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Vietnam

Exporter Guide

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Report Highlights:

This report serves as a practical guide for U.S. exporters wishing to initiate or increase exports of U.S. consumer-oriented agricultural products (fresh or processed animal & plant products; beverages; other snack foods) to Vietnam. It provides key updates on Vietnam's policies and regulations that may affect exporters' choices about how to approach this dynamic market. Although Vietnam's maze of regulations has occasionally resulted in troublesome trade barriers, the country is making progress in reducing import tariffs per its WTO obligations and adopting more business-friendly practices. Vietnam is a participant in the Trans-Pacific Partnership (TPP) negotiations, through which the United States and 10 other Asia-Pacific partners are seeking to establish a comprehensive, next-generation regional agreement to further liberalize trade and investment.

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Executive Summary:

This report serves as a practical guide for U.S. exporters wishing to initiate or increase exports of U.S. consumer-oriented agricultural products (fresh or processed animal & plant products; beverages; other snack foods) to Vietnam. It provides key updates on Vietnam's policies and regulations that may affect exporters' choices about how to approach this dynamic market. Although Vietnam's maze of regulations has occasionally resulted in troublesome trade barriers, the country is making progress in reducing import tariffs per its WTO obligations and adopting more business-friendly practices.

A number of factors have spurred a tremendous increase in Vietnam's food imports over the last five years; these include steady population growth, strong economic growth, greater disposable income, and expansion in the retail, food service, and food processing sectors. Vietnam's food and beverage import sector was relatively insulated from the global economic recession of 2008-09, and total imports continued to climb in 2010-2014

In particular, U.S. exports of consumer-oriented agricultural products to Vietnam have grown at an astonishing rate in recent years. From 2004 to 2010, the year-end figure increased over 1,000 percent. In 2014, the United States exported a record \$879 million in consumer-oriented agricultural products to Vietnam, putting the country to 14th on the list of U.S. export markets for this sector. Overall, prospects for continued growth in Vietnam's food import market remain strong.

Author Defined:**Disclaimer:**

This report was prepared by the Offices of Agricultural Affairs of the USDA/Foreign Agricultural Service in Hanoi and Ho Chi Minh City, Vietnam for U.S. exporters of domestic food and agricultural products. While every possible care was taken in the preparation of this report, information provided may not be completely accurate either because policies have changed since its preparation or because clear and consistent information about these policies was not available. It is highly recommended that U.S. exporters verify the full set of import requirements with their foreign customers, who are normally best equipped to research such matters with local authorities, before any goods are shipped. FINAL IMPORT APPROVAL OF ANY PRODUCT IS SUBJECT TO THE IMPORTING COUNTRY'S RULES AND REGULATIONS AS INTERPRETED BY BORDER OFFICIALS AT THE TIME OF PRODUCT ENTRY.

Section I. Market Overview:

This report provides U.S. exporters with basic information on exporting high-value consumer-oriented

foods and beverages to Vietnam.

Vietnam's near to medium-term economic forecast indicates relatively stable but slower growth than experienced during 1995 – 2011. The country's economy grew 5.42% in 2013; modestly better than 2012 when its growth registered just 5.2%, the lowest level since 1999 and well below the 7% annual average achieved during the previous decade. The government initially estimated growth of 5.8% in 2014, however, ended up revised estimate was 5.98% in the new year of 2015 (the Vietnam's Government Website), reflecting modestly improving business conditions and strong growth in FDI particularly by Japan and South Korea. However, this growth rate is widely viewed as insufficient to keep pace with the country's growing population.

A young population, rising middle-class incomes and female labor force participation are driving Vietnamese consumerism. 42 percent of Vietnam's population, which is estimated 91.6 million in 2014 and is growing by 1 percent annually, is under 25 years of age. Vietnam also has a large female working population (49 percent in 2014), making the female consumer ever more important. Over the past decade, the number of middle class households (defined as number of households with income in excess of \$20,000 constant 2005 U.S. PPP\$), has nearly doubled from 1.2 million in 2003 to 2.3 million in 2012 (Source: Global Insight).

Vietnam's steady global economic integration and market-oriented reform has driven broad development gains over the past two decades, raising per capita income from \$260 in 1995 to over \$1,900 in 2013, dramatically reducing poverty levels and propelling Vietnam to join the ranks of lower middle income countries. Total U.S.-Vietnam bilateral trade has grown steadily from \$1.5 billion in 2001 to \$34.9 billion in 2014, making Vietnam one of the important trading partners and 12th largest destination for agricultural exports. Vietnam General Department of Customs reported that the United States and the EU remains Vietnam's two largest export markets, taking \$28.6 billion (up nearly 20% over 2013) and \$27.9 billion (up 14.7%), respectively in 2014. In contrast, the United States exported just \$6.28 billion to Vietnam, but that was up 21% versus 2013. Vietnam continued to enjoy a trade surplus of about \$2 billion overall in 2014, the consecutive second surplus in a number of years. China remains the largest exporter to Vietnam; at \$43.8 billion in 2014 (up 18% vs. 2013). South Korea was second with exports of \$21.7 billion to Vietnam, up 4.9% over 2013

The 2014 economic growth was led by the services sector, which represented 39.7% of the total GDP. Travel and tourism displayed much lower growth, just 4% against 10.6% in 2013 with the number of foreign visitors to Vietnam up to 7.9 million, and those arriving for tourist purposes numbering 4.76 million, up 2.6%. The largest sources of international arrivals included China, South Korea, Japan, Cambodia, Malaysia, European countries and Australia. The number of Chinese visitors did not increase as much as in past years due to the tension on East Sea between China and Vietnam. Data released by General Statistics Office reported that 1.95 million Chinese tourists came

to Vietnam in 2014 (up just 2% over 2013), while visitors from the Europe increased to 1.2 million, up 14.6%. Crude oil, textiles and apparel, footwear, and more recently cell phones are among the key drivers of Vietnam's export-oriented industrial and manufacturing sector.

Despite this amazing growth, doing business in Vietnam can be a challenge for exporters. At times, the maze of seemingly conflicting regulations may present a formidable barrier to trade, yet at the same time, the country is evolving and becoming more business-friendly in other respects. The improved economic environment owes much to Vietnam's integration into the global trade community. Vietnam is an active member of ASEAN and became the 150th member of the World Trade Organization (WTO) in January 2007. The Government has recently concluded negotiations for Free Trade Agreements (FTAs) with many important trading partners, including ASEAN, ASEAN-China, ASEAN-Korea, ASEAN-Japan, ASEAN- New Zealand-Australia, and ASEAN-India. Through these efforts, Vietnam has pledged not just to lower import tariffs and eliminate quotas, but also to increase market access for goods and services, strengthen IPR protection, enhance legislative and regulatory transparency, and improve its commercial dispute settlement and trade facilitation processes. Regionally, Vietnam is a participant in the Trans-Pacific Partnership (TPP) negotiations, through which the United States and 10 other Asia-Pacific partners are seeking to establish a comprehensive, next-generation regional agreement to further liberalize trade and investment.

The market for high-value food products is substantial and is growing across a wide variety of categories. Trade data indicate that Vietnam imported over \$10.2 billion in consumer-oriented agricultural products in 2014, this includes more than \$4.4 billion in edible fishery products which was the single largest category. Total 2014 imports in agricultural, fish and forestry products are estimated exceeding \$30.5 billion. (Note: Given Vietnam's porous borders and endemic under-invoicing, it is difficult to estimate the actual level of consumer-ready imports.)

U.S. food products are favored by consumers for their high quality, safety, innovation and consistent supply. Exports of high value and consumer-oriented U.S. agricultural and food products to Vietnam have seen rapid growth in recent years. After hovering around the \$20 million mark for several years in the early 2000s, these exports grew to an astonishing \$535 million in 2010, then \$879 million in 2014. In the coming years, these exports should continue to increase.

FAS Vietnam's best prospects for consumer-oriented agricultural products include dairy products, chilled and frozen meat (beef & pork), frozen poultry, fresh fruits, dried fruits and nuts, snack foods, confectionary foods, packaged foods (canned fruit & vegetables, canned meat), condiments, juices, and alcoholic drinks (wine, beer, spirits). See **Section IV: Best High-Value Product Prospects** for more information on the outlook for these products.

Vietnam's retail food sector is growing rapidly, fueled by a combination of strong economic growth, rising income levels (particularly disposable income), a large young population, a growing middle

class, and increasing exposure to a Western lifestyle. More and more urban consumers are opting for an international shopping experience, shifting from the traditional “Wet” markets to supermarkets and shopping malls. This trend has been a driving force in increasing imports of Western food products. See **Section III: Market Sector Structure and Trends** for more information on the retail, food processing, and food service sectors.

Still, there are obstacles to increasing the U.S. market share. It often seems that U.S. suppliers are either unfamiliar with the market or are unable to evaluate a potential importer. In addition, for some products, the small order size (typically case-lots, not container loads or consolidated container loads) is a disincentive to target this market; thus, many U.S. products are transshipped through Hong Kong or Singapore, which adds handling costs and increases delivery times. However, current marketing efforts have the potential to pay large dividends down the road as Vietnam’s economy continues to grow.

Vietnam’s best consumer years are still ahead and prospects are very promising for faster expansion of the retail, food processing, and food service sectors in the next five years. The Agricultural Affairs Offices in Hanoi and Ho Chi Minh City (HCMC) are ready to assist you in fine-tuning your export activities for Vietnam.

Table 1: Advantages and Challenges for U.S. Exporters

Advantages of Exporting to Vietnam	Challenges for U.S. Exporters
Increasing incomes and a rapidly-growing middle class enamored with American culture (food, music, movies, fashion).	Strong preference for European (esp. French) and NZ/Australian foods due to 20-year U.S. absence from the market.
U.S. foods are recognized as high quality items and great value for the price.	Consumers are very price-sensitive. Vietnamese urban dwellers are slow to try new types of Western food.
Low level of competition from other U.S. suppliers in the market.	Significantly higher shipping costs and transportation time than Asia and Oceania.
Vietnam’s accession to WTO in 2007 has helped reduce tariffs on several food items and created a better business environment with more liberalized trading and service practices.	High tariffs, cumbersome and excessive customs requirements, and non-science-based sanitary and phytosanitary requirements on animal and plant products persist, and the regulations are slow to change.
Voluntary tariff reduction on dairy products, corn, soybeans, and soybean meal, even beyond final bound rates.	Low tariffs applied on food products imported from South East Asian (ASEAN) Countries; China, New Zealand and Australia under Free Trade Agreements.
Growing number of Western-style fast food restaurant chains, bakeries, and coffee shops.	U.S. exporters often are not flexible enough or responsive to importers’ needs or the local business

Franchising has been introduced and the retail food sector is transitioning to a more modern structure.	environment.
Growing rural-to-urban migration.	Limited infrastructure and distribution for perishable products.
USDA Guarantee Export Credit Program (GSM 102) has been available for use in Vietnam since 2008. So far, eight Vietnamese commercial banks have been eligible under the program.	Limited/restricted supply of bank loans and foreign exchange as well as weaker ties between the U.S. dollar and the Vietnamese dong, resulting in more risk for non L/C payment terms for sales of U.S. foods.

Trade Shows

We encourage you to assess market prospects first-hand. Face-to-face contact is very important to the Vietnamese, particularly in the initial stages of business relationships. The FAS-HCMC Office organizes a U.S. Pavilion at Vietnam's international food show, Food & Hotel Vietnam (FHV) (www.foodnhotelvietnam.com), held bi-annually in HCMC. The next FHV is April 21 – 23, 2015.

