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Food Service - Hotel Restaurant Institutional August 2015

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Report Highlights:

This report provides information regarding developments in the Hotel, Restaurant, and Institutional (HRI) food service sector in Vietnam and provides a road map for exporters wishing to enter the food service market. Vietnam's economy has shown signs of recovery as GDP reached \$186.2 billion (US current price) in 2014, up 6% over 2013. Rising disposable incomes, urbanization, government policies encouraging market liberalization, changing consumer preferences, and growth in the tourism sector have all contributed to strong growth in the HRI food service sector making Vietnam an attractive market for U.S. consumer oriented food and agricultural products.

Post:

Hochiminh City

SECTION I. MARKET SUMMARY

Despite the national economic downturn over the last few years, starting from 2008 when GDP growth slowed to 5.7% and then averaging 5.7% during the period of 2009 – 2013, Vietnam is still a promising market for the Hotel, Restaurant and Institutional (HRI) food service sector. A combination of a large population, growing middle class with higher disposable income, and increasing exposure to Western lifestyle has fueled the rapid growth of the Hotel, Restaurant, and Institutional (HRI) food service sector in Vietnam.

Vietnam's large population of about 91 million, half of which are under the age of thirty, is a strong backbone to the food service sector and processed food product consumption. Furthermore, the population is growing at a rate of about 1%, meaning nearly 1 million new customers are born every year, making the country extremely attractive to anyone in the food and beverage sector.

Vietnam's economy has shown signs of recovery as GDP grew by 6% in 2014, the strongest pace since 2011, reaching \$186.2 billion (US current price). GDP growth in 2015 is forecast at 6.1%, mainly driven by foreign direct investment that is being poured into the country to capture incentives offered by several important trade agreements that Vietnam is trying to finalize, such as the Trans-Pacific Partnership Agreement (TPP), and the Free Trade Agreement with the European Union. These agreements will help Vietnam's economy to grow and offer more business opportunities to U.S. exporters and investors, including those in the HRI food service sector.

Income per capita doubled from \$1,000 in 2009 to approximately \$2,000 by the end of 2014. Increasing household income has led to improved diets, incorporating more and varying protein, imported fruits and vegetables, and snack foods. Household income of citizens in urban areas, like Hanoi, Ho Chi Minh City, Hai Phong, Da Nang, Can Tho, and Nha Trang is 4 to 5 times more than the national average and the HRI and food retail sectors are showing the most explosive growth. The spread of supermarkets throughout the country, supported by continued growth in household incomes, has greatly enhanced the utilization of imported food and ingredients in the growing HRI sector.

Last but not least, eating out is getting more common in this country. The older generation still considers dinner a wonderful time that family members should gather to talk, but many young people prefer having fun outside. Celebrating anniversaries, discussing business, meeting friends and/or relatives, or just simply trying foods at new restaurants are just a few examples to elaborate how much younger Vietnamese love eating out. In fact, eating out is now perceived as part of Vietnamese culture, reflecting the increasing exposure of young Vietnamese people to Western lifestyle.

There are many other elements that contribute to the proliferation of HRI in Vietnam, which will be further discussed in the following passages, the above-mentioned four features are the concrete foundation for the HRI food service sector growth for the coming decade.

SECTION II: MARKET ANALYSIS

The HRI food service sector continued to expand in 2014 despite the nation's economic downturn, with total number of HRI outlets increasing over 2013. Euromonitor data indicated that in 2013 Vietnam's HRI food service sector consisted of over 558,000 outlets including over 440,000 street stalls/kiosks; nearly 8,000 fast-food outlets; 85,000 full-service restaurants; 24,000 cafeterias/bars; and more than 12,500 hotels and resorts. Total consumer food service sales in Vietnam reached approximately \$36.2 billion in 2013, up 8.7% over 2012, and are forecast to slightly grow up to 36.5 billion in 2014. Despite the recent worldwide economic slowdown, including in Vietnam itself, the outlook for high-value food and beverage exports to Vietnam is still very promising.

Hotels and Resorts:

Inheriting ideal geographic conditions for tourism, such as over 3,200 kilometers of coast-line, more than one hundred beaches, beautiful and diverse landscapes, and a rich cultural heritage, tourism has been defined as one of the key economic industries since Vietnam first opened door to the world in the early 1990s. Foreign and domestic tourists in 2014 totaled 7.9 million and 38.5 million, up 4% and 10% over 2013, respectively. Total revenue directly gained from the tourist industry reached \$9.7 billion in 2013 (6% of the country's GDP).

Hotels and resorts are indispensable elements for tourism development. Accommodations have been rapidly increased year after year to serve the growing numbers of both foreign arrivals and domestic tourists. The number of hotels, from standard to five-star, has almost tripled since 2004, from just 6,567 hotels with 129,000 rooms to 15,120 hotels with 324,800 rooms in 2014. It is expected that the number of hotels and guesthouses could reach 390,000 rooms in 2015, of which 30 – 35% are of three – five-star thanks to strong investment from both local and foreign invested businesses. Prominent areas that have been targeted for tourism development include Quang Ninh, Da Nang, Quang Nam, Nha Trang, Binh Thuan, Ba Ria-Vung Tau, and Phu Quoc Island.

In addition to the demand for good accommodation, tourists always expect to have delicious food, whether they are Asian or Western dishes, during their vacation. As such, tourists become a driving force in the demand for imported high-value food products from the hotel and restaurant industry.

Restaurants:

Despite the difficulties caused by the nation's economic slowdown, the food service sector continued to grow in 2013 - 2014, particularly in large cities such as Ho Chi Minh City, thanks to the growing popularity of eating out, especially among the young generation, and the great efforts made by food service operators. Nationwide food service sales reached a record estimated \$36.2 billion in 2013 (Source: Euromonitor's data with a fixed exchange rate). Foodservice in Vietnam is driven by five

major sub-sectors, including Street Stalls/ Kiosks, Cafeteria/bars, Full-Service Restaurants, Quick Service Restaurants or Fast Food Chains, and Catering Service Companies.

The street stalls/kiosks and full-service restaurants - the most traditional channel of consumer foodservice in Vietnam - still leads sales thanks to their dominant numbers, approximately 94% of the estimated total 558,000 outlets are street stall/kiosk or full-service restaurants. They are present on every corner in every big city and offer consumers a diversified product portfolio, from very cheap to expensive, and from Western to Asian dishes. Many full-service restaurants have been upgraded to server higher income consumers and/or foreign tourists, as well as to compete with newcomers, such as Gogi (Korean-themed), Tokyo Deli (Japanese) and MK (Thai). The number of full-service restaurants is ramped up along with the increasing number of supermarkets / department stores which always reserve a spacious area for their food court.

Fast-food chains and branded cafeterias / bars have strongly grown in the last few years and are likely to continue to grow down the road. From just a few brands only a couple of years ago, such as: KFC, Lotteria, Jollibee, and Pizza Hut, Vietnamese consumers nowadays have many more choices for fast-food. McDonald, Burger King, Domino's, Carl's Jr, Popeyes, Baskin Robins, Texas Chicken, and Subway are just a few to name that have arrived in Vietnam in the past two to three years. International chain presence in the café sector has also increased in recent years with the presence of Starbucks, Holly, the Coffee Bean and Tea Leaf introducing new, fresh tastes to coffee lovers, especially those of younger generation. These international brands are striving to expand their market share by opening more outlets in major cities, carrying out a series of promotional and marketing activities, enriching menus with more recipes and developing more services like takeaway and home delivery. With such a great strategic marketing and sales plans, professional management, and very strong financial support, these sub-sectors will keep growing and become important players in the food service sector.

