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## Vietnam

### Exporter Guide

## Many Opportunities for U.S. Food and Agricultural Products, but Also Some Risks

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**Report Highlights:**

This report serves as a practical guide for U.S. exporters wishing to initiate or increase exports of U.S. consumer-oriented agricultural products (fresh or processed animal & plant products; beverages; other snack foods) to Vietnam. It provides key updates on Vietnam's policies and regulations that may affect exporters' choices about how to approach this dynamic market. Although Vietnam's maze of regulations has occasionally resulted in troublesome trade barriers, the country is making progress in reducing import tariffs per its WTO obligations and adopting more business-friendly practices.

**Post:** Hanoi

## **Executive Summary:**

This report serves as a practical guide for U.S. exporters wishing to initiate or increase exports of U.S. consumer-oriented agricultural products (fresh or processed animal & plant products; beverages; other snack foods) to Vietnam. It provides key updates on Vietnam's policies and regulations that may affect exporters' choices about how to approach this dynamic market. Although Vietnam's maze of regulations has occasionally resulted in troublesome trade barriers, the country is making progress in reducing import tariffs per its WTO obligations and adopting more business-friendly practices.

A number of factors have spurred a tremendous increase in Vietnam's food imports over the last five years; these include steady population growth, strong economic growth, greater disposable income, and expansion in the retail, food service, and food processing sectors. Vietnam's food and beverage import sector was relatively insulated from the global economic recession of 2008-09, and total imports continued to climb in 2010.

In particular, U.S. exports of consumer-oriented agricultural products to Vietnam have grown at an astonishing rate in recent years. From 2004 to 2010, the year-end figure increased over 1,000 percent. In 2010, the United States exported a record \$535 million in consumer-oriented agricultural products to Vietnam, vaulting the country to 15<sup>th</sup> on the list of U.S. export markets for this sector. Overall, prospects for continued growth in Vietnam's food import market remain strong.

## **Disclaimer:**

This report was prepared by the Office of Agricultural Affairs of the USDA/Foreign Agricultural Service in Hanoi and Ho Chi Minh City, Vietnam for U.S. exporters of domestic food and agricultural products. While every possible care was taken in the preparation of this report, information provided may not be completely accurate either because policies have changed since its preparation or because clear and consistent information about these policies was not available. It is highly recommended that U.S. exporters verify the full set of import requirements with their foreign customers, who are normally best equipped to research such matters with local authorities, before any goods are shipped. FINAL IMPORT APPROVAL OF ANY PRODUCT IS SUBJECT TO THE IMPORTING COUNTRY'S RULES AND REGULATIONS AS INTERPRETED BY BORDER OFFICIALS AT THE TIME OF PRODUCT ENTRY.

## **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 nearly 90 million consumers and currently enjoys one of the highest annual GDP growth rates in Asia. From 2001 to 2008, the economy grew at an average rate of more than 7 percent per year, second only to China. Though it slowed to 5.3 percent in 2009 due to the global economic recession, it reached 6.5 percent in 2010 (Source: Vietnam Statistics Office). The retail and tourism sectors have outpaced the general economy in recent years, boasting an annual growth rate of 10 percent. These economic growth trends should continue for the foreseeable future. Therefore, the outlook for sales of high-value food and beverage products is excellent.

Despite this amazing growth, doing business in Vietnam can be a challenge for exporters. At times, the maze of seemingly conflicting regulations may present a formidable barrier to trade, yet at the same time, the country is evolving and becoming more business-friendly in other respects. The improved economic environment owes much to Vietnam's integration into the global trade community. Vietnam is an active member of ASEAN and became the 150th member of the World Trade Organization (WTO) in January 2007. The Government has recently concluded negotiations for Free Trade Agreements (FTAs) with many important trading partners, including ASEAN, ASEAN-China, ASEAN-Korea, ASEAN-Japan, ASEAN-New Zealand-Australia, and ASEAN-India. Through these efforts, Vietnam has pledged not just to lower import tariffs and eliminate quotas, but also to increase market access for goods and services, strengthen IPR protection, enhance legislative and regulatory transparency, and improve its commercial dispute settlement and trade facilitation processes.