Regional shows are held in Hong Kong (HOFEX, often held in May) and Singapore (Food and Hotel Asia (FHA)), approximately every two years. Many leading Vietnamese firms attend all three of these trade shows.

Reports on Food and Agricultural Import Regulation and Standards (FAIRS)

The Exporter Guide should be used in conjunction with our other trade regulatory reporting, especially the Food and Agricultural Import Regulations and Standards (FAIRS) reports: (to be updated soon), series of Food and Agricultural Import Regulations and Standards narrative reports (FAIRS narrative); [VM1052](#) (FAIRS Export Certificate); [VM3057](#), [VM3070](#), [VM3071](#) (Maximum Residue Levels). Despite our efforts to update all reports, some of the information will quickly become dated. Please contact the Hanoi and HCMC Offices for the most up-to-date information.

Section II. Exporter Business Tips:

Below are some of the most important points to understand about doing business in Vietnam, from a U.S. agricultural exporter's point of view. Please see the list of resources at the end of this report for additional sources that can enhance your understanding of Vietnam's business and food policy practices.

(1) Local Business Customs and Market Entry Strategy

Most local businesses are small or medium-sized companies that rely on bank loans to run their business, with loan sizes varying according to collateral. The following local customs and habits are

important to take into account. Vietnamese business-people:

- Prefer face-to-face meetings in the initial stages, with additional follow-up visits, phone calls, emails, and faxes. Initial face-to-face meetings without follow-up visits rarely result in sales. Sending offers and quotations without first establishing a relationship (cold calls) is highly unlikely to result in sales.
- Can be very slow to respond to emails.
- Sometimes complain that U.S. suppliers do not make enough of an effort to understand their particular needs and constraints.
- May exhibit strong interest at the outset of business discussions and then start to lose interest when faced with difficulties in implementing the details.
- Tend to be more sensitive about price than quality, but this is beginning to change in some sectors.
- Tend not to pay close enough attention to trade policies and import regulations. When import regulations change, they often do not have accurate information about the changes, which results in misinterpretation of those changes. For more accurate information, always refer to FAS trade reports and/or check with the local FAS Office.
- Quite often seek exclusive import and distribution rights, deferred payment terms (always risky), and large marketing budgets on new deals and new-to-market products.
- Companies that specialize in food import and distribution may have investments in other types of businesses (e.g. real estate, car dealerships, etc.). In certain cases, the food business may receive less attention, particularly in areas such as checking and responding to emails in a timely manner. Given this divided focus, such firms may be less engaged or focus more on the business with the better return and could discontinue areas of their enterprise that are not doing well without notice or explanation.

U.S. exporters should note that Vietnam's legal and regulatory environment is undergoing constant change. Ongoing efforts to implement WTO mandates are stimulating change in public sector transparency and trade liberalization, even though import procedures remain inconsistent and still quite bureaucratic.

On January 1, 2009, as part of commitments made upon joining WTO, Vietnam officially opened up trading rights and distribution rights to foreign players. Since that date, foreign players are able to operate in their trading and distribution business including the retail business sector as 100 percent foreign-owned entities. However, FAS-Vietnam has not seen a flood of new market entrants. This could be a result of the fact that the Government of Vietnam still gets to determine whether there is "the economic need" for additional outlets beyond the one that is initially opened by the 100 percent foreign-owned entity. Local importers continue to play a major role in distributing and promoting imported products in Vietnam. Typically, local importers have their own sales agents and distribution fleet and are in direct contact with supermarkets, wholesalers, and in many cases, also with thousands of small-

scale grocery stores. Some importers import a wide range of products with no particular loyalty to a specific product, brand or origin. Others are working exclusively to develop markets for specific labels. The latter tend to promote their products more heavily and may require more involvement from the exporter in order to penetrate the market.

It is critical for U.S. exporters to study the market potential for their products before initiating sales. They should also visit Vietnam to gain a first-hand feel of the market, preferably around the time of the bi-annual Food & Hotel Show in Ho Chi Minh City (next show in April 21 – 23, 2015). U.S. exporters are encouraged to review the FAS-Vietnam Exporter Guide as well as trade policy reports before visiting. Exporters may also contact the FAS Offices in Hanoi or Ho Chi Minh City for assistance in setting up initial meetings with potential importers and major retailers.

The first objective of U.S. exporters new to the Vietnam market should be to gather information about potential buyers (Contact FAS Vietnam for lists of potential importers). A business trip should be scheduled to maximize business contacts in a minimal amount of time. The initial trip to Vietnam will likely include multiple business meetings each day to identify potential buyers. To the extent possible, these meetings should not seem hurried. During this visit, it is important to reserve time to briefly meet with each company a second time. Additional meetings over coffee or lunch/dinner in the city center are the best approach for making successful business contacts. Although the meetings will probably be conducted in English, it is always best to have an interpreter on hand to make sure that everyone completely understands the terms of the agreement. What may sound simple and clear to you may not be so simple and clear in Vietnamese, or in the Vietnamese business context. Any verbal agreement should be quickly followed up with a written agreement.

U.S. exporters should perform adequate due diligence on potential customers to ascertain if they have the requisite permits and capital resources to meet their responsibilities. Success in introducing your product in this market depends on a good local representative and an effective pricing strategy. The local partner should preferably be an importer and distributor, capable of maneuvering in both traditional and modern retail channels.

(2) Consumer Preferences

Vietnam's consumer market is still in the early stages of development but has been one of the fastest growing markets in Southeast Asia due to a youthful population, continuing strong economic growth, and rising disposable income.

Vietnamese consumers dispense a sizeable portion of their income on food items. More than half of total expenditures are for food, mostly basic food items like rice, salt, sugar, meat, vegetable oil, and sauces. The average household spends very little on high-value processed food products. Nevertheless, recent consumer surveys point to an increase in spending on high-value foods such as dairy products

(UHT and fresh milk, yogurt, cheese etc.) meats, eggs, fresh fruits, imported vegetables, confectionary, snack foods, and packaged food items.

Vietnamese consumer habits:

- Shop daily for food items. (This is changing somewhat among the younger urban generation)
- Prefer fresh products, especially for red meats, poultry meat and seafood. (However, frozen foods are gaining popularity because more and more consumers in urban areas believe them to be more hygienic.)
- Low ownership rate for refrigerators and microwave ovens. (Only 20% of Vietnamese households have microwave ovens).

Consumer trends in urban areas:

- Low (but increasing) average income.
- Growing awareness and concern about nutrition, quality, hygiene, and food safety. (Clear indication of nutritional value on the package has been a good marketing strategy for health foods.)
- Brand loyalty; still receptive to new products.
- Western lifestyle is welcomed.
- Dining out has become more frequent.
- Advertisements and promotions are effective, particularly for children.

(3) Food Standards and Regulations

It is a real challenge for any food exporter to fully understand the complexity caused by overlapping and frequently-changed regulations on food standards and safety in Vietnam. It is strongly recommended that U.S. exporters, especially new comers to Vietnam market, should refer the following reports to have a more comprehensive view on Food Standards and Regulations:

+ FAIRS report [VM3032](#) provides an un-official translation of the Vietnam Food Safety Law (FSL) promulgated by Order No.06/2010/L-CTN, and ratified by the National Assembly on June 17, 2010, and brief introduction on the Decree 38/2012/ND-CP detailing implementation of some articles of the FSL. The FSL, which entered into force on July 1, 2011, is the umbrella guidance on food safety and responsibility for testing and enforcement of food safety among the appointed Ministries of Agriculture and Rural Development (MARD), Health (MOH), and Industry and Trade (MOIT).

+ GAIN report [VM4029](#) provides an unofficial translation of the Inter-Ministerial Circular 13/2014/TTLB-BYT-BNNPTNT-BCT, dated April 9, 2014 regarding guidelines for assignments and coordination of state management of food safety. This Circular provides more detail on the product responsibilities of the three key ministries charged with ensuring food safety in Vietnam as stipulated in the Vietnam Food Safety Law and Decree 38/2012/ND-CP.

+ GAIN report [VM1052](#) provides an unofficial translation of the Circular 25/2010/TT- BNNPTNT (Circular 25), dated April 8, 2010, guiding on the food hygiene and safety control for imported foodstuffs of animal origin. The Circular 25 requires foreign governments and exporters to be approved by MARD's National Agro-Forestry Fisheries Quality Assurance Department (NAFIQAD) before being allowed to unload their exported product at any Vietnamese port.

+ GAIN report [VM4010](#) provides an un-official translation of the Ministry of Health's (MOH) Circular 19/2012/TT-BYT, issued on November 9, 2012, providing Guidance on the Declaration of Conformity to Technical and Food Safety Regulations. This is one of MOH's legal circulars implementing the Vietnam Government's Decree 38/2012/ND-CP implementing the Vietnam Food Safety Law.

+ GAIN report [VM4004](#) provides an un-official translation of the Ministry of Industry and Trade (MOIT)'s Circular 28/2013/TT-BCT, dated November 6, 2013, on the "Regulation on State Inspection of Food Safety for Imported Food Products under MOIT's management." Under the present Food Safety Law, MOIT is responsible for the food safety of some imported processed food products, such as alcohol, beer, beverages, processed milk, and vegetable oil, among other products.

(*) Special note on Food Quality/Standards Registration

Locally produced and imported foodstuffs must obtain a Food Quality/Standards Registration Certificate (RC). The Vietnam Food Administration (VFA) of the Ministry of Health (MOH) is responsible for issuing these certificates for imported foods. Further details can be found in GAIN Report [VM4010](#) providing Guidance on the Declaration of Conformity to Technical and Food Safety Regulations.

This registration process is cumbersome. The Ministry of Health imposes excessive documentation requirements with respect to imported food products. Importers are required to apply for registration for each food item imported. The process requires a certificate of analysis (CA) so detailed that some U.S. companies are unwilling to provide it because they feel it violates their confidentiality. For mixed containers of processed foods, where each product in the container must have a RC, the requirements can be both costly and burdensome.

(4) Trading and Distribution Rights

In accordance with Vietnam's WTO commitments, as of January 1, 2009, foreign-owned firms in Vietnam are allowed distribution rights. However, FAS Vietnam has not seen many distribution licenses being granted to foreign entities. In the meantime, U.S. businesses should continue to work with and through local importers/distributors. Quite often the importer and distributor are separate companies, each with its own required fees.

New Regulations on Trading and Distribution Rights of Foreign-Invested Enterprises (FIEs) in Vietnam to be Implemented, became effective on June 7, 2013 replacing Circular 9/2007/TT-BTM (July 7, 2007)

guiding Government Decree 23/2007/ND-CP (February 12, 2007) implementing the Commercial Law regarding trading and distribution activities by FIEs in Vietnam, and replacing Circular 5/2008/TT-BCT (April 14, 2008) amending and supplementing Circular 9.

On April 22, 2013, the Ministry of Trade and Industry (MOIT) issued Circular 8/2013/TT-BCT (Circular 08) providing guidelines on the import, export, and distribution of goods by foreign-invested enterprises (FIEs) in Vietnam.

An enterprise licensed for distribution has the right to set up one retail outlet with its initial business registration. Approval for the establishment of additional retail outlets is subject to an Economic Needs Test (ENT).

Circular 8 requires the setup of retail outlets, including the first retail outlet, to conform with the master plan of the city or province in which the outlet will be located. The Circular 8 revises the ENT used to determine whether an additional retail outlet is permissible, initially outlined in Circular 9/2007/TT-BTM (July 17, 2007) (Circular 9). The ENT in Circular 9 required a case-by-case analysis of the number of retail outlets, market stability and population density in the province or city where the retail outlet was to be located. Circular 8 narrows the geographic scope of ENT analysis to the district in which the additional outlet will be located, rather than the city or province. The other factors of the test outlined in Circular 9 remain unchanged.

