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Report Highlights:

The United States is largest agricultural trading partner with Vietnam that does not have an FTA with Vietnam. The MFN tariff rates that apply to U.S. agricultural products are substantially higher than those stipulated in Vietnam's many FTAs. As a result, U.S. agricultural products trade at a substantial disadvantage to competitor countries. The impact on U.S. market share is undeniable, and will continue to accelerate as recent FTAs, such as the EVFTA, are phased in. Should this situation continue, Post forecasts that the U.S. will continue to lose market share, especially in higher-value products.

I. Executive Summary

The U.S. continues to lose market share in Vietnam's market for high-value food and agriculture products, due in significant measure to a profound disadvantage in tariff rates. The U.S. is the sole major agricultural exporter to Vietnam that is not party to any of the many FTAs that Vietnam has negotiated.

Aggregate export statistics tend obscure the losses in market share for two reasons. First, Vietnam's total agricultural imports continue to rise along with consumer demand, so US exports can remain stable even as market share falls. Second, losses in market share are concentrated in high-value products where the impact of tariffs is highest. Bulk commodities, imported as manufacturing inputs (cotton and lumber) or for feed and flour milling (corn, soybeans, DDGS, and wheat) have low to zero MFN tariff rates, resulting in less of a disadvantage.

By contrast, high-value products have relatively high MFN tariff rates, with fresh fruit ranging from eight to twenty percent. Most FTAs include a gradual phase-in for tariff reductions. Final EVFTA tariffs, for example, go into effect on dates ranging from 2025 to 2030 depending on the product. This means that losses in U.S. market share will continue to accelerate over time. Table 1 below provides selected examples of the difference in tariffs, and in the gradual erosion of U.S. market share. More detailed analysis for a wider range of products is offered in Section III of this report. It is worth noting that losses are greatest for products with numerous alternative suppliers, such as wine. For products with fewer competitors, such as tree nuts, US market share remains high.

Table 1: Tariff rates and U.S. market share for selected products

	2019	2020	2021	2022	2023
Beef (bone-in cuts)	MFN Tariff: 20% FTA Tariffs: 0% (CPTPP; EVFTA; EAEU; AANZFTA)				
US Market Share (%) (all beef)	39	30	17	28	12
Grapes	MFN Tariff: 8% FTA Tariffs: 0% (CPTPP; EVFTA; EAEU; AANZFTA)				
US Market Share (%)	14	10	12	10	7
Wine	MFN Tariff: 50% FTA Tariffs: 22% (CPTPP*); 18.7 (EVFTA final in 2027)				
US Market Share (%)	10	5	4	5	3

Source: Trade Data Monitor (TDM)

Missing Out on the Party: Vietnam has aggressively pursued membership in a wide range of multilateral and bilateral organizations, treaties, and conventions, including a large number of FTAs. Vietnam is now a member of CPTPP, EVFTA, and AANZFTA (see Section IV for a full list). All of these FTAs offer substantial tariff benefits, and while many include phase-in periods, most of those will reach zero tariffs within the next six years. These agreements offer numerous benefits additional to tariff reductions. This include streamlined Customs procedures, simplified registrations processes for export facilities, clearly defined timelines for various processes, and other advantages.

II. Key Agreements and their Benefits

Details on Non-tariff FTA Benefits

In addition to preferential tariffs, Vietnam's FTA partners enjoy the following non-tariff benefits:

- Streamlined customs procedures and enhanced trade facilitation measures
- Lower compliance costs and improved efficiency for businesses operating in the region
- Greater transparency and openness in the development and implementation of regulations
- Greater knowledge, predictability, and clarity around partner countries' processes
- Enhanced regulatory cooperation

Streamlined Customs Procedures and Enhanced Trade Facilitation Measures:

The RCEP, EVFTA, and CPTPP include a number of trade facilitation elements that go beyond commitments in the WTO Trade Facilitation Agreement, including provisions on timeframes for the release of goods and perishable goods, and advance rulings.

- *Timeframe for the release of goods*: This should lead to a lower cost of trade, simplified customs procedures for traders, and the expeditious clearance of goods (with the RCEP and CPTPP commitments to release normal trade within 48 hours of the arrival of the goods and express shipments within six hours after submission of the necessary customs documents, provided the shipment has arrived). In addition, RCEP creates an expectation that customs authorities will release 'perishable goods', such as seafood, within six hours of arrival including (in exceptional circumstances) release of such goods outside normal business hours which reduces spoilage and saves importers and exporters money.

- *Timeframes for advance rulings:* The CPTPP requires each party to provide advance rulings on tariff classification, the origin of a good, as well as the application of customs valuation criteria within 150 days of receiving the request and the necessary information. In contrast, the RCEP requires the advance ruling to be issued within 90 days to the applicant on the receipt of all necessary information. Meanwhile, the WTO Trade Facilitation Agreement does not specify a timeframe for advance rulings in the areas of tariff classification, customs valuation, and origin.

- There are also provisions in the CPTPP, RCEP, and the EVFTA promoting the digitization of trade documentation and the use of electronic systems for expeditious customs clearance and release of goods. Post is aware that Vietnam has accepted electronic phytosanitary health certificates for plant and animal products from EU member states.

Rules of Origin and Origin Procedures:

In addition to FTA tariff preferences, Rules of Origin (ROO) measures will favor goods from FTA members, encouraging firms to source within the region, reducing the overall cost of goods.

Reduced ROO compliance burdens: One of the most important benefits of RCEP is the harmonized ROO. The harmonized ROO mean that businesses will no longer need to confirm and accommodate information requirements and local content standards specific to each country. With RCEP, businesses can expect the following across 15 RCEP countries:

- Greater supply chain flexibility to procure/cumulate raw materials (just 40 percent of a product must be produced in the RCEP region to qualify for duty-free treatment in most cases).
- One single unified set of rules of origin to fulfill.
- Simplified procedures in determining originating materials and obtaining documentary proof. Options for use of self-certification are expanded, with scope for proof of origin to be accepted in electronic format.
- Lower risk of non-compliance or errors when claiming preferential duties.

RCEP allows for regional procurement/cumulation rules which will facilitate inputs from the most efficient and cost-effective regional source while supporting access to preferential tariff treatment. For example, signatories to RCEP are key suppliers of raw materials for Vietnam's exports, and most processed food manufacturers rely on overseas support, especially from the neighboring RCEP countries. The cumulation rule within the ROO would be very useful for businesses. RCEP facilitates the integration of goods and suppliers from RCEP members into regional and global value chains.

CPTPP also allows for regional accumulation which may drive demand for inputs from fellow members. For example, the CPTPP would allow increased use of Australian cotton when producing clothing in Vietnam that can be exported to Canada under new tariff preferences. Under the CPTPP, tariffs on nearly half of all clothing produced in Vietnam imported into Canada are eliminated on entry into force, with the remainder eliminated within four years. Vietnam does not impose duties on Australian cotton, but the elimination of tariffs for Vietnamese clothing manufacturers exporting to Canada should result in increased demand for Australian cotton.

EVFTA allows for the bilateral cumulation of origin, whereby products made in one party and incorporating materials from the other party may receive preferential treatment. For example, EU textile producers may supply Vietnamese garment producers with fabrics originating in the EU. It also allows for limited cumulation of South Korean fabrics used in the production of textiles, and the possibility of cumulation of fisheries materials from other ASEAN countries for two fishery products, namely squid and octopus. A review clause foresees the possibility of agreeing to extended cumulation for more products and/or more countries with which both parties have an FTA in the future.

Origin Certification and Self-certification:

Under the CPTPP, to facilitate trade and reduce transaction time and costs, exporters, producers, and importers are allowed to self-certify the origin. There is no requirement for third-party certification under the CPTPP. A Certification of Origin under CPTPP does not need to follow a prescribed format. However, it must be in writing (either hardcopy or electronic is acceptable), and it must meet a set of minimum data requirements.

EVFTA goods originating from the EU and imported into Vietnam are eligible for the EVFTA preferential tariffs when presenting self-certification documents issued by exporters registered in the "REX system" (Registered Exporter System) of the EU or a self-certification document issued by any exporter with shipments valued at no more than 6,000 euros. Vietnamese exporters will need government-issued certificates of origin, but Vietnam can also introduce self-certification whenever it is ready to do so.

RCEP exporters have the flexibility to choose from a variety of options for proof of origin documentation, including: third party issued certificates of origin, self-declaration by approved exporters and self-declaration by exporters and producers (subject to an implementation period), with scope for proof of origin to be accepted in electronic format.

Sanitary and Phytosanitary Measures (SPS):

CPTPP

- CPTPP provides additional mechanisms to minimize the potential negative trade effects of restrictive or unfair SPS measures on CPTPP exports. For example, this agreement provides scope for members to facilitate and record agreements on such issues as equivalence and regionalization (targeting SPS measures to an affected region, rather than applying to a whole country). For example, Vietnam has agreed to an African Swine Fever (ASF) zoning arrangement with Canada to allow for the safe trade of swine products from disease-free zones in Canada in the event of an ASF outbreak. This arrangement would help minimize trade impacts on the Canadian swine sector.[1]
- CPTPP will require increased transparency around import checks and restrictions based on adverse results of import checks, as well as requiring the import program to be risk-based.
- CPTPP encourages better and more consistent SPS regulatory practices to potentially benefit exporters and importers across the region. The chapter is focused on establishing frameworks that help address future regulatory issues.
- The CPTPP SPS chapter also provides the ability to take SPS issues to Cooperative Technical Consultations for resolution, with relevant trade and regulatory agencies aiming to resolve within 180 days of the request. This should be an advantage for CPTPP members as it provides exporters with greater certainty through access to a robust and prompt means of dispute resolution.

[1] https://animalhealthcanada.ca/african-swine-fever
[2] The EU's Guide to the EU-Vietnam Trade and Investment Agreements.

EVFTA[2]

Within the EVFTA, Vietnam has committed to increasing the use of international standards in developing its regulations. Under the EVFTA SPS chapter, both parties have agreed to follow a systems approach, equivalence, transparency, and regionalization for animal diseases, among other things.

- *EU as a single entity and pre-listing*: Vietnam has agreed to the recognition of the EU as a single entity and will not require individual establishment applications or inspections for facility registration of livestock or seafood establishments. Once Vietnam has approved a category of food products from the EU and is confident that the competent authority of the Member State in question has the capacity to check and monitor compliance of the EU food safety requirements by its establishments, Vietnam will automatically allow imports from all of the facilities submitted by that EU Member State. This is known as 'pre-listing' i.e., approval of establishments in the exporting

Party without prior individual inspections. In the event that Vietnam has doubts about a particular establishment and wishes to undertake an inspection, the costs of the inspection will be borne by Vietnam and no longer by the EU. This practice has been implemented by Vietnam since July 2021. Accordingly, the EU sends a list of meat and seafood establishments submitted by the EU Member States through the EC Delegation to Vietnam and Vietnam will have 45 working days to review the list. The EU facility registration process is now dramatically simplified.

- *Regionalization*: Vietnam shall recognize the EU official animal health status as determined by OIE in an area, region or zone affected by a disease, and shall thus limit possible trade-restrictive measures only to the affected area and not to the whole country. Import restrictions will not be maintained for longer than necessary and justified. Vietnam shall also objectively consider the evidence of claims of disease-free regions presented by the EU to allow the importation of animal and animal products from such areas, and recognize the concept of pest-free areas, areas of low pest prevalence, protected zones, and pest-free production in accordance with the SPS Agreement and IPPC standards, guidelines, and recommendations. For example, in March 2021, Vietnam signed regionalization agreements with Germany, allowing pork imports from ASF-free regions in Germany.[3]

- *OIE health status*: The specific recognition by the Parties for certain diseases of the official health status of the other Party accepted by international organizations such as the OIE is innovative and will help to tackle barriers in Vietnam related to bovine spongiform encephalopathy (BSE). This should lead to the elimination by Vietnam of barriers linked to BSE (and other diseases for which the OIE grants an official status), except when aligned to the OIE standards.

  Exports of fruits and vegetables: Precise, clear commitments have been included in the FTA to tackle existing market access barriers and delays encountered by EU exports: 'When a pest risk assessment is needed it will be carried out without undue delay'. 'Recognition of the concept of pest free areas, areas of low pest prevalence, protected zones and pest free production sites shall be granted'. The EVFTA includes the principle to base the plant health status on the information provided by the exporting party. The EU member states believe this will lead to increased trust and over time open the door to recognition of the plant health status of areas in the EU.

- *Equivalence and transparency:* The EVFTA includes provisions on equivalence and increased transparency with strict deadlines for communicating relevant information.

[3] https://www.fao.org/3/cb6127en/cb6127en.pdf

Technical Barriers to Trade (TBT):

- The TBT chapter in Vietnam's FTAs incorporates and builds on the key provisions of the WTO Agreement on TBT and sets out provisions that help prevent and address disruptions created by regulations and associated testing or certification requirements.

- The CPTPP includes annexes to the Technical Barriers to Trade chapter that address specific challenges faced by exporters of wine, distilled spirits, and organic products, among others. For example, the Wine and Distilled Spirits annex seeks to minimize unnecessary technical barriers to trade, with a particular focus on labeling requirements, which will simplify the sale and export of CPTPP countries' wines in the region and reduce costs for CPTPP wine producers/exporters to the region.

- The EVFTA also contains provisions to address TBT barriers, going beyond the obligations of the WTO TBT Agreement. The agreement provides for a specific timeframe of at least a period of 60 days, following the notification of standards, technical regulations and conformity assessment procedures, for the other Party to: (i) provide comments in writing to the proposal and reply in writing to written comments received from the other Party on the proposal, no later than the date of publication of the final technical regulation or conformity assessment procedure; and (ii) provide information on the adoption and the entry into force of the notified measure and the adopted final text through an addendum to the original notification. Post is aware that such mechanisms are very useful in facilitating cooperative and timely information exchanges between the EU and Vietnam's competent authorities when Vietnam proposes any revisions or changes to their existing regulations. This helps ensure that technical regulations, standards, and conformity assessment procedures are non-discriminatory and do not create unnecessary obstacles to trade.

Geographical Indications (GI):

Under the EVFTA, Vietnam has strengthened its existing arrangements for protecting GIs by setting up a system to register them in Vietnam. Accordingly, 169 EU and 39 Vietnamese GIs for wines, spirits and certain agricultural products enjoy levels of protection from being copied in Vietnam comparable to those in the EU.

III. U.S. Commodity Analysis

Beef and Beef Products

According to Vietnam Livestock Association, local production of bovine meat in Vietnam satisfies less than 70 percent of domestic demand. This has prompted Vietnam to import substantial quantities of buffalo meat from India and beef and live beef cattle for fattening and slaughtering from other countries. The shortage of pork supply due to ASF outbreaks in 2019 and 2020 and the reduced supply of beef due to COVID-19 has resulted in an increase of Australian live cattle exports to Vietnam. Australian cattle are able to enter the country under a preferential zero tariff rate whereas live cattle from MFN eligible countries like Brazil are subject to a rate of five percent.