In 2009, the foreign trade segment of the Vietnamese economy was negatively impacted by the global economic recession. The total export and import trade value reached only \$125.4 billion, a year-on-year decrease of 12.5 percent. Total exports were valued at \$56.6 billion, a reduction of 10 percent over 2008, and imports were valued at \$68.8 billion, a decrease of 14.7 percent over 2008. However, in 2010 a remarkable improvement occurred and exports and imports both expanded dramatically reaching \$71.6 billion (a year-to-year increase of 26.5 percent) and \$84 billion (a year-to-year increase of 22.1 percent), respectively (Source: Vietnam General Statistics Office). ■

Tourism and remittance income are vital sources of foreign currency for Vietnam. In 2009, remittance income contributed about \$6.6 billion to the economy, while tourism contributed a further \$3.7 billion. Tourists are a driving force in the demand for imported high-value food products, particularly from the hotel and restaurant industry. After growing at an annual average rate of 10 percent for many years, the number of international tourists fell in 2009 but bounced back in 2010 and reached over 5 million (a year-to-year increase of 30 percent and a new record).

The market for high-value food products is substantial and is growing across a wide variety of categories. Unofficial trade data indicate that Vietnam imported over \$1.15 billion in consumer-oriented agricultural products in 2009, this includes \$250 million in edible fishery products which was the single largest category. Total 2009 imports in agricultural, fish and forestry products are estimated at \$7 billion. (Note: Given Vietnam's porous borders and endemic under-invoicing, it is difficult to estimate the actual level of consumer-ready imports.)

U.S. food products are favored by consumers for their high quality, safety, innovation and consistent supply. Exports of high value and consumer-oriented U.S. agricultural and food products to Vietnam have seen rapid growth in recent years. After hovering around the \$20 million mark for several years in the early 2000s, these exports grew to \$408 million in 2008. They dropped to \$394 million in 2009 due to the global economic crisis, but rebounded to an astonishing \$535 million in 2010. In the coming years, these exports should continue to increase.

FAS Vietnam’s best prospects for consumer-oriented agricultural products include dairy products, chilled and frozen meat (beef & pork), frozen poultry, fresh fruits, dried fruits and nuts, snack foods, confectionary foods, packaged foods (canned fruit & vegetables, canned meat), condiments, juices, and alcoholic drinks (wine, beer, spirits). See **Section IV: Best High-Value Product Prospects** for more information on the outlook for each of these products.

Vietnam’s retail food sector is growing rapidly, 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 “wet” markets to supermarkets and shopping malls. This trend has been a driving force in increasing imports of Western food products. See Section III: Market Sector Structure and Trends for more information on the retail, food processing, and food service sectors.

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 are 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, which adds handling costs and increases delivery times. However, current marketing efforts have the potential to pay large dividends down the road as Vietnam’s economy continues to grow.

Vietnam’s best consumer years are still ahead and prospects are very promising for faster expansion of the retail, food processing, and food service sectors in the next five years. 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.

**Table 1: Advantages and Challenges for U.S. Exporters**

Advantages of Exporting to Vietnam	Challenges for U.S. Exporters
Increasing incomes and a rapidly-growing middle class enamored with American culture (food, music, movies, fashion).	Strong preference for European (esp. French) and NZ/Australian foods due to 20-year U.S. absence from the market.

U.S. foods are recognized as high quality items and great value for the price.	Consumers are very price-sensitive. Vietnamese urban dwellers are slow to try new types of Western food.
Low level of competition from other U.S suppliers in the market.	Significantly higher shipping costs and transportation time than Asia and Oceania.
Vietnam's accession to WTO in 2007 has helped reduce tariffs on several food items and created a better business environment with more liberalized trading and service practices.	High tariffs, cumbersome and excessive customs requirements, and non-science-based sanitary and phytosanitary requirements on animal and plant products persist, and the regulations are slow to change.
Voluntary tariff reduction on dairy products, corn, soybeans, and soybean meal, even beyond final bound rates.	Low tariffs applied on food products imported from South East Asian (ASEAN) Countries; China, New Zealand and Australia under Free Trade Agreements.
Growing number of Western-style fast food restaurant chains, bakeries, and coffee shops. Franchising has been introduced and the retail food sector is transitioning to a more modern structure.	U.S. exporters often are 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 (GSM 102) has been available for use in Vietnam since 2008. So far, six Vietnamese commercial banks have been eligible under the program.	Limited/restricted supply of bank loans and foreign exchange as well as weaker ties between the U.S. dollar and the Vietnamese dong, resulting in more risk for non L/C payment terms for sales of U.S. foods.

