



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - Public distribution

**Date:** 06/05/2009

**GAIN Report Number:** VM9056

## Vietnam

### Agricultural Situation

### News Summary No. 16

2009

**Approved by:**

John Wade - Ag Counselor  
US Embassy - Hanoi

**Prepared by:**

Dong Phuong, Tran Quan

---

**Report Highlights:**

\* Dragon fruit doing well in US \* Agricultural exports rise just 1% \* Aquaculture to double  
\* Pepper exports rise in volume, fall in value \* Rules issued for rice exports \* Weekly shipping  
service starts to United States \* Cashew nut exports drop 16% to \$251m \* Agriculture bio-tech  
boost in the works \* Produce exporters need to up game \* Ministry announces climate plan for  
agricultural sector \* Global crisis hits farmers hard, says new research \* High goals set for  
cacao farming \* Rice exporters call for helping hand

---

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.

### **Dragon fruit doing well in US**

Dragon fruit from Viet Nam have made a strong comeback to the US market since the middle of last month, said a senior agricultural ministry official.

Vietnamese dragon fruit, which was airlifted to the US, was selling for about US\$5 per pound, according to Nguyen Huu Dat, director of the Ministry of Agriculture and Rural Development's Post-imports Plant Quarantine Centre II.

Dat, who has been on a fact-finding tour to the US, said Vietnamese dragon fruit was selling well in Chinese and Vietnamese markets like the May Hao Market in Arkansas, Hong Kong Market Place and Nam Hung Supermarket in Texas. The stores did not have enough dragon fruit to sell, Dat said.

*(Source: Vietnam News, June 04)*

### **Agricultural exports rise just 1%**

Viet Nam earned US\$6.44 billion from agro-forestry and seafood exports in the first five months of 2009, a year-on-year rise of just 1 per cent.

The ministry's figures show that coffee exports were up 37 per cent in volume at \$1 billion, but down 0.4 per cent in value. Forestry and seafood exports suffered the same fate during the period, with turnover reaching \$1 billion and \$1.36 billion, down 17 per cent and 10 per cent from the same period last year, respectively.

Rice recorded the highest and steadiest growth, fetching \$1.5 billion between January and May, a year-on-year increase of 17 per cent.

The agricultural sector spent less on imports, as well. The sector spent only \$77 million on pesticides and \$65 million on timber, year on year drops of 29 percent and 46 percent, respectively.

*(Source: Vietnam News, June 03)*

### **Aquaculture to double**

Viet Nam has set a 6.5 million ton aquaculture production target for \$7 billion in turnover by 2020, a \$3.2 billion increase compared to 2008.

This target is one of several objectives in the draft "Development Strategy for the Fishery Sector by 2020" prepared by the Ministry of Agriculture and Rural Development.

An estimated \$3.8 billion will be needed to implement the strategy, which will be raised from a variety of sources including organizations, individuals, the State budget and foreign direct investment.

To achieve the target, Ministry Deputy Nguyen Viet Thang said that the sector should look at both foreign and domestic markets. Along with traditional markets such as China, South

Korea, Australia and Russia, Viet Nam would try to consolidate and develop major markets including the United States, the European Union and Japan, said Ministry Deputy Vu Van Tam.

*(Source: Vietnam News, May 29)*

### **Pepper exports rise in volume, fall in value**

Black pepper exports in the first five months of the year increased in volume but declined in value, according to the General Statistic Office (GSO).

Export volume reached 52,000 tons during the period, a year-on-year increase of 43.3 per cent, but export value declined 6.2 per cent compared to the same period last year, falling to \$122 million.

The shrinking export value was due to a 30-per-cent decline in world pepper prices from the same time last year. Things were looking up, however, with world supplies falling short of demand and prices rising by VND4-6 million per ton since the beginning of this year, said Viet Nam Pepper Association chairman Do Ha Nam.

*(Source: Vietnam News, May 30)*

### **Rules issued for rice exports**

Deputy Prime Minister Hoang Trung Hai has issued instructions intended to ensure the effective management of rice exports to the end of the year.

"Ministries, State sectors, provincial people's committees and the Viet Nam Food Association, VFA, will have to further tighten their co-operation to ensure rice exports are managed as required," he said.