Circular 8 also incorporates an exemption from the ENT. The additional retail outlet will not be subject to ENT analysis if it satisfies the following conditions:

The area of the retail outlet is less than 500m²; the retail outlet is situated in a location planned for retail by the city or province (e.g., trade centers); and the construction of the infrastructure of the location planned for retail has been completed.

In general, Vietnamese companies that are licensed as food and foodstuff businesses and issued import/export customs codes are eligible to import and distribute food products within Vietnam. In some cases, the importer is a state-owned enterprise (SOE) that is able to obtain foreign currency financing from state-owned banks to purchase goods; such SOEs usually charge a small fee for importing goods on behalf of private-sector Vietnamese distributors. The goods will then move to market through the local distribution company. In many cases, however, the local privately-owned company has the proper import and distribution licenses and the SOE does not need to be involved. This is usually a better choice for U.S. companies trying to find local partners.

(5) Representative Offices

Foreign companies can enter Vietnam and establish a Representative Office (RO). This type of office requires a business license issued by Department of Industry and Trade in the province/city that foreign companies want to locate their RO, and permits the foreign company to monitor marketing and sales activities of the local or joint-venture distributor. It does not, however, give the foreign company the right to manage the distributor, sell products, or collect payments.

Many international companies have established 'rep' offices in HCMC or Hanoi. This allows them to closely monitor and work with their local partners, but does not allow them to directly trade or distribute goods. Vietnam has been slow to relax the overly burdensome process for registering and operating a wholly owned office.

(6) Credit & Finance / Letters of Credit / GSM 102 Export Credit Guarantee Program

On any shipment exceeding a small sample amount, it is important to sell goods cash before delivery or against an irrevocable Letter of Credit (L/C). Other credit terms should not be contemplated until you are absolutely sure the importers and distributors are reliable. There have been many cases of local companies locked in payment disputes with their foreign suppliers.

In normal practice between U.S. exporters and reliable importers, Vietnamese foodstuff importers usually make payment on either Money Telex Transferred (TTR) or Document against Payment (DP) basis, as the banking fee for opening L/Cs is high compared with relatively small U.S. dollar payments needed for importing small lots of U.S. goods.

It is important for the American exporter to have a distribution relationship with a local company that has the financing to enter into a business relationship, both with the exporter and with local Vietnamese stores. The local distributor will give credit terms to buyers and collect payments due.

USDA Export Credit Guarantee Program (GSM 102):

The GSM 102 Program provides credit guarantees to encourage commercial financing of U.S. agricultural commodity exports, thereby assisting U.S. exporters in making sales that might not otherwise occur. The GSM-102 program guarantees credit extended by the private banking sector in the United States (or, less commonly, by the U.S. exporter) to approved foreign banks using dollar-denominated, irrevocable letters of credit for purchases of U.S. food and agricultural products by foreign buyers. USDA's Foreign Agricultural Service (FAS) administers the program on behalf of the Commodity Credit Corporation (CCC), which issues the credit guarantees.

Potential benefits from the GSM 102 to importers include access to credit from the local bank; increased buying capacity because of access to trade credit; longer repayment terms and lower cost of buying on credit; and ability to purchase more U.S. agricultural products.

For more information about GSM 102, please visit: <http://www.fas.usda.gov/excredits/exp-cred-guar->

[new.asp](#)

Vietnam is eligible under the Southeast Asia regional program, which covers Cambodia, Indonesia, Laos, Malaysia, Papua New Guinea, Philippines, Singapore, Thailand, Timor-Leste, and Vietnam.

FAS has currently approved the following seven banks in Vietnam to be eligible under the GSM 102:

- Asia Commercial Bank (ACB)
- Bank for Investment and Development of Vietnam (BIDV)
- Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)
- Military Commercial Joint Stock Bank (MB Bank)
- Saigon Thuong Tin Commercial Joint Stock Bank (Sacombank)
- Vietnam Export Import Bank (Eximbank)
- Vietnam Joint Stock Commercial Bank for Industry & Trade (VietinBank)
- Vietnam Technological and Commercial Joint Stock Bank (Techcombank)

Note:

- Vietnamese banks are currently eligible for a maximum tenor of up to 1 year.
- Approved banks in Southeast Asia may issue L/Cs for sales to Vietnam and other regional destinations.

(7) Supermarket Tips & Cold Chain Woes

Supermarkets in Vietnam carry a wide range of goods, including food and drinks, cosmetics, clothing, shoes, home appliances, kitchen utensils, and even furniture. Most supermarkets devote about 40-50 percent of their physical space to food; the rest is divided among other goods.

Increasingly, consumers are inclined to buy food from supermarkets because they are viewed as cleaner and more sanitary than traditional markets. There is also a growing acceptance of processed, packaged, and frozen food products, including meat and fish. Though local food products continue to be strong sellers because of a lower price, quality control has not yet reached international standards. Local consumers are beginning to pay closer attention to food quality and food safety, and this new trend will help promote U.S. quality products. Supermarket managers report that consumer demand for imported foods is steadily increasing.

Modern retail stores still only account for 20% of total food sales to Vietnamese consumers, but sales through such outlets have grown considerably over the last six years, with an annual average growth rate of 20 percent. One should not, however, totally overlook the open-air or enclosed traditional markets, often referred to as “wet” markets. Many case-lots of imported goods (canned goods, nuts, wine, beer, and shelf-stable products) are sold through these markets, particularly in areas not yet served by modern supermarkets. According to major U.S. food importers, sales volumes to supermarkets are increasing, but are still under 50 percent of their total sales. To reach all Vietnamese consumers,

exporters need to have a local partner capable of supplying both the modern channel (department stores, wholesale outlets, hypermarkets, supermarkets, convenience stores) and traditional channel (wet markets and “mom and pop” shops). Please refer to [VM3062](#) for further details about Retail Food Sector in Vietnam.

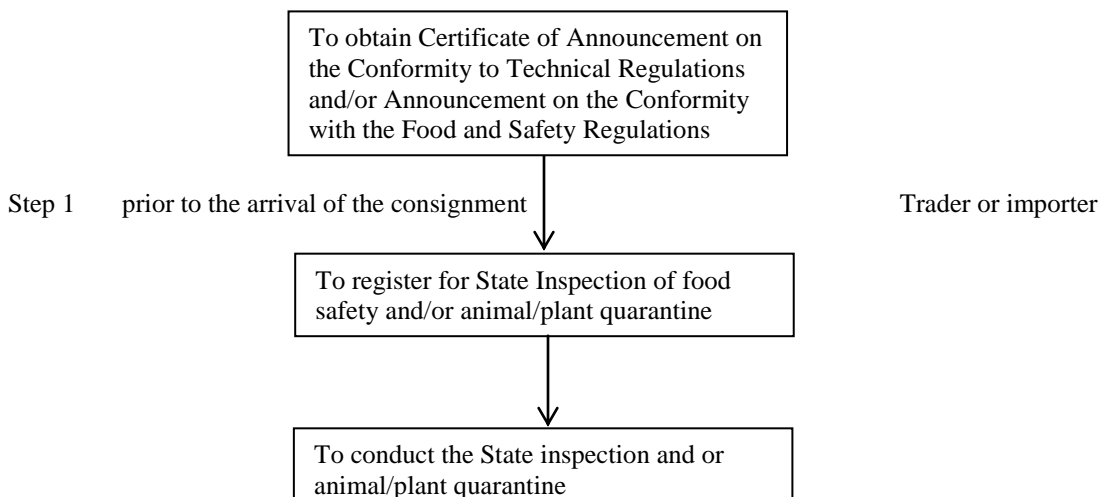
The requirement for food quality registration to the Vietnam Food Administration (VFA) is a constraint for supermarket chains to directly import U.S. foods and beverages. Because supermarket chains are usually interested in mixed containers of many items of packaged foods, it is very costly and the paperwork is burdensome to register each food item with VFA.

The cold chain - the system for preserving fresh, chilled, and frozen commodities from producer to final consumer - is not good in Vietnam, though it is improving. Most of the larger modern shops have freezers and refrigerators, but smaller shops do not. Vietnam has developed a fairly good cold chain for frozen seafood for exports, and the imported and locally-made cold chains for domestic market have been much improved since 2011. Comtrade data reported that exports of refrigerating equipment, belonging to HS 841810 – 841850, to Vietnam have kept on rising during the past few years, from USD 181 million in 2011 to USD 254 million in 2013. However, fresh produce suppliers have found that many Vietnamese importers do not adequately supervise the temperature and humidity in their chillers, thereby shortening the shelf life of perishable commodities.

(8) General Inspection Procedure for Imported Products (Entry Point Inspection/Testing)

Step 1: Before importing food products into Vietnam, the importer must obtain Receipt(s) of Announcement on the Conformity to Technical Regulations and/or Announcement on the Conformity with the Food and Safety Regulations. Please see [VM4010](#) for detailed information regarding these formalities.

Step 2: At least 24 hours prior to the arrival of the consignment, the importer must register for food safety inspection with the competent authority. Imported food products are only permitted to be transported to warehouses for preservation and pending customs clearance after the importer registers for food safety inspection. Customs clearance will only be effective once the Notice of Satisfaction of Import Requirements is granted. Together with food safety state inspection, products of animal/plant origin will be subject to animal quarantine or plant quarantine formality.



Step 2 upon the arrival of the consignment

Trader or importer

Fail

Pass

Designated inspector

Food quality and safety control examinations for goods using Harmonized System code (HS) are based on Vietnamese Standards (TCVN) and Technical Standards. In case there is no Vietnamese reference, CODEX standards are applied.

The entry point inspection entities are technically referred to as State Testing Agencies or State Controlled Agency (STA or SCA) which carries out inspection and clearance related to quality control on behalf of all Government Ministries. The STA or SCA normally concentrate on the MRLs for their testing. Please refer the following GAIN reports for latest regulations on MRLs

- GAIN report [VM3057](#) which provides unofficial translation of Circular 24/2013/TT-BYT revising the list of Maximum Residue Limits for veterinary products in food products
- GIAN report [VM3070](#), summarizing Circular 2/2011/TT-BYT promulgating: 1) National Technical Regulation QCVN 8-1:2011/BYT regarding the maximum level of mycotoxin allowed in food; and 2) National Technical Regulation QCVN 8-2:2011/BYT regarding the maximum level of heavy metals allowed in food. The Circular entered into force on August 13, 2011, but was never notified to the WTO
- GAIN report [VM3071](#) which provides unofficial translation of Circular 5/TT-BTY updating the maximum limits of microbiological contamination in certain food products

For imports of foods originating from animal, plant and marine sources

Imports of foods originating from animal, plants, and marine sources must be inspected for sanitary and phytosanitary standards by competent quarantine agencies under the Ministry of Agriculture and Rural Development (MARD). At the wholesale/retail distribution level, several city and provincial government agencies are involved in monitoring the quality and safety of food products, including offices of the Ministry of Health, the Department of Animal Health, the Ministry of Industry and Trade, and the Police Force.

The General Department of Customs also inspects goods to determine and collect import duties and assess violations of compliance with required Customs formalities on behalf of all concerned agencies (Ministry of Finance, Ministry of Industry and Trade, Ministry of Health, Ministry of Agriculture, etc.).