Vietnamese consumers are becoming more interested in Western cuisine or restaurants designed in Western style. International and local tourists in Vietnam are expected to seek out food service outlets that can offer higher quality food items, and sophisticated menus and cuisines from different parts of the world in both major cities and key provincial cities.

Institutional Contract: Catering service companies in Vietnam, from small to large-scale businesses, mainly serve consumers such as airlines, industrial parks, hospitals, schools, and individual parties (e.g. weddings, birthdays). In this area, cost is the top prioritized factor in developing menus. In recent years, catering companies have consumed a large volume of imported frozen poultry meat, mainly from the United States and Brazil, due to the competitive price of these products. Meanwhile, local pork and fish still lead sales to the institutional contract sector due to their relative competitiveness and consumer preferences.

Trade Situation: Vietnamese bilateral trade with the world has grown substantially from 2010. Total bilateral trade (imports from and exports to the world) reached \$314.7 billion in 2014, a year-on-year increase of 8.8 percent. Total exports were valued at \$160 billion, an increase of 11.3 percent over 2013 while imports were reported at \$154.5 billion, an increase of 11.4 percent over 2013. This is the 3rd consecutive year that Vietnam had a trade surplus (Source: World Bank).

Consumption of imported consumer-oriented agricultural products keeps expanding at an impressive average rate of 25% a year during the period from 2011 to 2014. Unofficial trade data indicates that Vietnam imports of consumer-oriented agricultural products reached approximately \$10.6 billion in 2014, up 24% over 2013, and about \$4.5 billion in edible fish and seafood products, up 25% over 2013.

Note: Given Vietnam's porous borders and under-invoicing practices, it is difficult to estimate the actual level of consumer-ready food 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, exports grew to \$887 million in 2014, up 16.6% over 2013. U.S. exports of consumer-oriented agricultural products in the first five months of 2015 continued growing up 3.1% against the same period last year (see tables 1, 6, and 7 for more details). Based on the country's steady global economic integration, market oriented reforms, and especially the Trans-Pacific Partnership Agreement, Vietnam will continue to be a promising destination for U.S. consumer oriented agricultural products.

The best export prospects for U.S. consumer-oriented agricultural products include dairy products, chilled & frozen beef products, frozen poultry, fresh fruit, dried fruit and nuts, snack foods, confectionary products, packaged foods (canned fruit & vegetables, canned meat), condiments and sauces, juices, seafood, and alcoholic drinks (wine, beer, and spirits).

Vietnam is nonetheless both an opportunity and a challenge for exporters. At times, the maze of seemingly conflicting regulations may seem a formidable barrier to trade, but the country is evolving and becoming more business-friendly. The improved economic environment owes much to Vietnam's integration into the global trading community. Vietnam is an active member of ASEAN, became the 150th member of the World Trade Organization in January 2007, and has recently concluded Free Trade Agreements (FTAs) with many important trading partners including ASEAN, ASEAN-China, ASEAN-Korea, ASEAN-Japan, ASEAN-New Zealand-Australia, ASEAN-India, and Vietnam-Chile. These efforts have pledged to not just lower import tariffs and eliminate quotas, but also to increase market access for goods and services, strengthen IPR protection, and help enhance legislative and regulatory transparency, as well as, commercial dispute settlement and trade facilitation.

The following factors and demand drivers affect the food service market:

- Vietnam appears to have moved well beyond the slowdown that began in 2008, and is regaining its luster as an investment destination and market. Vietnam's economic growth rate had been among the highest in the world, holding in the neighborhood of 7 percent for nearly a decade, although dipping as low as 5 percent in 2012. It is predicted to exceed the 6 percent mark in 2015, where it is expected to remain for the next few years, offering growing opportunities for U.S. exporters and investors.
- Per capita GDP surpassed \$1,000 in 2009 and was estimated to be slightly over \$2,000 at the end of 2014. With disposable income levels in major urban areas four to five times this level, significant opportunities in the consumer and service sectors are fast emerging.
- Vietnam inflation was very high in 2011 (over 18 percent), which made consumer confidence weaker than in previous years. It became such a high risk to the nation's economic development that GOV had to set controlling inflation and stabilizing the economy the top priority. With strong effort from GOV, inflation has fallen year after year, dropping to 4.1% in 2014, and is expected to remain low.
- GOV continues to work towards market liberalization and further reforms to the legal, financial, and institutional systems as well as state-owned enterprises which limit overall growth potential and contribute uncertainty to the macro-economic climate.
- Sectors of the Vietnamese economy were impacted unequally by the global economic crisis. For example, expenditure on food and beverages (including retail) by Vietnamese consumers remained strong and, in fact, increased. The number of foreign visitors and foreign remittances also increased in 2014.
- Tourism and foreign remittance income are vital sources of foreign exchange for Vietnam. The tourist sector's revenue was estimated at US\$ 9.7 billion in 2013 and is expected to go over \$10 billion in 2015. In 2014, Vietnam also received \$10-11 billion in foreign remittance income from Vietnamese living abroad. Foreign remittance income in 2015 is expected to increase by 10 percent to reach \$12 billion.
- With a population of 91 million people, Vietnam has the third largest population in Southeast Asia, behind Indonesia and the Philippines, and the 7th largest in Asia. The education level of the population continues to rise steadily and over half of the population is under 30 years of age. Both of these factors will drive demand for HRI food service in the future.
- Vietnam, with the smallest urban population in Asia (about 30 percent of the total population), has started seeing significant rural to urban migration as the economy becomes more industrialized and urbanized. New food outlets are appearing around newly constructed office and high rise living spaces.
- Five key urban areas, Hanoi, Ho Chi Minh City (HCMC), Hai Phong, Danang and Can Tho, play a vital role in Vietnam's economy, accounting for over 30 percent of GDP.

- Vietnam has a large percentage of the female population in the workforce, especially within the 20-40 year old age bracket, making the female consumer ever more important.
- Vietnamese urban consumers have busier lives, are dining-out more than before, and have greater demand for home food delivery service. Food service outlets are used for entertainment and socializing. Consumers pay more attention and concerns to food hygiene and safety when dining out.
- As of January 2007, foreign food service providers are allowed to establish joint ventures with Vietnamese partners, and as of January 1, 2009, totally foreign-owned retail outlets and franchises may be established. The government reserves the right, however, to determine the “economic need” for additional wholly foreign-owned outlets beyond the initial one.
- Franchising has become popular in Vietnam and is considered to be the fastest way for foreign food service providers to enter the market.
- Vietnamese brands are increasing their market share.

The key constraints to the development of the food service sector in Vietnam are low consumer income (despite recent gains), a very high cost of land rental in urban areas leading to fiercer competition for locations, expensive electricity, competition from local production and other countries, the current worldwide economic situation, the Vietnam economic slowdown, and the continued threat of high inflation stifling incomes and consumer confidence.