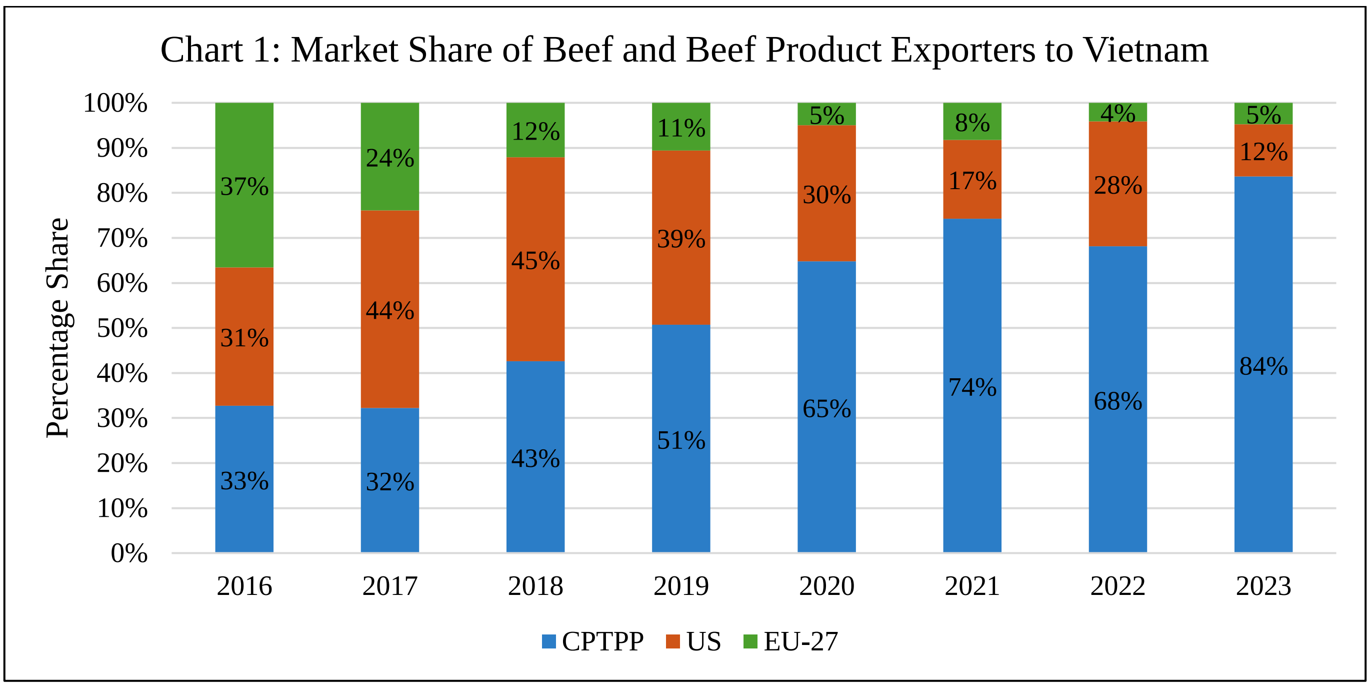
India has dominated Vietnam's market for imported frozen bovine meat, providing the largest share of Vietnam's imports. Indian buffalo meat is currently subject to a zero percent tariff rate under the ASEAN-India FTA. Under the AANZFTA and the CPTPP, imports of Australian, New Zealand, and Canadian beef are subject to a zero percent tariff rate, compared to high tariff rates (up to 30 percent) on imports from the United States. Products from the U.S., Australia, and Canada compete at the higher end, including hotels, western restaurants, and Asian-themed chain restaurants. Local media recently reported that Canadian beef is being sold on supermarket shelves at the same price as domestic beef and is quite popular among Vietnamese consumers.

The value of Vietnam's non-buffalo beef import demand was approximately $602 million in 2023, with the United States capturing just 4 percent of the market share at a value of $26 million. This is down from a 26 percent market share in 2022, a 70 percent decrease in value. In addition to high tariffs, low U.S. supply, weaker demand due to COVID-19, and increased competition in the region have all contributed to this declining market share. Strong competition from Indian buffalo meat and imported beef from FTA countries will continue to limit U.S. exports to Vietnam. In the charts below, Indian buffalo meat was not included so that the analysis remains focused on competition from CPTPP and EVFTA.

Table 2: Beef Tariffs

HS Code	Agricultural Product	MFN 2024 (percent)	CPTPP (percent)	VN-EAEU (percent)	AANZFTA (percent)	EVFTA (percent)
	Meat of bovine animals, fresh or chilled					
02011000	Carcasses and half-carcasses	30	0	0	0	0
02012000	Other cuts with bone in	20	0	0	0	0
02013000	Boneless beef cuts	14	0	0	0	0

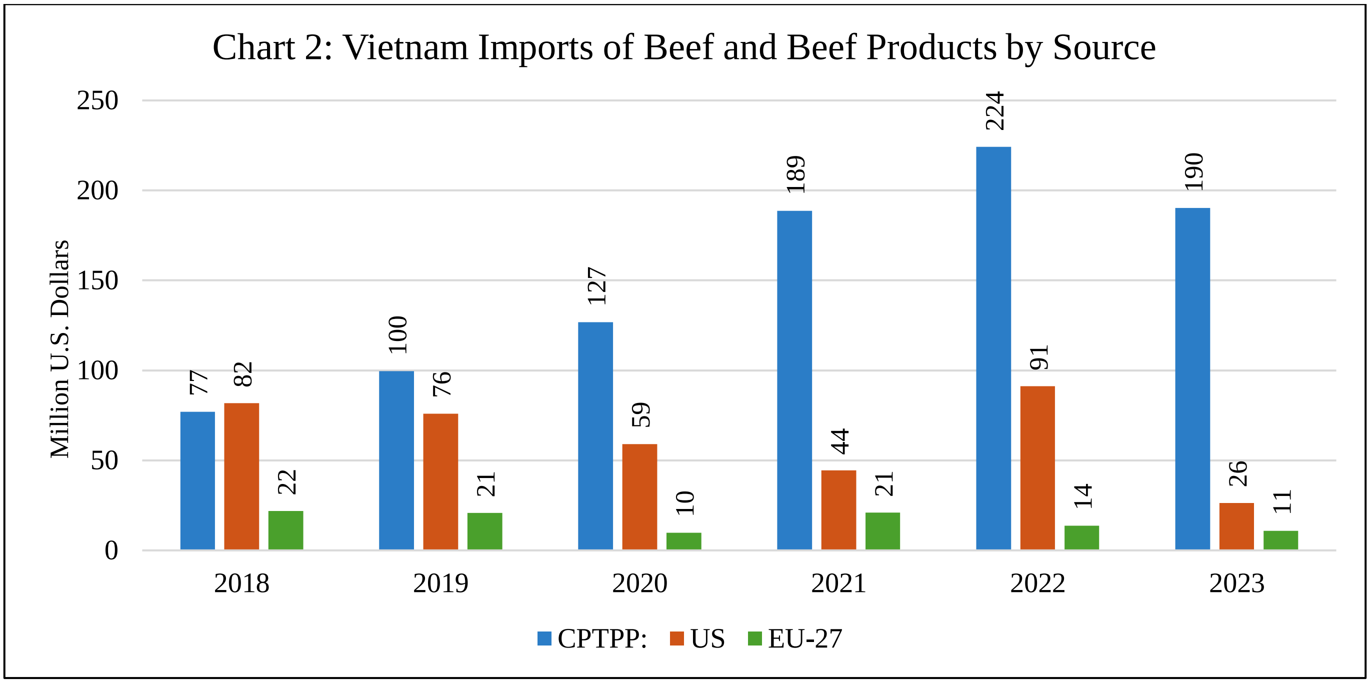
02061000	Edible offal of bovine animals	8	0	0	0	4.3
	Meat of bovine animals, frozen					
02021000	Carcasses and half-carcasses	20	0	0	0	0
02022000	Other cuts with bone in	20	0	0	0	0
02023000	Boneless beef cuts	14	0	0	0	0
02062100 02062200 02062900	Edible offal of bovine animals	8	0	0	0	4.3 (Zero in 2030)



Source: Trade Data Monitor (TDM)[4], Indian buffalo meat not included.

[4] *Vietnam is not a reporting country in TDM. Throughout this report, every time TDM is noted, Vietnam exports refer to global reported imports from Vietnam and Vietnam imports refer to global reported exports to Vietnam.*

Note: The market share in the charts in this report just reflects the shares of exporters in comparison, not those of all exporters to Vietnam



Source: TDM, Indian buffalo meat not included.

Pork and Pork Products

World pork exports to Vietnam account for less than five percent of domestic consumption due to large pork production in Vietnam. U.S. pork is facing fierce competition due to Vietnam's accession to several FTAs, most significantly, the EVFTA, the Vietnam-EAEU FTA, and CPTPP. These FTAs have given preferential tariff access to the market for FTA members over competitors from third countries not covered by an FTA including the United States and Brazil.

Russia became the largest pork exporter to Vietnam in 2020 and 2021. Russia, though not one of the top global pork exporters, benefited from its zero-tariff rate in 2020 under the Vietnam-EAEU FTA and significantly increased its market share in Vietnam. In addition, Russia is currently the only country that can export salted casings to Vietnam (although the number of facilities remain limited). The entry into force of the EVFTA in August 2020 boosted imports of pork and pork products from Europe to Vietnam. The duty on EU frozen pork is currently 5.6 percent and will go to zero by 2027.

Despite the fact that the United States was the world's second-largest pork exporter in 2022, tariff differentials, in addition to higher unit cost over the past year, have prevented U.S. pork from competing on a level playing field in Vietnam. U.S. exports to Vietnam increased in 2020 as Vietnam temporarily reduced its MFN tariff rates from 15 percent to ten percent for frozen pork during the ASF epidemic. This tariff reduction expired at the end of 2020. On November 15, 2021, Vietnam announced that the MFN duty on frozen pork will be lowered to ten percent from 15 percent beginning on July 1, 2022.

Originally, this reduction put the U.S. frozen pork on par with European pork's 9.3 percent rate in 2022 and allowed U.S. pork producers temporarily improved access to the Vietnamese market. However, the tariff disadvantages vis-à-vis its competitors benefiting from the lower FTA rates will grow over time for U.S. pork. Already, U.S. pork exports face another disadvantage in 2024 as MFN tariff rates remain at 10 percent and European pork's tariff rate has been lowered to 5.6 percent.

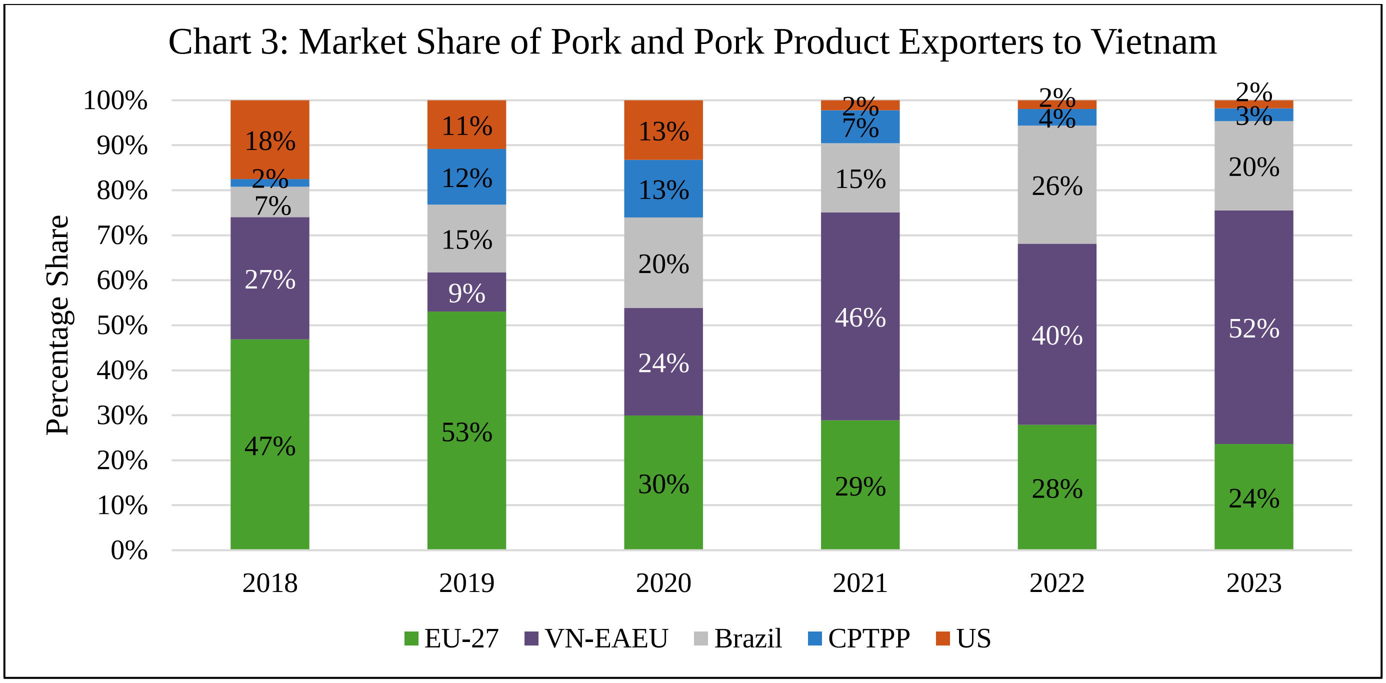
Despite the lack of an FTA with Vietnam, Brazil has also gained a significant market share for pork in Vietnam. Brazil is now among the top five pork suppliers to Vietnam. Competitive prices have played a part in the surge in the Brazilian pork imports into Vietnam. Canadian pork exports increased in 2021 to a value of $41 million but decreased by 78 percent by 2023.

In 2021, the United States captured a market share of just three percent in the $500 million+ market for imported pork and pork products in Vietnam. As of 2023, the market decreased to a value of $294 million with U.S. pork exports again capturing two percent, but with a 28 percent decrease in value since 2021. Like the market for beef, there are other contributing factors, however future growth in U.S. market share will be tariff dependent.

