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EXPORTER GUIDE ANNUAL

VIETNAM EXPORTER GUIDE 2009

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Report Highlights:

This report is a practical guide for U.S. food exporters in the Vietnamese market. It provides updates on Vietnam's policies and regulations relevant to importing food and agricultural products, particularly consumer-oriented agricultural products. Vietnam has experienced tremendous growth in its food importing sector due to its sizable and young consumer base, its strong economy growth, improving consumer disposable income, and rapid expansion of Vietnamese retail, food service, and food processing sector. The prospects for continued growth in the food import market look promising.

Post:

Hanoi

Commodities:

Executive Summary:

SECTION I: MARKET OVERVIEW

This report provides U.S. exporters with basic information on exporting high-value consumer-oriented foods and beverages to Vietnam.

Vietnam has a dynamic, young and educated population of over 86 million consumers and currently enjoys one of the highest annual GDP growth rates in Asia. From 2001 to 2007 the economy grew at a rate of more than 7 percent per year, second only to China. During the current worldwide economic recession, Vietnam GDP growth was still at 6.23 percent in 2008 and expects to reach the rate of 5.5 percent in 2009.

Growth in the retail sector and tourism sector has been even higher than GDP growth at an annual average rate of over 13 percent and 11 percent, respectively. The outlook for high-value food and beverage products is excellent.

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 trade community. Vietnam is a member of ASEAN and became the 150th member of WTO in January 2007, and thus pledged to not just lower import tariffs and eliminate quotas but also to increase market access for goods and services, strengthen IPR protection, help enhance legislative and regulatory transparency as well as commercial dispute settlement and trade facilitation. To its credit, Vietnam has made large strides in lowering tariffs, particularly on key food commodities, cutting tariffs three times since accession, and in some cases, even beyond the bound rate in an effort to combat high inflation.

In 2008, Vietnam enjoyed another year of sizable growth in foreign trade. Its total export and import trade value reached \$143.3 billion, a year-on-year increase of more than 30 percent. Total exports were valued over \$62.9 billion, a year-on-year increase of over 29.5 percent. Imports were valued at \$80.7 billion, an increase of 28.7 percent over 2007 (source: Vietnam General Statistic Office).

Tourism and remittance income are vital sources of foreign currency for Vietnam. In 2008, remittance income from Vietnamese abroad contributes about \$8 billion to the economy, while tourism contributes a further \$3.6 billion. Tourists are a driving force in the demand for imported high-value food products particularly from the hotel and restaurant industry. Tourism has been growing at a rate of over 11 percent a year.

Consumption of imported consumer-oriented foods is expanding. Unofficial trade data indicate that Vietnam imported about \$1.2 billion in consumer-oriented agricultural products and \$250 million in edible fishery products as part of the estimated \$7 billion in agricultural, fish and forestry products imports in 2008.

Note: the actual level of consumer-ready imports is likely even higher, given Vietnam's porous borders and under-

invoicing practice.

U.S. food products are favored by consumers for their high quality, safety and innovation. Exports of high value and consumer-oriented U.S. food and beverage to Vietnam have seen rapid growth in recent years. After hovering around the \$20 million mark for several years, these exports grew to over \$51 million in 2004 and a record \$408 million in 2008, a year-on-year increase of 94 percent, and 34.04 percent of Vietnam's total imports of consumer-oriented agricultural products. In the long term, U.S. market share for these products should increase even more in the coming years as Vietnam has been lowering import duties on several of these products including dairy products, fresh fruits, and beverages. However, due to the current economic downturn, U.S. exports of consumer-oriented agricultural products in the first seven months of 2009 were \$213 million, a decrease of 14 percent over 2008 (see table 1, table 6 and table 7 for more details).

The best prospects for these consumer-oriented agricultural products include dairy products (including for manufacturing), chilled & frozen meat (beef and pork), frozen poultry, fresh fruits, dried fruits and nuts, snack foods, confectionary, packaged foods (canned fruit & vegetables, canned meat), condiments, juices, and alcoholic drinks (wine, beer, spirits).

Modern retail stores still only account for 14% of total food sales, but sales through these types of outlets has grown tremendously in the last six years with an average growth rate of 20 percent per year and continues to show strong potential for further development. Rapid growth in Vietnam's retail trade is being fueled by a combination of strong economic growth, rising income levels (particularly disposable income), a large young population, a growing middle class and increasing exposure to a Western lifestyle. More and more urban consumers are opting for an international shopping experience, shifting from the 'traditional' to the 'modern' trade (i.e. supermarkets and shopping malls vs. wet markets). This trend has been a driving force in increasing imports of Western food products. Still, there are obstacles to increasing the U.S. market share. It often seems that U.S. suppliers are either unfamiliar with the market or unable to evaluate a potential importer. In addition, for some products the small order size (typically case-lots, not container loads or consolidated container loads) is a disincentive to target this market, thus many U.S. products are transshipped through Hong Kong or Singapore, thereby adding handling costs and increasing delivery times. However, marketing efforts made now will pay large dividends in the future as the Vietnam market will continue to grow for the foreseeable future.

Vietnam's best consumer years are still ahead and prospects for faster expansion of the retail sector, hotel and restaurant sector, and the food processing sector in the next five years are very promising.

Trade Shows

Almost everything in Vietnam is changing quickly, and so is the high-value product/consumer-oriented food market. The Agricultural Affairs offices in Hanoi and Ho Chi Minh City (HCMC) are ready to assist you in fine-tuning your export activities for Vietnam. We encourage you to assess market prospects first-hand as face-to-face contact is very important, particularly in the initial stages of business relationships. Our HCMC office organizes a USDA booth at Vietnam's international food show, the Food & Hotel Vietnam, held bi-annually in HCMC. There are also regional shows in Hong Kong (HOFEX, often held in May) and Singapore (Food and Hotel Asia (FHA)) held every two years.

Many leading Vietnamese firms also attend HOFEX and FHA.

Series of Reports on Food and Agricultural Import Regulation and Standards (FAIRS)

This report should be used in conjunction with our other commodity reports, especially the Food and Agricultural Import Regulations and Standards (FAIRS) reports [VM8057](#) (FAIRS); [VM7070](#) (FAIRS Export Certificate); [VM8055](#) (Maximum Residue Levels) and [VM 9078](#). Despite our attempts to update all reports, some of the information will quickly become dated. Please contact the Hanoi and HCMC offices for the most up-to-date information.

U.S. Advantages	Challenges for U.S. Exporters
Increasing incomes and a rapidly-growing middle class enamored with American culture (music, movie, fashion) which carries over to American food.	Price-sensitive consumers. Significantly higher shipping costs and transportation time than Asia and Oceania.
U.S. foods are recognized as high quality items and great value for the price.	Strong preference to European (esp. French) and NZ/Australian foods due to 20-year absence from this market
Low level of competition from other U.S. suppliers in the market.	Vietnamese urban dwellers are slow to try new types of Western food.
Vietnam’s accession to WTO in 2007 has helped reduce tariff on several food items and created a better business environment with more liberalized trading and service practices.	High tariffs, cumbersome and excessive customs requirement; non-science based sanitary and phyto-sanitary requirements on animal and plant products persist and the regulations are slow to change.
Voluntary tariff reduction on dairy products, corn, SBM, soybeans and dairy products, even beyond final bound rates.	Low tariff applied on food products imported from South East Asian (ASEAN) Countries; China, New Zealand and Australian under the Free Trade Agreements.
Growing number of western-style fast-food restaurant chains, bakeries and coffee shops, as franchising has been introduced and the retail food sector now transitions to a more modern structure.	U.S. exporters often not flexible enough or responsive to importers’ needs or the local business environment.
Growing rural to urban migration.	Limited infrastructure and distribution for perishable products.
USDA Guarantee Export Credit Program called GSM 102 has been available for use in Vietnam since 2008. Two Vietnamese commercial banks have been eligible under the program.	Limited/restricted supply of bank loans and foreign exchange as well as weaker tie between the U.S. dollar and the Vietnamese dong, resulting in more risk for non L/C payment terms for sales of US foods

Author Defined:

SECTION II. EXPORTER BUSINESS TIPS

Below are some of the most important points to realize about doing business in Vietnam—from a U.S.

agricultural exporter point of view. Please see our other reports—especially the FAIRS—Food and Agricultural Import Regulations and Standards reports, and check the web sites of the various trade-related agencies of the Government of the Socialist Republic of Vietnam listed at the end of this report, most of the web sites have information available in English.

