



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - Public distribution

**Date:** 3/27/2009

**GAIN Report Number:** VM9024

## Vietnam

### Agricultural Situation

#### News Summary #6

2009

**Approved by:**

Michael Riedel - Ag Attache  
US Consulate in HCMC

**Prepared by:**

Dong Phuong, Tran Quan

---

**Report Highlights:**

\* Export rise helps secure Q1 trade surplus \* Exporters eye South America \* Seafood exports drop 10% in Q1 \* Marketing helps wood processors offset recession \* Exporters eye South America \* Land shrinks for cotton cultivation \* Farmers need more land for longer period

---

Includes PSD Changes: No  
Includes Trade Matrix: No  
Trade Report  
Ho Chi Minh City [VM2]  
[VM]

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.

### **Export rise helps secure Q1 trade surplus**

The trade balance swung into surplus in the first quarter of 2009, as the country managed to post an increase in exports amid the global recession.

Vietnam reported a trade surplus of \$1.65 billion, compared with a deficit of \$8.35 billion in the same three-month period a year earlier, the General Statistics Office said in Hanoi yesterday. Exports rose 2 percent to \$13.48 billion, while imports tumbled 45 percent to \$11.83 billion.

Rice shipments last year jumped 76 percent by value to \$785 million. Vietnamese rice exports will probably rise 12 percent by volume for the year to a record 5.2 million tons, the US Foreign Agricultural Service predicted this month.

Vietnam's 25 percent broken-grain rice, its cheapest export variety, averaged \$393 per ton in February, according to the Food & Agriculture Organization.

*(Source: Thanh Nien News, Mar.25)*

### **Seafood exports drop 10 percent in Q1**

The General Statistics Office estimates the value of seafood exports for the first quarter of 2009 at \$714 million – 10 percent less than the first three months of last year.

The office attributes the first-quarter decline to falling demand from such traditional markets as Japan, the United States, and the European Union, whereas demand from new markets like China has increased.

This year's exports were forecast to decline 30 percent against last year, said Le Van Quang, deputy chairman of Vietnam's Association of Seafood exporters and Producers (VASEP) and general director of Minh Phu Seafood Joint Stock Company.

*(Source: Viet Nam News, Mar. 25)*

### **Marketing helps wood processors offset recession**

Some wood companies in Binh Duong Province have just signed contracts worth nearly \$600,000 with customers from new markets (Denmark, Norway, and Germany), attributing their success to active promotion programs.

Tran Quoc Manh, deputy chairman of the Ho Chi Minh City Handicraft and Wood Industry Association (HAWA) said the more difficulties wood companies face, the more money they need to spend on promotion to find new customers.

The association spent \$150,000, twice as much as last year, to organize the Vietnam International Furniture and Home Accessories Fair (VIFA) 2009 earlier this month. The increased spending produced results, with 700 international delegations visiting the fair, the signing of 129 export contracts and memorandums (also double last year's figure).

*(Source: Thanh Nien News, Mar. 26)*

*Post comment.*

As reported in GAIN report VM9018, the American Hardwood Export Council had a booth at the VIFA show.

### **Exporters eye South America**

Vietnamese businesses are eyeing the South American market, hoping to export certain competitive products like seafood, garments, and art and handicraft items, trade officials said.

Many Vietnamese companies have gone to Brazil in the last few years to look for business opportunities. Chile is also seen as a promising market, with the Vietnamese trade office there actively supporting businesses from back home.

*(Source: Viet Nam News, Mar. 23)*

### **Land shrinks for cotton cultivation**

The price of cotton has not risen enough to convince many farmers to switch from other crops to cotton.

Farmers rushed to grow cassava or Japanese sweet-potato despite high demand for raw cotton, because profits from these were much higher than that of cotton. Moreover, the import price is lower than the domestic price of cotton, so companies prefer to import cotton, said Tran Van Hung, Director of the Institute of Cotton Research and Development.

According to the Deputy General Director of the Vietnam Textile and Garment Corporation, cotton growers need further government assistance, as the country's raw cotton production failed to meet the textile industry demands.

*(Source: Viet Nam News, Mar. 23)*

### **Farmers need more land for longer period**

Time limits on the use of farmland and restrictions on the size of landholdings are stymieing rural development, farmers and agriculture officials said at a conference organized by the Ministry of Agriculture and Rural Development to discuss changes to the Land Law.

The current Land Law allows farming households to have a maximum of three hectares each for agricultural production. It also limits the duration of the land-use rights: 20 years for annual crops and 50 years for perennials.

Officials from the provincial Department of Agriculture and Rural Development suggested farmers be allowed to own land-use rights to five hectares of farmland instead of three. They also said the Land Law should allow each farming household to keep the land for at least 50-70 years.

The farmland limit not only causes difficulties for farmers but also discourages investors aiming to open large-scale breeding facilities or build craft villages, the conference heard.

*(Source: Thanh Nien News, Mar. 25)*

## **POST CONTACT AND FURTHER INFORMATION**

Foreign Agricultural Service / Agricultural Affairs Office  
U.S. Embassy – Annex Building  
Rose Garden Building, 3rd Floor

170 Ngoc Khanh, Ba Dinh District, Hanoi, Vietnam  
Tel: 84-4-3850-5000  
Email: AgHanoi@fas.usda.gov

Foreign Agricultural Service / Agricultural Affairs Office  
U.S. Consulate General  
Saigon Center, 9th Floor  
65 Le Loi Street, District 1, Ho Chi Minh City, Vietnam  
Tel: 84-8-3825-0502 Fax: 84-8-3825-0503  
Email: AtoHoChiMinh@fas.usda.gov