## Trade Shows

We encourage you to assess market prospects first-hand. Face-to-face contact is very important to the Vietnamese, particularly in the initial stages of business relationships. Our HCMC office organizes a U.S. Pavilion at Vietnam's international food show, Food & Hotel Vietnam (FHV) ([www.foodnhotelvietnam.com](http://www.foodnhotelvietnam.com)), held bi-annually in HCMC. The next FHV is 28-30 September, 2011. Regional shows are held in Hong Kong (HOFEX, often held in May) and Singapore (Food and Hotel Asia (FHA)), approximately every two years. Many leading Vietnamese firms attend all three of these trade shows.

## Reports on Food and Agricultural Import Regulation and Standards (FAIRS)

The Exporter Guide 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](#) (FAIRS). Despite our efforts 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. The next FAIRS reports will be published in the fall of 2011.

## Section II. Exporter Business Tips:

Below are some of the most important points to understand about doing business in Vietnam, from a U.S. agricultural exporter's point of view. Please see the list of resources at the end of this report for additional sources that can enhance your understanding of Vietnam's business and food policy practices.

### (1) Local Business Customs and Market Entry Strategy

Most local businesses are small or medium-sized companies that rely on bank loans to run their business, with loan sizes varying according to collateral. The following local customs and habits are important to take into account. Vietnamese businesspeople:

- Prefer face-to-face meetings in the initial stages, with additional follow-up visits, phone calls, emails, and faxes. Initial face-to-face meetings without follow-up visits rarely result in sales. Sending offers and quotations without first establishing a relationship (cold calls) is highly unlikely to result in sales.
- Can be very slow to respond to emails.
- Sometimes complain that U.S. suppliers do not make enough of an effort 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.
- Tend to be more sensitive about price than quality, but this is beginning to change in some sectors.
- Tend not to pay close enough attention to trade policies and import regulations. 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.
- Companies that specialize in food import and distribution may have investments in other types of businesses (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 fairly constant 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.

On January 01, 2009, as part of commitments made upon joining WTO, Vietnam officially opened up trading rights and distribution rights to foreign players. Since that date, foreign players are able to operate in their trading and distribution business including retail business under 100 percent foreign-owned entities. However, FAS Vietnam has not seen a flood of new market entrants. This could be a result of the fact that the Government of Vietnam still gets to determine whether there is "the economic need" for additional outlets beyond the one that is initially opened by the 100 percent foreign-owned entity. 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. Others are working exclusively to develop markets for specific labels. The latter 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 before visiting. Exporters may also contact the FAS offices in Hanoi or Ho Chi Minh City for assistance in setting up 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 (Contact FAS Vietnam for lists of potential importers). A 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. 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 or lunch/dinner in the city center are the best approach for making successful business contacts. Although the meetings will probably be conducted in English, it is always best to have an interpreter on hand to make sure that everyone completely understands the terms of the agreement. What may sound simple and clear to you 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 if 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**

Vietnam's consumer market is still in the early stages of development but has been one of fastest growing markets in Southeast Asia due to a youthful population, continuing strong economic growth, and rising disposable income.

Vietnamese consumers dispense a sizeable portion of their income on food items. More than half of total expenditures are for food, mostly 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 packaged food items.

Vietnamese consumer habits:

- Shop daily for food items. (This is changing somewhat among the younger urban generation)
- Prefer fresh products, especially for red meats, poultry meat and seafood. (However, frozen foods are gaining popularity because more and more consumers in urban areas believe them to be more hygienic.)

- Low ownership rate for refrigerators and microwave ovens. (Only 12% of urban households have microwave ovens).

Consumer trends in urban areas:

- Low (but increasing) average income.
- Growing awareness and concern about nutrition, quality, hygiene, and food safety. (Clear indication of nutritional value on the package has been a good marketing strategy for health foods.)
- Brand loyalty; still receptive to new products.
- Western lifestyle is welcomed.
- Dining out has become more frequent.
- Advertisements and promotions are effective, particularly for children.