(1) Local Business Customs and Market Entry Strategy

- 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.

- Local businesses:

- Prefer face-to-face meetings in the initial stages, with additional follow-up visits, phone calls, emails and fax. Initial face-to-face meetings without follow-up visits rarely result in sales purchases. Sending offers and quotations without first establishing a relationship (cold calls) is highly unlikely to result in sales.
- Sometimes complain that U.S. suppliers do not take enough pains to understand their particular needs and constraints.
- 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.
- Tend not to pay close enough attention to trade policies and import regulations. And, 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 office.
- 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.
- That specialize in food import and distribution may have investments in other types of business (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.

U.S. exporters should note that Vietnam's legal and regulatory environment is undergoing change. Ongoing efforts to implement WTO mandates are stimulating change in public sector transparency and trade liberalization, even though import procedures remain inconsistent and still quite bureaucratic.

As foreign companies' access to local trading and distribution rights are still limited, local importers continue to play a major role in distributing and promoting imported products in Vietnam. Typically, local importers have their own sales agents and distribution fleet and are in direct contact with

supermarkets, wholesalers, and in many cases, also with thousands of grocery stores. Some importers import a wide range of products with no particular loyalty to a specific product, brand or origin. Other importers are working exclusively to develop markets for specific labels. These importers tend to promote their products more heavily and may require more involvement from the exporter in order to penetrate the market.

It is critical for U.S. exporters to study the market potential for their products before initiating sales. They should also visit Vietnam to gain a first-hand feel of the market, preferably around the time of the bi-annual Food & Hotel Show in Ho Chi Minh City (next show in September 2011). U.S. exporters are encouraged to review the FAS exporter guide as well as trade policy reports beforehand. Exporters may also contact FAS offices in Hanoi or Ho Chi Minh City to assist them with conducting market briefing and facilitating initial meetings with potential importers and major retailers.

The first objective of U.S. exporters new to the Vietnam market should be to gather information about potential buyers. (FAS/Vietnam maintains lists of potential importers) A typical business trip should be scheduled to maximize business contacts in a minimal amount of time. The initial trip to Vietnam will likely include multiple business meetings each day to identify potential buyers, and to the extent possible, these meetings should not seem hurried. During this visit, it is important to reserve time to briefly meet with each company a second time. Additional meetings over coffee and lunch/dinner in the city center are the best approach for making successful business contacts. Though meetings will probably be conducted in English, it is always best to have an interpreter to make sure that everyone completely understands the terms of the agreement. What may sound simple and clear may not be so simple and clear in Vietnamese, or in the Vietnamese business context. Any verbal agreement should be quickly followed up with a written agreement.

U.S. exporters should perform adequate due diligence on potential customers to ascertain they have the requisite permits and capital resources to meet their responsibilities. Success in introducing your product in this market depends on a good local representative and an effective pricing strategy. The local partner should preferably be an importer and distributor, capable of maneuvering in both traditional and modern retail channels.

(2) Consumer Preferences

Vietnamese consumers dispense a sizeable portion of their expenditure on food items. About half of total expenditure is for food, mostly staples and basic food items like rice, salt, sugar, meat, vegetable oil and sauces. The average household spends very little on high-value processed food products. Nevertheless, recent consumer surveys point to an increase in spending on high-value foods such as dairy products (UHT and fresh milk, yogurt, cheese etc.) meats, eggs, fresh fruits, imported vegetables, confectionary, snack foods and sophisticated food items.

Vietnamese consumer habits:

- Shop daily for food items. (changing somewhat among the younger urban generation)
- Prefer fresh products. (i.e. not frozen)
- Low ownership rate for refrigerators and microwave ovens. (only 12% of urban households have microwave ovens).

Consumer trend in urban areas:

- Still low average income.
- More concerned about nutrition, quality, hygiene and food safety.
- Brand loyalty, but still receptive to new products.
- Western lifestyle is welcomed.
- Dining out more than before.
- Influenced by advertisements and promotions, particularly kids. One market researcher noted that 18% of sales in the modern retail sector are as a result of advertisements and promotions.

(3) Food Standards and Regulations

Please refer to FAIRS report [VM 9078](#) for detailed information about Vietnam Food Standards and Regulations.

(*) Special note on Food Standards Registration

Locally produced and imported foodstuffs must obtain a Food Standard Registration Certificate (RC). The Food Administration Department (FA) of the Ministry of Health (MOH) is responsible for issuing these certificates for imported foods.

Details can be found in the part of "Food Standard Registration" at FAIR Report [VM9078](#).

This registration process is cumbersome. The Ministry of Health imposes excessive documentation requirements with respect to imported food products. Importers are required to apply for registration for each food item imported. Also, documentation required to register food products is quite stringent. The process requires a certificate of analysis (CA) so detailed that some U.S. companies are unwilling to provide it because they feel it violates their confidentiality. For mixed containers of processed foods, this can be both costly and burdensome.

(4) Trading and Distribution Rights

With only a few exceptions, the Ministry of Industry and Trade currently allow only Vietnamese companies to distribute goods within the country. However, in accordance with its WTO commitments, as of January 1, 2009, foreign-owned firms in Vietnam will be allowed distribution rights. However, our office has not seen much distribution rights have been granted to foreign entities. In the meantime, however, U.S. businesses must use a local importer/distributor or agent with which to

work. Quite often the importer and distributor are separate companies, with each having their own required fees.

In general, Vietnamese companies, licensed as food and foodstuff businesses that have been issued import/export customs codes are eligible to import and distribute food products within Vietnam. In some cases, the importer is a state-owned enterprise (SOE) which is able to obtain foreign currency financing from state-owned banks to purchase goods; they usually charge a small fee for importing goods on behalf of private-sector Vietnamese distributors. The goods would then move to market through the local distribution company. In many cases, however, the local privately-owned company has the proper import and distribution licenses and the SOE does not need to be involved. This is usually a better choice for U.S. companies trying to find local partners.

(5) Representative Offices

Foreign companies can enter Vietnam and establish a Representative Office. This type of office requires a business license issued by the Ministry of Industry and Trade and its city and provincial sub-departments and permits the foreign company to monitor marketing and sales activities of the local or joint-venture distributor. It does not, however, give the foreign company the right to manage the distributor, sell products or collect payments.

Many international companies have established 'rep' offices in HCMC or Hanoi. This allows them to closely monitor and work with their local partners—but does not allow them to directly trade or distribute goods. As time passes the restrictions on rep offices are slowly easing.

(6) Credit & Finance / Letters of Credit

On any shipment exceeding a small sample amount, it is important to sell goods cash before delivery or against an irrevocable Letter of Credit (L/C). Other credit terms should not be contemplated until absolutely sure the importers and distributors being dealt with are reliable. There have been many cases of local companies locked in payment disputes with their foreign suppliers.