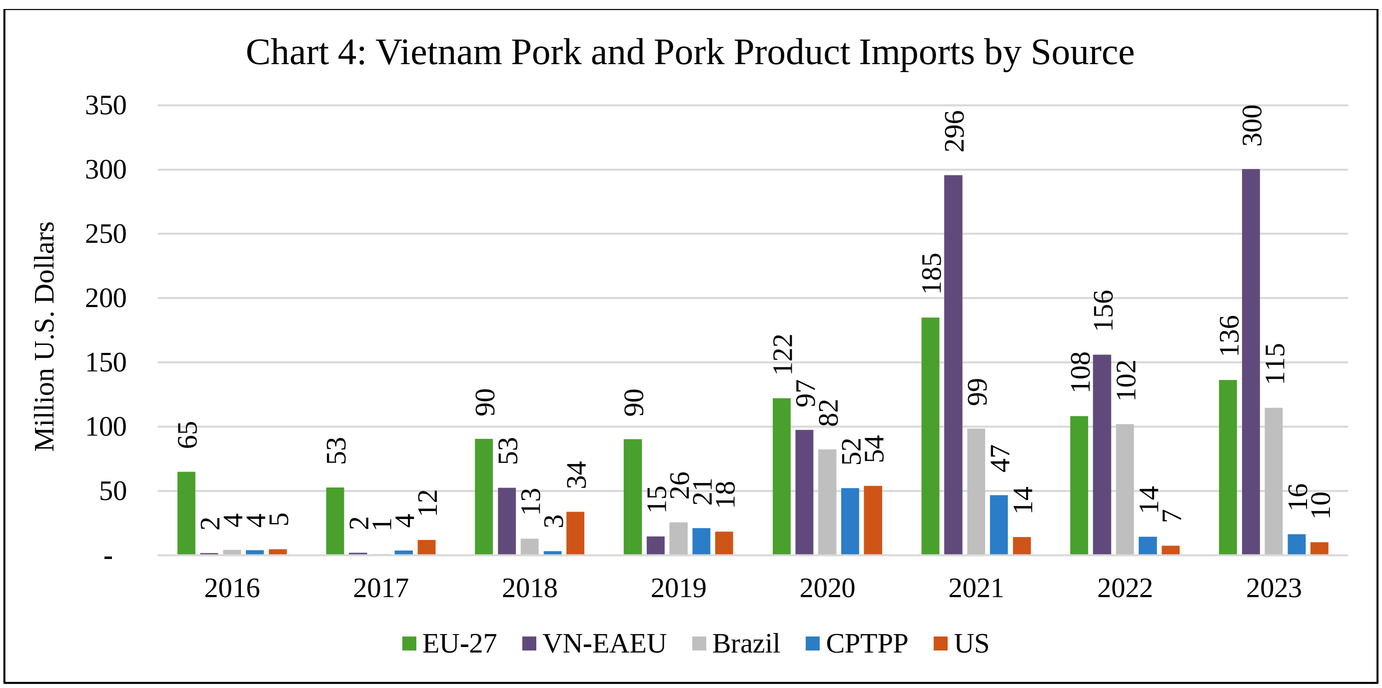
Table 3: Pork Tariffs

HS Code	Agricultural Product	MFN 2024 (percent)	CPTPP (percent)	VN-EAEU (percent)	AANZFTA (percent)	EVFTA (percent)
	Meat of swine, fresh or chilled					
02031100 02031200	Carcasses and half-carcasses; Hams, shoulders, and cuts thereof, with bone in;	25	Mexico: 10.8 Others: 8.1 Mexico: Zero in 2028 Others: Zero in 2027	0	0	12.5 Zero (2029)
02031900	Other	22	Mexico: 10.8 Others: 8.1 Mexico: Zero in 2028 Others: Zero in 2027	0	0	12.5 Zero (2029)
02063000	Edible offal of swine, fresh, chilled	8	0	0	0	4 Zero (2029)
	Meat of swine, frozen					
02032100 02032200 02032900	Carcasses and half-carcasses; Hams, shoulders, and cuts thereof, with bone	10 (Began July 1, 2022)	Mexico 3.7 Others: 1.8 Mexico: Zero in 2026	0	0	5.6 Zero (2027)

	in; Other		Others: Zero in 2025			
02064100 02064900	Edible offal of swine, frozen	8	0	0	0	4 Zero (2029)



Source: TDM, VN-EAEU data mainly for Russia exports



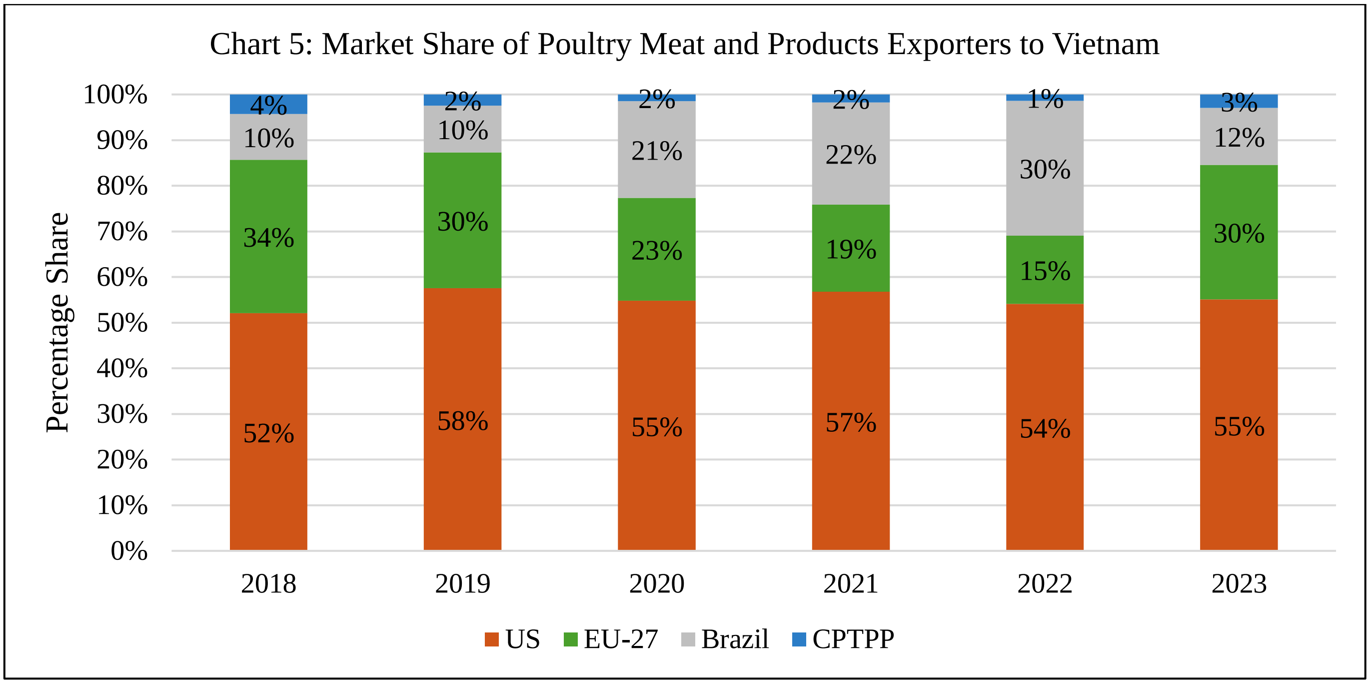
Source: TDM, VN-EAEU data mainly for Russia exports

Poultry Products

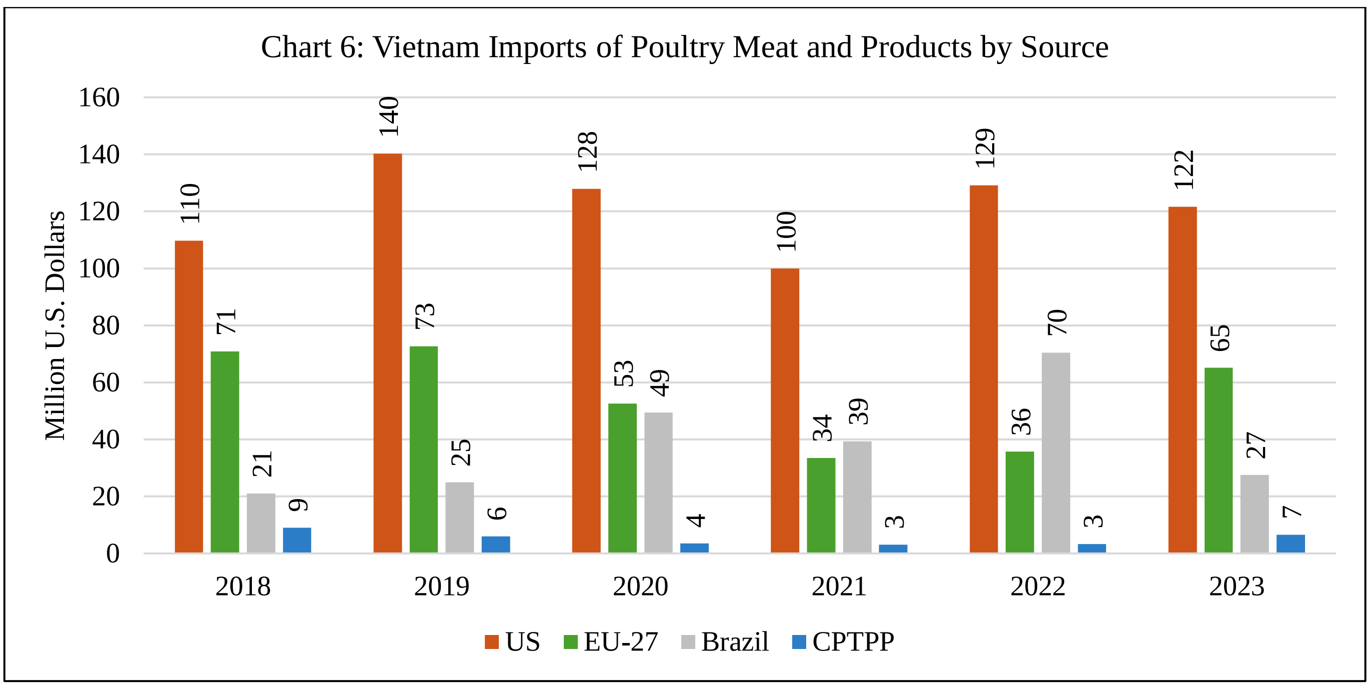
Despite the lack of an FTA with Vietnam, the United States is still the largest poultry supplier to Vietnam, accounting for more than half of the market. Brazilian poultry also pays MFN rates and has seen its share in Vietnam grow over time. However, exports to Vietnam decreased in 2023, most likely due to Brazilian poultry exports favoring other Asian markets, such as Japan. Vietnam's domestic poultry production also continues to expand with an aim to meet both local consumption and export demand. U.S. market share remains well over 50 percent, although the market has shrunk due to COVID-19's impact on the hospitality and institutional sectors.

Table 4: Poultry Tariffs

HS Code	Agricultural Product	MFN 2024 (percent)	CPTPP (percent)	VN-EAEU (percent)	AANZFTA (percent)	EVFTA (percent)
	Poultry Meat					
02071100 02071200 02071300	Not cut in pieces, fresh, chilled, or frozen. Cuts and offal, fresh or chilled	40	Mexico: 21.5 Others: 18.4 Mexico: Zero in 2031 Others: Zero in 2030	0	20 (20: in subsequent years)	21.8 Zero in 2030
02071410 02071420	Wings; Thighs (frozen)	20	Mexico: 9 Others: 7.2 Mexico: Zero in 2029 Others: Zero in 2028	0	20 (20: in subsequent years)	10.9 Zero in 2030
02071430 (of fowls of the species Gallus domesticus) 02072710 (turkey)	Livers (frozen)	20	Mexico: 9 Others: 7.2 Mexico: Zero in 2029 Others: Zero in 2028	0	0	10.9 Zero in 2030
02071491 02071499	Mechanically deboned or separated meat (frozen); Other (frozen)	20	Mexico: 9 Others: 7.2 Mexico: Zero in 2029 Others: Zero in 2028	0	20 (20: in subsequent years)	10.9 Zero in 2030



Source: TDM



Source: TDM

Apples

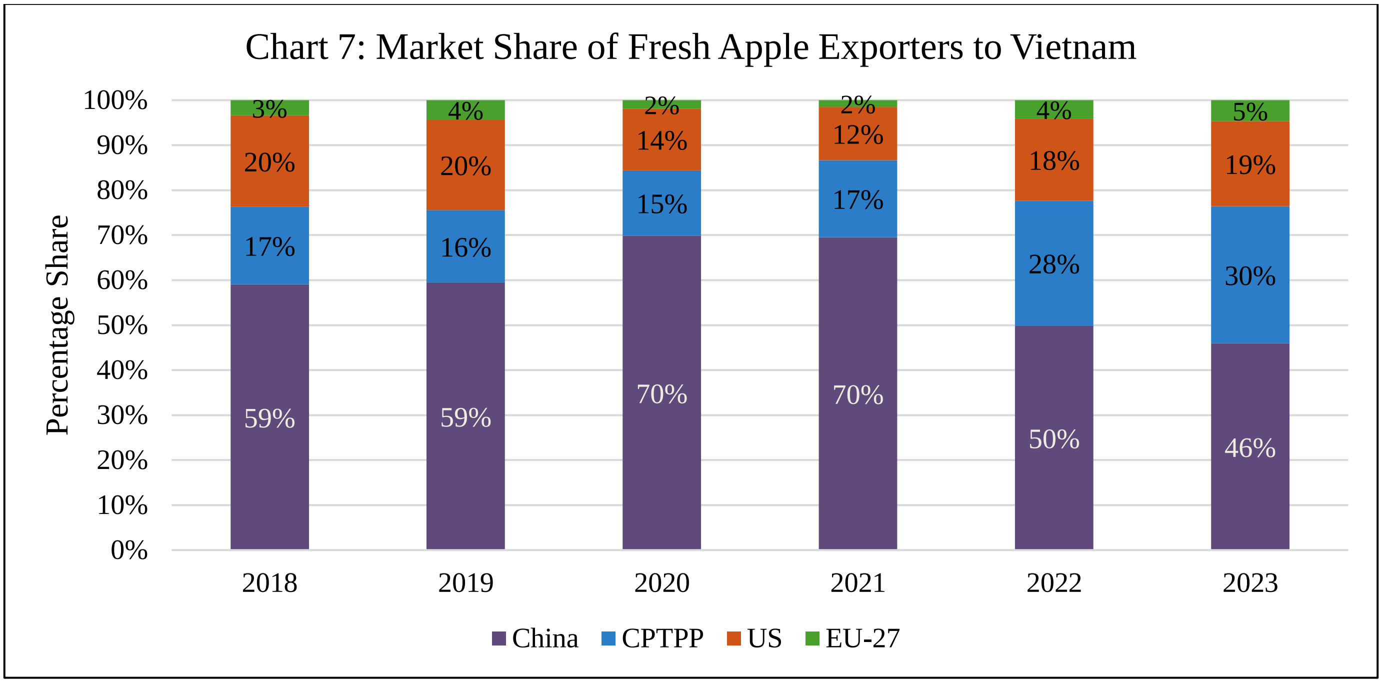
The United States is currently the only major supplier of apples to Vietnam that is subject to a duty. South Africa – also subject to the MFN rate - has been expanding exports, albeit from a low base. Apples are seeing increased competition from various origins in both modern and traditional markets. China is by far the largest supplier of apples to Vietnam, however in modern retail outlets in the larger cities such as Danang, HCMC, and Hanoi, other origins are preferred. At supermarkets, specialty shops and retailers, premium apples are mostly imported from the United States, Canada, Australia, New Zealand, France, Korea, Japan, and South Africa. Meanwhile at traditional markets, apples are mainly from China due to their price and logistics advantages. Chinese apple imports increased in 2020 due to price and shipping advantages as COVID-19 impacted supply chain logistics and lowered consumer willingness-to-pay for premium products. More recently, China apple exports decreased in 2022 and 2023 mainly due to issues of reduced supply because of harsh weather.