### **(3) Food Standards and Regulations**

Please refer to FAIRS report [VM 9078](#) for detailed information about Vietnam Food Standards and Regulations. Also refer to [VM8055](#) for the "Permitted Maximum Levels of Biological/ Chemical Residues in Food" (MRLs).

#### **(\*) Special note on Food Quality/Standards Registration**

Locally produced and imported foodstuffs must obtain a Food Quality/Standards Registration Certificate (RC). The Vietnam Food Administration (VFA) of the Ministry of Health (MOH) is responsible for issuing these certificates for imported foods. Details can be found in FAIRS Report [VM9078](#) under "Food Quality/Standards Registration."

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, the documentation needed to register food products can be excessive. 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, the requirements can be both costly and burdensome.

### **(4) Trading and Distribution Rights**

In accordance with Vietnam's WTO commitments, as of January 1, 2009, foreign-owned firms in Vietnam are allowed distribution rights. However, FAS Vietnam has not seen many distribution rights being granted to foreign entities. In the meantime, U.S. businesses should continue to work with and through local importers/distributors. Quite often the importer and distributor are separate companies, each with its own required fees.

In general, Vietnamese companies that are licensed as food and foodstuff businesses and 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) that is able to obtain foreign currency financing from state-owned banks to purchase goods; such SOEs usually charge a small fee for importing goods on behalf of private-sector Vietnamese distributors. The goods will 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. Vietnam has been slow to relax the overly burdensome process for registering and operating a wholly owned office.

#### **(6) Credit & Finance / Letters of Credit / USDA Export Credit Guarantee Program (GSM 102)**

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 you are absolutely sure the importers and distributors are reliable. There have been many cases of local companies locked in payment disputes with their foreign suppliers.

In normal practice 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.

#### **USDA Export Credit Guarantee Program (GSM 102):**

The GSM 102 Program provides credit guarantees to encourage commercial financing of U.S. agricultural commodity exports, thereby assisting U.S. exporters in making sales that might not otherwise occur. The GSM-102 program guarantees credit extended by the private banking sector in the United States (or, less commonly, by the U.S. exporter) to approved foreign banks using dollar-denominated, irrevocable letters of credit for purchases of U.S. food and agricultural products by foreign buyers. USDA's Foreign Agricultural Service (FAS) administers the program on behalf of the Commodity Credit Corporation (CCC), which issues the credit guarantees.

Potential benefits from the GSM 102 to importers include access to credit from the local bank; increased buying capacity because of access to trade credit; longer repayment terms and lower cost of buying on credit; and ability to purchase more

U.S. agricultural products.

For more information about GSM 102, please visit: <http://www.fas.usda.gov/excredits/exp-cred-guar-new.asp>

Vietnam is eligible under the Southeast Asia regional program, which covers Cambodia, Indonesia, Laos, Malaysia, Papua New Guinea, Philippines, Singapore, Thailand, Timor-Leste, and Vietnam.

FAS has currently approved the following seven banks in Vietnam to be eligible under the GSM 102:

- Bank for Investment and Development of Vietnam (BIDV)
- Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)
- Military Commercial Joint Stock Bank (MB Bank)
- Saigon Thuong Tin Commercial Joint Stock Bank (Sacombank)
- Vietnam Bank for Agriculture and Rural Development (Agribank)
- Vietnam Joint Stock Commercial Bank for Industry & Trade (VietinBank)
- Vietnam Technological and Commercial Joint Stock Bank (Techcombank)

Note:

- Vietnamese banks are currently eligible for a maximum tenor of up to 1 year.
- Approved banks in Southeast Asia may issue L/Cs for sales to Vietnam and other regional destinations.

#### **(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; the rest is divided among other goods.

Increasingly, consumers are inclined to buy food from supermarkets because they are viewed as cleaner and more sanitary than traditional markets. There is also a growing acceptance of processed, packaged, and frozen food products, including meat and fish. Though local food products continue to be strong sellers because of a lower price, 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 report that consumer demand for imported foods is steadily increasing.

Modern retail stores still only account for 15% of total food sales to Vietnamese consumers, 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, beer, and shelf-stable products) are sold through these markets, particularly in areas not yet served by modern supermarkets. 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 channel (department stores, wholesale outlets, hypermarkets, supermarkets, convenience stores) and traditional channel (wet markets and “mom and pop” shops).