In current normal practices between U.S. exporters and reliable importers, Vietnamese foodstuff importers usually make payment on either Money Telex Transferred (TTR) or Document against Payment (DP) basis as the banking fee for opening L/Cs is high compared with relatively small U.S. dollar payments needed for importing small lots of U.S. goods.

It is important for the American exporter to have a distribution relationship with a local company that has the financing to enter into a business relationship—both with the exporter and with local Vietnamese stores. The local distributor will give credit terms to buyers and collect payments due.

(7) Supermarket Tips & Cold Chain Woes

Supermarkets in Vietnam carry a wide range of goods, including food, clothing, shoes, and furniture. Most supermarkets devote about 40-50 percent of their physical space to food and the rest is divided among all the other goods.

Increasingly, consumers are inclined to buy food from supermarkets because they are cleaner, with better measures for control of food quality than traditional markets. There is also growing acceptance of processed and packaged food products as well as frozen products, including meat and fish. Though local food products continue to be strong sellers because of price, the quality control has not yet reached international standards. Local consumers are beginning to pay closer attention to food quality and food safety, and this new trend will help promote U.S. quality products. Supermarket managers reported that consumer demand for imported food was steadily increasing.

Modern retail stores still only account for 14% of total food sales, but sales through such outlets have grown considerably over the last six years, with an annual average growth rate of 20 percent. One should not, however, totally overlook the open-air or enclosed traditional markets, often referred to as wet markets. Many case-lots of imported goods (canned goods, nuts, wine, and shelf-stable products) are sold through these markets, particularly in the greater proportion of the country where modern supermarkets have not yet reached. According to major U.S. food importers, sales volumes to supermarkets are increasing but are still under 50 percent of their total sales. To reach all Vietnamese consumers, exporters need to have a local partner capable of supplying both the modern (supermarket) and traditional (wet-market) channels.

The cold chain—the system for preserving fresh, chilled and frozen commodities from producer to final consumer—is not good in Vietnam, though it is improving. Most of the larger modern shops have freezers and refrigerators, but smaller shops do not. While Vietnam has developed a fairly good export cold chain for frozen seafood, the import and domestic cold chains are weaker and more prone to power interruptions. Fresh produce suppliers have also found that many Vietnamese importers do not adequately supervise the temperature and humidity in their chillers, thereby shortening the shelf life of perishable commodities.

Refrigerator or microwave ownership in Vietnamese homes is still , though the numbers are growing among middle-class consumers in such urban areas as Hanoi, HCMC, Haiphong, Danang and Cantho.

(8) General Inspection Procedure for Imported Products (Entry Point Inspection/Testing)

Please refer to the part of "Entry Point Inspection/Testing" of FAIRS report [VM9078](#) for detailed information.

Also refer to VM8055 for the "Permitted Maximum Levels of Biological/ Chemical Residues in Food" (MRLs)

In brief, according to the latest regulation issued by Ministry of Health/Vietnam Food Administration,

12 foodstuff groups (other than unprocessed food originated from animal, plants and fish) are subject to compulsory State examination on food quality and safety:

Food quality and safety control examinations for goods using Harmonized System code (HS) are based on Vietnamese Standards (TCVN) and Technical Standards. In case there is no Vietnamese reference, CODEX standards is applied.

The entry point inspection entities are technically referred to as State Testing Agencies or State Controlled Agency (STA or SCA) which carries out inspection and clearance related to quality control on behalf of Government Ministries. The STA or SCA are normally based on the MRLs for their testing.

Necessary documents to submit to STA include:

- Registration Certificate
- Trade contract or L/C
- Bill of lading
- Invoice
- Packing list
- Certificate of Origin
- Result of Tests, Certificate of Analysis

For unprocessed foods originating from animal, plant and marine

Imports of unprocessed foods originating from animal, plants and marine sources must be inspected for sanitary and phytosanitary standards by competent quarantine agencies under the Ministry of Agriculture and Rural Development (MARD).

At the wholesale/retail distribution level, several city and provincial government agencies are involved in monitoring the quality and safety of food products, including offices of the Department of Health, the Department of Animal Health, the Department of Industry and Trade, and the Police Force.

The General Department of Customs also inspects goods to determine and collect import duties and assess violations of compliance with required Customs formalities on behalf of all concerned agencies (Ministry of Finance, Ministry of Industry and Trade, Ministry of Health, Ministry of Agriculture, etc.).

(9) Location of Inspection

Entry-point inspections by STAs and Customs inspection may take place at seaport, river port, airport or even at a public warehouse or importer's warehouse—if certified and approved by STAs and Customs.

If the importing company would like to have cargo inspected in its warehouse, the company must submit a request to the Customs authorities and STAs for approval.

For imports of meat and dairy products, locations of inspection must be at entry-point destinations (seaport, river port, and airport) or at STA/Customs-certified warehouses. Entry point inspections at importer's warehouses have been no longer accepted.

(10) Import Duties & Fees

The total cost of import duties and inspection fees levied is calculated by the General Customs Department and the STA.

Vietnam is now working to implement GATT Article 7 and thus generally uses transaction value for import duty calculations with only a few exceptions.

On March 16, 2007 Vietnam issued Decree No.40/2007/ND-CP on "regulation on calculation of customs value for imported/exported goods." As stated in Article 7 of the Decree, the customs value for calculation of import tax will be based on actual value that importers are required to pay directly or indirectly to the exporter that include:

- Value of goods listed on the commercial invoice
- Other payments that the importer already paid in advance that may not be stated on commercial invoice (e.g. payment for insurance, deposits for purchasing goods, payment for third party as requested by the seller.)

Inspection fees are calculated based on the total retail value of the cargo inspected. The fee for food quality inspection is 0.1% of the retail value of the goods, but the total amount cannot be less than Vietnamese Dong (VND) 300,000 which is approximately \$17.00.

Customs has developed a specific procedure that it believes combats fraud. Each year it issues import value database, based on a database of usual and historical import prices that it maintains. If enterprises declare prices lower than the reference price, Customs consults with the firm. After consultation, if an indication of trade fraud is found, the case file is forwarded for further investigation as per regulations. Within 15 days from the date of applying for customs clearance of the case, the Customs office must inform the importer of the determined customs value for import duty. There is an appeal process in place.

These procedures have drawn complaints from importers of U.S. agricultural products, particularly for meat cuts and high-value food products. Importers complain that the price database are often based on general category of previous imports (i.e. 4-digit HS code) without reference to product specification or differentiation and are significantly inaccurate. Customs officials are reluctant to stray from the reference-price valuations even when invoices have been clearly proven valid. After numerous complaints from trading partners, the process appears to be improving, particularly for long-established importers.

(11) Document Package

When importing, all necessary documents must be compiled into one dossier and presented with a Vietnamese-language translation of the sales and purchase contracts.

The necessary documents include:

- 1) Customs declaration application / Registration for inspection form
- 2) Copy of the trade contract or letter of credit (L/C)
- 3) Bill of Lading
- 4) Invoice
- 5) Packing List (see note below)
- 6) Certificate of Origin (See note below).

Documents certifying the safety and quality of the foods

Note: Additional documents may be required, based on the nature of the shipment. If there is any doubt, please check with your local business partners, our FAS offices and also MOH before finalizing the sales terms.