At supermarkets and retailers, New Zealand and South Africa are currently more active in conducting promotional activities. South African apples are available in a large pack of three kilograms and priced very competitively. New Zealand has expanded its range of apples in the market including Organic certified apples and small packs of four to six apples. New Zealand's popular brands for Vietnam market include Dazzle and Rockit. The country contributed 90 percent of apple exports within the CPTPP trade group in 2023. In early 2023, New Zealand apple-growing regions were damaged by natural disasters that affected yield.

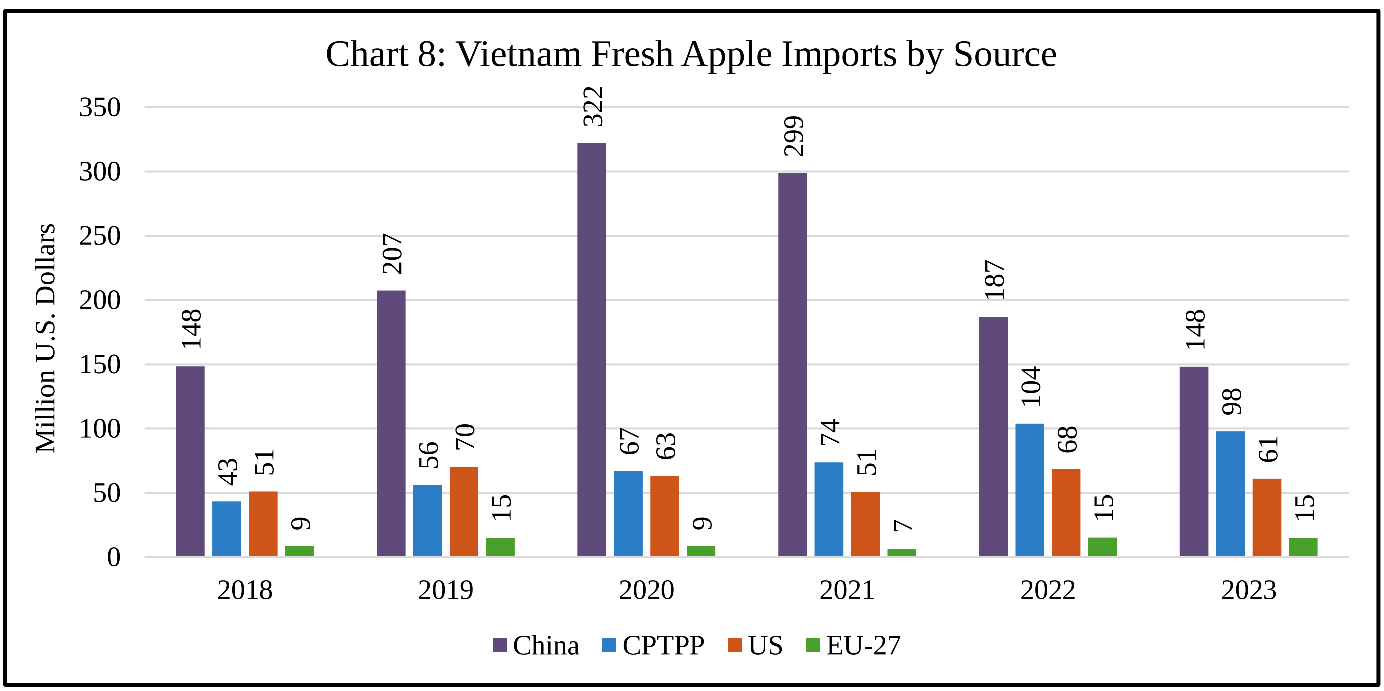
The U.S. export share of apples went from 20 percent in 2018, to 12 percent in 2021, and back to 19 percent in 2023. The previous loss in market share occurred despite a growing market for higher quality apples in Vietnam's growing economy and modernizing retail sector. The United States will need further tariff reductions to retain and expand its share in this competitive market.

Table 5: Apple Tariffs

HS Code	Agricultural Product	MFN 2024 (percent)	CPTPP (percent)	VN-EAEU (percent)	AANZFTA (percent)	EVFTA (percent)
08081000	Apples	8	0	0	0	0



Source: TDM



Source: TDM

Grapes

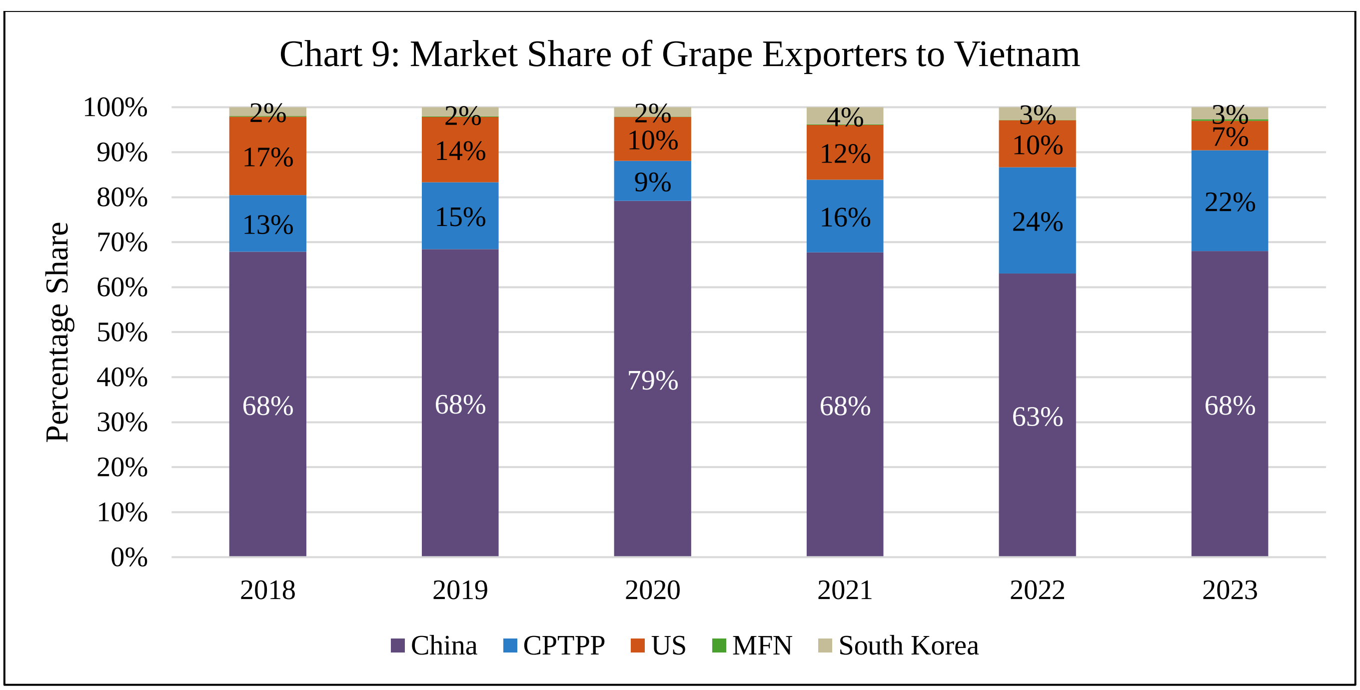
The United States and South Africa are the two main suppliers of fresh grapes to Vietnam that are subject to MFN rates. Australia, Chile, and Peru, who are parties to CPTPP, and South Korea who is party to the regional FTA with ASEAN, enjoy duty free access. China is the largest supplier and has the advantages of a zero duty and proximity - which make their grapes dominant in traditional markets with competitive prices.

Both South Korean and U.S. grapes arrive seasonally in Vietnam from July to January while Australian and other grapes arrive from December to June. Korea's green grape branded Muscat was actively promoted over the last two years. With many sampling events at markets, Korean grapes are expanding their coverage and popularity in 2023.

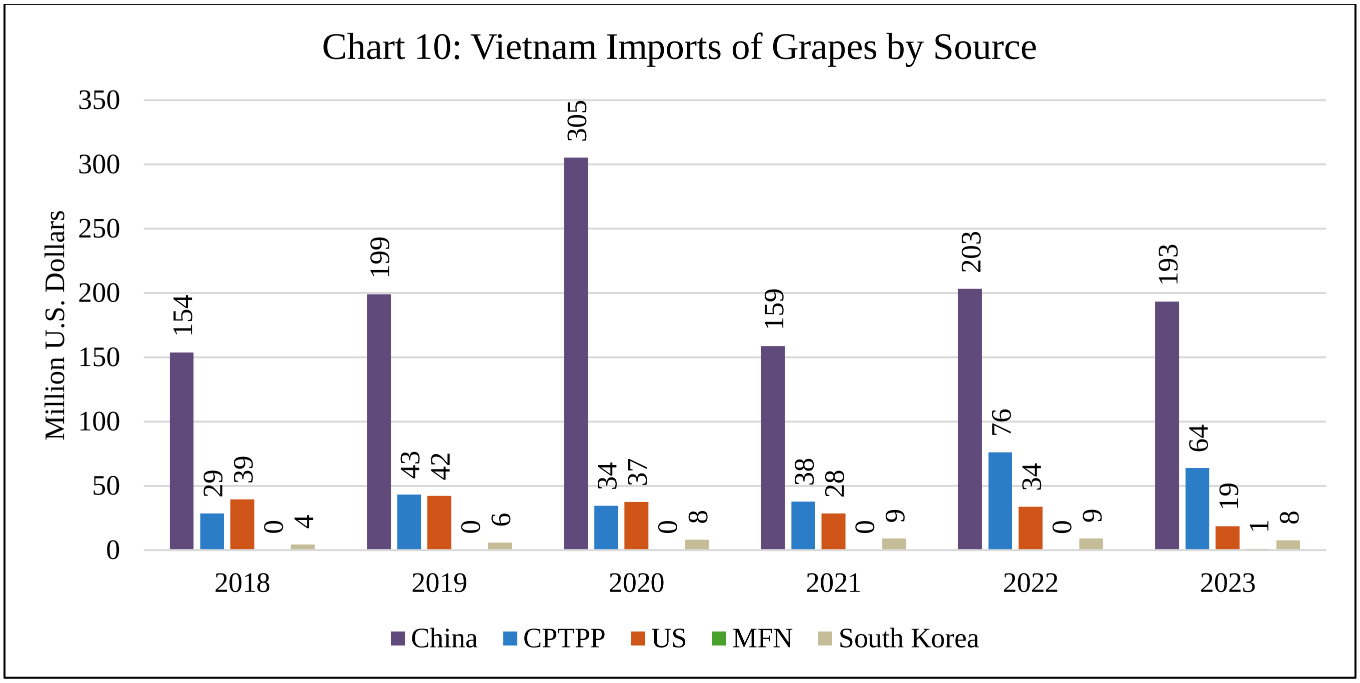
Again, the charts below exhibit a distinct loss of U.S. market share beginning in 2018 – from 17 percent to just ten percent in 2020.There was a market share recovery in 2021 to 12 percent with a recent decrease, in 2023, to seven percent. Currently for 2023, the value decreased to $19 million from $34 million in 2022, a 44 percent decrease. Further MFN reductions, while conferring a benefit to South Africa, would also assist the United States.

Table 6: Grape Tariffs

HS Code	Agricultural Product	MFN 2024 (percent)	CPTPP (percent)	VN-EAEU (percent)	AANZFTA (percent)	EVFTA (percent)
08061000	Grapes	8	0	0	0	0



Source: TDM, 'MFN' excludes the U.S., and the exporter is primarily Turkey.



Source: TDM, 'MFN' excludes the U.S., and the exporter is primarily Turkey.

Oranges

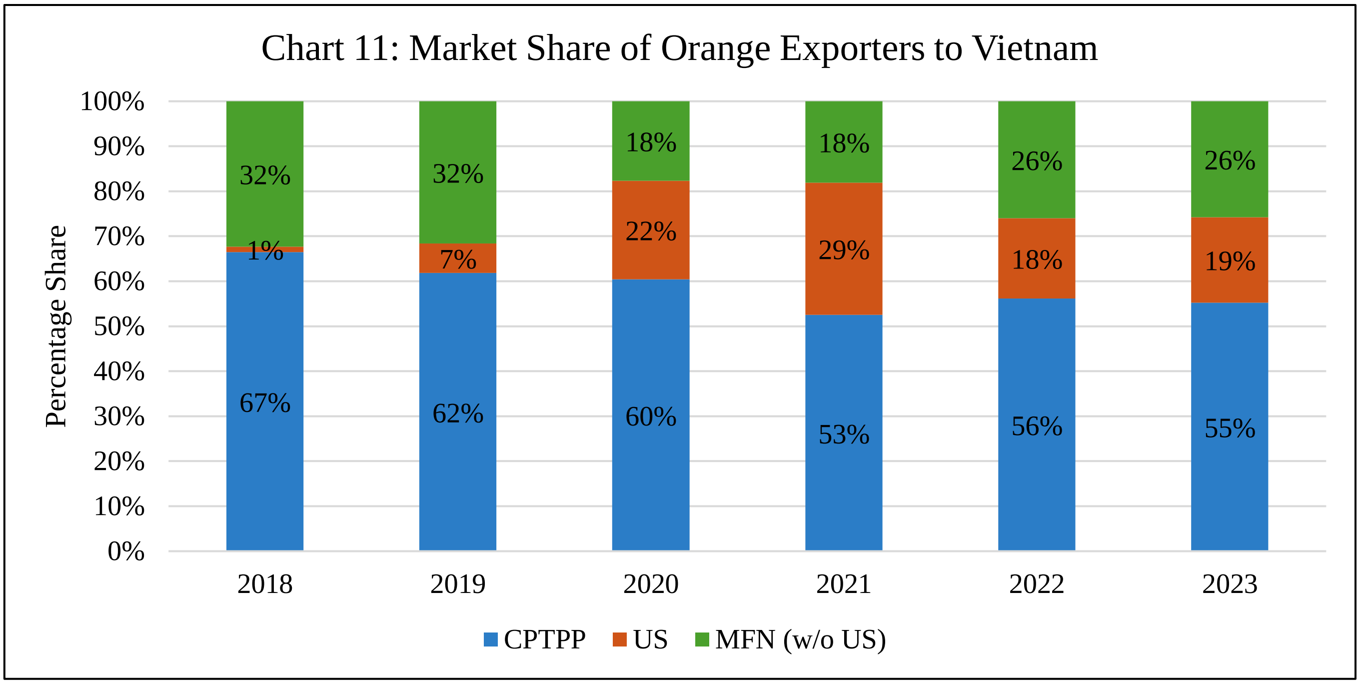
The United States regained official market access for oranges in 2020. The United States and Egypt pay MFN rates for oranges while Australia and China enjoy duty free market access. As Vietnam is a producer of citrus, the MFN tariff on imported oranges is set relatively high (20 percent) compared to other types of fruits such as apples and grapes. China is the largest orange supplier to Vietnam, while other suppliers include the United States, Australia, and Egypt. There was a slight declining trend for Australia, Egypt, China, and U.S. imported oranges and a upward trend for Singapore, Malaysia, and Hong Kong orange imports during the period 2021-2023. Australian oranges have a seasonal advantage, arriving in Vietnam from July to the end of the year, while both U.S. and Egyptian oranges arrive from January to June.