(* NEW) Import requirement for foodstuffs of animal origin and aquatic origin:

According to MARD's Circular 25/2010/TT-BNNPTNT dated April 3, 2010, as of July 1, 2010, amended by Circular 51/2010/TT-BNNPTNT dated September 8, 2010, for exports of foodstuffs of animal origin and aquatic animal origin to Vietnam, all food business operators (FBOs), who produce these foods, are subject to registration to the MARD/National Agro-Forestry and Fishery Quality Assurance Department (NAFIQAD). Please see GAIN Report [VM1052](#) for more details on Circular 25. As of January 2015, NAFIQAD is continuing to post its Approved List of U.S. Meat and Poultry FBOs for export to Vietnam on their website www.nafiqad.gov.vn. For a U.S. company to appear on this list it must fill out an Appendix 3 attached in the Circular 25 and submit it to FAS Vietnam via e-mails (aghanoi@fas.usda.gov; atohochiminh@fas.usda.gov) or fax (84.4. 38505130; 84.8.35204636).

(* NEW) Standards for Maximum Residue Levels on Products of Animal and Plant Origins

On May 6, 2010, the Ministry of Agriculture and Rural Development (MARD) issued Circular 29/2010/TT-BNN (Circular 29), establishing new Maximum Residue Levels (MRLs) for many meat, poultry, and seafood products. Circular 29 took effect July 1, 2010, and replaced part of the Ministry of Health's (MOH) Decision 46/2007/QD-BYT (Decision 46; see GAIN [VM8055](#)). Circular 29 affects some meat, poultry, and seafood products. The Circular applies to both domestically produced and imported products. For more details about Circular 29, please see Gain Report [VM0041](#). Standards for maximum residue levels on fruit and vegetables are regulated in Circular 68/2010/TT-BNNPTNT (Circular 68) issued by MARD on December 3, 2010. Circular 68 went into force 45 days after the issued date.

Though the above-mentioned Circulars are still in force, Post has learned from importers that they have been rarely applied since the Law on Food Safety and its implementing regulations documents (Decrees, Circulars) were issued. According to the currently-applied regulations, the MOH is the appointed authority to provide standards for maximum residue levels. Accordingly, the MOH has issued several Circulars regarding MRLs, the details can be found in our GAIN reports [VM3057](#), [VM3070](#), and [VM3071](#).

(* NEW) Pest Risk Assessment Requirement for Imports of Plant and Plant Origin Products:

MARD is responsible for PRA procedures on imports of plant and plant origin products and has issued the following Circulars to manage PRA issues:

Circular 30/2014/TT-BNNPTNT issued on September 5, 2014, publishing the lists of regulated articles for plant quarantine and articles subject to pest risk analysis before importation into Vietnam. This Circular entered into force on January 1, 2015. See GAIN report [VM4057](#) for further information.

Circular 35/2014/TT-BNNPTNT dated October 31, 2014, publishing the list of plant quarantine pests of the Socialist Republic of Vietnam. Circular 35/2014 entered into force on January 1, 2015. See GAIN report [VM4067](#) for further information.

Circular 36/2014/TT-BNNPTNT on October 31, 2014, publishing the Regulation on Pest Risk Analysis (PRA) Procedures for regulated articles subject to Pest Risk Analysis before being imported into Vietnam. This Circular entered into force on January 1, 2015. See GAIN report [VM4070](#) for further information.

Currently, Vietnam has formally granted market access for four U.S. fruits, table grapes, apples, cherries and pears. For other fresh fruits, especially new-to-market fruits, PRAs are requested to be conducted by MARD/Plant Production Department in Hanoi (PPD-Hanoi), and normally takes one to three years to complete each PRA. If you have questions about the PRA requirement from MARD, feel free to contact our office.

(9) Location of Inspection

Entry-point inspections by STAs and Customs inspections may take place at a seaport, river port, airport or even at a public warehouse or importer's warehouse—if it is certified and approved by STAs and Customs. If the importing company would like to have cargo inspected in its warehouse, the company must submit a request to the Customs authorities and STAs for approval.

For imports of meat and dairy products, locations of inspection must be at entry-point destinations (seaport, river port, and airport) or at STA/Customs-certified warehouses. Entry-point inspections at importer's warehouses are no longer accepted.

(10) Import Duties & Fees

The total cost of import duties and inspection fees levied is calculated by the General Customs Department and the STA. Vietnam is now working to implement GATT Article 7 and therefore generally uses transaction value for import duty calculations with only a few exceptions.

On January 21, 2015, Vietnam's Government issued Decree 8/2015/ND-CP to supersede the Decree 40/2007/ND-CP issued on March 16, 2007, on "regulation on the calculation of customs value for imported/exported goods." The new Decree took effect on March 15, 2015. As stated in Article 20 of the Decree, the customs value for the calculation of import taxes is the total cost that the importer has to actually pay for the shipment at the first entry point of destination, with reference to Common Trade and Customs Convention and/or any other International Commitment that Vietnam has signed. The first entry point of destination (FEPD) is defined as follows:

- a) By ship or airplane, the FEPD is the unload port or the airport stated in the Invoice
- b) By train, the FEPD is the international station at the border gate
- c) By land and waterway transports, the FEPD is the border gate where the goods firstly come to Vietnam.

Inspection fees are calculated based on the total retail value of the cargo inspected. The fee for food quality inspection is 0.1% of the retail value of the goods, but the total amount cannot be less than Vietnamese Dong (VND) 300,000 which is approximately \$14.50.

Customs has developed a specific procedure that it believes combats fraud. Each year it issues an import value database, based on a database of usual and historical import prices that it maintains. If enterprises declare prices lower than the reference price, Customs consults with the firm. After consultation, if an indication of trade fraud is found, the case file is forwarded for further investigation as per regulations. Within 15 days from the date of applying for customs clearance of the case, the Customs office must inform the importer of the determined customs value for import duty. There is an appeal process in place.

These procedures have drawn complaints from importers of U.S. agricultural products, particularly for meat cuts and high-value food products. Importers complain that the price database are often based on general category of previous imports (i.e. 4-digit HS code) without reference to product specification or differentiation and are significantly inaccurate. Customs officials are reluctant to stray from the reference-price valuations even when invoices have been clearly proven valid. After numerous complaints from trading partners, the process appears to be improving, particularly for long-established importers.

(11) Document Package

When importing, all necessary documents must be compiled into one dossier and presented with a Vietnamese-language translation of the sales and purchase contracts.

The necessary documents include:

1. Customs declaration application / Registration for inspection form

2. Copy of the trade contract or letter of credit (L/C)
3. Bill of Lading
4. Invoice
5. Packing List (see note below)
6. Certificate of Origin (See note below).
7. Documents certifying the safety and quality of the foods (Export Certificates)
8. Certificate of free sales (* NEW - see more details in the below note)

(*) Special note on the new requirement of Certificate of Free Sales (CFS) on selected agricultural products:

According to MARD's Circular 63/2010/TT-BNN on Certificate of Free Sales dated November 1, 2010, 45 days from the date of signing this circular, a CFS is required for selected agricultural and food products including wood and GM-food products, irradiated food products, and food products manufactured under special (advanced or novel) technology. A CFS must be made in English and contain the following details:

- Name of the CFS issuing agency (the issuer)
- Its reference number
- Date of issuance
- Name of the certified product
- Type or group of the certified product
- Name and Address of the manufacturer of the product
- Statement that the product is manufactured and freely sold on the country of manufacture
- Full name, title and signature of the CFS issuing person and seal of the CFS issuer.

Note: Additional documents may be required, based on the nature of the shipment. If there is any doubt, please check with your local business partners, our FAS offices and also MOH before finalizing the sales terms.

(12) Labeling

On August 30, 2006, Prime Minister Nguyen Tan Dung signed Decree 89/2006/ND-CP on goods labeling. This replaces Prime Minister Decision 178/1999/QDTTg of August 30, 1999 that promulgated the Regulation on labeling of domestically circulated and exported and imported goods, and Decision 95/2000/QD-TTg of August 15, 2000 that provided adjustments and supplements to it. The new decree would normally have been effective in March 2007, six months after publication in the Official Gazette, but due to a delay in issuing the implementing guidelines, it came into effect in September 2007. (See [VM7037](#) for details). This ordinance applies to all types of circulated goods including imports and exports. Labeling is exempted for raw and fresh foodstuffs, unpacked processed foodstuffs which are for sale directly to consumers.

The Circular 89 then was guided in detail by the Inter-Ministerial Circular 34/2014/TTLT-BYT-BNNPTNT-BCT which entered into force on December 19, 2014. According to the Circular 34, the Ministries of Health, Agriculture and Rural Development, and Industry and Trade assign the following

agencies: the Vietnam Food Administration (VFA), the National Agro-Forestry and Fishery Quality Assurance Department (NAFIQAD), and the Science and Technology Department (STD), respectively, to implement, as well as, to monitor the Circular's implementation. Below is the contact information of these agencies:

Vietnam Food Administration (VFA)

Ministry of Health (MOH)
135 Nui Truc Street, Ba Dinh District
Hanoi, Vietnam
Tel: (84-4) 38464489/ 38463702
Fax (84-4) 38463739
Email: vfa@vfa.gov.vn
Website: www.vfa.gov.vn

National Agro-Forestry and Fishery Quality Assurance Department (NAFIQAD)

Ministry of Agricultural and Rural Development (MARD)
10 Nguyen Cong Hoan Street, Ba Dinh District
Hanoi, Vietnam
Tel: (84-4) 38310983
Fax: (84-4) 38317221
Email: nafiqad@mard.gov.vn
Website: www.nafiqad.gov.vn

Science and Technology Department (STD)

Ministry of Industry and Trade (MOIT)
54 Hai Ba Trung Street,
Hanoi, Vietnam
Tel: (84-4) 22 202 222
Fax: (84-4) 22 202 525
Email: VKHCN@moit.gov.vn
Website: www.moit.gov.vn

For further information about the Circular 34, please refer the GAIN report [VM5005](#).

Exporters of fresh and frozen meat and poultry should also access the FSIS website:
<http://www.fsis.usda.gov/wps/portal/fsis/topics/international-affairs/exporting-products/export-library->

[requirements-by-country/Vietnam](#) , where more specific requirements for labeling of meat and poultry products can be obtained.

(16) Phytosanitary and Sanitary Inspection & Required Export Certificates

Phytosanitary and sanitary health inspections for imports of animals and animal products (including dairy products), plants and plant products, and edible fishery products must be done before customs clearance. The Ministry of Agriculture and Rural Development's Plant Protection Department (PPD) and Department of Animal Health (DAH) handle all sanitary and phytosanitary inspections for these products.

+ Phytosanitary Certificate

On September 5, 2014, Vietnam's Ministry of Agriculture and Rural Development (MARD) released Circular 30/2014/TT-BNNPTNT publishing the list of regulated articles subject to plant quarantine before entering Vietnam. The products outlined in Circular 30 must be accompanied by a Phytosanitary Certificate and undergo a plant quarantine inspection before being granted customs clearance. This Circular entered into force on January 1, 2015. For further details about the Circular 30, please refer the GAIN report [VM4057](#).

+ Animal Health Certificate

The inspection of food of animal origin and issuance of animal health certificate are governed under Circular 25/2010/TT-BNNPTNT, and Circular 51/2010/TT-BNNPTNT. For further information about the Circulars, please refer our GAIN report [VM0048](#).

Please also refer to the most updated FAIRS Export Certificate Report ([VM1052](#) from July 18, 2011) for information on export certificates and documents that Vietnam requires for imports of foodstuff, animal, plant and fishery products.

Special Note: *Regarding animal health inspection service, DAH requires:*

Application dossiers for inspection of imported of animal products for human consumption (meat, offal, eggs, milk and products containing these ingredients) must include:

- a. A letter requesting quarantine inspection of imports of animal products
- b. Trading/Business License
- c. HACCP certificate from food producing agencies (*)
*The USDA/AMS sanitary certificate, dated before the product leaves the United States, can be used to replace the HACCP certificate.
- d. Certificate of free sale (a copy with the company's stamp)
- e. Other permission granted by authorized agencies in accordance with the regulations.