The deputy Prime Ministry has instructed the Ministry of Industry and Trade to work with other sectors, ministries and the VFA to adjust and add to Decree 12/2006/ND-CP governing the management of rice exports.

The draft stipulates the conditions for exports. These include the holding of a domestic rice-trading license; a standardized storage system; a processing system; transparent finances and the required reserves of the grain.

*(Source: Vietnam News, May 30)*

### **Weekly shipping service starts to United States**

Container shipping firm APL yesterday launched a weekly direct container shipping service between Viet Nam and the United States, which is the destination for about 20 per cent of all outgoing freight heading across the Pacific from Viet Nam.

The new service, called PS1, will offer fast transit times from Viet Nam to the United States west coast, taking just 15 days to reach Seattle and 16 days to Los Angeles, according to the APL.

The APL already makes weekly calls covering the entire country – from HCM City in the south, Da Nang in the central region and Hai Phong in the north. These connect via feeder ships to strategic hubs and then into APL's global network.

*(Source: Vietnam News, Jun 04)*

### **Cashew nut exports drop 16% to \$251m**

Vietnamese exports of cashews dropped 16.1 per cent to US\$251 million in the first five months of this year compared to the same period last year. However, export volume was down just 1 per cent to 57,000 tons, according to the General Statistics Office.

The Viet Nam Cashews Association said the decline was mainly due to the global economic crisis that had hit consumption in the United States, the largest importer of Vietnamese cashews, and Europe.

This year, the country expects to export 175,000 tons of cashew nuts, earning \$875 million. That figure would represent an increase of 6.55 percent in volume but a decline of 3.25 percent in value compared with last year.

*(Source: Vietnam News, Jun 04)*

#### **Agriculture bio-tech boost in the works**

Viet Nam is striving to make its agricultural bio-technology one of the best in Southeast Asia, with the aim of having the sector become world class in some fields by 2020, said the Chief Administrator of the Bio-technology Program, Pham Van Toan.

According to the plan, new crop varieties developed by bio-technological techniques will account for between 70 per cent of cultivated areas across the nation, of which genetically modified plants will account for between 30 and 50 per cent. In addition, 70 per cent of all breeds will be resistant to diseases while bio-fertilizers will be used for at least 80 per cent of the agricultural industry.

Viet Nam has made initial steps in the field and bio-technology development and application in agricultural production has achieved positive results over two years of implementation, said Toan.

In an effort to foster bio-technology development, the Vietnamese Government has encouraged all economic sectors to invest in the industry by offering incentives, which include preferential rates on taxes and land rentals and bank loans to help the industry to promote, transfer and import modern technology.

*(Source: Vietnam News, May 30)*

#### **Produce exporters need to up game**

Vegetable and fruit exporters should raise their competitiveness and make full use of every opportunity available amid the global economic downturn, the Vietnam Fruit and Vegetable Association told a workshop in HCM City on May 29, 2009.

Viet Nam Trade Promotion Agency (VIETRADE), the seminar organizer together with the city-based International Trade Centre, said fruit and vegetable exporters should focus on Asia-Pacific markets such as mainland China, Taiwan, South Korea and Japan.

Fruit ideal for export, like mango, pineapple, dragon fruit, persimmon, avocado, mangosteen, banana and pomelo, should be developed along with fresh vegetables like asparagus, fine bean, loofah, carrot, chili, ginger, mushroom, garlic and taro, it said.

Exporters said that they were trying their best to retain their export markets in the context of the economic downturn, adding they were also trying to improve quality and promotion with support from Sweden and Switzerland.

*(Source: Vietnam News, June 01)*

#### **Ministry announces climate plan for agricultural sector**

A program to heighten the capacity of the agricultural sector to meet climate change challenges during the 2008 - 2020 period was officially announced by the Ministry of Agriculture and Rural Development on Friday.

The goal of the program is to ensure safety and stability for residents in coastal, mountainous areas, central and Mekong Delta provinces. It aims to maintain 3.8 million hectares for rice cultivation of two crops each year, protect dyke systems, infrastructure facilities as well as public works.

To achieve this goal, the ministry will set up detailed action plans and come up with policies to support sustainable production in areas most affected by natural disasters.

*(Source: Vietnam News, June 02)*

### **Global crisis hits farmers hard, says new research**

Farmers were the first victims of the economic downturn, proven by a rise in jobless rates, the percentage of hungry homes and in cuts for household expenses.