Table 1: Advantages and Challenges Facing U.S. Products in Vietnam

Advantages/Opportunities	Challenges
Continued growing economy with curbed inflation, a strong inflow of overseas remittances, and stable FDI	Uncertainty of government regulations negatively impacts local importers of food and food ingredients
Rapid urbanization, busier lifestyles leading towards increased consumption of convenient and processed foods	Registration with Government of Vietnam (GOV) authorities for new food and food ingredient products, especially functional foods, is very costly and burdensome
Vietnam joined the World Trade Organization (WTO) in 2007 and is currently participating in the Trans-Pacific Partnership (TPP) Negotiations, which would lower import tariffs for food and food ingredients	Increased SPS barriers on animal and plant origin products persist
Rising disposable income levels are increasing the demand for convenient foods, packaged food, and higher quality, hygienic safe food and food ingredients	U.S. exporters are often perceived as not flexible or responsive enough to importer’s needs
Growing retail network, western-style fast food restaurant chains, bakeries and coffee shops are modernizing food retail	Large number of small food processors only source their ingredients locally
Growth in the food processing and beverage industry	Modern retail sector, although

	expanding rapidly in urban areas, has not grown as fast in rural areas
Vietnam’s continued economic integration and negotiation of free trade agreements is expanding export markets for processed food products	Processed foods still are seen as inferior to fresh foods by many consumers in Vietnam, especially in rural areas
Growing young population is adopting modern lifestyle, eating out more, and shopping in supermarkets and hypermarkets	Strong competition in the Vietnamese market from other countries for food and food ingredient products
Vietnamese consumers are becoming more accepting of imported foods and flavors	Vietnamese consumers are currently not ready to accept significant price differences for high-end products such as organic products
Local food processors are increasing production capacity, food quality and packaging initiatives, and developing marketing strategies to meet growing demand of consumers and export markets	U.S. food and food ingredients are seen as high priced with high quality, but some food processors are not yet willing to pay these high prices
More international food and beverage brands are entering Vietnam and increasing consumer awareness of new products	Significantly higher shipping cost and longer transportation time from U.S. than from Asia and Oceania
Growing demand for more protein in diets and healthier food products	Low tariffs applied to food and food ingredients from ASEAN countries under the ASEAN Free Trade Agreement
In some subsectors, locally produced food ingredients cannot meet the demand of processors, especially in the dairy and soybean processing sectors	Limited infrastructure and distribution for perishable products (such as cold chain)
U.S. food and food ingredients products are considered high quality and safe	Vietnam imposes strict fines for plant and animal health, food safety and trade violations, which negatively impact local importer’s businesses

SECTION II: ROAD MAP FOR MARKET ENTRY

A. ENTRY STRATEGY

Further information regarding Vietnam’s policies and regulations relevant to importing food and agricultural products is available in the FAS-Vietnam’s [Vietnam Exporter Guide 2015](#) and the [FAS FAIRS Export Certificate Report](#).

As the consumer-oriented agricultural product market becomes more mature, the distribution channels have changed and evolved depending on product category and on the types of businesspeople importing the product. Fresh fruits from the United States are shipped to local importers, distributed to wholesalers and then delivered to retailers and/or HRI. Frozen and/or chilled beef products sometimes

have the same system as fresh fruits, but sometimes go straight from the importers to HRI. Processed foods are usually circulated in the market by another system, importers – supermarkets/wholesalers – consumers/outlets. However, if they are imported by a procurement division of a large supermarket or convenient store chain, they will go straight on the shelves.

General speaking, the number of businesses specializing in supplying food and drink products directly to HRI food service sector is limited. Most of the current food and drink importers and distributors only do two steps of the distribution process; 1) importing the products and 2) delivering them to their wholesalers.

Although Vietnam's WTO commitments paved the way for many foreign players to enter the HRI market, bringing innovative distribution and logistics techniques to the Vietnamese market, access is still limited. According to Vietnam's WTO accession agreement, as of January 1, 2009, wholly foreign-owned food service retailers and franchises may be established without the need for a Vietnamese partner or Vietnamese investment, as was previously the case. However, the government of Vietnam still reserves the right to determine the "economic need" for additional wholly foreign owned outlets beyond the initial one. International HRI entities entering Vietnam through a franchising agreement with a Vietnamese partner are not required to determine the "economic need" of additional outlets.

Therefore, the best way for U.S. exporters of food and beverage products to enter the Vietnamese HRI market continues to be by appointing a local partner to directly import/distribute the products to the food service sector. The appointed local partner should be responsible to obtain the widest distribution for the imported products, as well as perform the marketing efforts and trade servicing needed to create product awareness among customers and chefs. Business relationships with food service operators and chefs are very important for success, and therefore regular visits with local partners, as well as, with key food service players / retailers should be a priority.

It is critical for U.S. exporters to spend time and resources to study potential markets for products before initiating sales. They should also visit Vietnam to gain a first-hand feel for the market; preferably around the bi-annual Food & Hotel Vietnam Show (FHV) organized in Ho Chi Minh City (the next show is in April 2017). FHV is a USDA-endorsed trade show with a sizable U.S. pavilion. Further information about the last Show and U.S. Pavilion is available at <http://www.fas.usda.gov/data/vietnam-food-and-hotel-vietnam-2015>. Exporters are encouraged to contact FAS-Hanoi or FAS-Ho Chi Minh City to assist with scheduling market briefings on the subsector the exporter is interested in and facilitating initial meetings with potential importers, major retailers, and key five-star hotel Food & Beverage (F&B) managers.

Business culture in Vietnamese is very different from the U.S. with many different customs. Some of the most important aspects to consider include:

- Vietnamese prefer face-to-face meetings in the initial stages, with additional follow-up visits, phone calls, emails and faxes when appropriate. 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.
- Some Vietnamese entities are concerned that U.S. suppliers do not take enough time to understand their particular needs and constraints in order to build a successful commercial relationship.
- Vietnamese businesses may exhibit strong interest at the outset of business discussions and then start to lose interest when faced with difficulties in implementing the details.
- Are more sensitive about price than quality.
- Most local businesses are small or medium size companies that rely on bank loans to run their business, with loan sizes varying according to collateral. In times of credit uncertainty, obtaining loans can be problematic.
- 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 offices.
- 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.
- Vietnamese companies specializing in food import and distribution may have investments in other businesses (e.g. real estate, car dealership, 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.

Successfully introducing your products in the HRI market depends in large part on having a good local representative and an effective pricing strategy. The local partner should preferably be an importer and distributor capable of providing services to Vietnamese buyers (sales, delivery, and marketing) in both the food service and traditional/modern retail channels.

A food supplier wishing to reach all Vietnamese consumers must work with modern food service operations, catering companies, as well as wholesalers, street stalls/kiosks, small size independent outlets, open-air wet markets, and small shops. While 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. U.S. exporters who wish to reach their full potential in the Vietnamese market should service both the modern and traditional channels.