(*) Effective August 4, 2006, MARD/DAH eliminated HACCP and Certificate of Free Sale from their requirement for dossier for inspection permits to import of beef, pork and poultry meat from the United States.

(17) Special Warning regarding Certificates of Origin and Packing List

Certificates of Origin (C/O) must be issued by competent agencies as prescribed by the exporting country. These agencies usually include organizations such as the Ministries of Trade, Ministries of Industry, Ministries of Finance, and other organizations designated by the government of the exporting country, such as Chambers of Commerce, Chambers of Commerce and Industry, etc. If the C/O is issued by the manufacturer, it must be certified by the concerned competent agency or organization of the issuing country.

C/Os submitted to Vietnam's customs office must be original (not copies) and contain the following information:

1. The issuance number of the C/O.
2. Name and Address of the exporter, the exporting country.
3. Name and Address of importer, the importing country.
4. Information on transportation of the goods.
5. The trademark and label; quantity and type of packs; description of goods.
6. Weight
7. The origin of the goods
8. The enterprise requesting the C/O issuance (Enterprise's name and date of request for issuance).
9. The C/O issuing organization (Name, date of issuance and its stamp)

(18) Certificate of Origin Stamp

Although Customs seems to be becoming more reasonable on this point, FAS/Vietnam has assisted with many cases in the past where Customs officials refused to accept U.S. certificates of origin without 'raised' seals or official circular stamps. If the C/O has an oblong or rectangular stamp, Customs may reject the document. Only circular stamps are considered official in Vietnam. Additionally, many U.S. bodies issuing certificates of origin do not clearly stamp the paperwork. If Customs cannot read the stamp, it does no good. Likewise, if the stamp is one that produces a 'raised' seal, please make sure it is clear. FAS/Vietnam has developed a good working relationship with Customs officials, so please notify us if you encounter any problems with Certificates of Origin.

(20) Imports of GM food and GM products

On June 21, 2010 the Prime Minister approved Vietnam's Bio-Safety Decree 69/2010/ND-CP replacing the first Vietnam Bio Safety Regulation approved in 2005 (see [VM5062](#)). The new Bio-Safety Decree provides a legal framework for bio-safety management of genetically modified (GM) organisms, genetic specimen and products derived from GMOs. This Decree does not regulate pharmaceutical products originating from GMOs. The Decree took effect on August 10, 2010 (see [VM2071](#) for further details of Decree 69).

Since then the appointed Ministries, such as Ministry of Natural Resources and the Environment

(MONRE), MARD, MOH, have issued the following Circulars to provide guidance on state management of GMOs:

Circular 8/2013/TT-BTNMT on the procedure for granting and revoking Bio-Safety Certificates, paving the way for cultivation of agricultural biotechnology crops in Vietnam, issued by MONRE and took effect on July 1, 2013. Click [here](#) for Further information about the Circular 8.

Circular 2/2014/TT-BNNPTNT by MARD to promulgate the Approval Process of Issuing and Withdrawing Certification for Genetically Modified Plants for use as food and feed. The Circular 2 entered into force on March 10, 2014. See more details at [VM4020](#).

Circular 6/2015/TT-BNNPTNT by MARD to extend the submission of registration dossier for the Approval Process of Issuing and Withdrawing Certification for Genetically Modified Plants for use as food and feed, as requested by Circular 2, to March 10, 2016. This Circular will come into force on March 31, 2015.

(21) Enforcement Concerns

Traders have noted that enforcement of import regulations is not completely consistent. Moreover, the laws and rates of duties change often and are almost impossible to predict. People working in the trade in Vietnam are often the best source for finding the most up-to-date information about exporting food to Vietnam. Vietnamese government agencies can provide information, but response time may be slow and miscommunication between Ministry and regional offices is possible. Contacting the USDA/FAS Agricultural Affairs Office in HCMC or Hanoi is a good starting point.

Section III. Market Sector Structure and Trends:

With a large, young consumer base, an improving per capita income and strong economic growth, Vietnam's best consumer years are still ahead and prospects for faster expansion of the retail, food service and food processing sectors in the next few years are very promising.

According to the Vietnam Ministry of Industry and Trade, Vietnam currently has more than 9,000 traditional markets, accounting for about 80 percent of total country consumer good sales. The best way to enter the Vietnamese market is to develop a relationship with one of the established food trading and distribution companies who are able to extend the distribution network to not only supermarkets, hotels and restaurants, but also wet/open-air markets and "mom and pop" retail shops. Currently, there is only a handful of well-organized food trading and/or distribution companies in Vietnam; so the selection process does not take too long. There is typically some sort of foreign involvement in each of the better-known companies. As these companies tend to be somewhat transient, it is advisable to visit Vietnam and research the company's customer lists and achievements.

Most chefs and hotel food and beverage managers in the top hotels in Vietnam are from Australia or

Europe, and they tend to promote their home recipes and ingredients, so the HRI sector has a strong preference for products from these countries. Australian products also enjoy advantages from lower tariff rates due to the ASEAN-New Zealand and Australia FTA, shorter delivery time, and cheaper freight. U.S. products tend to be newer to the market, which may or may not be an advantage depending on consumer knowledge of how to use the product. In-store promotions are popular and are a recommended part of an advertising campaign. Point of purchase (POP) displays and other advertising materials are important to attract local consumers that may have a limited knowledge of foreign food products.

While major urban areas (HCMC, Hanoi, Hai Phong, Danang, and Can Tho) have a growing number of modern outlets, much of the country still relies heavily on traditional marketing channels. Small “mom and pop” shops and wet markets continue to play a major role in food distribution.

Retail Sector

Strong economic growth and improved per capita income have contributed to the robust expansion of Vietnam’s retail trade. According to GSO Vietnam, nationwide retail sales of goods and services in 2014 continued to enjoy a high growth rate of 10.6 percent. In 2013, consumption of food and beverage in Vietnam was estimated at about USD 42.8 billion, equivalent to 40% of total consumption and Compound Annual Growth Rate (CAGR) grew about 11% over the period 2012 – 2013.

Although traditional retail outlets still dominate the retail food sector, Vietnam’s retail industry is steadily transitioning away from traditional outlets to the more modern mini-marts, supermarkets, hypermarkets and wholesale centers. Modern retail channels have grown tremendously in the last twelve years, from only a few supermarkets in 1999/2000 to nearly over 421 supermarkets, 23 hypermarkets, 19 wholesale centers and 362 convenience stores (Euromonitor), and the indicators for further development are strong. As a result of Vietnam’s WTO commitments, on January 1, 2009, the retail business sector was fully opened to foreign entities. Some major foreign retail chains (Dairy Farm, Lotte Mart, Casino Guichard-Perrachon SA, NTUC Fairprice Co-operatives Ltd, and Aeon) have already set up their stores in Vietnam and others have closely studied the market for future investment.

Rapid growth of modern trade in Vietnam’s retailing sector continues to be fueled by strong economic growth, rising income levels (especially disposable income), a growing middle class, an increasing young population and increasing exposure to a western lifestyle. Over the last seven years, modern trade in Vietnam has grown at an average rate of 20 percent a year and it is expected to continue at this level for the next five years.

Operators in the modern retail food sector are likely to contend with the following:

- Shelf life labeling regulations that can be both costly and challenging for food importers /distributors and inventory controllers.
- Supermarkets rely heavily on merchandising services offered by importers/distributors.

- Many supermarkets also earn significant revenues from suppliers in the form of listing fees, shelf space rentals and various fees and discounts.
- It is not unusual for major supermarket chains to receive up to 45 day credit terms from their suppliers.
- Promotional and advertising activities often have an impact on sales.

Further growth and sophistication in the retail sector will create additional opportunities for U.S food exporters. Local importers still continue to play a major role in the introduction, distribution, and promotion of imported food products in Vietnam.

Please refer to GAIN report [VM3062](#) for further information about Vietnam Retail Food Sector.

Food Processing Sector

Vietnam's food processing and beverage industry continued to grow in 2014, expanding 5.1 percent in the food processing sector, versus a 6 percent growth rate in 2013; and 10 percent in the beverage sector, from 8.8 percent in 2013, according to data provided by Vietnam's General Statistics Office (GSO) at 2010 prices. At current prices, Vietnam's food and beverage industry is growing fast at almost 21 percent in 2013, with food production growing at 20 percent, and beverage production growing by almost 27 percent. With more transparent regulations and less burdensome paperwork, the Government of Vietnam has successfully attracted not only foreign investors but also local investors into Vietnam's food processing industry. Vietnam has also tried to protect local food manufacturers by imposing high import tariffs (from 15 to 40 percent) on selected food imports that compete with locally produced products (edible oil, confectionery, snack foods, juices, ice cream etc.).

Dairy products (Fresh milk, UHT milk, ice cream, yogurt etc.), condiments, canned foods (meat, seafood, fruits and vegetable), bakery products, snack foods (potato chips, grain-based snacks, dehydrated fruits and vegetables, etc.), juices, confectionery (biscuits, cookies, candy, chocolate etc.) and hot sauces are all produced locally with acceptable quality. However, consumer-oriented food products manufactured in Vietnam still strongly rely on imported food ingredients and additives.

Most large local manufacturers have Good Manufacturing Practice Certificates or the equivalent (ISO 9002, HACCP). U.S. food ingredients with the best prospects include dairy products (milk powder, whey and lactose for bakeries, dairy and confectionary manufacturing), seafood (for further processing and re-exports), meat (pork and chicken meat for meat processing), poultry MDM (for sausages), lysine (for meat processing), dehydrated potato powder (for snack foods), dried fruits and nuts (for bakeries), concentrated juices (for juice manufacturing), sweeteners, and flavorings. Please refer to GAIN report [VM5006](#) for additional information on Vietnam's Food Processing Ingredients

Food Service Sector

Average disposable income per capita in Vietnam was reported at \$1,334 in real terms in 2014

(Euromonitor), which is significantly lower than other countries in the region, such as Thailand and the Philippines. For this reason, foodservice in Vietnam tends to be on a much smaller scale. Moreover, as only 30 percent of the population lives in urban areas where foodservice is more accessible, the total demand for foodservice is also limited. Foodservice outlets are chiefly in the form of small restaurants, cafés and beer garden type restaurants, which serve mostly local products. Foodservice outlet chains are still in their infancy and there are only a few locations present in the market. Management of foodservice chains is weak, thus hampering development and expansion. Management issues aside, the sector is expanding as it responds to strong economic growth, strong tourism growth, rising income levels (particularly disposable income), a growing middle class, a sizeable young population, and an increasing exposure to a Western lifestyle.

The global economic recession and tension between China and Vietnam caused by the Haiyang Shiyu 981 oil rig badly affected the Vietnam tourism industry. According to GSO Vietnam, the country welcomed about 7.9 millions of international tourists in 2014, up 4% over 2013. This figure is apparently much lower than the average growth rate of 18% that the sector enjoyed in the past four years

Vietnam's HRI food service sector consists of over 540,000 outlets including over 430,000 street stalls/kiosks; 7,000 fast-food restaurants; 80,000 full-service restaurants; 22,000 cafeterias/bars; and more than 12,500 hotels and resorts. The total consumer food service sales in Vietnam achieved an average growth of 8.8 percent per year during 2005-2011, and are forecast to grow at a slower, but still strong, rate of 5 percent during the next five years. Despite the recent worldwide economic slowdown and Vietnam economic slowdown, the outlook for high-value food and beverage exports to Vietnam is still very promising.