(12) Labeling

On August 30, 2006, Prime Minister Nguyen Tan Dung signed Decree No. 89/2006/ND-CP on goods labeling. This replaces Prime Minister Decision No. 178/1999/QDTTg of August 30, 1999 that promulgated the Regulation on labeling of domestically circulated and exported and imported goods, and Decision No. 95/2000/QD-TTg of August 15, 2000 that provided adjustments and supplements to it. The new decree would normally have been effective in March 2007, six months after publication in the Official Gazette, but due to delay in issuing the implementing guidelines, it is effective as of September 2007. (See [VM7037](#) for details)

The new ordinance applies to all types of circulated goods including imports and exports. Labeling is exempted for raw and fresh foodstuffs, unpacked processed foodstuffs which are for sale directly to consumers.

The Ministry of Science and Technology (MOST) has been assigned the lead in creating the relevant regulations to implement the ordinance. MOST is also responsible for monitoring implementation of the ordinance and handling violations. The Vietnamese Directorate for Standards and Quality (STAMEQ) has been appointed as the key assisting agency to MOST in management of goods labeling, and on April 6, 2007, the Ministry of Science and Technology issued guidelines for its implementation (see [VM7038](#))

The Vietnam Food Administration (VFA) under the Ministry of Health is working on guidelines for implementation of a new labeling law for food products. A draft of these regulations is reported in

VM8020. Post will provide updates of the regulations as they become available.

Special note on the Vietnamese labeling requirement on Production date and Best by If Used Date:

The production date and best-by dates are required for imported packaged foods and also for imported, chilled and frozen beef, pork, poultry and offal.

The STA normally does not accept Julian date code and may require decoding explanations on the production and best-by dates of products. The explanation should be provided by either an independent government agency or the food manufacturer, not the shippers.

(13) Phyto-sanitary and Sanitary Inspection & Required Export Certificates

Please refer to FAIRS Export Certificate Report VM8071 for information on export certificates and documents that Vietnam requires for imports of foodstuff, animal, plant and fishery products.

Vietnam is relatively reasonable on sanitary and phyto-sanitary issues, especially compared to most of its Asian neighbors. Officials from the Ministry of Agricultural and Rural Development (MARD) have been responsive to appeals to follow OIE guidelines. Still, Vietnam's animal health officials are cognizant of their power and the tendency of other countries to go beyond international guidelines like OIE.

Phyto-sanitary and sanitary health inspections for imports of live animals and animal products (incl. dairy products), plants and plant products, and edible fishery products are done before customs clearance. The Ministry of Agriculture and Rural Development's Plant Protection Department, (PPD) Department of Animal Health, (DAH) and Agricultural and Fishery Quality Assurance Department handle all sanitary and phyto-sanitary inspections.

Special Note: *Regarding animal health inspection service, DAH requires:*

Application dossiers for import of animal products for human consumption (meat, offal, eggs, milk and products containing these ingredients) must include:

- a. A letter requesting quarantine inspection of imports of animal products
- b. Trading/Business License
- c. HACCP certificate from food producing agencies *
- d. Certificate of free sale (a copy with the company's stamp)
- e. Other permission granted by authorized agencies in accordance with the regulations.

* For U.S. products:

- Effective August 4, 2006, MARD/DAH eliminated HACCP and Certificate of Free Sale from their requirement for dossier for inspection permits to import of beef, pork and poultry meat from the United States.
- For milk products from the United States, the USDA/AMS certificate can replace the HACCP certificate.

(14) Special Warning regarding Certificates of Origin and Packing List

According to Circular No.09/2000/TTLT-BTA-TCHQ dated April 17, 2000, Certificates of Origin (C/O) must be issued by competent agencies as prescribed by the exporting country. These agencies usually include organizations such as the Ministry of Trade, Ministry of Industry, Ministry of Finance, and other organizations designated by the government of the exporting country, such as Chambers of Commerce, Chambers of Commerce and Industry, etc. If the C/O is issued by the manufacturer, it must be certified by the concerned competent agency or organization of the issuing country.

C/Os submitted to Vietnam's customs office must be original (not copies) and contain the following information:

- The issuance number of the C/O.
- Name and Address of the exporter, the exporting country.
- Name and Address of importer, the importing country.
- Information on transportation of the goods.
- The trademark and label; quantity and type of packs; description of goods.
- Weight
- The origin of the goods
- The enterprise requesting the C/O issuance (Enterprise's name and date of request for issuance).
- The C/O issuing organization (Name, date of issuance and its stamp)

(15) Certificate of Origin Stamp

Although Customs seems to be becoming more reasonable on this point, FAS/Vietnam has assisted many cases in the past where Customs officials refused to accept U.S. certificates of origin without 'raised' seals or official circular stamps. If the C/O has an oblong or rectangular stamp, Customs may reject the document. Only circular stamps are considered official in Vietnam. Additionally, many U.S. bodies issuing certificates of origin do not clearly stamp the paperwork. If Customs cannot read the stamp – it does no good. Likewise, if the stamp is one that produces a 'raised' seal, please make sure it is clear. FAS/Vietnam has developed a good working relationship with Customs officials, so do notify us if you encounter any problems with certificates of origin.

Vietnam assumes the C/O will be issued by a 'relevant' body observing all applicable regulations of the country granting the C/O. By 'relevant' body, Vietnam means a Ministry of Trade, Industry or Finance, and/or other organization authorized by the State, such as a Chamber of Commerce or Chamber of Trade. In cases where the C/O is issued by the manufacturer (or on the letterhead of the manufacturer), it should be certified (and stamped) by the relevant organization or body in the country of origin.

(16) Import Quota

Currently, Vietnam has import quotas on poultry eggs, salts, tobacco and sugar. The import quota set for 2009 in the below table.

Vietnam's 2009 import quota

No.	HS Code	Description	Unit	Quantity
1	0407.00.91	Chicken eggs	dozen	34,000
	0407.00.92	Duck eggs		
	0407.00.99	Other		
2	2401	Tobacco raw material	metric ton	45,000
3	2501	Salt	metric ton	250,000
4	1701	Raw/refined sugar	metric ton	101,000

Source: Ministry of Industry and Trade (MOIT) Circular No.16/2008/TT-BCT dated Dec.9, 2008 and Circular No.28/2009/TT-BTC dated July 3, 2009

Based on import quotas, the Ministry of Industry and Trade (MOIT) issues import permits to traders who import raw / refined sugar used as materials for direct production.

(17) Imports of GM food and GM products

Vietnam currently has draft regulations relevant to the management of imports of genetically modified products and foods derived from genetically modified materials. Some regulations have already been reported to WTO and received comments from member countries. However, to-date, none of these regulations has been approved. For updates on Vietnams' regulations on biotechnology, please refer to [VM7048](#), [VM7059](#), [and VM7060](#) and [VM9072](#)

(18) Enforcement Concerns

Traders have noted that enforcement of import regulations is not completely consistent. Moreover, the laws and rates of duties change often and are almost impossible to predict. People working in the trade in Vietnam are often the best source for finding the most up-to-date information about exporting food to Vietnam. Vietnamese government agencies can provide information, but response time may be slow and miscommunication between ministry and regional offices is possible. Contacting the USDA/FAS Agricultural Affairs Office in HCMC or Hanoi is a good starting point.

SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

With a large, young consumer base, an improving per capita income and strong economic growth, Vietnam's best consumer years are still ahead and prospects for faster expansion of the retail, food service and food processing sectors in the next five years are very promising.

The best way to enter the Vietnamese market is to develop a relationship with one of the established food trading companies working with wet/open-air markets, supermarkets, hotels and restaurants.

Currently, there are only a handful of well-organized food trading and/or distribution companies in Vietnam; so the selection process need not take too long. There is typically some sort of foreign involvement in each of the better-known companies. As these companies tend to be somewhat transient, it is advisable to visit Vietnam and research the company's customer lists and achievements.