Australia is active in promoting its oranges via in-store events, social media, and e-commerce channels. In Vietnam, its initiative of *Taste of Australia* is relatively well known. In 2021, Australia launched it official store on Lazada (a Vietnamese online shopping network), and oranges are one of the products promoted there. The demand for imported oranges is still strong in Vietnam - for example, WinMart, one of the fast-growing supermarket chains is looking into directly importing oranges from the United States.

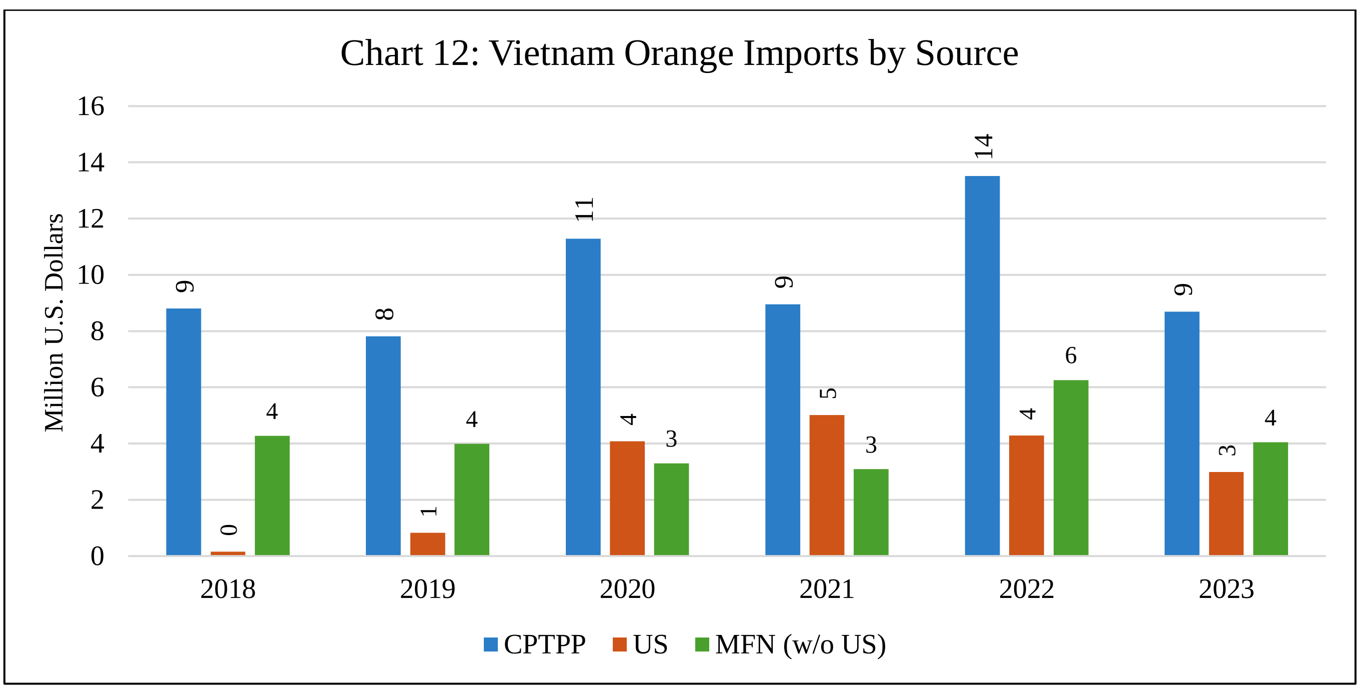
Since the orange MFN duty is so high, and barring an FTA or bilateral tariff reductions, the United States would likely benefit from orange MFN duty reductions despite conferring the same benefit to Egypt.

Table 7: Orange Tariffs

HS Code	Agricultural Product	MFN 2024 (percent)	CPTPP (percent)	VN-EAEU (percent)	AANZFTA (percent)	EVFTA (percent)
08051010	Oranges	20	0	0	0	0



Source: TDM, China not included. CPTPP includes Australia while MFN includes Egypt.



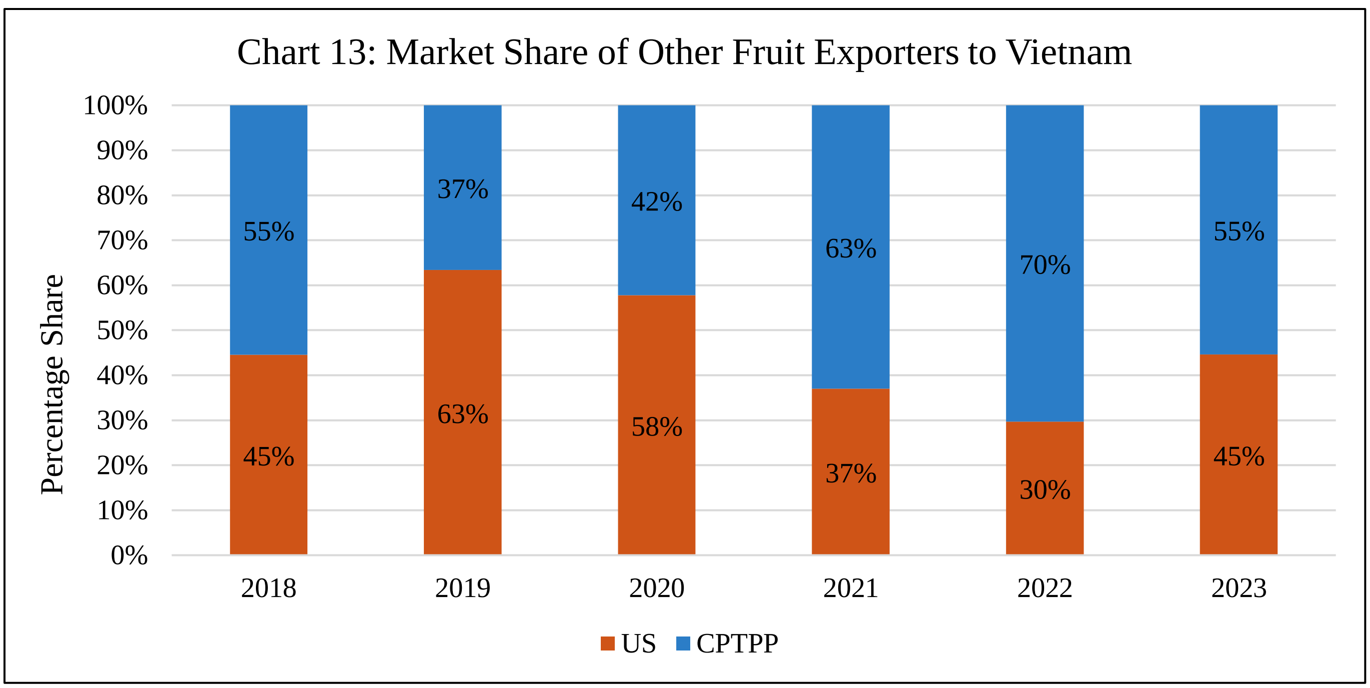
Source: TDM, China not included. 'Non-U.S. MFN' exporter is primarily Egypt.

Other Fruit:

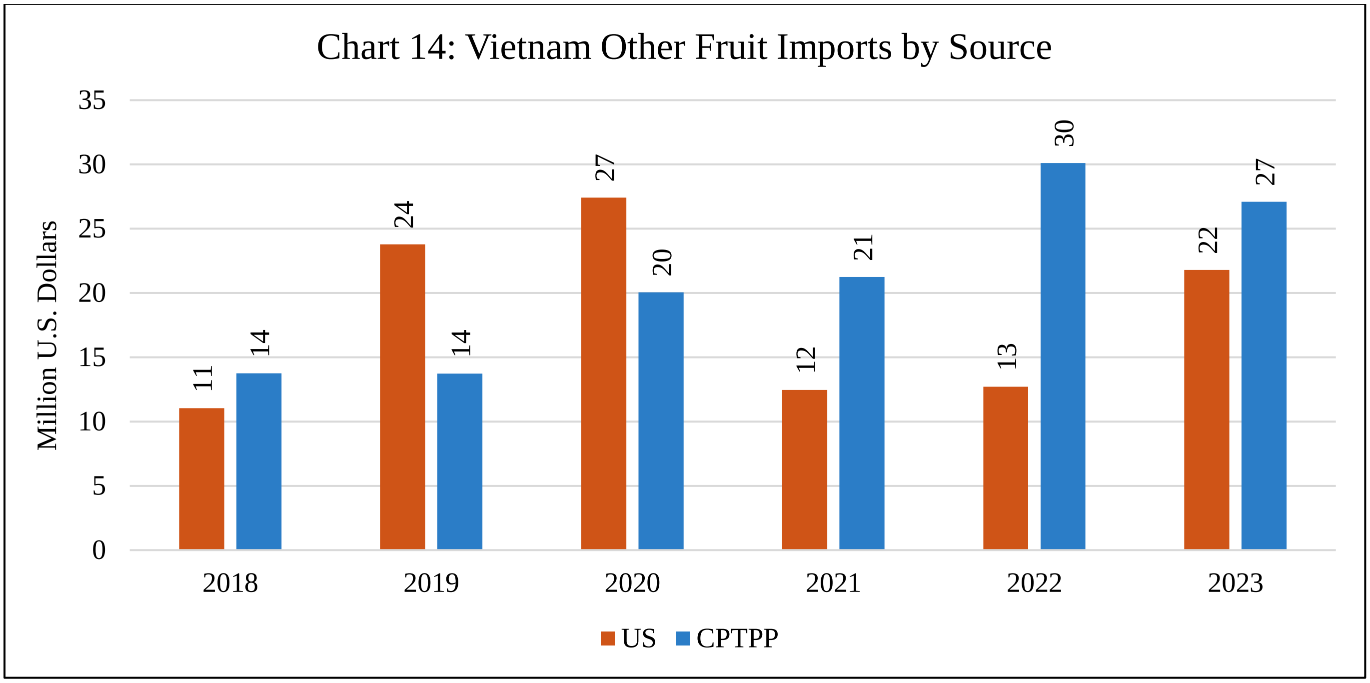
The United States is also a significant exporter of pears, cherries, and blueberries to Vietnam. These U.S. fruits are subject to 10-15 percent duty while most competitors pay zero duty. While not included here, the story is similar for frozen fruit. In each case, the United States is losing market share in a market segment with great potential. High-value U.S. total fruit exports declined by 55 percent in 2021 but recovered in 2023 by 75 percent with a value of $22 million.

Table 8: Tariff Table for Other Fresh Fruit

HS Code	Agricultural Product	MFN 2024 (percent)	CPTPP (percent)	VN-EAEU (percent)	AANZFTA (percent)	EVFTA (percent)
08083000	Pears	10	0	0	0	0
08092900	Cherries	10	0	0	0	1.6 (Zero in 2025)
08104000	Blueberries	15	0	0	0	2.5 (Zero in 2025)



Source: TDM



Source: TDM

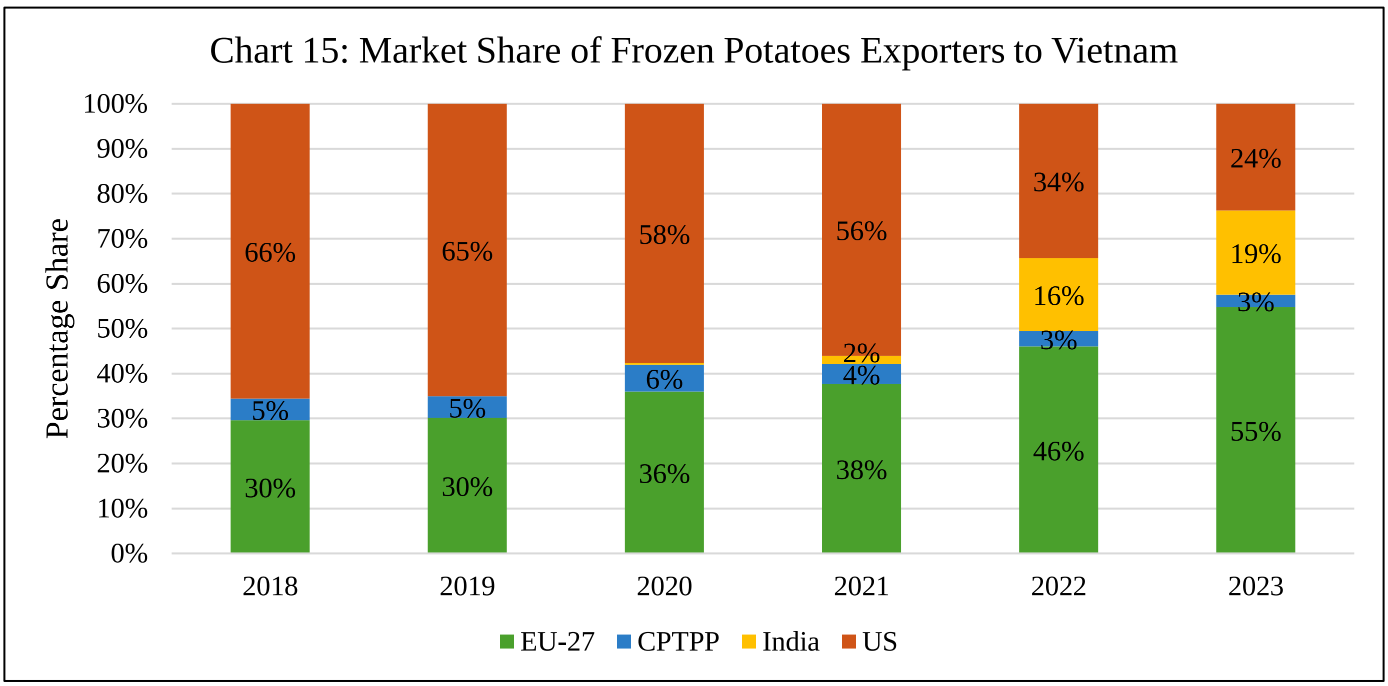
Fresh and Frozen Potatoes

Vietnam's frozen potato imports come mainly from the United States and EU countries, including the Netherlands and Belgium. CPTPP origins include Australia, Canada, and New Zealand, and account for less than six percent of total frozen potato market share in the past six years. CPTPP countries started to enjoy duty-free status in 2022. In 2024, frozen potatoes from the United States and EU will pay import duties of 12 and 2.5 percent respectively. The EU will enjoy a zero import duty beginning in 2025. Imported frozen potatoes are mainly processed products for foodservice and supermarket outlets. In 2021, frozen potatoes from Belgium were increasingly popular at retailers and in supermarkets in Vietnam. Again, as a result of this tariff competition, U.S. market share has declined from 66 percent in 2018 to just 24 percent in 2023, with EU exporters as the primary beneficiary.