This was a conclusion of the Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD)'s recent research on the influence of the economic recession on laborers, jobs and farmers' lives.

According to the research, since the beginning of the year, 22 per cent of migrant laborers had returned to their home provinces because they had lost their jobs. Specifically, the figure was 22.5 per cent in Nam Dinh Province and 21.1 per cent in Lang Son Province.

The higher the contributions from agriculture to the GDP, the greater the immigrant jobless percentage: 25 percent in agricultural communes, 20.5 percent in semi-agricultural communes and 18.5 percent in non-agricultural ones.

Explaining the relationship between agricultural GDP and the jobless rate, it is said that communes with high contributions of farming production to their GDP were those mainly producing agricultural products or making handicrafts, and most of their products were exported. People seeking jobs in cities and industrial zones were often those losing land and having land withdrawn or rented away from them. Upon returning to their homes, most of these laborers did not have land for agricultural production, thus becoming unemployed. The situation was worsened when 71.6 per cent of communes in four provinces surveyed said that their agricultural products had to be sold at prices 14 per cent lower than those of the previous year.

Fourteen per cent of communes reported that some products couldn't be sold at all. No jobs meant no money, which forced farmers to tighten their belts.

IPSARD director Dang Kim Son also said that the economic downturn had caused a lot of households to fall below the poverty line.

*(Source: Vietnam News, June 05)*

### **High goals set for cacao farming**

HCM CITY - A plan to develop cacao farming through 2015, which envisages increasing the area under the crop more than six-fold, has been submitted to the Ministry of Agriculture and Rural Development for consideration.

The program, drawn up by the Viet Nam Cacao Coordination Committee (VCC) and the Ministry's Cultivation Department, also seeks to gain around 52,000 tons of dried cacao by 2015, and expand export value to DS\$50-60 million.

Cacao is used to make chocolate and cocoa, among other produce.

The area under the crop, to be increased to 60,000 hectares in 2015 from the current 9,653ha, will be increased further to 80,000 ha by 2020. The output will then go up to 108,000 tons and export value to \$100-120 million.

In 2008 the total area exclusively under cacao increased by only 542ha and the area where, cacao trees are planted along with other crops increased by 928ha.

By the end of last month, the former had risen to 1,315ha and the latter to 8,368ha, mainly in the Central Highland province of Dak Lak and southern Ben Tre, Tien Giang, Binh Phuoc.

To achieve the goals, MARD officer said, the Government should develop cacao in the same way as other key crops.

*(Source: Vietnam News, June 05)*

### **Rice exporters call for helping hand**

Deputy Prime Minister Hoang Trung Hai and representatives from the Ministry of Agriculture and Rural Development and Cuu Long (Mekong) Delta provinces sat down on June 4, 2009 to look for a solution for sluggish rice sales.

Despite optimistic signs in the first five months of the year, recording figures of 2.7 million tons, rice prices were now quickly falling.

The drop has cut into farmers' profits, and most Mekong Delta provinces are now asking the Government to raise export quotas and demands for a rice buffer stock. According to these provinces, the assigned quota had not reflected their real capacity.

The provincial representatives asked for more export quota from now to the end of 2009.

In response to provincial requirements, the Deputy Prime Minister said that the Government had never limited exports of rice, but adjustments should be made carefully and based on many key factors, including market prices and productivity.

Up to now, all Mekong provinces have already finished the winter-spring harvest, yielding 9.92 million tons of paddy rice. The Ministry of Agriculture and Rural Development (MARD) further predicted that three crops this year would yield around 20.7 million tons of paddy rice, approximately 10.4 million tons of husked rice.

"With such a large quantity of rice in stock, the total amount of exported rice for the whole year will likely reach over 5 million tons," said Truong Thanh Phong, VFA chairman.

Nevertheless, the world market was very unpredictable, and there had been signs of fierce competition among several major rice exporters. "Thailand is going to export around 3.8 million tons of rice, and India will export 2 million. Importing countries will stop buying and wait for further information, as rice prices plummet worldwide, " Phong said.

As additional precautions against the decreases in rice prices, Minister of Agriculture and Rural Development Cao Duc Phat has asked provincial authorities to encourage local farmers to grow high-quality rice instead of regular low-quality rice

*(Source: Vietnam News, June 05)*

**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