Most chefs and hotel food and beverage managers in the top hotels in Vietnam are from Australia or Europe, so the HRI sector has a strong preference for products from these parts. Australian products also enjoy both a freight and delivery time advantage. U.S. products tend to be newer to the market, which may or may not be an advantage depending on consumer knowledge of how to use the product. In-store promotions are popular and a recommended part of an advertising campaign. Point of purchase (POP) displays and other advertising materials are important to attract local consumers that may have a limited knowledge of foreign food products.

While HCMC and Hanoi have a growing number of modern outlets, much of the country still relies heavily on traditional marketing channels. Small "mom and pop" shops and wet markets continue to play a major role in food distribution.

Retail Sector

Strong economic growth and improved per capita income have contributed to the robust expansion of Vietnam's retail trade. Nationwide retail sales of goods and services have enjoyed a high growth rate of over 13 percent per year for the last five years. Food retailing in Vietnam has been growing at an average rate of more than 13 percent per annum. The retail food sector's total sales are estimated at \$11.5-12 billion, but only about 14 percent of this amount is attributable to modern trade.

Although the traditional retail outlet still dominates the retail food sector, Vietnam's retail industry is steadily transitioning away from the traditional trade outlet to the more modern mini-mart, supermarket, hypermarket and wholesale center. Modern trade has grown tremendously in the last seven years, from only a few supermarkets in 1999/2000 to currently over 140 supermarkets, 8 hypermarkets and 9 wholesale centers, and the indicators for further development are strong. Some major foreign retail chains (Dairy Farm, Lotte Mart) have already obtained permits to set up supermarkets in Vietnam and others have closely studied the market for future investment.

Rapid growth of modern trade in Vietnam's retailing sector continues to be fueled by strong economic growth, rising income levels (especially disposable income), a growing middle class, an increasing young population and increasing exposure to a western lifestyle. Over the last seven years, modern trade in Vietnam grew at an average rate of 20 percent a year and it is expected to continue at this level for the next five years.

Operators in the modern retail food sector are likely to contend with the following:

- Shelf life labeling regulations that can be both costly and challenging for food importers /distributors and inventory controllers.
- Supermarkets rely heavily on merchandising services offered by importers/distributors.
- Many supermarkets also earn significant revenues from suppliers in the form of listing fees, shelf space rentals and various fees and discounts.
- It is not unusual for major supermarket chains to receive up to 45 days credit terms from their suppliers.
- Promotional and advertising activities always create much better sales.

Further growth and sophistication in the retail sector will create additional opportunities for U.S food exporters. Local importers still continue to play a major role in the introduction, distribution, and promotion of imported food products in Vietnam. U.S. food products with the best prospects are dairy products (mainly milk powder infant formula), chilled & frozen meat (beef and pork), frozen poultry, fresh fruits (apples, grapes, and pears), dried fruits (raisins) and nuts, snack foods (popcorn, potato chips etc.), confectionary (chocolates, cookies etc), packaged foods (canned fruit & vegetables, canned meat), condiments (mayonnaise, tomato ketch-up, sauces), juices, and alcoholic drinks (wine, beer, spirits).

Please refer to VM8083-Vietnam Retail Food Sector Report.

Food Processing Sector

Vietnam's food processing industry has expanded rapidly over the last few years, together with the growth of the retail sector. Post believes the overall food processing industry has enjoyed an average growth rate of over 10% per year. With more transparent regulations and less burdensome paperwork, the Government of Vietnam has successfully attracted not only foreign investors but also local investors into Vietnam's food processing industry. Vietnam has also tried to protect local food manufacturers by imposing high import tariffs (from 20 to 40 percent) on selected food imports that compete with locally produced products (confectionery, snack foods, juices, ice cream etc.).

Dairy products (UHT milk, milk powder, ice cream, yoghurt etc.), canned foods (meat, seafood, fruits and vegetable), bakery products, snack foods (potato chips, dried fruits, and wheat-based snacks),

juices, confectionery (biscuits, cookies, candy, chocolate etc.) and hot sauces are all produced locally with acceptable quality.

Consumer-oriented food products "produced" in Vietnam still rely on imported food ingredients and additives.

Most large local manufacturers have good manufacturing practice certificates or the equivalent (ISO 9002, HACCP).

U.S. food ingredients with the best prospects include dairy products (milk powder, whey and lactose for bakeries, dairy and confectionary manufacturing), seafood (for further processing and re-exports), meat (pork and chicken meat for meat processing), turkey MDM (for sausages), lysine (for meat processing), dehydrated potato powder (for snack foods), dried fruits and nuts (for bakeries), concentrated juices (for juice manufacturing), sweetening and flavorings.

Food Service Sector

Average per capita income in Vietnam in 2008 was estimated at \$1,025 per year, which is significantly lower than other countries in the region, such as Thailand and the Philippines. For this reason, foodservice in Vietnam tends to be on a much smaller scale. Moreover, as only 27% of the population lives in urban areas where foodservice is more accessible, the demand for foodservice is also more limited. Foodservice outlets are chiefly in the form of small restaurants, cafés and beer garden type restaurants, which serve mostly local products. Foodservice outlet chain is still in its infancy here and number very few. Management of foodservice chains is weak, thus hampering development and expansion. Notwithstanding this, the sector is expanding as it responds to strong economic growth, strong tourism growth, rising income levels (particularly disposable income), a growing middle class, a sizeable young population, and an increasing exposure to a Western lifestyle.

Over the last five years, foodservice trade in Vietnam achieved an average growth of nearly 11 percent per year and is expected to continue to grow at this rate for the next five years. More consumers in urban areas are demanding an international eating and tasting experience and increasing numbers are shifting from the 'traditional small outlets' to the 'modern' high-end outlets.

Vietnam's HRI food service sector comprises over 500,000 outlets including over 400,000 street stalls/kiosks; 6,000 fast-food restaurants; 74,000 full-service restaurants; 17,700 cafeterias/bars; and more than 10,000 hotels and resorts. Three-star to five-star hotels have only contributed to a small portion of the total outlets, which is totally about 300 units. There have been only 31 five-star hotels; 90 four-star hotels and 175 three-star hotels.

The HRI foodservice sector continues to expand due to strong demand from both the Vietnamese urban consumers and the foreign tourists. The foodservice is expected to see further development on different levels. 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, so as to offer new items to customers. Services are expected to be more diversified and professional. Marketing efforts should be focused more. Further development will be not only in major cities such as Hanoi, Ho Chi Minh City, Da Nang, Hai Phong, and Can Tho, but also in the areas around these cities.

Eating habits have changed and eating out is more popular for Vietnamese urban customers. Vietnamese prefer conducting business meetings at foodservice outlets rather than at office places. The eating-out trend will help the foodservice expand further.

More high income people also demand for more sophisticated food and drink menu at higher-end restaurants.

As a fast-developing country with high migration from outside to big cities, the urbanization in Vietnam has been strong, especially in Hanoi, Ho Chi Minh City and other major cities. New living areas and office buildings will lead to greater demand for modern retail outlets and foodservice outlets. Many foreign investors have also launched huge construction projects in Vietnam. These investments will help to further drive urbanization in the country. More people have moved to work or live in these new areas create demand for new foodservice outlets. Urbanization will pave the way for modern outlets to develop in Vietnam.

Fast food, a concept that came to Vietnam much later than some of the others, was perceived as a modern concept, and saw further development in the last three years. After a long period striving for success in Vietnam, multinationals such as KFC and Lotteria have started to turn a profit. Fast food outlets associating with Western eating habits have become popular among students, young office workers, teenagers, and children. In addition to fast food, coffee chains have begun to expand further in the last three years. Independent Western and Asian restaurants have also seen rapid growth. The trend in fastfood brings more demand for imported foods including condiments, (tomato ketch-up sauce, mayonnaise etc.), chicken meat, beef and frozen potato.