The HRI foodservice sector continues to expand due to strong demand from both Vietnamese urban consumers and foreign tourists. The foodservice sector is expected to see further development on different levels. The number of outlets should continue to grow due to demand in new urbanized areas. Tougher competition will cause most outlets to diversify their menus, so as to offer new items to customers. Services are expected to be more diversified and professional. Marketing efforts should be focused on target audiences. Further development will be not only in major cities such as Hanoi, Ho Chi Minh City, Da Nang, Hai Phong, and Can Tho, but also in the areas around these cities.

Eating habits have changed and eating out is more popular for Vietnamese urban customers than it used to be. Vietnamese prefer conducting business meetings at foodservice outlets rather than in the office. The eating-out trend will help the foodservice industry expand further.

More high-income people are also demanding more sophisticated food and drink menus at higher-end restaurants. As a fast-developing country with high migration from the countryside to big cities, the urbanization in Vietnam has been strong, especially in Hanoi, Ho Chi Minh City and other major cities.

New living areas and office buildings will lead to greater demand for modern retail and foodservice outlets. Many foreign investors have also launched huge construction projects in Vietnam. These investments will help to further drive urbanization in the country. People have moved to work or live in these new areas and have created demand for new foodservice outlets.

Fast food, a concept that came to Vietnam only recently, is perceived as modern and has seen expanded development in the last four years. After a long period of striving for success in Vietnam, multinationals such as KFC and Lotteria have started to turn a profit. Fast food outlets associated with Western eating habits have become popular among students, young office workers, teenagers, and children. The trend in fast-food brings more demand for imported foods including condiments, (tomato ketchup, mayonnaise, etc.), chicken meat, beef, and frozen potatoes.

There has also been a boom in cafeteria-style outlets in HCMC and Hanoi over the last five years. There have been more large modern cafeterias with big kitchens suitable to serve, not only drinks and sweet bakery products, but also Vietnamese food as well as Western-style fast food (hamburgers, pizza, and spaghetti). Vietnamese usually get together at cafeterias for breakfast in the morning and/or for chatting after work. The boom in this sub-sector brings more demand for bakery products, dairy products (incl. cheese, ice cream) and more sophisticated drinks like cocktail blends, milk shakes, fresh fruits (grapes, apples) and fruit juices.

Although domestic players continue to dominate foodservice in Vietnam, competition between domestic players and multinationals has become particularly intense.

Chain outlets have seen fast growth and are planning to increase investment. Food served at chains is perceived as being of better quality by consumers. Another reason for the growth of chains was the improvement of legislation and regulations related to franchising. The new rules have helped make the process more clear.

Family-owned individual small foodservice outlets (street stalls/kiosks, small restaurants, small catering companies) continue to dominate the foodservice market. However, sales from “high-end outlets” (high-end full service restaurants, fast food chains, cafes/bars and catering services) are relatively small but are growing fast. While they currently have only a relatively small share of total foodservice sales, high-end outlets will likely continue to expand at a high rate over the next five years.

There has been a significant increase in the number of resorts along Vietnam’s beautiful coastal areas over the last 5 years. Many resorts have been built in Ba Ria, Vung Tau, Mui Ne, Nha Trang and Da Nang, and Vietnam reportedly had over 100 resorts nationwide in 2011. The expansion of resorts has also helped spur demand for imported high-quality foods and drinks.

With a sizeable expatriate community (esp. in Hanoi and HCMC) and growing international visitor traffic, the demand for high value food products like U.S. beef, fresh fruits, dairy products, snack foods,

condiments, potato, juices, wine and spirits should continue to grow. Please refer to GAIN report [VM2066](#) for more information on Vietnam's Food Service Sector

Section IV. Best High-Value Product Prospects:

General demand for various kinds of high value foods and drinks will continue to grow in the coming years due to the improved standard of living and higher disposable income. Demand for packaged foods is predicted to continue growing strongly over the next few years. Busier lifestyles and higher incomes will drive the growth of convenient and gourmet food products.

Vietnamese consumer confidence in Western products is high. American goods are perceived to be of premium quality and to have high standards of food safety. Vietnam's trade infrastructure and general level of economic development are expanding quickly but are still underdeveloped even when compared to most of its Southeast Asian neighbors. So, too, is the level of brand awareness. U.S. products will therefore face varied opportunities and challenges. Establishing an early base during Vietnam's developing stage is essential for future success.

U.S. food products with the best prospects are chilled & frozen meat (beef and pork), frozen poultry, dairy products (mainly milk powder infant formula), fresh fruits (apples, grapes, and pears), dried fruits (raisins) and nuts, snack foods (popcorn, potato chips, etc.), confectionary (chocolates, cookies, etc), packaged foods (canned fruit & vegetables, canned meat), condiments (mayonnaise, tomato ketchup, sauces), juices, and alcoholic drinks (wine, beer, spirits). Information on these products follows:

Chilled and Frozen Meat including Beef, Pork and Poultry

With Vietnam's incredible poverty reduction over the past ten years and its consistently increasing Gross Domestic Product (GDP), Vietnamese citizens are able to afford more protein than ever before. Many Vietnamese fulfill this demand with imported pork. With the increased demand for pork, Vietnamese producers need to become more efficient in order to be able to supply local demand, while also being able to compete with foreign imports. Currently, U.S. export opportunities to Vietnam for pork and poultry are outstanding and getting better, and Post expects this trend to continue in the years to come.

Pork has long been the country's primary meat product, accounting for about 75 percent of total meat consumption. According to trade sources, Vietnam imports of pork meat continued to increase to 102 MT in 2014, making a remarkable increase of 16% in quantity and 18.7% in value over 2013 (USD 130.3 million vs USD 109.8). Key exporters include the USA and Canada. It's worth noting that a lot of U.S. pork meats is transshipped to Vietnam through other countries. Post believes this positive trend will go on in the years to come, particularly when TPP is finalized.

For beef, due to the low quality of local beef and limited cattle production, Vietnam has been a sizeable importer of beef from Australia, India, New Zealand, Argentina and the United States for the last several years. Total beef imports have seen steady growth in recent years. Typically, much of the imported beef has been for high-end outlets, luxury hotels and restaurants which target expatriates and wealthy Vietnamese. However, the market is undergoing a shift, with more supermarkets in major urban areas stocking imported beef.

Poultry meat imports have experienced spectacular growth since 2010. Vietnam favors dark-meat chicken (leg quarters, drumsticks and wings) and also provides a market for spent hens. The current domestic Avian Influenza situation combined with strong growth in domestic demand, high inflation and high feed costs have led to high prices for domestic chicken meat. These high prices have led to even more opportunity for U.S. broiler meat exports to Vietnam and helped provide a thriving market for U.S. chicken dark meat. U.S. poultry meat exports to Vietnam in 2013 reached \$69 million, up 12% over 2012. These exports maintained at the same level in 2014, about \$70 million.

Edible offal exports to Vietnam also hold considerable promise. However, offal importers have faced the constraint of dealing with both stiff health inspection requirements (standards on Food Safety, Hygiene and MRLs) and limited U.S. facilities registered to export these products to Vietnam following the Vietnamese Government's lifting of the ban of U.S. offal exports in February 2014.

The prevailing tariff rates for chilled/frozen beef cuts (boneless) and chilled/frozen beef cuts (bone-in) are 14 percent and 20 percent, respectively. For frozen poultry cuts and chilled poultry cuts are 20 percent and 40 percent, respectively. And frozen pork cuts and chilled pork cuts are 15 percent and 25 percent, respectively.

Dairy products

Post forecasts dairy consumption will continue to grow in coming years thanks to the following supportive elements:

- + With rising disposable income levels, and a growing middle class, Vietnamese consumers are changing their food consumption patterns, shifting their diets to more protein, including more meat and dairy products
- + The Vietnamese government has launched a number of initiatives focused on raising Vietnamese citizens' average height, and dairy products play an important role in those initiatives.
- + Strong investments in dairy sector, made by both local and foreign investors, will provide local consumers with a wider choice of dairy products.
- + Current reductions in import tariffs on several dairy products (most of dairy products from chapter four of the tariff book have tariff rates ranging from 7 percent to 3 percent) should favor imported dairy products to Vietnam

U.S. exports of dairy products to Vietnam have continually increased at the average growth rate of 19% during the period 2010 – 2014. Last year U.S. dairy export value reached \$265 million, up 10% over 2013. Major U.S. dairy products exported to Vietnam include non-fat dry milk (65 - 70%) and whey (9%). The other dairy products like infant formula, drinking milk, yogurt, butter and cheese also find Vietnam a promising market as domestic production is relatively small, just meet 25 – 30% of the total market demand. However, it is necessary to notice that competition on dairy products in Vietnam is tough when other big players like France, New Zealand, Australia or The Netherlands are also spending great efforts to explore this growing market.

Fresh Fruits

Fruits are an important part of the Vietnamese diet, and consumption of fresh fruits is high. Products such as Washington apples, table grapes, and pears have become increasingly popular in recent years. However, inadequate handling and distribution facilities (poor cold chain infrastructure) hinder greater sales of these products, which are sold at a premium over Chinese varieties and domestic varieties. Fierce competition between China, Australia, New Zealand, South Africa, and Chile for the Vietnam market has developed over the past five years. Moreover, under the ASEAN-China FTA, since January 1, 2012, exports of fresh fruits from these countries to Vietnam have also enjoyed a tariff rate of 0% , while a rate of 10% has been imposed to table-grapes, apples and pears imported from Most Favored Nations (including the U.S.).

Ho Chi Minh City is the primary market for U.S. fresh fruits. Sales in Hanoi are rising as well, but the city's small number of high-end markets, less frequent shipping links to major ports, and proximity to China (a major source of cheaper fruit) all constrict U.S. sales in Hanoi.

Large quantities of pineapples, citrus fruit (oranges and limes), and table grapes (just developed recently) are grown locally and sold at very low prices during the harvest season. Some importers have reported some success selling California oranges against cheaper oranges and Clementine from China. U.S. exporters will need to convince consumers that their product quality is superior enough to justify the premium price.

U.S. exports of fresh fruit (apples and grapes) were \$54 million in 2013, and in 2014 they reached a new record of \$74 million, an increase of 37 percent.

Special note:

Vietnam has accepted imports of table grapes, apples, cherries and pears from the USA. For other fresh fruits, especially new-to-market fruits, pest risk assessments (PRAs) need to be conducted by Vietnam's Plant Protection Department in Hanoi, and it normally takes one to three years to complete a PRA. If you have questions about the PRA requirement, please contact FAS Vietnam.

Snack Foods

General demand for snack foods, especially chips, extruded snacks, chocolates, dried fruits, and nuts, is growing due to higher living standards and improving disposable incomes. American-made snack foods are extraordinarily popular with consumers who can afford them. Many shop owners, from street stalls to new mini-shops, report high turnover of snack products such as potato chips, nuts, biscuits and cookies. Several foreign companies have established factories and joint venture partnerships with Vietnamese confectioners. Pringles and Lay's potato chips are very well received, particularly in Ho Chi Minh City and Hanoi. Hershey's and M&M chocolates are popular in Vietnam. Foreign-invested snack manufacturers as well as local manufacturers have begun production in Vietnam.

Snack foods have traditionally been subject to stiff import rates (ranging from 15 to 40%), especially as investment in domestic manufacturing increases. However, Vietnamese are consummate snackers and exporters should find a way to service this market with high-quality products.

U.S. exports of snack foods to Vietnam strongly increased in 2014 with an export value of \$9.8 million, a year-on-year increase of 61.9 percent.