U.S. exporters should consider the following before selecting an agent / a business partner:

- The agent / business partner must have a good relationship with major food service operators (especially the F&B managers at higher-end hotels); major retailers; and an ability to deal with local regulators.
- The agent / business partner must have expertise in setting up a distribution network.
- U.S. firms should evaluate all distributor prospects, and thoroughly research the more promising ones. Check the potential agent's reputation through local industry/trade associations (e.g. the American Chamber of Commerce in Ho Chi Minh City), potential clients, bankers, and other foreign companies.
- FAS-Vietnam maintains extensive lists of potential importers, which U.S. exporters are welcome to review.

Note: As the number of businesses specializing in distributing food and drink products to the food service sector is small, face-to-face meetings with all of them does not consume a lot of time. A three-day visit to the market to meet with potential distributors would be worthwhile.

B. MARKET STRUCTURE

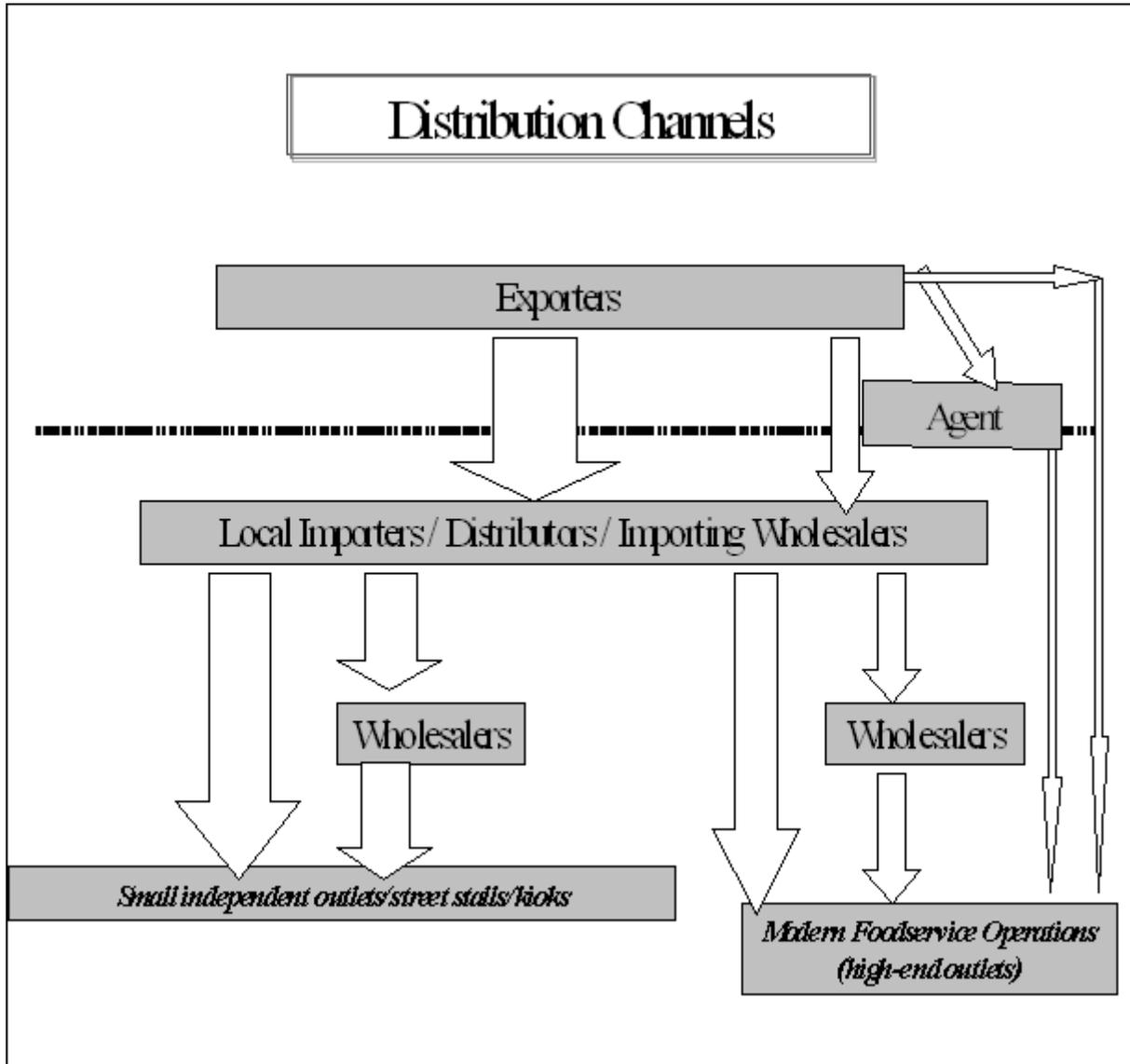


Figure 1: Distribution channels of imported food into Vietnam

Distribution of imported foods follows one of the four basic models:

- 1) Exporters → Importers/Distributors → major food service operations
- 2) Exporters → Importers/Distributors → Wholesalers → food service operators and outlets
- 3) Exporters → Local Agent → Importers/Distributors → Wholesalers → food service operators and outlets
- 4) Exporters → Big food service chains (KFC, McDonalds, Lotteria, Jolibee, Pho 24, Trung Nguyen, Highlands Coffee, Starbucks)

Model No.1 and No.2 are the most common practices in Vietnam.

Due to relatively low purchasing power and limited access to extended trade financing and a reluctance to engage local authorities on import formalities, most food service operations buy imported food and drink products through importers/distributors. Only a few big chains have tried buying directly from foreign suppliers and importing the products under their name.

Vietnam’s limited distribution infrastructure and facilities for perishable products is a significant constraint to importing products. The distribution systems are often equipped with out-of-date technology, and transport products using inadequate or fragmented cold chains.

C. SUB-SECTOR PROFILES

Hotels and Resorts: The number of hotel rooms in Vietnam has tripled since 2004. In 2013, the country had 15,120 hotels and guesthouses with a total of 324,000 rooms (from standard to five-star hotels). Of the total, there are 64 five-star (15,657 rooms); 164 four-star (20,270 rooms) (See Table 2). It is expected that the number of hotels and guesthouses could reach 390,000 rooms in 2015, of which 30 – 35% are of three – five-star hotels thanks to strong investment from both local businesses and foreign invested businesses in this field.

The number of resorts along Vietnam’s beautiful coastal areas has been significant increase over the last 5 years. Many resorts have been built in Ba Ria, Vung Tau, Phan Thiet, Nha Trang, Da Nang and Phu Quoc Island, and Vietnam reportedly now has over 300 resorts nationwide, three times as many as it had 5 years ago. New projects to develop hotels, resorts, and golf courses continue to be approved by the Vietnamese government. The growth in the number of high-end hotels and resorts also helps spur demand for imported high-quality food and drink.

Table 2: Vietnam hotel types and number of rooms in 2010 and 2013

	2011		2012		2013	
	Units	Number of rooms	Units	Number of rooms	Units	Number of rooms
Totals, of which:	12,850	243,606	13,500	285,000	15,120	324,800
5-star	48	12,238	54	13,608	64	15,657
4-star	127	15,773	142	17,744	164	20,270
3-star	184	13,168	N/A	N/A	N/A	N/A
2-star	N/A	N/A	N/A	N/A	N/A	N/A
1-star	N/A	N/A	N/A	N/A	N/A	N/A
Standard	N/A	N/A	N/A	N/A	N/A	N/A

Source: Vietnam Administration of Tourism

The majority of international tourists arrive to Vietnam by air. Vietnam has only three international airports, namely Tan Son Nhat in Ho Chi Minh City; Noi Bai in Ha Noi; Da Nang Airport in central Vietnam. These airports have been recently upgraded to meet with the international standards and welcome more passengers.