There has also been a booming increase in cafeteria style outlets in HCMC and Hanoi over the last five years. There have been more large modern cafeterias with big kitchens suitable to serve not only drinks and sweet bakery products but also some Vietnamese foods as well as Western-style fast foods (hamburgers, pizza, and spaghetti). Vietnamese usually get together at cafeterias for breakfast in the morning and/or for chatting after work. The boom in this sub-sector brings more demand for bakery products, dairy products (incl. ice cream) and more sophisticated drinks like cocktail blends, milk shakes, fresh fruits (grapes, apples) and fruit juices.

Although domestic players continue to dominate foodservice in Vietnam, competition between domestic players and multinationals has become particularly intense.

Chain outlets have seen faster growth. Food served at chains is perceived as being of better quality by

consumers. Another reason for the growth of chains was the improvement in legislation and regulation relating to franchising.

Family-owned individual small foodservice outlets (street stalls/kiosks, small restaurants, small catering companies) continue to dominate the foodservice market. However, sales result at “high-end outlets” (high-end full service restaurants, fast food chains, cafes/bars and catering services) are still small but are growing fast. While it currently has a relatively small share of total foodservice sales, high-end outlets should continue expanding at a high rate over the next five years.

There has been a significant increase in the number of resorts along Vietnam’s beautiful coastal areas over the last 5 years. Many resorts have been built in Ba Ria, Vung Tau, Mui Ne, Nha Trang and Da Nang, and Vietnam reportedly now has over 60 resorts nationwide. This expansion of resorts has also helped spur demand for imported high-quality foods and drinks.

With a sizeable expatriate community (esp. in Hanoi and HCMC) and growing international visitor traffic, the demand for high value food products like U.S. beef, fresh fruits, dairy products, snack foods, condiments, potato, juices, wine and spirits should continue to grow.

SECTION IV. BEST HIGH-VALUE PRODUCT PROSPECTS

Vietnamese consumer confidence in Western products is high. The perception of American-made goods is automatically one of premium quality. Vietnam’s trade infrastructure and general level of economic development are expanding quickly but are still very undeveloped even when compared to most of its Southeast Asian neighbors. So, too, is the level of brand awareness. U.S. products will therefore face varied opportunities and challenges. Establishing an early base during Vietnam’s developing stage is essential for future success.

Some consumer-ready food products with high export potential are:

Chilled and Frozen Meat

Meat consumption is rising in Vietnam. Pork has long been the country’s primary meat product, accounting for about 75 percent of total meat consumption. In 2007/2008, however, significantly higher feed costs (imported grain) and loss of stock to blue ear disease reduced the size of Vietnamese swine herd. This helped create more opportunity for U.S. pork exports to Vietnam. In fact, U.S. pork exports to Vietnam in 2008 reached a record of \$24.3 million over 3.3 million in 2007. However, due to lower demand in 2009, the exports in the first 7 months of 2009 dropped 77 percent compared to 2008.

For beef, due to low quality of local beef meat and limited cattle production, Vietnam has been a

sizeable importer of beef meat from Australia, New Zealand, Argentina and the United States. The beef imports have seen steady growth in recent years. Typically, much of the imported beef has been for high-end outlets, luxury hotels and restaurants which target expatriates and wealthy Vietnamese. However, the market is undergoing a shift, with more supermarkets in major urban areas stocking imported beef. U.S. beef exports to Vietnam reached over 126 million, a year-on-year increase of 363 percent and exports for the first 7 months of 2009 were 86 million, an increase of 53 percent over 2008.

Poultry meat imports also had spectacular growth in 2008. Vietnam favors dark-meat chicken (leg quarters, drumsticks and wings) and there is also a market for spent hens here. The current Avian Influenza situation combined with strong growth in domestic demand, high inflation and high feed costs have led to high prices for chicken meat. These factors have led to even more opportunity for U.S. broiler meat exports to Vietnam and helped provide a thriving market for US chicken dark meat. U.S. poultry meat exports to Vietnam in 2008 reached \$72 million, an increase of over 170 percent over 2007, and exports for the first 7 months of 2009 were \$38 million, a year-on-year decrease of 33.5 percent. The drop is due mainly to worldwide economic recession which has led to lower prices and lower demand for U.S. chicken.

A similar situation exists for the U.S. pork exports to Vietnam which saw phenomenal growth in 2007/2008 and a drop in 2009.

Edible offal exports to Vietnam also hold considerable promise. However, offal importers have faced the constraint of dealing with some stiff health inspection requirements (standards on Food Safety, Hygiene and MRLs). Only animal heart, kidney and liver have been allowed to be imported into Vietnam.

The prevailing tariff rate for frozen beef cuts, poultry cuts, and pork cuts are 17 percent, 20 percent, and 24 percent, respectively. Vietnam has reduced tariffs three times since accession to WTO in January 2007, and in some cases, went even beyond the promised bound rates in an effort to control inflation. Some reductions were classified as temporary and have been increased back to the bound rates, which includes tariff on meat and poultry, as there have been concerns that imported meats are undermining the local livestock industry.

Dairy products

Domestic milk production is still small and only meets 20 percent of total country demand for dairy products. From a very low base, Vietnam's consumption of various kinds of dairy products has grown rapidly. The current rate of growth is about 16% per year. This growth is creating a very good opportunity for US dairy products in this market now and in coming years. US exports of dairy products to Vietnam in 2008 reached a record of \$84.4 million, a year-on-year increase of 60 percent; however, exports for the first 7 months of 2009 dropped 47 percent due mainly to lower values and stronger competition from New Zealand and Australia.

Recent reductions in import tariffs on several dairy products (mainly from 7 percent to 5 percent, 3 percent), effective since late September 2009, should favor U.S. dairy exports to Vietnam (please refer to see VM [8058](#) and [VM9086](#) for detailed import tariff of dairy products).

Fresh Fruits

Fruits are an important part of the Vietnamese diet, and consumption of fresh fruits is high. Products such as Washington apples, table grapes and pears have become increasingly popular in recent years. However, inadequate handling and distribution facilities (poor cold chain infrastructure) hinder greater sales of these products, which are sold at a premium to Chinese varieties and domestic varieties. Fierce competition from China, Australia, New Zealand, South Africa, and Chile has developed over the past five years.

Ho Chi Minh City is the primary market for U.S. fresh fruits. Sales in Hanoi are rising as well, but the city's small number of high-end markets, less frequent shipping links to major ports, and proximity to China—a major source of cheap fruit—all constrict higher sales in Hanoi.

Upon accession to the WTO, Vietnam has reduced tariffs on apples and pears to 18 percent and tariffs on grapes to 19 percent; tariffs on all these fruits are slated to decline to 10 percent within the next three years. U.S. exporters should definitely target this market for continued increases in sales.

Large quantities of pineapples, citrus fruit (oranges and limes) and table grapes (just developed recently) are grown locally and sold at very low prices during the harvest season. Some importers have reported some success selling California oranges against cheaper oranges and Clementine from China. U.S. exporters will need to convince consumers that their products are of a quality superior enough to justify a premium price.

U.S. exports of fresh fruits (mainly apples and grapes) reached nearly 16 million in 2008, a year-on-year increase of 20 percent, and exports in the first 7 months of 2009 dropped 32 percent compared to 2008.