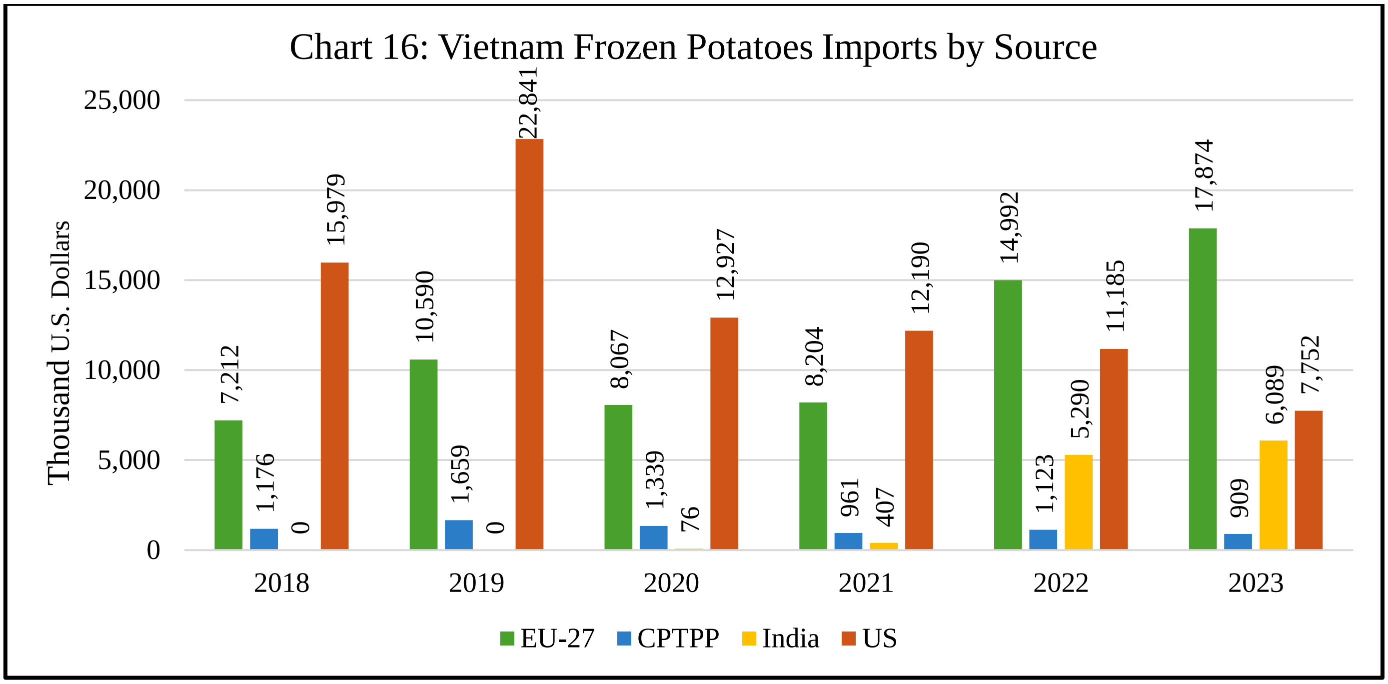
Imported fresh potatoes into Vietnam are mainly for processing into potato chips, and retailing at traditional markets and supermarkets. China takes advantage of its proximity and duty-free status to export fresh potatoes to Vietnam, consistently accounting for over 92 percent of total market share over the past five years. The United States was the second largest fresh potatoes supplier in 2020, but fell to the seventh largest in 2023, losing 94 percent of its export value. Fresh and frozen potato exports from India increased by 13 percent and 79 percent, respectively, from 2020 to 2024. Meanwhile, U.S. fresh and frozen potatoes exports decreased by 94 percent and 40 percent from 2020 to 2024. According to industry sources, there was a shortage of U.S. fresh potatoes supply to Vietnam in 2021. India enjoys duty free status due to their FTA with ASEAN. Fresh potatoes from the Unites States and the EU are subject to import duties of 20 and 10 percent, respectively. The EU will enjoy duty free import status beginning in 2025.

Table 9: Potato Tariffs (Fresh and Frozen)

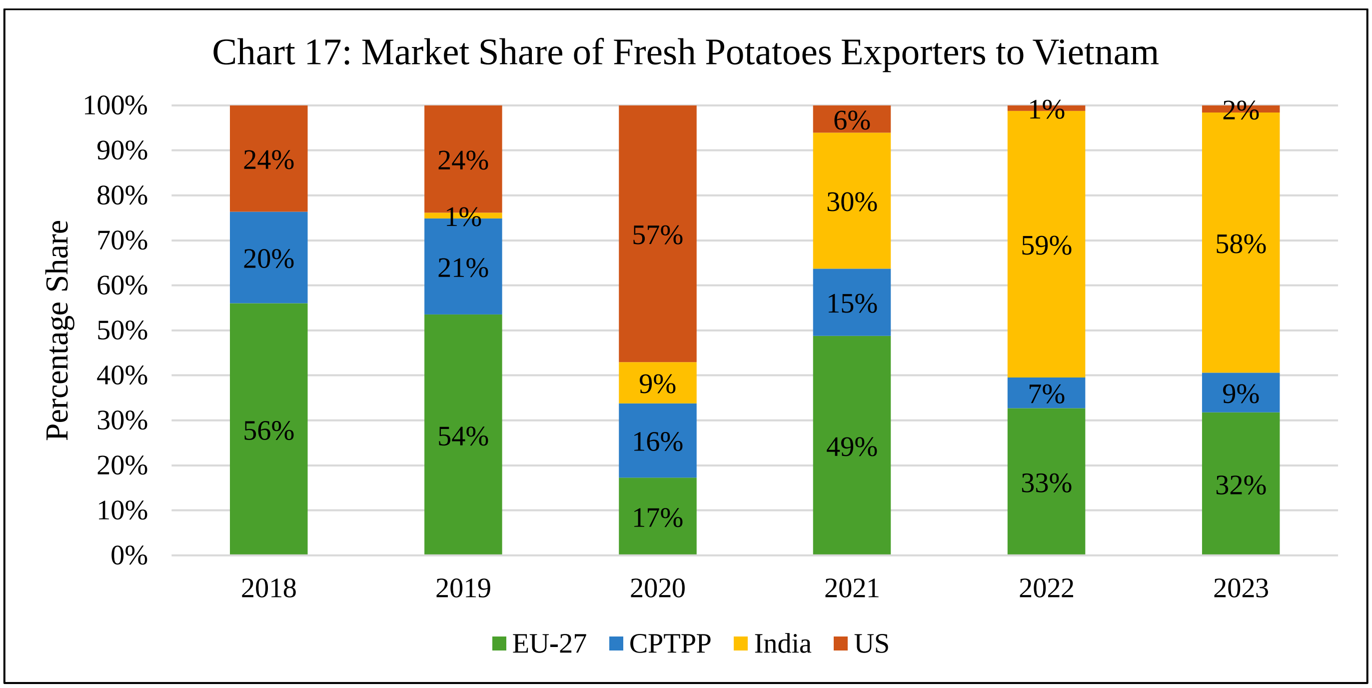
HS Code	Agricultural Product	MFN 2024 (percent)	CPTPP (percent)	VN-EAEU (percent)	AANZFTA (percent)	EVFTA (percent)
0701	Fresh and Chilled Potatoes	20	0	0	0	3.3 (Zero in 2025)
200410	Frozen Potatoes	12	0	0	0	2.5 (Zero in 2025)



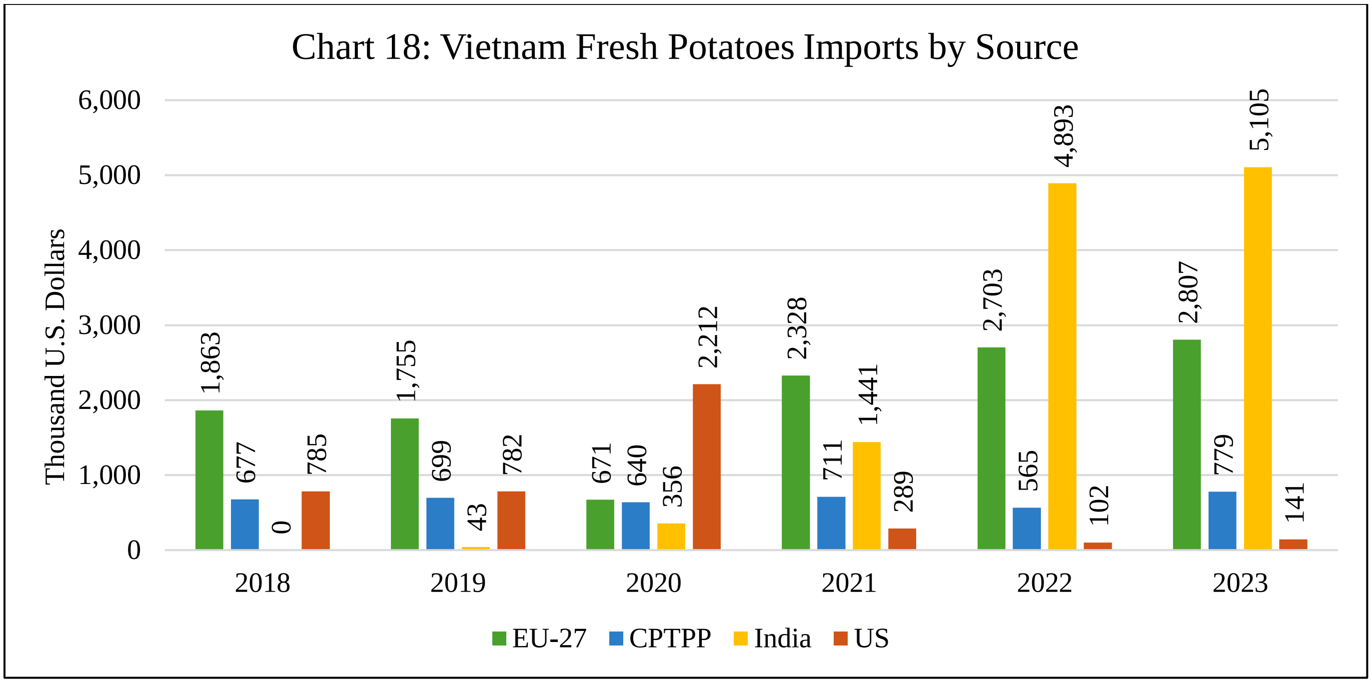
Source: TDM



Source: TDM



Source: TDM, China not included



Source: TDM, China not included

Dry pulses

Vietnam is not a major market for dry pulses as the country produces some types of peas and beans domestically - such as red, green, black, lima beans, and green peas. Pulses in Vietnam have not historically been identified as a staple food. Beans and peas are mainly used as ingredients in traditional desserts, cakes, and cereal nutrition drinks. In line with increased consumer health consciousness, Post highlights an uptrend of healthy diets among Vietnamese, including increased consumption of plant protein products from pulses. At the same time, higher incomes prompted demand for food diversification and innovation. For instance, young and early middle-aged Vietnamese are open to pulses in salads, cereal breakfasts, and nutrition drinks from mixed cereals, nuts, and pulses.

From 2018 to 2020, ASEAN country members (AANZFTA) and Australia (CPTPP) and China (ACFTA) benefited from the zero-import tariff and accounted for over 50 percent market share. However, China's average share has been trending downward since 2019 due to competition from Brazil and Argentina. Although Brazil and Argentina face the same MFN tariff rate at 15-20 percent, they are large producers and exporters in the world. EVFTA member countries are not major suppliers of dry pulses to the Vietnamese market.

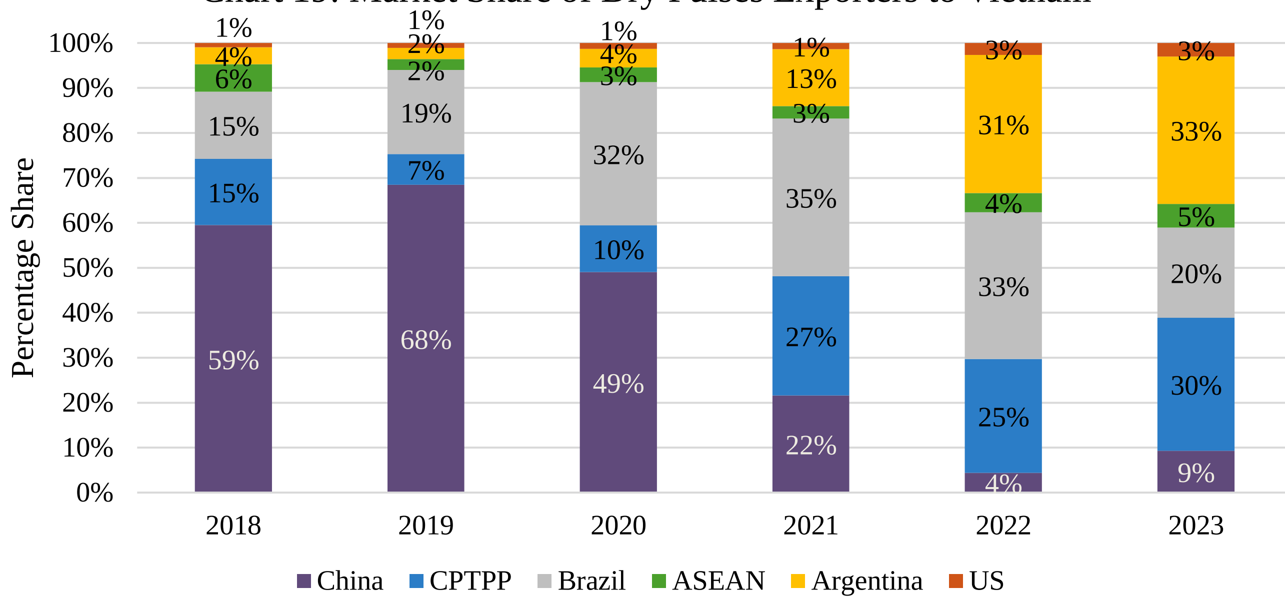
Based on TDM data, the value of Vietnam imports of dry pulses in 2023 reached $116 million, a 1 percent decline from the previous year, in addition to a 38 percent decrease since 2021.