Canned Meat Products

Exports of canned meats (HS: 1602) to Vietnam strongly increased during the past 5 years. From a modest export value of about USD 17 million in 2009, exports of canned meats jumped to a record of USD 85.7 million in 2013, despite high import duty ranging from 30 to 40%. Hong Kong topped the list of canned meat exporters to Vietnam. In 2013, its export value reached USD 71 million, accounting for 83% of the total exports. U.S. canned meat exports to Vietnam had gone down from USD 6.3 million in 2010 to USD 2 million in 2013, but rebounded in 2014 with an exports of USD 7.1 million, up 254% over 2013.

Tree Nuts

Vietnamese consumers are more concerned about healthy products and food safety; they show greater attention to healthier foods. Their demand on food is more sophisticated in terms of quality and food safety. Higher prices for better quality and healthy foods are more acceptable to middle-class consumers.

Vietnam boasts a large local supply of nuts, such as cashews and peanuts, which are increasingly finding lucrative markets abroad. This raises domestic prices and creates opportunities for imports of alternatives like U.S. pistachios, almonds, and other nuts. Marketing efforts to introduce premium natural nuts and nuts not grown in Vietnam could yield good results. Moreover, given the fast growing bakery industry in recent years, bakery demand for nuts and dried fruits is increasing.

U.S. exports of nuts to Vietnam in 2013 reached \$263 million, an increase of 46.4% over 2012, and 7 times the value in 2009. Exports in 2014 continued rising to \$286 million, a year-to-year increase of 17.4 percent. Current tariff for nuts range from 20 to 30 percent with the exception of 10 percent for in-shell walnuts.

Note: It is difficult to estimate the market size for imported nuts into Vietnam due to the fact that Vietnam is now becoming a trans-shipment point for nuts bound for neighboring countries.

Dried fruits

California raisins are becoming popular in Vietnam. These products are mainly sold as snack foods and as ingredients in the bakery industry. Tariff on raisins is now reduced from 17 percent to 13 percent. U.S. exports of raisins to Vietnam were \$5.6 million in 2013, up 13% over 2012. Export value in 2014 stood at the same level as that in 2013 (USD 5.56 million vs USD 5.6 million). A marketing strategy to promote raisins and other dried fruits (possibly cranberries) could reap great results here.

Beverages (Juice, Beer, Wine & Spirits)

In Vietnamese culture, alcohol consumption is popular in almost all social activities, especially for men. Men usually go drinking 4 to 5 times a week after working hours either with friends or business associated as a way to build business relationships. Alcoholic drinks especially wine and spirits are popular as gifts during special holiday seasons like the Christmas and New Year and Lunar New Year. Moreover, Vietnamese consumers, especially young adults, influenced by western-styled practices, go to bars and clubs and spend more on imported alcoholic drinks than young adults did even a few years ago. As a result, beverages and alcoholic beverage sales are one of the fastest-growing sectors in Vietnam's food and beverage market.

Beer leads this growth, due largely to the availability of cheap, locally made beers. Although imported beers have taken a minor share of the beer market in Vietnam, FAS-Vietnam has seen more imported brands available at supermarkets, high-end restaurants, and bars/clubs. Imported beers, as premium quality products, have received more recognition from middle class consumer groups. Recently, through its strong marketing campaigns, imported Budweiser beer has successfully established a strong presence and increasing sales in the market. Budweiser is not only available at supermarkets, fancy restaurants, and bars, but also at many mid-range restaurants.

U.S. exports of beer to Vietnam, traditionally face difficulty in the market for a variety of reasons, starting from 2010 to 2013, when export value dropped from USD 1.8 million in 2009 to USD 450,000 in 2011 and then moved up slowly to USD 960,000 two years later. The slowdown has signs of recovery when an export value of \$1.8 million was reported in 2014, a year-on-year increase of 87 percent.

Wine, seen primarily as a luxury good, is also realizing increased sales, although at a slower rate. In general, consumption of wine in Vietnam is rising due to improved standard of living and higher disposable income. Also, with more health concerns, consumers are changing their preference from beer and spirits to wine. They believe drinking wine is good for their health. As living standards have improved and modern life styles have changed, more middle-class consumers are adapting to western-styled dining and they are willing to spend more for good wines and foods. Together with this dining-

out trend, more wines are used as gifts during special events. Several mid-range U.S. wine brands have entered the market and are doing well. Although the tariffs on wine have been lowered as per the WTO commitment, the current import tariffs are still considered high and impede greater distribution of these products (note: current tariff on wine is 50 percent plus special consumption tax of 25 percent and VAT of 10 percent). However, as consumers become wealthier, sales of wines is expected to increase. French wine is still considered the most desirable wine. Keen competition is supplied by wine from Chile, Australia, Italy, South Africa, and Argentina. According to major wine distributors in Vietnam, Chilean wines have become more popular and have gradually grown market share of the total imported wine market. The success has resulted from strong marketing campaigns from the Chilean wine industry and more affordable pricing policy. U.S. exports of wine in 2014 reached \$17.1 million, a year-on-year increase of 35 percent.

Spirits, especially whiskey, are also extremely popular with the young, wealthy population. Spirits have been consumed strongly in nightclubs and bars by young adults who are in the middle-class consumer group. As gift exchange in Vietnamese culture has been strongly increasing, sales of spirits are also increasing. These trends are expected to continue in coming years despite a certain number of Vietnamese consumers switching from whiskey to wine, and increasing concerns about fake spirits (mainly from popular brands), which have been found more and more in the market. Exports of whiskies belonging to HS code 220830 have enjoyed an average growth rate of 13% over the last five years, from 2010 to 2014. Blended Scotch whisky remains the most popular type in the Vietnam market. Most of famous brands are imported to Vietnam by transshipments from Singapore and Hong Kong. U.S. Bourbons are still considered fairly-new-to-market-products and their market share remains negligible. Stronger efforts should be spent to promote U.S. bourbon in this competitive market.

Consumption of processed juices is also increasing as consumers nowadays are busier and paying more attention to a healthy diet. Marketing efforts to introduce the health information of juices could generate export sales. U.S. exports of juices to Vietnam reached a record of \$3.2 million in 2009. However, export value of U.S. juice kept dropping in the following years. In 2014, an export value of \$1.4 million was reported, an increase of 25.2% over 2013, but only 45% of the value in 2009.

Vietnam does not provide detailed reports on import data for consumer food and edible fish products in the UN trade data system. By combining all trade data available from Vietnam Customs Department, World Trade Atlas, and Euromonitor, FAS-Vietnam has tried to provide best estimations of import data on selected products, which show high potential for U.S. exports. The trade data table below is for a point of reference:

Table 3: U.S. Shares of the Vietnam Import Market For Consumer-oriented Agricultural Products (Selected Products), (*Value in thousands of USD*)

	(Preferential rate offered to MFNs)	Vietnam Import	year 2013 U.S. Exports	year 2014 U.S. Exports	Growth	Market share of U.S. (%)	Countries
Cheese (HS 040620, 040630, 040640, 060490)	10%	20,375	155	539	247.7 %	0.8%	France, New Zealand, Australia, Holland
Condiments (HS2103)	20 - 35%	33,600	980	1,253	27.9%	2.9%	Thailand, Malaysia, Japan, HK, South Korea, China,
Wine (HS2204)	50%	65,179	12,673	17,117	35.1%	19.4%	France, Chile, Australia, Italy
Vegetable Preparation (mainly potatoes -HS 200410)	13%	6,343	4,285	4,229	-1.3%	67.6%	France, Belgium, Holland
Beer (HS2203)	35%	36,263	965	1,806	87.2%	2.7%	Holland, Belgium, German
Raisin (HS 080620)	13%	7,497	5,602	5,574	-0.5%	74.7%	China
Snack Foods, Cookies, Chocolates	15 - 40%	140,985	6,057	9,808	61.9%	4.3%	Indonesia, Thailand, Malaysia
Fruit Juice (HS 2009)	20-35%	9,842	1,141	1,429	25.2%	11.6%	Thailand
Apple (HS 080810)	10%	143,590	33,061	54,568	65.1%	23.0%	China, New Zealand
Pork Meat (HS0203)	15% - 25%	109,800	2,981	1,516	- 49.1%	2.7%	Canada
Whiskey & Spirits (HS2208)	45%	717,399	9,066	7,565	- 16.6%	1.3%	France, Scotland
Table Grapes (HS 080610)	10%	106,476	21,136	19,685	-6.9%	19.9%	China, Australia
Food	5%-25%	376,979	54,086	66,177	22.4%	14.3%	China,

Preparation, Functioning Foods (HS 2106)							Holland
Seafood (HS 0302-0307)	10%-20%	3,629,371	34,374	103,067	199.8%	0.9%	Australia, HK, Japan, Norway, Thailand, Canada
Nuts	20%-33%	1,239,022	236,073	285,919	21.1%	19.1%	Hong Kong
Poultry meat (HS)	20%-40%	592,683	69,209	70,680	2.1%	11.7%	Brazil
Dairy products (HS 0401; 0402 & 0404) incl. lactose	0%-15%	639,145	217,857	235,288	8.0%	34.1%	New Zealand, Australia
Beef Meat and Offal	15%-31%	2,036,890	26,083	21,857	-16.2%	1.3%	Australia
TOTAL CONSUMER-ORIENTED FOOD IMPORTS		4,897,039	750,876	879,040	17.1%	15.3%	
TOTAL CONSUMER ORIENTED & EDIBLE FISHERY IMPORTS		8,526,410	785,250	982,107	25.1%	9.2%	

Source: USDA, World Trade Atlas, Euromonitor, and various Vietnam trade sources.

Section V. Key Contacts and Further Information:

U.S. Department of Agriculture / Foreign Agricultural Service (USDA/FAS)

Your first point of contact for updated reports and trade data is the USDA/FAS web site:

<http://www.fas.usda.gov>. The FAS web site provides information about the staff, resources, and programs coordinated by FAS to promote international trade.

State Regional Trade Groups

The State Regional Trade Groups (SRTG) are four regionally focused, non-profit trade development organizations that help U.S. food producers and processors sell their products overseas. The STRGs are

funded by FAS, State Departments of Agriculture, and the food & agriculture industry. These organizations carry out promotional activities that help to increase exports of U.S. high-value food and agricultural products. Activities include: international trade exhibitions, overseas trade missions, reverse trade missions, export education, in-country research, and point-of-sale promotions in foreign food chains and restaurants around the world. The SRTGs also administer a cost-share funding program called the “Branded” program, which supports promotion of brand name foods and agricultural products in overseas markets.

The SRTGs are the Western U.S. Agricultural Trade Association, (WUSATA) in Vancouver, WA; the Food Export Association of the Midwest in Chicago, IL; the Southern U.S. Trade Association (SUSTA) in New Orleans, LA; and Food Export USA-Northeast in Philadelphia, PA. Refer to the FAS website for more details: <http://www.fas.usda.gov/programs/market-access-program-map/state-regional-trade-groups>

FAS Cooperators and Participants

The American food and agriculture industry benefits from a large number of associations and organizations that support export market development. These groups, referred to by FAS as “cooperators,” receive support from FAS to conduct overseas activities such as trade missions, pavilions at trade shows, and informational seminars.

A database of these organizations, including contact information, is available at:

<http://apps.fas.usda.gov/pcd/PartnersSearch.aspx>

Directory:

- To call Vietnam from the United States, dial (011-84), then dial the number, *omitting the leading zero of the area code*. For example, to reach the FAS Hanoi office, dial (011-84-4) 3850-5000.
- To call a Vietnamese number from within Vietnam, dial the area code (04) or (08) as indicated below, followed by the local number.