With over 3,200 km of coastal waterways, Vietnam is an ideal place to receive tourists via cruise ship. Over the last three years, the number of cruise ships bringing tourists to Vietnam has increased. According to unofficial reports, about 100,000-150,000 tourists come to Vietnam by sea annually. Main destination ports are Saigon port, Quang Ninh port, Da Nang Port, and Phu My Port.

Table 3 is a partial list of some of the five star hotels, and resorts that are currently operating in Vietnam. Most of the hotels source their food and beverage products from a combination of importers, distributors, and local sources. The American Chamber of Commerce in Vietnam is a valuable source of information and provides company profiles and contact information for some of the companies in Table 3 (<http://www.amchamvietnam.com/>).

Table 3: Partial list of Five-Star Hotels in Vietnam

Owner(s)	Management	Hotel name	No. of hotels
Pilkon Development Company (Hong Kong) + Ben Thanh Tourist (Vietnam)	Accor Group (France)	Sofitel Saigon	1
Asian Coast Development LTD (Canada), Harbinger Capital (USA)	ACDL (Canada)	The Grand Ho Tram Strip Resort (Vung Tau)	1
Berjaya Corporation Berhad (Malaysia)	InterContinental (IHG)	InterContinental Asiana Saigon, InterContinental Hanoi Westlake, Nha Trang Intercontinental	3
Condo-hotel	Self-managed	Havana (Nha Trang)	1
Fei Yueh Vietnam (Taiwan)	Jal & Hotel Okura (Japan)	Nikko (Hanoi), Nikko (Hochiminh City)	2
GISH	Hyatt Group	Park Hyatt Saigon Hotel	1
Hanel Corp (Vietnam)	Hanel (Vietnam)	Daewoo (Hanoi)	1
Hanoi Tourist (Vietnam)	Accor Group (France)	De L'Opera (Hanoi)	1
Hoang Anh Gia Lai (Vietnam)	Hoang Anh Gia Lai (Vietnam)	Hoang Anh Gia Lai Plaza (Da Nang)	1
Indochina Land	Hyatt Group	Hyatt Regency Da Nang	1
Keck Seng (Hong Kong)	Celadon International	Caravelle Saigon Hotel	1
Keck Seng (Hong Kong)	Starwood Group (USA)	Sheraton Saigon, Sheraton Hanoi, Sheraton Nhatrang	3
KhaiSilk (Vietnam)	Self-managed	TajmaSago Castle Saigon	1
Lotte (S. Korea)	Lotte (S. Korea)	Lotte Da Nang, Lotte Hanoi, Lotte Legend Saigon	3
Maico DaLat (Vietnam)	Maico DaLat (Vietnam)	Dalat Edensee Lake Resort (Lam Dong)	1
Marriott	Marriott International (USA)	Renaissance Riverside Hotel Saigon, JW Marriot Hanoi	2
Mövenpick Holding (Swiss)	Mövenpick Holding	Movenpick Hanoi	1
New World Co. Ltd & Saigontourist	Marriott International (USA)	New World Saigon Hotel	1
Planergo	Planergo	Equatorial (Hochiminh City)	1
PT Global Metropolitan	Accor Group (France)	Pullman Hanoi, Pullman Saigon, Pullman DaNang	3
Rang Dong Group (Vietnam)	Sea Links City (Vietnam)	Sea Links Beach (Binh Thuan)	1
Saigon Tourist (Vietnam)	Saigon Tourist (Vietnam)	Rex Hotel (Hochiminh City), Majestic (Hochiminh City)	2
Sovico Holdings (Vietnam)	Celadon International	Furama (Da Nang)	1
The Imperial Group (Vietnam)	Celadon International	Imperial Hotel (Vung Tau)	1
Van Thinh Phat (Vietnam)	WMC Group (Vietnam)	The Reverie Saigon, Windsor Plaza Saigon	2
Tran Hong Quan Co., Ltd (Vietnam)	InterContinental (IHG)	Crown Plaza West Hanoi (Hanoi)	1
TTC Land Group (Thailand)	Melia Hotels International (Spain)	Melia (Hanoi)	1
Eastin Easy (Thailand)	Absolute Hotel Services (Thailand)	Eastin Grand Hotel Saigon	1
UOL Group (Singapore)	Accor Group (France)	Sofitel Plaza (Hanoi)	1
VinaCapital + Hanoi Tourist (Vietnam)	Accor Group (France)	Sofitel Metropole (Hanoi)	1
VinaCapital + Hanoi Tourist (Vietnam)	Hilton Worldwide (USA)	Hilton Opera (Hanoi), Hilton Da Nang Hotel	1
Vingroup (Vietnam)	Celadon International	Vinpearl Premium (Nha Trang)	1
		TOTAL	44

Restaurants: A combination of strong economic growth, strong tourism growth, rising disposable income, a growing middle class, a sizeable young population, and an increasing exposure to a Western lifestyle are fueling growth of the restaurant sub-sector in Vietnam. Over the last five years (2008-2013), consumer food service sales in Vietnam achieved an average growth of 6 percent. Food service sales are expected to continue growing over the next five years, although at a lower rate of 3 - 4% (2013-2018). Vietnamese consumers are becoming more interested in Western cuisines or restaurants designed in Western styles. More consumers in urban areas are shifting from eating at the ‘traditional small outlets’ to ‘modern’ high-end outlets.

Table 4: Vietnam’s estimated consumer food service sales over the past six years

	2008	2009	2010	2011	2012	2013	Averaged growth (%) over the period
Total outlets (1,000)	529.2	536.7	543.5	550.0	554.0	558.0	1.1%
Turnover (VND Trillion)	443.9	477.0	514.0	645.3	693.5	757.5	11.5%
Turnover (USD billion equivalent)	27.2	28.0	27.6	31.5	33.3	36.2	6.0%

Source: Euromonitor data, ADB Exchange Rate, and Post Estimates

Nationwide consumer food service sales were estimated at \$36.2 billion in 2013, up 8.7% over 2012. The restaurant sub-sector continues to expand due to strong demand from both Vietnamese urban consumers and foreign tourists. The food service sector is expected to see further development in terms of growth and sophistication. For example, 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, offering new items to customers. Services are expected to be more diversified and professional, and marketing efforts should become more focused.

Urbanization will pave the way for modern outlets to develop in Vietnam. New living areas and office buildings will lead to greater demand for modern retail and food service outlets. Many foreign investors have launched large scale construction projects in Vietnam which will further drive urbanization in the country. The Government of Vietnam has also encouraged urbanization, approving a large number of construction projects of new residential areas, office buildings, shopping centers, and supermarkets in major cities and provinces.

Quick Service Food or Fast Food Chain is perceived as a modern concept, and has grown substantially the last three years. After a long period of striving for success in Vietnam, multinationals such as KFC, Lotteria, and Jollibee have started to turn a profit. In a seven-year period, KFC and Lotteria have significantly increased their numbers of stores in Vietnam. KFC, with its first store in HCMC in 1997, has 125 outlets in 19 cities/provinces across the country. Lotteria, coming to Vietnam a year later than KFC, has also enjoyed great achievements in this market. Today, Lotteria has about 200 outlets in 30

cities/provinces in Vietnam. Other chains like Carl’s Junior, Subway, Popeyes, and Burger King, also increased their outlets in major cities. McDonald’s opened its first store in HCMC in February 2014 and celebrated the 5th outlet a year later. QSF outlets associated with Western eating habits have become popular among students, young office workers, teenagers, and children. The number of coffee chain outlets (e.g. Starbucks, Highlands Coffee, Trung Nguyen Coffee Company, Gloria Jean’s, Coffee Bean & Tea Leaf etc.) has also increased in the last four years. Independent Western and Asian restaurants have also seen rapid growth. Table 5 provides a list of major QSF brands in Vietnam.

Although domestic players continue to dominate food service in Vietnam, competition between domestic players and multinationals has become more intense. Chained outlets have seen faster growth due to the improvement in legislation and regulation relating to franchising and the consumer perception that food served at chains is of better quality.

Table 5: Restaurant Company Profiles

Company Name	Outlet Name, Type, & Number of Outlets	Cuisine Type	Location	Purchasing Agent(s)
Yum! Brands	KFC Viet Nam (125) Pizza Hut (54)	QSF Western fast food	Nationwide	Importers, distributors, local sourcing of products
El Gaucho	El Gaucho (4)	Steakhouse	Hochiminh City, Hanoi	Importers, distributors, local sourcing of products
Jollibee Food Corp	Jollibee, (58), Pho 24 (21)	QSF Western fast food, Vietnamese traditional dish	Nationwide	Importers, distributors, local sourcing of products
Nam An Group	Food service and beverages (60)	Vietnamese	Nationwide	Importers, distributors, local sourcing of products
Hoang Yen Cuisine	Hoang Yen Restaurant (7)	Vietnamese	Hanoi, Ho Chi Minh City, Cambodia	Importers, distributors, local sourcing of products
Trung Nguyen Coffee Company Ltd.	Trung Nguyen Coffee Company (many small outlets, over 1,000)	Cafeteria	Nationwide	Importers, distributors, local sourcing of products
Viet Thai International Joint Stock Company	Highlands Coffee (78) Hard Rock Café (1)	International Cafeteria; western food	Nationwide	Importers, distributors, local sourcing of products
Vietnam Lotteria Company Ltd.	Lotteria (200)	Western fast food	Nationwide	Importers, distributors, local sourcing of products
Al Frescos Group (Institutional)	Jaspas (4), Al Frescos (11), Pepperonis (11),	International/Western Asian	Hanoi, Ho Chi Minh City	Importers, distributors, local

	Papa Joes (4), Jackson's Steakhouse (2)	fusion		sourcing of products
Van Thinh Phat (Hotel, Restaurant, Institutional)	Windsor Plaza Hotel, Sherwood Residence, restaurants (6)	International and Vietnamese	Ho Chi Minh City	Importers, distributors, local sourcing of products
Imex Pacific	Burger King (17), Domino Pizza (19), Popeyes (10)	Western Fast Food	National	Importers, distributors, local sourcing of products
Starbucks Corp	Starbucks (13)	Cafeteria	Hanoi, Ho Chi Minh City	Importers, distributors, local sourcing of products
Baskin Robbins Vietnam	Baskin Robbins (24)	Ice cream	Nationwide	Importers, distributors, local sourcing of products
Good Day Hospitality	McDonald's (5)	Western Fast Food	Ho Chi Minh City	Direct import

Sales of “high-end outlets” (high-end full service restaurants, fast food chains, cafes/bars and catering services) are still small but growing fast. While it currently has a relatively small share of total food service sales, high-end outlets should continue expanding over the next five years.

As mentioned in the market summary, key constraints to the development of the food service sector in Vietnam include low consumer income (despite recent gains), very high cost of land rental in urban areas leading to fierce competition for locations, expensive electricity, and the current worldwide economic slowdown.

Fierce competition in the restaurant sub-sector, especially between chains and independent / standalone outlets has pushed operators to broaden the variety of services available (e.g. newspapers, free Wi-Fi internet, shoe polishing, etc.). Recent years have seen an increase in extensive advertisement and promotions, both meant to attract new customers and to maintain the interest of existing customers.

Below are the trends in the Restaurant sector:

- Urbanization and franchising will pave the way for modern outlets to develop.
- Diversification is likely to be a key trend as Vietnam sees increasing urbanization. More outlets have increased the amount of food services offered, especially during breakfast and lunch. This trend is especially evident in cafés/bars that traditionally only offered drinks, where food now accounts for over 20% of total sales.
- Increased attention to location and decor of the outlets. Outlets will be designed to promote convenience and a relaxing environment for customers.

- More value-added services will be offered. Take-away service and free Wi-Fi internet access are offered at many modern food service outlets. Online marketing is extensively used for its low cost and strong effects toward target customers: young consumers. Facebook, Zing Me, Yume and LinkedIn are the favorite social network sites on foodservice outlets.
- Large buildings (housing offices, residences, and supermarkets) often have dedicated spaces for a variety of food service operations.
- Cafeterias with big kitchens and modern interior decor can be found almost everywhere in major cities.
- Many new food service operations are opening, not only in major cities, but also in provinces receiving tourists and through urbanization projects. The growing tourist industry is pushing more provinces to develop their modern service sectors, including the food service sector.
- The leading food service chains continue to expand across Vietnam. Fast food chains are expected to open outlets in smaller cities as well.
- A wide range of new tastes and eating habits will be introduced. More sophisticated taste for a wider assortment of products is expected to develop.

Institutional: Catering businesses range from small to large-scale businesses and are categorized to serve the following customer groups: airlines, industrial parks, individual parties (wedding, birthday, anniversaries). These catering services use both local and imported food products, depending on their customers' requirements. Imported products include chicken meat, beef meat, French fries, sauces and seasonings, cheese, fresh fruits & vegetables, and seafood.

SECTION III. COMPETITION

Concerns about hygiene and food safety have significantly increased in the last few years in Vietnam, particularly when food poisonings have been reported. According to a World Health Organization report, more than 5,000 people were affected by food poisonings in 2014, of which 80% of the victims were hospitalized and 43 died. Thanks to the Internet, particularly social networking sites, Vietnamese consumers are quickly updated about food poisoning situations as well as causes. Consumers are more careful about the origins of the products they purchase.

Consumer-oriented products from Western countries, in general, and from the U.S., in particular, are perceived more hygienic and safer than those from some Asian suppliers. Recent discoveries on food treated/contaminated by toxic chemicals, which lead to food poisoning or possible cancer, have made Vietnamese consumers, especially inhabitants in urban areas, more cognizant of food origin, quality, and safety. Since the brand awareness remains similarly undeveloped, consumers often look at the product's origin before making their decision. Western products are much appreciated for their

consistently high quality and safety. On the other hand, they are often more expensive than the local and Asian produce, which have greater advantages mainly offered by lower import tariffs and geographic proximity.