The requirement for food quality registration to the Vietnam Food Administration (VFA) is a constraint for supermarket chains to directly import U.S. foods and beverages. Because supermarket chains are usually interested in mixed containers of many items of packaged foods, it is very costly and the paperwork is burdensome to register each food item with VFA.

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 and microwave ownership in Vietnamese homes is still low, though the numbers are growing among middle-class consumers in urban areas such as Hanoi, HCMC, Hai Phong, Da Nang, and Can Tho.

#### **(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 originating from animal, plants, and fish sources) 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 are 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 all Government Ministries. The STA or SCA normally concentrate on the MRLs for their testing.

#### **(\* NEW) - Automatic Import Permit (AIP) from Vietnam Ministry of Industry & Trade (MOIT)**

On May 28, 2010, the Ministry of Industry and Trade (MOIT) published Circular 24, which requires local importers to obtain an automatic import license (AIL) from the Government of Vietnam (GVN) before any shipment can unload at any Vietnamese port. MOIT does not charge a fee for issuing the AIL. Circular 24 entered into force (EIF) on July 12, 2010. Broad in scope, Circular 24 applies to select agricultural products from Chapters 2, 3, 16, 17, 18, 19, 20, 21, and 22 of the Harmonized System. Key products include all meat and edible meat offal; live fish (except for breeding); fresh, frozen, chilled, dried, salted or in brine, smoked, minced, and whole fish; crab; mollusks; processed meat (sausage); meat, fish, crustacean, or mollusk extract or juices; caviar or caviar substitutes; confectionary items including sugar; chocolate or items

including cocoa; preparatory items for pastries; pastas; tapioca and its derivatives; cereal goods (corn flakes); breads, pastries, cakes, and biscuits; extracts, essences, and concentrates of coffee or tea; sauces and seasonings; soups and broths; ice cream and other edible ice; bottled water; beer; wine; vermouth; all fermented beverages; all spirits; and all vinegars.

In order to obtain the AIL, importers must send the following documents by mail to MOIT headquarters in Hanoi, or to the MOIT Representative Office's headquarters in Ho Chi Minh City: 1. A written application for registration (Appendix 2); 2. The business registration certificate; 3. The import contract; 4. A commercial invoice; 5. A Letter of Credit or payment document; and 6. A bill of lading.

Once this information is received by the respective MOIT office, they are supposed to issue the AIL within seven working days. MOIT subsequently issued an addendum to Circular 24 (Official No: 6864/BCT-XNK) on July 13, 2010, waiving the requirement for a bill of lading for air shipments of highly perishable food products (i.e. fresh seafood, chilled meat).

For more details on the Circular 24, please check the GAIN Report [VM0049](#).

#### **For imports of foods originating from animal, plant and marine sources**

Imports of 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 Ministry of Health, the Department of Animal Health, the Ministry 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.).

#### **(\* NEW) Import requirement for foodstuffs of animal origin and aquatic origin:**

According to MARD's Circular 25/2010/TT-BNNPTNT dated April 3, 2010, as of July 01, 2010, for exports of foodstuffs of animal origin and aquatic animal origin to Vietnam, all food business operators (FBOs), who produce these foods, are subject to registration to the MARD/National Agro-Forestry and Fishery Quality Assurance Department (NAFIQAD). As of January 2011, NAFIQAD is continuing to post its Approved List of U.S. Meat and Poultry FBOs for export to Vietnam on their website [www.nafiqad.gov.vn](http://www.nafiqad.gov.vn). For a U.S. company to appear on this list it must fill out an Appendix 3 and submit it to FAS Vietnam via e-mail or fax. Please see GAIN Report [VM0048](#) for more details on Circular 25. If you would like to submit an appendix 3 for your company, please contact FAS Vietnam directly ([aghanoi@fas.usda.gov](mailto:aghanoi@fas.usda.gov); [aghcme@fas.usda.gov](mailto:aghcme@fas.usda.gov)).