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Mr. Michael Ward, Agricultural Attaché

Ms. Bui Thi Huong, Sr. Agricultural Specialist

Ms. Nguyen Thi Huong, Agricultural Specialist

Ms. Phan Thi Thu Huong, Admin. Assistant

FAS Ho Chi Minh City, Vietnam

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Mr. Tran Quoc Quan, Agricultural Specialist

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54 Hai Ba Trung, Hanoi, Vietnam

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Email: HoangVH@moit.gov.vn

Ms. Vo Thanh Ha, Assistant to Minister

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Email: HaVT@moit.gov.vn

Ministry of Industry and Trade - HCMC Rep. Office

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Ministry of Agriculture and Rural Development (MARD)

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Mr. Nguyen Van Viet, Chief of Staff

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Email: vptdc@tcvn.gov.vn

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Department of Customs - Ho Chi Minh City

Address: 2 Ham Nghi, District 1, HCMC
Tel: (08) 3821-5715; Fax: (08) 3829-0912
Website: www.haiquan.hochiminhcity.gov.vn
Contact: Mr. Nguyen Huu Nghiep, Deputy Director

Vietnam Chamber of Commerce and Industry (VCCI)

VCCI Building, 9 Dao Duy Anh Street, Dong Da, Hanoi, Vietnam
Tel: (04) 3574-2161/3574-2022; Fax: (04) 3574-2020
Website: <http://www.vcci.com.vn/>
Email: webmaster@vcci.com.vn
Contact: Mr. Vu Tien Loc, President

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171 Vo Thi Sau St, District 3, Ho Chi Minh City, Vietnam
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Website: www.vcci-hcm.org
Email: info@vcci-hcm.org.vn
Contact: Mr. Vo Tan Thanh, Director
Mr. Nguyen The Hung, Deputy Director and Director of International Relation Department
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Ho Chi Minh City's Investment & Trade Promotion Center

51 Dinh Tien Hoang St, District 1, Ho Chi Minh City, Vietnam

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Website: <http://itpc.hochiminhcity.gov.vn>

Email: itpc@hcm.vnn.vn

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Contact: Mr. Adam Sitkoff, Executive Director

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Tel: (08) 3824-3562; Fax: (08) 3824-3572

Website: www.amchamvietnam.com

Contact: Mr. Herb Cochran, Executive Director

Email: herb.cochran@amchamvietnam.com

Useful Websites:

Note: Most Vietnamese websites contain both English and Vietnamese documents.

The Embassy of Vietnam in Washington <http://www.vietnamembassy-usa.org>

Ministry of Agriculture and Rural Development www.mard.gov.vn

MARD/Department of Animal Health <http://www.cucthuy.gov.vn>

MARD/Plant Protection Department <http://www.ppd.gov.vn>

MARD/ National Agro-Forestry-Fisheries Quality Assurance Department <http://www.nafiqad.gov.vn>

Ministry of Health <http://www.moh.gov.vn>

Vietnam Food Administration <http://vfa.gov.vn>

General Department of Vietnam Customs <http://www.customs.gov.vn/English/>

Directorate for Standards, Metrology & Quality <http://www.tcvn.gov.vn/> or <http://en.tcvn.vn>

Ministry of Industry & Trade <http://www.moit.gov.vn>

HCMC Department of Planning & Investment <http://www.dpi.hochiminhcity.gov.vn/invest/>

Vietnam Tourism Administration http://www.vietnamtourism.com/e_pages/news/

National Assembly of Vietnam <http://www.na.gov.vn>

Ho Chi Minh City's Website <http://www.eng.hochiminhcity.gov.vn/eng/news/>

Vietnam Ag Biotechnology <http://www.agbiotech.com.vn>

American Chamber of Commerce in Vietnam <http://www.amchamvietnam.com>

Major Media Websites:

Vietnam News <http://vietnamnews.vnagency.com.vn/>
Vietnam Economy News <http://news.vneconomy.vn/>
Vietnam Investment Review <http://www.vir.com.vn/news/home>
Saigon Times Daily <http://english.thesaigontimes.vn/Home>
Saigon Times Weekly <http://www.thesaigontimes.vn/epaper/SGTW/>
Saigon Tiep Thi <http://www.vnnnews.net/tag/saigon-tiep-thi>
Tuoi Tre News <http://www.tuoitrenews.vn/>
Thanh Nien News <http://www.thanhniennews.com>

Appendix-Statistics

Table 4: Key Trade and Demographic Information in 2014

Agricultural Imports From All Countries (\$Mil) / U.S. Market Share (%) in 2013 (<i>Global Trade Atlas</i>)	16,739/ 13
Consumer Oriented Agricultural Food Imports From All Countries (\$Mil) / U.S. Market Share (%) in 2013 (<i>Global Trade Atlas</i>)	8,526/9
Edible Fishery Imports From All Countries (\$Mil) / U.S. Market Share (%) - (<i>MARD</i>)	1,067/3
Total Population (Millions) / Annual Growth Rate (%) (<i>GSO</i>)	90.7/1.08
Urban Population (Millions) / Annual Growth Rate (%) (<i>GSO</i>)	33.1/1.08
Number of Major Metropolitan Areas	5
Size of the Middle Class (Millions) / Growth Rate (%)	N/A
Per Capita Gross Domestic Product (U.S. Dollars) (<i>Euromonitor</i>)	1,334
Unemployment Rate (%) (in urban areas) (<i>GSO</i>)	2.08
Per Capita Food Expenditures (U.S. Dollars) (<i>Euromonitor</i>)	412
Percent of Female Population Employed (<i>GSO</i>)	46.3
Exchange Rate (US\$1 = X.X local currency) <i>As of March 02, 2015</i>	VND 21,335

Source: Vietnam General Statistical Office (GSO), Euromonitor, World Trade Atlas and many other trade sources.

Special Note: Imports of consumer food and edible fish products to Vietnam (N/A)

Vietnam does not provide reports on import data of consumer food and edible fish products on the U.N trade data system. By combining many trade sources including Vietnam General Customs Data, World Trade Atlas, and Euromonitor, post has tried to provide best estimates on selected products that provide high potential for U.S. exports. See table 1 for details.

Table 5: Vietnam exports-imports of agriculture-forestry and fishery products in 2013-2014

Unit: thousand metric ton and \$ million

Description	2013		2014 (estimated)		Variation (%)	
	Quantity	Value	Quantity	Value	Quantity	Value

Total exports of agriculture, forestry and fishery products	-	27,764	-	30,544		10
1. Agricultural products	-	13,059	-	14,352		10
of that						
Coffee	1,300	2,718	1,691	3,558	30	31
Rubber	1,074	2,486	1,067	1,781	-1	-28
Rice	6,587	2,923	6,378	2,955	-3	1
Tea	141	229	133	229	-6	-
Cashew nut	261	1,644	303	1,995	16	21
Pepper	133	889	155	1,201	17	35
Vegetable/fruits	-	1,073		1,491		39
Cassava and cassava products	3,127	1,097	3,389	1,142	8	4
2. Fishery	-	6,693	-	7,836		17
3. Forestry	-	5,871	-	6,561		12
of that: - Wood product	-	5,591	-	6,232		11
'- bamboo and other forest products	-	230	-	251		9
- Cinnamon	-	51	-	79		55
4. Other products	-	2,141	-	1,795		-16
Total imports of agriculture, forestry and fishery products						
Key import items						
Fertilizers	4,676	1,707	3,796	1,241	-19	-27
of that'- Ure	780	265	215	65	-72	-75
- S A	1,104	188	930	125	-16	-34
- D A P	977	464	961	443	-2	-5
- N P K	421	202	247	109	-41	-46
- Other fertilizers	1,395	587	1,443	499	3	-15
Pesticide and pesticide materials	-	748	-	771	-	3
Wheat	1,817	619	2,096	654	15	6
Animal feed and feed materials	-	3,077	-	3,252	-	6
Animal fat/vegetable oil	-	692	-	758		10
Rubber	313	674	327	649	4	-4
Cotton	582	1,172	755	1,443	30	23
Milk and milk products	-	1,096	-	1,096	-	-
Forestry products	-	1,648	-	2,239	-	36
Salt	-	18	-	19	-	3
Fishery products	-	720	-	1,067	-	48
Fruits/vegetable	-	406	-	525		29

Source: Ministry of Agricultural and Rural Development (MARD)

Table 6: U.S. exports of consumer oriented products to Vietnam (CY2009-CY2014)
(Value in thousands of USD)

Product	2009	2010	2011	2012	2013	2014	% Change
Tree Nuts	34,16 6	42,40 1	87,48 0	162,2 12	236,7 32	286,5 38	21
Dairy Products	57,05 6	157,3 57	187,5 09	139,6 84	240,7 33	264,9 38	10
Fresh Fruit	17,45 4	31,30 1	36,98 8	37,85 0	60,30 1	91,46 4	52
Poultry Meat & Prods. (ex. eggs)	52,10 4	89,45 1	104,3 56	61,72 6	69,21 4	70,71 1	2
Prepared Food	13,67 7	16,79 7	26,30 1	28,69 5	41,65 2	51,64 7	24

Beef & Beef Products	167,556	163,322	192,142	160,707	26,628	22,137	-17
Processed Fruit	2,710	5,680	11,369	14,546	23,780	21,906	-8
Wine & Beer	2,905	6,703	22,282	15,194	13,685	21,470	57
Non-Alcoholic Bev. (ex. juices)	477	1,468	2,181	8,650	12,366	18,379	49
Chocolate & Cocoa Products	1,521	1,824	2,775	3,925	5,129	8,086	58
Processed Vegetables	3,111	3,184	3,702	3,463	6,223	7,852	26
Snack Foods NESOI	1,627	3,402	5,826	6,147	4,469	6,739	51
Pork & Pork Products	11,593	5,189	7,338	4,755	3,427	2,223	-35
Fruit & Vegetable Juices	3,198	2,595	1,249	1,816	2,044	1,561	-24
Condiments & Sauces	627	660	685	863	1,011	1,292	28
Eggs & Products	121	163	323	2,229	1,399	1,221	-13
Other Consumer Oriented	4,196	6,858	474	2,901	745	265	-64
Breakfast Cereals	232	149	154	266	124	216	74
Meat Products NESOI	19,644	169	701	444	474	156	-67
Fresh Vegetables	0	129	209	1,259	646	145	-78
Dog & Cat Food	61	99	55	97	96	92	-4
Consumer Oriented Total	394,036	538,901	694,098	657,429	750,876	879,040	17

Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

Table 7: U.S. Exports of Fishery Products to Vietnam (CY 2009- CY 2014)
(Value in thousands of USD)

Product	2009	2010	2011	2012	2013	2014	% Change
Geo Clam l/fr/ch	-	-	-	270	3,664	41,771	1,040
Lobsters,fr/ch	3	50	165	2,534	1,583	14,179	795
Lobsters, frozen	3	-	1,110	1,869	3,025	7,143	136

Rock Lobster fz	20	86	169	46	2,733	5,985	119
Jelly Fish, prep, pres	-	-	-	-	-	5,338	-
Cold Water Shrimp/Prawn fr/ch	-	-	-	1,735	3,318	4,694	42
Shrimp/Prawn, pr,fz	-	-	-	126	39	2,607	6,558
Shrimp/Prawn pr n atc	-	-	-	6,127	-	1,870	-
Snow Crab fz	71	-	141	634	1,111	1,507	36
Conch, l,fr,ch	-	-	-	342	2,018	1,490	-26
Other Fish Products	14,73 9	17,16 7	36,55 0	19,77 7	17,21 5	17,937	4
Total	14,83 5	17,30 3	38,13 4	33,45 8	34,70 6	104,52 2	201

Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics