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Report Highlights:

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General Information:

Welcome to "News Summary" from Vietnam, an occasional summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within Vietnam, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues may be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Mission to Vietnam's, or any other U.S. government agency's point of view or official policy.

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Author Defined:

Vietnam bucks the trend by boosting exports to United States

Vietnam was the only one of the top 30 exporters to the United States to increase shipments to the world's largest economy during the first four months of the year, benefiting from clothing and footwear production.

Vietnam is benefiting from a “rebalancing” in exports amid the global economic recession, due to lower labor costs and because many companies are reluctant to become too dependent on Chinese production, the American Chamber of Commerce in Ho Chi Minh City said in a monthly note sent out this week.

Vietnamese apparel shipments to the United States rose 4 percent through April to \$1.55 billion, while footwear shipments grew 23 percent to \$460 million.

Vietnam's furniture exports to the United States fell nine percent to \$407 million, while Chinese shipments declined 17 percent.

Coffee exports to the United States slipped 25 percent to \$97 million. Vietnamese coffee production may decline by seven percent in the 2009/2010 crop year, the United States Foreign Agricultural Service said this month in a note posted on its website.

(Source: Thanh Nien News, June.18)

Catfish exports expected to regain momentum

Vietnam catfish exports promised to grow due to the appreciation of the Euro against the U.S. dollar, as Europe is the main export market for the Vietnamese aquatic product, while Russia has resumed imports, according to the Vietnam Association of Seafood Exporters and Producers.

The growth rates of catfish exports to the European Union, the United States, and Egypt rose by 14-16 percent, 78 percent, and 82 percent, respectively, over the first five months of this year, as foreign consumers have been buying inexpensive food products, including catfish, in the face of the economic turmoil.

(Source: Saigon Times, June.18)

Financial incentives proposed for catfish farmers

The Mekong Delta's An Giang Province is seeking government approval to offer one year wholly-subsidized loans and

one year 4 percent-subsidized loans to catfish farmers who applied for loans before or after May 1, respectively, and to extend deadlines on old loans to assist them with fresh loans. About 2,900 catfish farming families in the province this year have accumulated an overdue debt of about VND 1.5 trillion (USD \$85 million).

(Source: Vietnam News, June.19)

Government asked to cut import tax on raw seafood

The Vietnam Association of Seafood Exporters and Producers (VASEP) wants the government to lower the import tariffs on raw seafood, now that local production has been pared to the bone.

Vice Chairman Nguyen Huu Dung says seafood processing companies are importing up to 70 percent of their supplies, so the 10-20 percent import duty is a heavy burden for them.

According to VASEP, it will be difficult for the industry to meet this year's export target of \$4.5 billion, both because of the global economic contraction and the reduced amount of fish farming in Vietnam after last year's heavy losses.

In the first five months, the country shipped slightly over \$1.3 billion of seafood abroad, down 9.4 percent from a year earlier.

(Source: Thanh Nien News, June.19)

State scraps rice export quotas

The Vietnamese government announced on Monday that it would scrap provincial rice export quotas in order to free the market. The Prime Minister called on provincial people's committees to cooperate with state offices to help enterprises boost rice consumption.

The Ministry of Industry and Trade and the Ministry of Agriculture and Rural Development plan to hold meetings with provincial authorities that export large volumes of rice in order to find local representatives for the government's rice export management team, according to Prime Minister Nguyen Tan Dung.

The Trade and Industry Ministry, the Vietnam Food Association, and people's committees must boost trade promotion activities and seek new markets to increase rice exports, he said.

The association's members should also not yield to pressure to reduce the rice export price, he said. They should also speed up delivery times, boost marketing activities, and resolve commercial disputes. The Prime Minister also called on the Ministry to complete regulations on rice export management.

(Source: Vietnam News, June.17)

Rice export price surges on growing demand from abroad

Growing demand on international markets has fueled a rice export price hike in Vietnam, the Ministry of Agriculture and Rural Development said Tuesday.

The export price of the 5 percent broken rice grade, Vietnam's best export variety, is now selling for \$405-410 per ton, \$10 higher than early this month. The export price of the 10 percent and 15 percent broken rice grades have also increased since earlier this month, said a *Saigon Giai Phong* newspaper report without giving the price.

Local rice exporters registered to export 285,000 tons of rice in just the first ten days of this month, according to figures from the Vietnam Food Association. Around 4.76 million tons have been ordered so far this year, of which 3.2 million tons, worth \$1.3 billion in total, have already been shipped, according to the association.

(Source: Thanh Nien News, June.18)

Wood processors ink deals for Q3, Q4

Many wood processing enterprises in Vietnam have clinched new export deals despite the economic slump, said

Nguyen Ton Quyen, general secretary of the Vietnam Forestry and Wood Products Association. Revenue from wood exports in the first half of this year fell by 10 to 15 percent year-on-year to about \$1.26 billion, as revenue from exports to the European Union and the United States fell by 8-10 percent and 10 percent, respectively.

(Source: Saigon Times, June.18)

Feed prices are farmers' last straw

Rising feed prices have forced a significant number of catfish, shrimp, and livestock breeders in the southern region to give up their jobs.

More than 30 percent of catfish breeders in the Cuu Long (Mekong) Delta have stopped their businesses because of losses caused by high fish-feed prices, according to the Vietnam Association of Seafood Exporters and Processors (VASEP). Many shrimp ponds in the region were also idle for the same reason.

Farmers who raise pigs and chickens were also suffering losses because of the rise in animal feed prices that changed five times last month. One kilogram of chicken cost \$1.20 to produce, but had to be sold for just \$1.10, said Pham Van Minh, who owns a farm in Ho Chi Minh City.

Experts noted that while livestock breeders had expanded production over last year by 15 to 20 percent, the area for catfish and shrimp breeding in the Mekong delta fell sharply by 50 percent.

(Source: Vietnam News, June.19)

Hanoi encourages more slaughterhouses in city limits

The Hanoi People's Committee has offered incentives for enterprises to build slaughterhouses in the city, in part to help improve the city's supply of safe and hygienic food.

Under the decision to take affect on June 20, projects on building and upgrading slaughterhouses and livestock and poultry processing enterprises will receive financial support.

(Source: Vietnam News, June.15)

Vietnam plans to create deeper ports

The Ministry of Transport plans to submit the Vietnam Seaport System Master Plan with an outlook to 2030 to the Prime Minister this month.

Last month the Saigon port started construction of a new port called the Saigon-Hiep Phuoc port, with a total investment of more than \$337 million on 100 hectares in Hiep Phuoc commune, Nha Be district.

In the north of the country, Haiphong remains an important international gateway. The director of the Haiphong port said that from 2020 to 2030 the port would develop its deep water port system, primarily southeast of Cat Hai Island over an area of 825 hectares. On the Chanh River in the Quang Ninh region a port with capacity of up to 50,000 DWT, ship-building factories, and maritime service zones are also planned.

Nguyen Ngoc Hue, deputy director of the Vietnam Maritime Administration, said the most modern seaport group in Vietnam would be located in southern Vietnam on the Thi Vai River. In the northern city of Haiphong, Vinalines will soon launch construction of the Lach Huyen Port Zone with the designed capacity of 4,000-6,000 TEU.

(Source: Vietnam News, June.16)

Saigon Co.op expands food store chain

Saigon Co.op, Vietnam's leading retail store chain operator, will open its fourth convenience food store today in Ho Chi Minh City, five months after it opened the first one there.

Saigon Co.op expects to open 20 such stores in Ho Chi Minh City this year, and will increase the number to 120 by 2012. It will join forces with other real estate developers to operate these stores covering 100 to 500 square meters each.

(Source: Saigon Times, June.18)

Vietnam carving a niche in health food industry

Local entrepreneurs are taking advantage of growing health-consciousness at home and abroad by producing health foods with Vietnamese materials.

Vietnam Plant Oil and Food Processing exports large orders of tablets made from fruit *gac*'s oil (known as Bitter Mellon or momordica) to the United States and Germany. Nguyen Cong Suat, founder of the company, said he exported about 15-16 million tablets last year to earn about \$560,000, accounting for 40 percent of the company's annual revenue.

Huong Thanh Company manufactures drinks, liquor, powder and soap from *trai nhau*, a fruit known as noni (*Morinda citrifolia*), all of which help those afflicted by common colds, cancer, diabetes, asthma, hypertension, pain, skin infections, and depression.

The company exports 60 percent of its products to Japan, Korea, Australia, Myanmar and Latin American.

Local food producer Kim Bac Company plans to open its Organic Nutrition Center in Ho Chi Minh City's District 1 next month. The \$220,000 center will sell both local and foreign health food products, while also providing customers with nutrition advice. The center's director said the company plans to open three centers in the city this year and more in other cities and provinces in the future.

(Source: Thanh Nien News, June.18)

Vissan signs deal with Lao food company

The Vietnam Animal Products Corporation (Vissan) on Wednesday signed an agreement with Lao's Mittaphab Agriculture Development to help Lao Companies develop slaughter and meat processing industries.

Vissan will also join hands with Lao partners to develop a food distribution network, besides exporting high-quality processed foods to that country.

(Source: Saigon Times, June.19)