The biggest competitors for U.S. foods in the food service market are France, Australia, New Zealand, South America (Argentina, Chile etc.); some ASEAN countries; China and the local food industry. Table 6 shows competitors for Vietnamese import market share for selected consumer-oriented agricultural products.

Table 6: Competition for U.S. Exports to Vietnam (Selected Products):

Product Category	Major Supply Sources and Total Value of Exports in 2014 (value in U.S. dollars and market share in %)	Strengths of key Supply Countries	Advantages and Disadvantages of Local Suppliers
Poultry Meat	USA – \$72 mil (10.3%) Korea – \$25 mil (3.6%) Brazil – \$24 mil (3.4%)	U.S. poultry products, particularly dark-meat chicken (leg quarters, drumsticks and offal), considered to be of consistent supply, and of high quality Brazil chicken wings are very competitive Korea is much closer to the Vietnamese market and has cheaper shipping costs.	Vietnamese consumers are accustomed to the taste of local chicken and from buying chicken from the wet market. Imported poultry products are widely used to serve low-income consumers who are workers in industrial zones, students at schools, and patients in hospitals due to the products competitive price.
Red Meats Fresh/Chilled	India (includes buffalo) \$2.2 billion (92.5%) USA – \$22 mil (0.9%) Australia - \$19 mil (0.8%). It's worth noting that exports of live cattle from Australia to Vietnam skyrocketed from to \$51 mil to \$168 mil.	To Vietnamese consumers, USA beef products are of higher quality but are also more expensive than Australian red meats. The price of buffalo meat from India is very reasonable in comparison to the local bovine supply.	Local beef production is limited and the quality of meat is not tender. Some key local players are importing Australian live cattle for slaughter in Vietnam.
Snack Foods	Indonesia-\$77.8 mil (43.4%) Malaysia - \$24.3 mil (13.6%) Thailand - \$18.1 mil (10%) USA – \$9.8 mil (5.4%)	Many big name snack food brands have processing facilities throughout Asia and export their products from those countries.	Local industry is still small but growing fast.
Fish and Seafood Products	Norway – \$133 mil (3%) Japan – \$172 mil (4%)	Many of these competitors benefit from proximity to Vietnamese market. Norway supplies mainly	Local production is very strong in seafood from tropical climates like catfish,

	USA – \$103 mil (2%)	salmon, and flatfish and ground fish. USA supplies mainly crustaceans.	tiger shrimp, tuna, etc.
Fresh Fruits	China – \$549 mil (56.7%) Thailand – \$170 mil (17.6%) USA – \$91 mil (9.4%)	Competitors like China and Thailand enjoy lower price levels and proximity to the Vietnamese market.	There is a wealth of fresh fruits available to Vietnamese consumers from the local market.
Fruit & Vegetable Juices	Brazil – \$1.9 mil (17%) China - \$1.7 mil (14.8%) Thailand - \$1.5 mil (13.2%) USA – \$1.4 mil (12.6%)	Made-in-USA is a symbol of high quality and consumers appreciate the quality of U.S. juices. Juices imported from South Africa and SEA countries are more competitive than U.S. juices.	Fresh-made juices are popular in Vietnam and more preferred to bottled juices.
Fresh Vegetables	China - \$549 mil (98.2%) USA - negligible	China enjoys proximity and low import duty for vegetables to the Vietnamese market. U.S. trade in this area is underdeveloped.	There are a lot of local fresh vegetables available. Vietnamese consumers are accustomed to buying fresh vegetables from the wet market.
Processed Fruit & Vegetables	China – \$774 mil (77.4%) Thailand - \$133 mil (13.3%) USA – \$32.6 mil (3.3%)	Top competitors enjoy proximity to the Vietnamese market.	Non-tropical fruits are imported from other countries.
Tree Nuts	USA – \$286 mil (21.2%)* Cote d’Ivoire - \$156 mil (11.6%)	USA products are different than what are available locally. Pecans, walnuts, almond and hazelnuts are the major U.S. tree nuts exported to Vietnam.	Cashew is the predominant local tree nut available.
Wine	USA – \$17 mil (15.4%) France – \$14 mil (12.6%) Chile - \$11.4 mil (10.2%) Australia - \$4.9 mil (4.4%) Italy - \$3.4 mil (3.1%)	Wine consumption keeps on increasing thanks to higher disposable income. Wines from well-known producing countries like USA, France, Chile, Australia and Italy are dominating the market for their premium quality and excellent taste.	Local wine industry is still very young and local wine is of low quality, mainly serving the low market segment.
Beer	The Netherlands - \$6 mil (16.9%) Belgium - \$5.7 mil (16.2%) USA - \$1.8 mil (5.2%) Germany - \$1.4 mil (4%) Czech Republic - \$0.9	Netherlands, through Heineken, enjoys the highest awareness among Vietnamese consumers. U.S. beer, through Budweiser, has become more popular in urban areas of Vietnam.	Local beer production has strongly expanded as a result of a great deal of foreign investment. Brands are Saigon beer, Hanoi beer, Heineken (locally produced), Tiger, San Miguel, etc.

	mil (2.8%)		
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Source: Vietnam Customs Data, World Trade Atlas, USDA/BICO reports

*Represents total tree nut exports landed in Vietnam, may not represent U.S. tree nut consumption in Vietnam.

SECTION IV. BEST PRODUCT PROSPECTS

Table 7 shows annual U.S. export growth in the Vietnamese market, current import tariff rates, key market development constraints, and market attractiveness for U.S. exporters of selected products. Many of the selected U.S. exports experienced growth in 2014 over 2013; some reached record highs, like cheese (248%), beer (90%), apples (64%), and seafood (198%). Overall U.S. exports of consumer oriented food products reached \$887 million in 2014, up 16.6% over 2013.

A. Products Present in the Market which have Good Sales Potential

U.S. chilled and frozen beef and pork are currently present in the Vietnamese market and have had spectacular growth over the last few years. While the worldwide and Vietnam economic downturns may reduce demand for these products in the short-run, chilled and frozen beef and pork continue to have good sales potential. Other U.S. products that are already present in the Vietnamese market and continue to have good sales prospects include dairy products, fresh fruit, dried fruits and nuts, beer and wines. The next most important U.S. sales items in the food service sector are processed fruit and vegetables and other canned foods (mixed fruit cocktail and canned meat). Some of the best-selling processed foods include frozen French fries, snack food (potato chips); biscuits/crackers, popcorn, condiments (dressing and sauces), and wine.

B. Products Not Present in Substantial Quantities, Which Have Good Sales Potential

There are good opportunities for sales of other U.S. high value items. Many of these are not yet in the market in significant quantities due to different reasons, not limited to high import duties, complicated import/export procedures and intense competition. These include U.S. craft beers, whiskey, baby food, ginseng, fresh potatoes, cheese, fruit juices, chocolate, and live seafood (specifically live lobster).

C. Products Not Present, Which Face Significant Trade Barriers

Over twenty years of normalized diplomatic relations between the U.S. and Vietnam, USDA has facilitated access to the Vietnam market for almost all U.S. consumer-oriented agricultural products. The only products that face restrictions are fresh fruit and vegetables that do not formally have market access and select white offal products from beef, pork, and poultry which continue to face market restrictions.