U.S. pulses accounted for a small share of 1 percent of Vietnam's 2023 total imports, according to TDM. Trade contacts attributed the small U.S. market share to the disadvantages of high import tariff rates and prices. Some local importers imported U.S. dry pulses, either in bulk or retail packs for retail distribution and processing.

Table 10: Pulses Tariffs

HS Code	Agricultural Product	MFN 2024 (percent)	CPTPP (percent)	AANZFTA (percent)	EVFTA (percent)	ACFTA (percent)
07131090/ 07132090	Green peas / chickpeas	15	0	0	1.6 Zero in 2025	0
07133390/ 07133490/ 07133590	Dry beans	15-20	0	0	1.6 Zero in 2025	0
07134090	Lentils	20	0	0	1.6 Zero in 2025	0

Chart 19: Market Share of Dry Pulses Exporters to Vietnam



Source: TDM

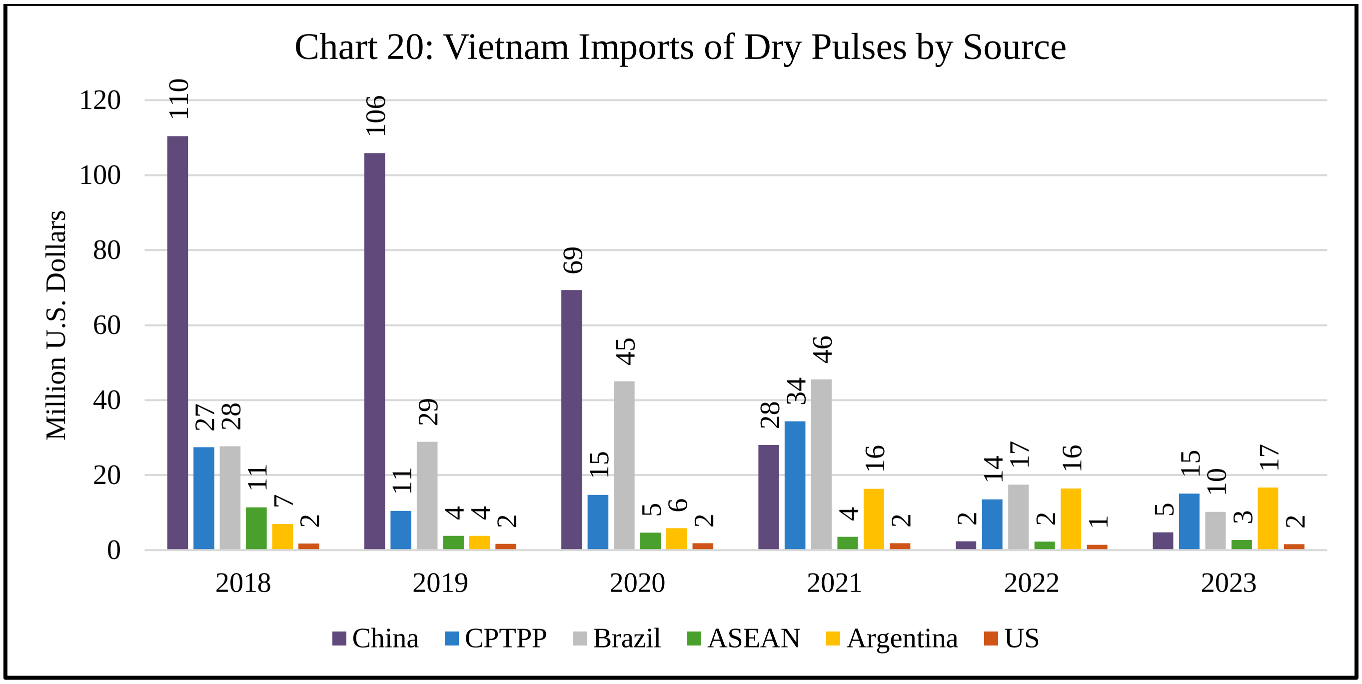


Chart 20: Vietnam Imports of Dry Pulses by Source

Source: TDM

Wine

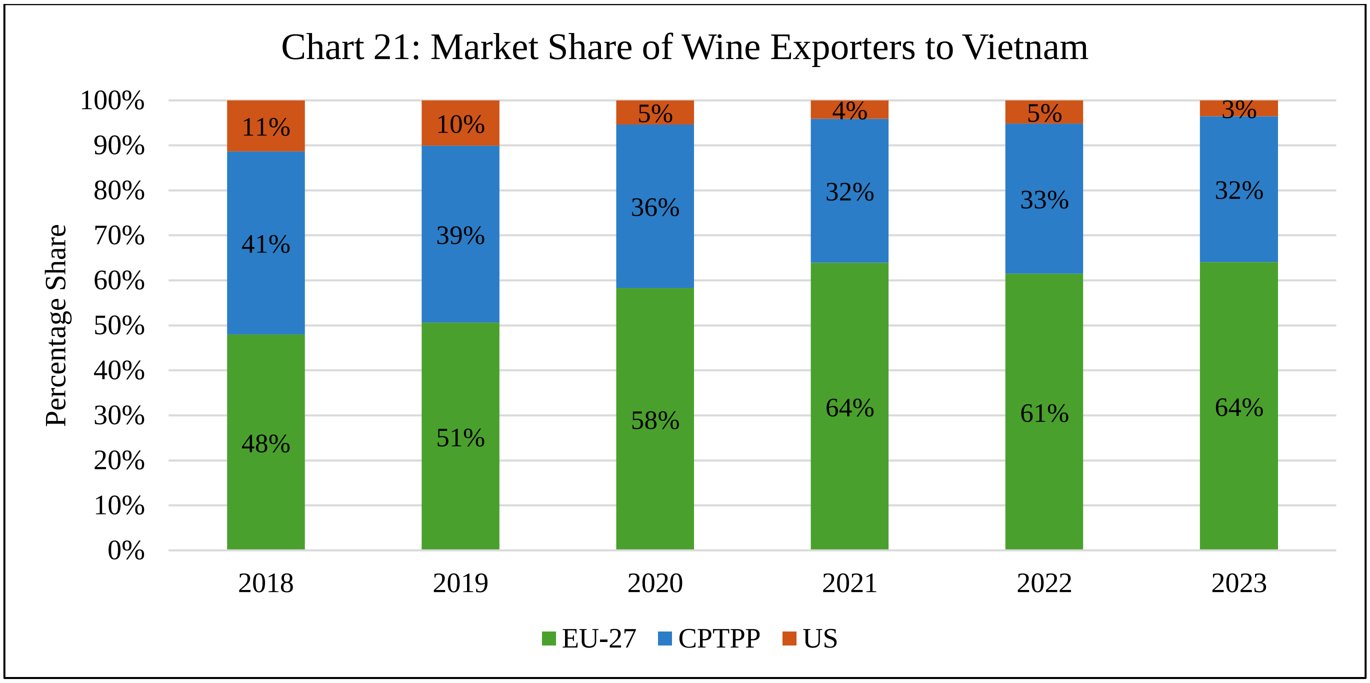
Vietnam is a competitive market for wine. Local production is insignificant for reasons including geography, climate, and underdeveloped viticultural technology. As a result, most of the wine available in the Vietnam market is imported.

After the negative effects of the COVID-19 pandemic, the market size remains relatively modest, hovering between $100 million and $135 million per year. Vietnamese consumers can find diverse wine varietals on shelves or bar and restaurant wine lists. Top wine suppliers to Vietnam include France, Italy, and Spain from the Old-World Wine, and Australia, Chile, New Zealand, and the United States from the New-World Wine.

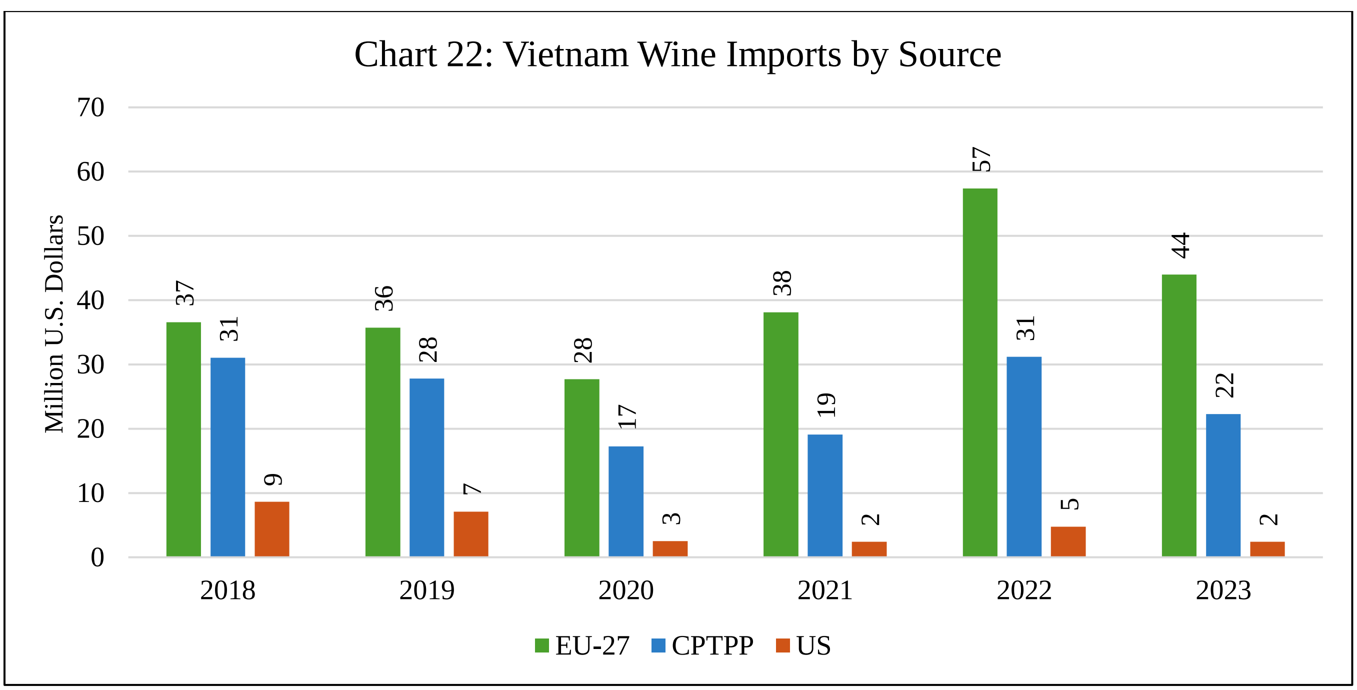
U.S. wine is losing ground against its competitors due to tariff disadvantages. In Vietnam, wine is classified as a luxury good which is subject to high import tariffs (see Table 11) and excise tax (35 percent). With the exception of the United States, all of the above suppliers are party to FTAs with Vietnam and have enjoyed lower import tariffs and consequently, lower excise tax. As a result, wines from Vietnam's FTA partners, particularly from EU, are getting more competitive and gained more export value from 2021 to 2023 (see Chart 22). U.S. market share has steadily declined from 11 percent in 2018, to five percent in 2020, and three percent in 2023.

Table 11: Wine Tariffs

HS Code	Agricultural Product	MFN 2024 (percent)	CPTPP (percent)	EVFTA (percent)
220410 – 220429	Wine	50	23 (Mexico) 22 (Other members)	18.7 Zero in 2027



Source: TDM



Source: TDM

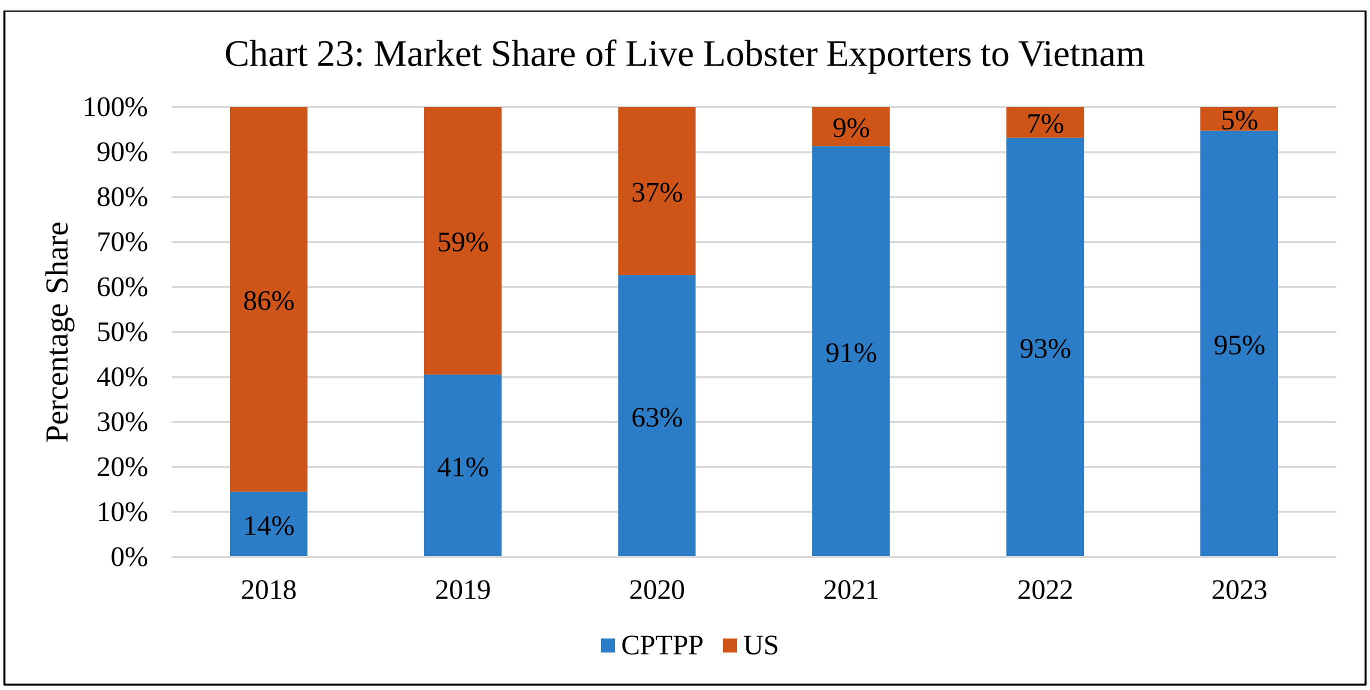
Lobster

While being a large fish and seafood exporter, Vietnam is also imports seafood products to meet local consumption. Live lobster (Homarus spp.) is one of the most popular crustacean species imported to Vietnam for high-end seafood restaurants and retail outlets. The two key suppliers of lobster are the United States and Canada.