Snack Foods

American-made snack foods are extraordinarily popular with consumers who can afford them. Many shop owners, from street stalls to new mini-shops, report high turnover of snack products such as potato chips, nuts, biscuits and cookies. Several Japanese companies have established factories and joint venture partnerships with Vietnamese confectioners. Pringle's and Lay's potato chips are very well received, particularly in Ho Chi Minh City and Hanoi. Foreign-invested snack manufacturers as well as local manufacturers have begun production in Vietnam.

Snack foods have traditionally been subject to stiff import rates (about 32 percent), especially as investment in domestic manufacturing increases. However, Vietnamese are consummate snackers and exporters should find a way to service this market with high-quality products.

U.S. exports of snack foods reached 3.33 million in 2008, and have seen remarkable drop of 23 percent in the first 7 months of 2009. It is due mainly to the current worldwide economic crisis.

Canned Fruits & Vegetables

Canned fruits and vegetables enjoy strong demand in both Hanoi and Ho Chi Minh City. This is in part due to the lack of cold storage facilities, but also because of the slow and fragmented distribution system.

Canned Meat Products

As with canned fruit and vegetables, canned meat products are another area that is doing well, but in a crowded market because of the wide assortment of both imported and local products. Canned pork products still can find a market here despite a currently very high tariff of 32 percent.

Tree Nuts

Vietnam boasts a large local supply of nuts, such as cashews and peanuts, which are increasingly finding lucrative markets abroad. This raises domestic prices and creates opportunities for imports of alternatives like U.S. pistachios and almonds. Recent efforts to introduce California produced pistachios and almonds have been successful. Marketing programs to introduce premium nuts and nuts not grown in Vietnam could yield good results. Moreover, given the fast growing bakery industry in recent years, nuts used in baking are also increasing. U.S. exports of nuts to Vietnam in 2008 and in the first 7 months of 2009 were \$24 million and \$11 million, respectively.

Dried fruits

California raisins are becoming popular in Vietnam. These products are mainly sold as snack foods and as ingredients in the bakery industry. Tariff on raisins is now reduced from 22 percent to 19 percent and should be bound at 13 percent within three years. U.S. Exports of raisins to Vietnam were \$1.5 million in 2008 and continue to grow in 2009 (exports of the first 7 months of 2009 reach over half a million, an increase of 107 percent over 2008). A marketing strategy to promote raisins and other dried fruits (possibly cranberries) could reap great results here.

Beverages (Juices, Beer, Wine & Spirits)

Beverages and alcoholic beverage sales are one of the fastest-growing sectors in Vietnam's food market. Beer leads this growth, due largely to the availability of cheap, locally made beers. Consumption of processed juices is also increasing as consumers nowadays are paying more attention to a healthy diet. Whiskey is also extremely popular. Wine, seen primarily as a luxury good, is also realizing increased sales, although at a slower rate. Several mid-range Californian brands have entered the market and are doing well. Heavy import tariffs impede greater distribution of these products. However, as wealth and living standards increase, it is anticipated that Vietnamese consumers will increase supermarket purchases of wine to entertain guests in the home and for home

consumption. French wine is still considered the most desirable wine. Keen competition is supplied by wine from Europe, Australia, Chile, South Africa and Argentina.

U.S. exports of juices to Vietnam reached \$1.77 million in 2008 and exports in the first 7 months of 2009 increased nearly 5 percent over 2008.

U.S. exports of beer, wine and spirits in 2008 were \$0.45 million; \$1.26 million and \$2.46 million, a year-on-year increase of 9,500 percent, 79 percent and 1361 percent, respectively.

Due to the unavailability of Vietnam import data for specific products, Post is unable to provide statistics for the best consumer-oriented products. U.S. exports of some consumer products are provide below for a point of reference:

Table 1: U.S. Shares of the Vietnam Import Market For Consumer-oriented Agricultural Products (Selected Products):
Unit: US Dollar 1,000

Selected Products	Import Duty	2008 Vietnam Imports	2008 Total US Exports	Jan-July 09 US Exports	Jan-July 08 US Exports	% Growth	US Market Share (%)	Competitor Country
Dairy products including lactose	0%-15%	450,000	84,400	29,400	55,300	(46.8)	18.76	New Zealand
Beef Meat	17%-33%	not available	126,000	72,500	55,000	31.8	16.25	Australia
Poultry meat (HS 020714)	20%-40%	140,000	72,300	38,000	57,041	(33.4)	51.64	Brazil
Nuts	20%-33%	not available	24,075	11,057	14,718	(24.9)	9.23	Australia, China
Table Grapes (HS 080610)	19%	26,000	9,330	384	435	(11.7)	35.88	China
Apple (HS 080810)	18%	30,000	5,934	1,581	2,481	(36.3)	19.78	China
Seafood (HS 0302-0307)	10%-20%	250,000	8,167	6,896	5,432	27.0	3.27	Norway
Food Preparation, Functioning Foods (HS 2106)	10%-22%	80,000	4,596	4,017	3,430	17.1	5.75	Holland
Whiskey & Spirits (HS2208)	59%	50,000	2,463	4,678	465	906.0	4.93	Scotland
Fruit Juice (HS 2009)	29%-35%	6,000	1,769	1,230	1,174	4.7	29.48	Australia
Raisin (HS 080620)	19%	2,000	1,571	509	245	107.8	78.55	China
Wine (HS 2204)	59%	25,000	1,263	264	486	(45.7)	5.05	France
Vegetable Preparation (mainly potatoes - HS 2004)	27%	1,600	910	535	566	(5.5)	56.88	Canada
Snack Foods	32%	60000	3,330	1,056	1,380	(23.5)	5.55	Philippines
Popcorn (HS100590)	3%-30%	600	545	268	192	39.6	90.83	South Africa
Condiments (HS2103)	32%	16,000	561	372	185	101.1	3.51	Thailand
TOTAL CONSUMER-ORIENTED FOOD IMPORTS		1,200,000	408,473	213,237	247,839	(14.0)	34.04	
TOTAL CONSUMER ORIENTED & FISHERY IMPORTS		1,450,000	416,641	220,133	253,271	(13.1)	33.33	

Source: USDA, World Trade Atlas, and various Vietnam trade sources.

SECTION V: KEY CONTACTS AND FURTHER INFORMATION

U.S. Department of Agriculture / Foreign Agricultural Service (USDA/FAS)

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

<http://www.fas.usda.gov>

The FAS web site 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' 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://www.fas.usda.gov/scripts/mos/HomeOffDir.asp>.

Partners and Cooperators which offer on-line databases and directories of suppliers are listed at

<http://www.fas.usda.gov/agx/Buying/Partners.htm>

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E-mail: qt-xuctien@quatest3.com.vn

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Phone: (84-8) 382 94 274 Fax: (84-8) 382 93 012

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

Vietnam Chamber of Commerce and Industry (VCCI)

9 Dao Duy Anh Street, Hanoi, Vietnam

Tel: 844-3574-2161; Fax: 844-3574-2020

Email: vcci@fmail.vnn.vn

Contact: Mr. Nguyen Ngoc Thang, Deputy General Director, International Relations Department

Chamber of Commerce and Industry of Vietnam (VCCI)

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Email: vcci_tsc@yahoo.com

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Contact: Mr. Nguyen The Hung, Deputy Director General

Ho Chi Minh City's Investment & Trade Promotion Center

51 Dinh Tien Hoang St, District 1, Ho Chi Minh City, Vietnam

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Email: itpc@hcm.vnn.vn
<http://itpc.hochiminhcity.gov.vn/>
 Contact: Mr. Tu Minh Thien, Director

American Chamber of Commerce-Ho Chi Minh City
 76 Le Lai, District 1, Ho Chi Minh City, Vietnam
 Tel: 848-3824 3562 Fax: 848-3824 3572
 Email: herb.cochran@amchamvietnam.com
 Contact: Mr. Herb Cochran, Executive Director