Table 7: Product Prospects in the Vietnamese HRI Food Service Market
(Value in thousands of USD)

Products	Import Duty (Preferential rate offered to MFNs)	2014's Vietnam Import	Full year 2013 U.S. Exports	Full year 2014 U.S. Exports	% Growth	2014 Market share of U.S. (%)	Competing Countries	Market Attractiveness for US products
Cheese (HS 040620, 040630, 040640, 060490)	10%	20,085	155	539	247.7 %	2.7%	France, New Zealand, Australia, Holland	Small domestic production. Young consumers drive cheese demand. Western-styled Fast food Restaurant Sector is growing fast.
Condiments (HS2103)	20 - 35%	35,021	980	1,250	27.6%	3.6%	Thailand, Malaysia, Japan, HK, South Korea, China	The growing HRI, especially fast food sector, and growing retail sector strongly support US condiment sales.
Wine (HS2204)	50%	111,380	12,673	17,117	35.1%	15.4 %	France, Chile, Australia, Italy	Demand for wine is growing. Consumers have better knowledge of quality which is driving demand for higher value products.
Vegetable Preparation (mainly potatoes -HS 200410)	13%	6,343	4,285	4231	-1.3%	59.5 %	France, Belgium, Holland	Fast expansion of fast food chains and more recipes using potatoes on menus of full service restaurants help increase sales.
Beer (HS2203)	35%	35,410	965	1,835	90.2%	5.2%	Holland, Belgium, German	Super-fast growing sector.
Raisin (HS 080620)	13%	8,616	5,602	5,574	-0.5%	64.7 %	China	Raisins are increasingly popular. Potential for marketing other dried fruit (e.g. cranberries) especially as inputs for baked goods.
Snack Foods, Cookies, Chocolates	15 - 40%	179,379	6,057	9,759	61.1%	5.4%	Indonesia, Thailand, Malaysia	Potato chips, nuts, biscuits, and cookies are quite popular. Fast expansion of supermarkets and convenient stores offer more opportunities.
Fruit Juice (HS 2009)	20-35%	11,308	1,191	1,429	19.9%	12.6 %	Thailand	Fast expansion of supermarkets and convenient stores offer more opportunities.
Apples (HS 080810)	10%	187,110	33,061	54,155	63.8%	28.9 %	China, New Zealand	Apples from USA, especially from Washington State are becoming increasingly popular. Concerns on Chinese apples' quality and safety offer more opportunities for U.S.

								apples.
Pork Meat & Offal (HS0203)	15% - 25%	130,334	2,981	1,516	- 49.1%	1.2%	Canada	Pork meat consumption will continue to increase due to increasing population, growing food processing sector and also HRI.
Whiskey & Spirits (HS2208)	45%	908,043	9,066	6,973	- 23.1%	0.8%	France, Scotland	Increasing middle class and improving disposable income drive demand for whiskey and spirits, more and more clubs and bars operate in urban area.
Table Grapes (HS 080610)	10%	133,297	21,136	20,255	-3.8%	15.2 %	China, Australia	Grapes from the US are well-known for high quality and consistent supply.
Food Preparation, Functional Foods (HS 2106)	5%-25%	481,146	53,991	66,552	23.27%	13.8 %	China, Holland	Consumers concern more about food safety and health, which drives demand for nutritional and healthy products.
Fish & Seafood (HS 0302-0307)	10%-20%	4,539,152	34,853	103,878	198.04%	2.3%	Australia, HK, Japan, Norway, Thailand, Canada	Increasing middle class and improving disposable income drive demand for more sophisticated and fancy seafood like lobster, king crab, codfish, etc. More and more high-end seafood restaurants operate in urban areas. Fast growing seafood processing sector.
Nuts	20%-33%	1,346,190	236,073	285,382	20.9%	21.2 %	Hong Kong	Pistachios nuts are especially popular. Almond nuts are healthy products. Fast growing bakery sector.
Poultry meat and Offal (HS)	20%-40%	696,448	69,209	71,905	3.9%	10.3 %	Brazil	Demand for reasonable-priced dark-meat, e.g. leg quarters, drumsticks and wings continue to grow due to increasing population and strong demand from food catering sector
Dairy products (HS 0401; 0402 & 0404) incl. lactose	0%-15%	694,123	217,857	234,829	7.8%	33.8 %	New Zealand, Australia	Domestic milk production is small. Recent reductions in import tariffs. Consumers, especially children and young people consume more milk than before.

Beef Meat and Offal	15%-31%	2,678,879	26,083	21,857	- 16.2%	0.8%	Australia, India	US beef is well-known for its quality and its taste. US beef demand is driven by the increasing middle class and improving disposable incomes. Demand for reasonable-priced beef cuts (secondary cuts) will show strong growth in the near future due to increasing limited domestic supply.
TOTAL CONSUMER-ORIENTED FOOD IMPORTS		10,568,458	760,810	887,481	16.6%	8.4 %		In a long term view: fast growing economy, increasing middle class, increasing disposable income, growing HRI sector, Retail Sector and, Food Processing Sector.
TOTAL CONSUMER ORIENTED & EDIBLE FISHERY IMPORTS		15,107,610	795,663	991,359	24.6%	6.6%		

Source: USDA/BICO, World Trade Atlas, Vietnam Customs Department

*Represents total tree nuts exports landed in Vietnam, may not represent U.S. tree nuts consumption in Vietnam.

SECTION V. POST CONTACT AND FURTHER INFORMATION

U.S. Department of Agriculture / Foreign Agricultural Service

First point of contact for updated reports and trade data is the USDA/FAS Web Page:

<http://www.fas.usda.gov>. The FAS website 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. USDA's Foreign Agricultural Service, (FAS) State Departments of Agriculture and the industries fund the SRTGs. These organizations carry out promotional activities that help to increase exports of U.S. high-value food and agricultural products. Activities of these organizations are directed by state departments of agriculture and state agricultural promotion agencies and are coordinated with FAS offices in Washington and overseas. 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 in markets 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, Washington; the Food Export Association of the Midwest in Chicago, Illinois; the Southern U.S. Trade Association (SUSTA) in New Orleans, Louisiana; and Food Export USA-Northeast in Philadelphia, Pennsylvania. Refer to FAS’s website for more details.

http://www.fas.usda.gov/agx/counseling_advocacy/srtg_directory.asp

FAS Cooperators and Participants

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 activities overseas 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>

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Website: <http://www.tcvn.gov.vn>

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Website: <http://www.quatest1.com.vn/>

Contact: Mr. Kim Duc Thu, Director

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QUATEST 3 (Quality Assurance and Testing Center 3)

49 Pasteur, District 1, Ho Chi Minh City, Vietnam

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Website: <http://www.quatest3.com.vn/>

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Website: <http://www.mpi.gov.vn>

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Email: skhdt@tphcm.gov.vn

Contact: Mr. Thai Van Re, Director

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General Department of Vietnam Customs

Address: 162 Nguyen Van Cu, Long Bien, Hanoi

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Website: <http://www.customs.gov.vn>

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Department of Customs - Ho Chi Minh City

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Website: www.haiquan.hochiminhcity.gov.vn

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Email: webmaster@vcci.com.vn

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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.tuoiitrenews.vn/>

Thanh Nien News <http://www.thanhniennews.com>