Code	ACFTA	ASEAN (ATIGA)	AJCEP	VJEPA	AKFTA	AANZ-FTA	AIFTA	VKFTA	VCFTA	VN-EAEU	CPTPP(*)	AHKFTA	EVFTA
04059090	0	0	4	5	0	0	8	0	6	0	M: 7.5; #: 3.7	12	12.5
0406	***Cheese and curd***												
04061010	0	0	0	0	0	0	0	0	4	0	M: 3.3; #: 0	3	8.3
04061020	0	0	0	0	0	0	0	0	4	0	M: 3.3; #: 0	3	8.3
04062010	0	0	0	0	0	0	0	0	4	0	0	3	8.3
04062090	0	0	0	0	0	0	0	0	4	0	0	3	8.3
04063000	0	0	0	0	0	0	0	0	4	0	0	3	8.3
04064000	0	0	0	0	0	0	0	0	4	0	M: 5; #: 2.5	8	8.3
04069000	0	0	0	0	0	0	0	0	4	0	0	3	7.5

Note: (*) M – for Mexico; # - For other CTPTT's country members (Australia, Canada, Japan, New Zealand, and Singapore)

Source: YCP Solidiance's Research

- *Decree No. 153/2017/ND-CP on Vietnam's Special Preferential Import Tariff to implement the ASEAN-China Agreement on Trade in Goods during 2018-2022*
- *Decree No. 156/2017/ND-CP on Vietnam's Special Preferential Import Tariff to implement the ASEAN Trade in Goods Agreement during 2018-2022*
- *Decree No. 160/2017/ND-CP on promulgating Vietnam's special preferential import Tariff for implementation of the ASEAN – Japan Comprehensive Economic Partnership in the period 2018 – 2023*
- *Decree No. 155/2017/ND-CP on Vietnam's Special Preferential Import Tariff to implement the Economic Partnership Agreement between the Socialist Republic of Vietnam and Japan during 2018-2023*
- *Degree No. 157/2017/ND-CP on Vietnam's special preferential import Tariff for implementation of the ASEAN – Korean Free Trade Agreement in the period 2018 – 2022*
- *Degree No.158/2017/ND-CP on Vietnam's special preferential import Tariff for implementation of the ASEAN - Australia/New Zealand in the period 2018 – 2022*
- *Decree No. 159/2017/ND-CP on Vietnam's Special Preferential Import Tariff to implement the ASEAN-India Agreement on Trade in Goods during 2018-2022*
- *Decree No. 149/2017/ND-CP details preferential taxes of Viet Nam to implement the VKFTA during 2018-2022*
- *Decree No. 154/2017/ND-CP on Vietnam's Special Preferential Import Tariff to implement the Vietnam-Chile Free Trade Agreement during 2018-2022*
- *Decree No. 150/2017/ND-CP on Vietnam's Special Preferential Import Tariff Schedule in order to implement the Free Trade Agreement between Vietnam and the Eurasian Economic Union and its member states during 2018 – 2022*
- *Decree No. 57/2019/ND-CP on preferential export tariff schedule and special preferential import tariff schedule under the comprehensive and progressive agreement for trans-pacific partnership in the 2019-2022 period.*
- *Decree 07/2020/ND-CP on Vietnam's Special Preferential Import Tariffs for the Implementation of the AHKFTA in the period of 2019-2022*
- *Decree No. 111/2020/ND-CP dated September 18, 2020 of the Government on the Preferential Export Tariff and Special Preferential Import Tariff of Vietnam for the implementation of the Free Trade Agreement between the Socialist Republic of Vietnam and European Union in the 2020 - 2022 period*

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15. WTO and International Trade Center, VCCI, https://wtocenter.vn/