Useful Vietnamese Websites:

The Embassy of Vietnam in Washington	
Ministry of Agriculture and Rural Development	
MARD/Department of Animal Health	http://www.vietnamembassy-usa.org/us_vn_relations/
MARD/Plant Protection Department	http://xttmnew.agroviet.gov.vn/TestE/default.asp
MARD/ National Agro-Forestry-Fisheries Quality Assurance Department	http://www.cucthuy.gov.vn/index.php?lang=en
Ministry of Health	http://www.ppd.gov.vn/?lang=english
Vietnam Food Administration	http://www.nafigaved.gov.vn/index.php/en
Vietnamese Customs Agency	http://www.moh.gov.vn
Directorate for Standards, Metrology & Quality	http://vfa.gov.vn/
Ministry of Trade & Industry	http://www.customs.gov.vn
Vietnam Tourism Administration	http://www.tcvn.gov.vn
National Assembly of Vietnam	http://www.mot.gov.vn/web/quest/home_en
Legal documents	http://www.vietnamtourism.com/e_pages/news/index.asp
Ho Chi Minh City's Website	http://www.na.gov.vn/htx/English/C1330/
Vietnam Ag Biotechnology	http://www.vietlaw.gov.vn
Yellow Pages	http://www.hochiminhcity.gov.vn/eng
American Chamber of Commerce in Vietnam	http://www.agbiotech.com.vn/en/
	http://www.yellowpages.com.vn
	http://www.amchamvietnam.com/1099

Note: Most Vietnamese websites contain both English and Vietnamese documents.

APPENDIX-STATISTICS

Table 2: Key Trade and Demographic Information

Agricultural Imports From All Countries (\$Mil) / U.S. Market Share (%) ^{1/}	7,000/14.3
Consumer Food Imports From All Countries (\$Mil) / U.S. Market	1,200/34.0

Share (%) ^{1/}	
Edible Fishery Imports From All Countries (\$Mil) / U.S. Market Share (%)	250/3.3
Total Population (Millions) / Annual Growth Rate (%) in 2008	86/1.2
Urban Population (Millions) / Annual Growth Rate (%) in 2008	27/3.5
Number of Major Metropolitan Areas	5
Size of the Middle Class (Millions) / Growth Rate (%)	N/A
Per Capita Gross Domestic Product (U.S. Dollars) in 2008	1,025
Unemployment Rate (%) (in urban areas) in 2008	4.65
Per Capita Food Expenditures (U.S. Dollars) in 2008	320
Percent of Female Population Employed	41.4
Exchange Rate (US\$1 = X.X local currency) As of October 2, 2009	VND 17,844

Source: Vietnam General Statistical Office and many other trade sources.

Table 3: Imports of consumer food and edible fish products to Vietnam (N/A)

Vietnam does not provide reports on import data of consumer food and edible fish products on the U.N trade data system

Table 4: Top 15 suppliers of consumer food and edible fishery product (N/A)

Table 5: Vietnam exports-imports of agriculture-forestry and fishery products in 2007-2008

Unit: thousand metric ton and \$ million

Description	2008 estimated		2007	
	Quantity	Value	Quantity	Value
Exports				
Total exports of agriculture/forestry and fishery products		16,237		13,235
1. Agricultural products		8,420		6,274
of that				
coffee	994	2,003	1,229	1,911
rubber	650	1,593	715	1,393
rice	4,670	2,869	4,558	1,490
tea	103	146	114	131
cashew nut	165	908	153	654
peanut	15	14	37	31
pepper	89	309	83	271
Vegetable/fruits		399		306
sugar	13	5	12	5
milk and milk products		76		35
animal fat/vegetable oil		99		48
2. Fishery		4,502		3,763
3. Forestry		2,996		2,641
of that: - Wood product		2,759		2,404
- bamboo and other forest products		220		221

- Cinnamon		16.3		15.0
Imports				
key import items				
Fertilizers	2,973	1,458	3,792	1,000
of that'- Ure	704	286	740	200
- S A	704	182	984	137
- D A P	391	361	651	263
- N P K	165	97	260	77
- Other fertilizers	1,009	532	1,157	323
Pesticide and pesticide materials		472		383
Wheat flour	69	26	76	24
wheat	682	291	1,222	343
sugar	106	37	32	10
animal feed and feed materials		1,738		1,181
animal fat/vegetable oil		650		485
rubber	188	503	195	379
cotton	291	456	210	267
milk and milk products		500		453
forestry products		1,095		1,016

Source: Vietnam's Ministry of Agricultural and Rural Development

Table 6: US exports of consumer oriented products to Vietnam

AND COMMODITIES EXPORTED		JANUARY - DECEMBER					JANUARY - JULY		
		VALUES IN 1000 DOLLARS					COMPARISONS		
		2004	2005	2006	2007	2008	2008	2009	%CHNG
VIETNAM	CONSUMER-ORIENTED	51,078	93,983	110,561	210,457	408,473	247,839	213,237	-13.96
	RED MEATS, FR/CH/FR	3,370	10,917	7,210	32,628	160,684	84,073	100,836	19.94
	DAIRY PRODUCTS	29,140	50,595	53,689	52,844	84,467	55,277	29,355	-46.89
	POULTRY MEAT	4,734	812	6,731	27,740	71,256	57,790	39,461	-31.72
	RED MEATS, PREP/PRES	3,007	13,673	11,777	36,942	28,637	20,441	16,029	-21.58
	TREE NUTS	683	357	12,560	30,874	24,157	15,044	11,348	-24.57
	FRESH FRUIT	4,158	8,049	8,461	13,288	15,943	3,544	2,397	-32.36
	OTHER CONSUMER ORIENTED	2,594	3,651	3,721	6,333	9,561	5,298	5,383	1.6
	PROCESSED FRUIT & VEG	1,431	2,831	3,081	4,365	4,489	2,059	2,475	20.2
	SNACK FOODS	1,249	1,242	1,955	2,484	3,329	1,380	1,056	-23.48
	FRUIT & VEG JUICES	232	513	285	1,035	1,788	1,185	1,240	4.64
	WINE AND BEER	412	514	486	729	1,756	608	500	-17.76
	BREAKFAST CEREALS	0	17	14	101	1,268	462	914	97.84
	PET FOODS	46	8	417	825	946	598	161	-73.08
	EGGS & PRODUCTS	20	55	151	94	115	77	13	-83.12
	NURSERY PRODUCTS	0	182	24	140	77	5	2,070	41300
	FRESH VEGETABLES	0	569	0	36	0	0	0	--

Source: U.S. Bureau of the Census Trade Data

Table 7: U.S. Exports of Fishery Products to Vietnam

	JANUARY - DECEMBER VALUES IN 1000 DOLLARS	JANUARY - JULY COMPARISONS
--	----------------------------------------------	-------------------------------

		2004	2005	2006	2007	2008	2008	2009	%CHNG
VIETNAM	SEAFOOD PRODUCTS	4,497	3,164	5,934	8,208	8,167	5,432	6,896	26.95
	OTHER SEAFOOD	1,968	1,294	2,888	4,910	4,901	2,958	5,681	92.06
	CRAB & MEAT	928	1,138	53	2,443	2,000	1,862	739	-60.31
	SALMON WHOLE/EVIS	1,091	721	2,500	351	1,171	517	459	-11.22
	ROE/URCHIN/FISH EGGS	463	0	460	503	95	95	0	--
	SALMON CANNED	47	12	33	0	0	0	17	--

Source: U.S. Bureau of the Census Trade Data