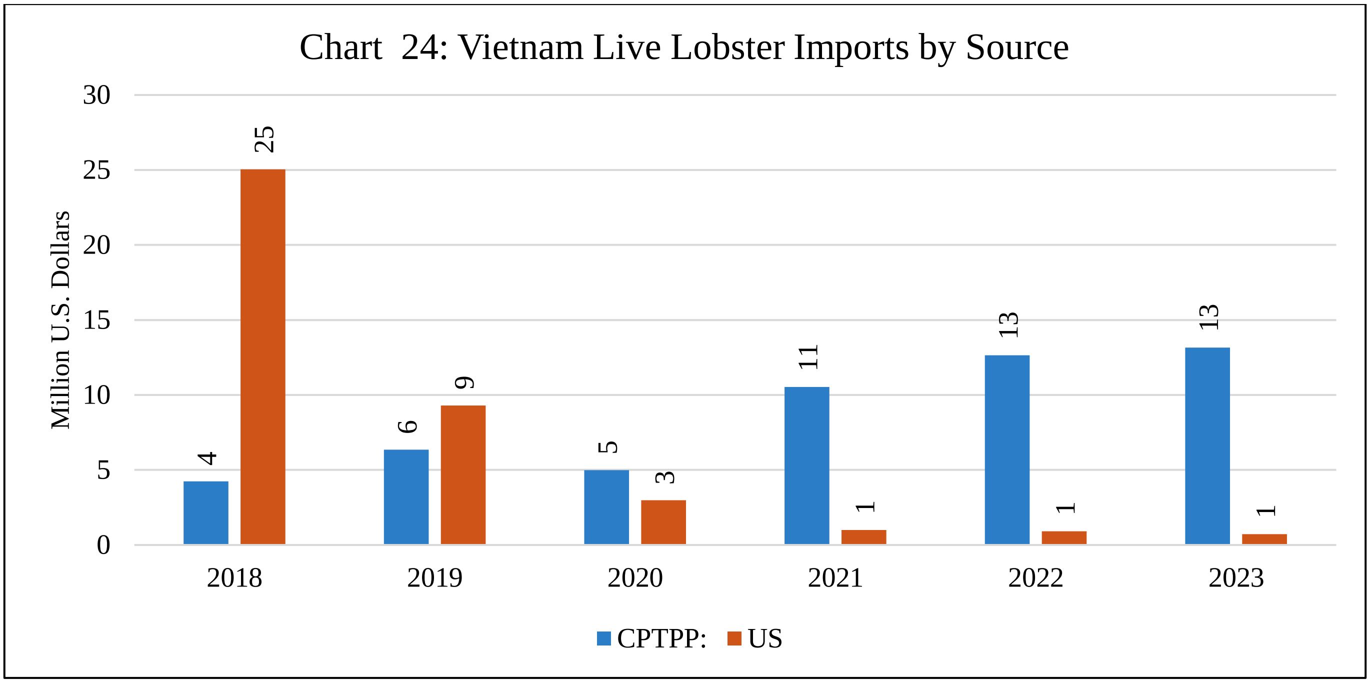
Homarus lobsters are extensively promoted by local retailers as Alaska lobsters, regardless their origins. American or Canadian lobsters look the same to Vietnamese consumers, but the former is subject to 10 percent import tariff while the latter enjoys a zero percent tariff due to CPTPP (see Table 12). Therefore, Vietnamese importers have switched from American lobster to Canadian lobster. U.S. market share has fallen from 86 percent in 2018 to under five percent in the 2023.

Table 12: Live Lobster Tariffs

HS Code	Agricultural Product	MFN 2024 (percent)	CPTPP (percent)
030632	Live lobster	10	0



Source: TDM



Source: TDM

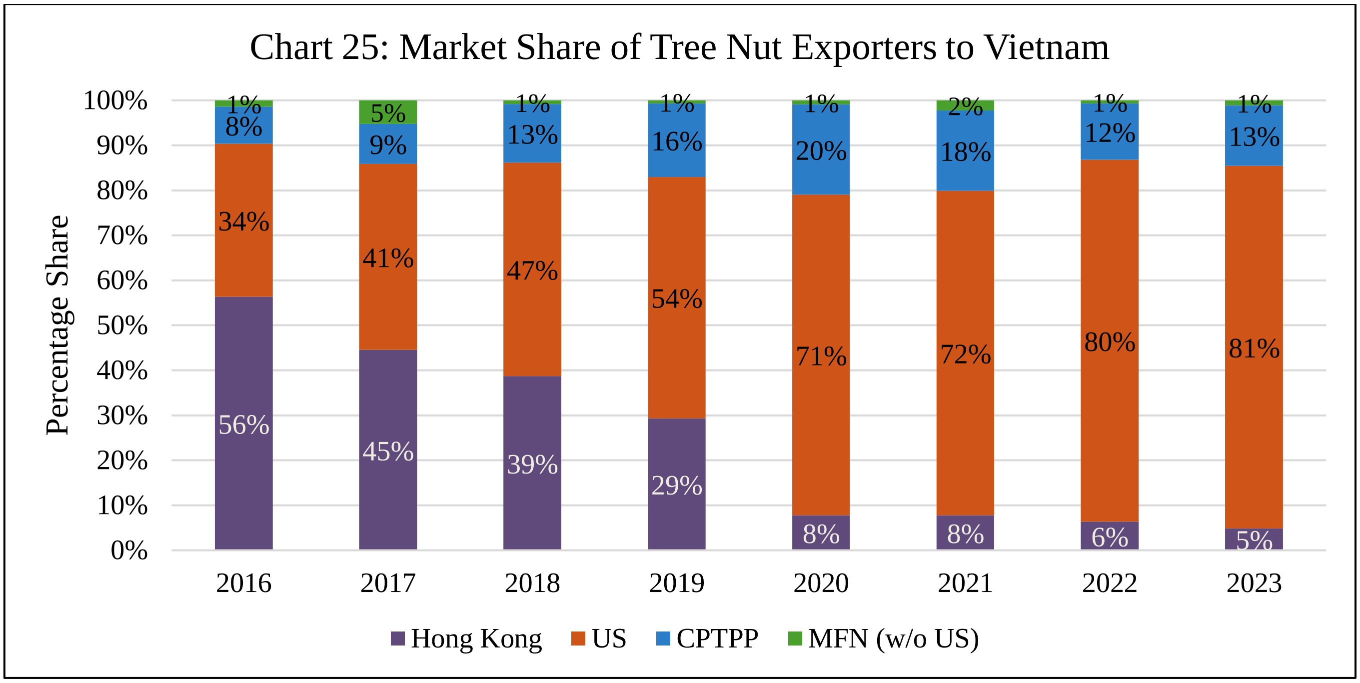
Tree Nuts

In 2023, Vietnam imported $2.1 billion of tree nut products, a 44 percent increase compared to the previous year. In terms of product types, cashew was the largest category of tree nuts exported to Vietnam, which accounted for 79 percent of exports with a value of $1.7 billion in 2023. The next popular imported nuts in Vietnam in 2023 were almonds, macadamia, pistachios, and walnuts. The total amount of these non-cashew tree nut imports was $461 million in 2023.

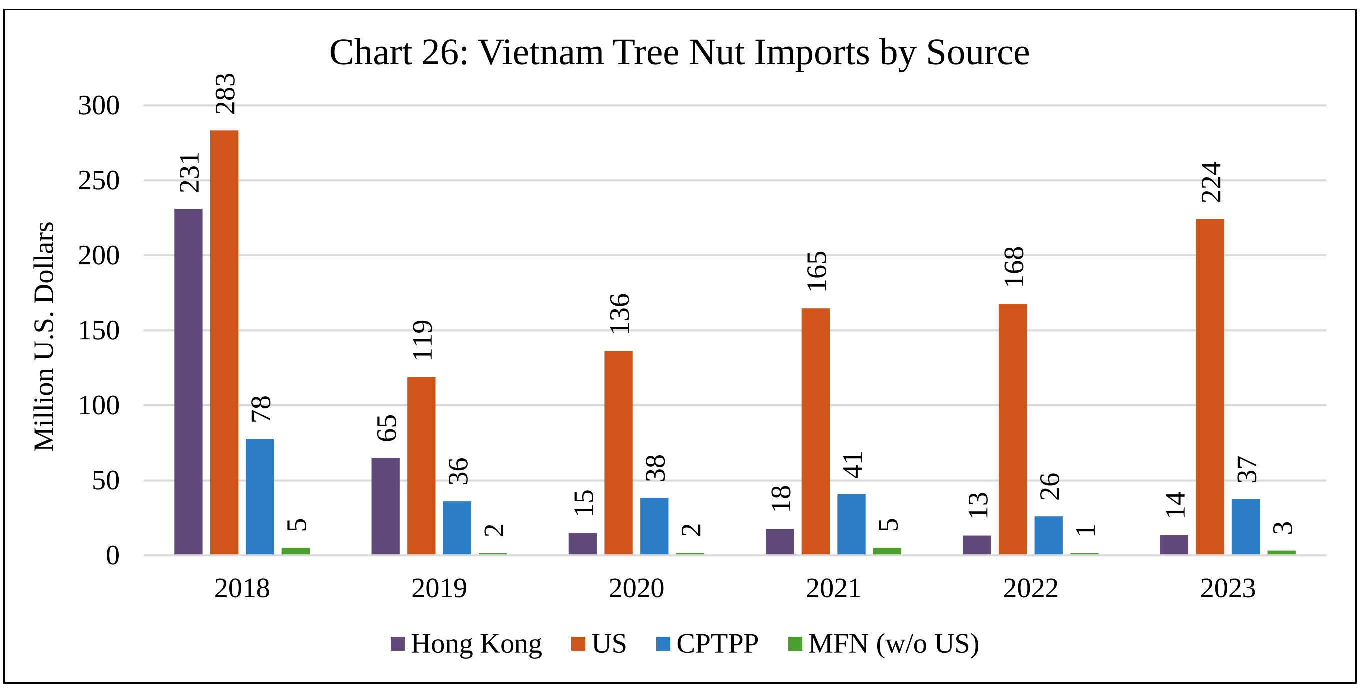
Exports of U.S. almonds, pistachios, walnuts, hazelnuts, and pecans to Vietnam experienced a sharp decline from $283 million in 2018 to $136 million in 2020, with a slight recovery in 2023 to $224 million. The data clearly indicates that China has dramatically reduced transshipments via Hong Kong and Vietnam, primarily for almonds. Despite high MFN duties, U.S. tree nut exports are primarily imported for processing and re-export, so they are subject to exemptions of those duties. Meanwhile, consumer demand for healthy snacking, including tree nuts, is increasing. The significant gap in import tariff (up to 30 percent) will hinder the growth of U.S. tree nuts in this market.

Table 13: Tree Nut Tariffs

HS Code	Agricultural Product	MFN Tariff 2024 (percent)	CPTPP Tariff (percent)	VN-EAEU (percent)	AANZFTA (percent)	EVFTA Tariff (percent)
08021100	Almond, in shell	10	0	0	0	2.5 (Zero in 2025)
08021200	Almond, shelled	10	0	0	0	1.6 (Zero in 2025)
08025100	Pistachio, in shell	15	0	0	0	2.5 (Zero in 2025)
08025200	Pistachio, shelled	15	0	0	0	2.5 (Zero in 2025)
08023100	Walnut, in shell	8	0	0	0	1.6 (Zero in 2025)
08023200	Walnut, shelled	30	0	2.7 Zero in 2025	0	5 (Zero in 2025)
08022100	Hazelnut, in shell	20	0	1.8 Zero in 2025	0	3.3 (Zero in 2025)
08022200	Hazelnut, shelled	20	0	1.8 Zero in 2025	0	3.3 (Zero in 2025)
08029010	Pecans, in shell	30	0	2.7 Zero in 2025	0	5
08029015	Pecans, shelled	30	0	2.7 Zero in 2025	0	5



Source: TDM



Source: TDM

IV. Summary Table of Vietnam's FTAs (as of June 2024)

No	FTA	Entry-into-force date (for Vietnam)	Trading partners
FTAs in force			
		Regional FTAs	
1	**AFTA**	**1996**	ASEAN
2	**ACFTA (ATIGA)**	**2005**	ASEAN, China
3	**AKFTA**	**2007**	ASEAN, Korea
4	**AJCEP**	**12/1/2008**	ASEAN, Japan
5	**AIFTA**	**1/1/2010**	ASEAN, India
6	**AANZFTA**	**1/1/2010**	ASEAN, Australia, New Zealand
7	**AHKFTA**	**6/11/2019**	ASEAN, Hong Kong
8	**CPTPP**	**1/14/2019**	Vietnam, Canada, Mexico, Peru, Chile, New Zealand, Australia, Japan, Singapore, Brunei, and Malaysia
9	**RCEP**	**1/1/2022**	ASEAN, China, Korea, Japan, Australia, New Zealand
		Bilateral FTAs	
10	**VJEPA**	**10/1/2009**	Vietnam, Japan
11	**VCFTA**	**1/1/2014**	Vietnam, Chile
12	**VKFTA**	**12/20/2015**	Vietnam, Korea
13	**VN–EAEU FTA**	**10/5/2016**	Vietnam, Russia, Belarus, Armenia, Kazakhstan, Kyrgyzstan
14	**EVFTA**	**8/1/2020**	Vietnam, EU27
15	**UKVFTA**	**5/1/2021**	Vietnam, United Kingdom
FTAs under negotiation			
		Negotiation date	
16	**Vietnam-EFTA FTA**	**2012**	Vietnam, EFTA (Switzerland, Norway, Iceland, Liechtenstein)
17	**Vietnam-Israel FTA**	**2015**	Vietnam, Israel

V. References

1. The EU's Guide to the EU-Vietnam Trade and Investment Agreements
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3. https://www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-in-force/regional- comprehensive-economic-partnership-rcep/key-outcomes/
4. http://www.mla.com.au
5. VCCI's WTO Center (https://trungtamwto.vn/)
6. https://www.customs.gov.vn/index.jsp?pageId=2313&id=NHAP_KHAU&name=Imports&cid=4154

Attachments:

No Attachments.