**(\* NEW) Standards for Maximum Residue Levels on Meat, Meat Products and Aquatic Products set by MARD**

On May 6, 2010, Vietnam's Ministry of Agriculture and Rural Development (MARD) issued Circular 29/2010/TT-BNN (Circular 29), establishing new Maximum Residue Levels (MRLs) for many meat, poultry, and seafood products. Circular 29 took effect July 1, 2010, and replaced part of the Ministry of Health's (MOH) Decision 46/2007/QD-BYT (Decision 46; see GAIN [VM8055](#)). Circular 29 affects some meat, poultry, and seafood products. The Circular applies to both domestically produced and imported products. For more details about Circular 29, please see Gain Report [VM0041](#).

**(\* NEW) Pest Risk Assessment Requirement for Imports of Fresh Fruits and Seeds:**

According to MARD's Decision 48/2007/QD-BNN dated May 29, 2007, for imports of seeds and fresh fruits into Vietnam, these articles are subject to pest risk assessment (PRA) and required for obtaining phytosanitary import permits from the MARD/ Plant Protection Department in Hanoi (PPD-Hanoi). Currently, Vietnam has only accepted imports of table grapes, apples, cherries and pears from the USA. For other fresh fruits, especially new-to-market fruits, PRAs are requested to be conducted by PPD, and it normally takes one year to three years to complete each PRA. If you have questions about the PRA requirement from MARD, feel free to contact our office.

**(9) Location of Inspection**

Entry-point inspections by STAs and Customs inspections may take place at a seaport, river port, airport or even at a public warehouse or importer's warehouse—if it is 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 are 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 therefore 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 the calculation of customs value for imported/exported goods.” As stated in Article 7 of the Decree, the customs value for the calculation of import taxes 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 \$14.50.

Customs has developed a specific procedure that it believes combats fraud. Each year it issues an 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).
7. Documents certifying the safety and quality of the foods (Export Certificates)
8. Certificate of free sales (\* NEW - see more details in the below note)

#### **(\*) Special note on the new requirement of Certificate of Free Sales (CFS) on selected agricultural products:**

According to MARD's circular 63/2010/TT-BNN on Certificate of Free Sales dated November 01, 2010, 45 days from the date of signing this circular, CFS is required for selected agricultural and food products including wood and GM-food products, irradiated food products, and food products manufactured under special (advanced or novel) technology. A CFS must be made in English and contain the following details:

- Name of the CFS issuing agency (the issuer)
- Its reference number
- Date of issuance
- Name of the certified product
- Type or group of the certified product
- Name and Address of the manufacturer of the product
- Statement that the product is manufactured and freely sold on the country of manufacture
- Full name, title and signature of the CFS issuing person and seal of the CFS issuer.

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 a delay in issuing the implementing guidelines, it came into effect in September 2007. (See [VM7037](#) for details)

This 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](#)).

### **Special note on the Vietnamese labeling requirement on Production date and Best If Used By Date:**

Post has received several complaints from importers of consolidated packaged foods about the burdensome requirements for importing U.S. packaged foods with production date and best if used by date in code. The STA normally does not accept the 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.

The production and best-by dates are also required for imported, chilled and frozen beef, pork poultry and offal. As most U.S. meat exports to Vietnam have only production dates on the meat packages and no best-if-used-by dates, this creates more difficulty for entry point inspections. It would be best to attach a meat packer's letter to the shipping documents stating that the best-by date of the meat is 18 months from the production/packing date, on the conditions of proper handling and storage.

The draft implementing regulation for Vietnam's new Food Safety Law emphasizes that "Best Before" stamps may be used where appropriate on non-perishable food products and that products past their "Best Before" date are no longer at risk of mandatory recall.

## **(16) Phytosanitary and Sanitary Inspection & Required Export Certificates**

Please refer to the most updated FAIRS Export Certificate Report (VM1052 from July 18, 2011) 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 phytosanitary 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.

Phytosanitary and sanitary health inspections for imports of animals and animal products (incl. dairy products), plants and plant products, and edible fishery products must be done before customs clearance. The Ministry of Agriculture and Rural Development's Plant Protection Department (PPD) and Department of Animal Health (DAH) handle all sanitary and phytosanitary inspections for these products.

### **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 (\*)  
(Note: for dairy products from the United States, Post is still working with DAH on a uniform HACCP certificate for dairy products. In the meantime, the USDA/AMS certificate can be used to replace the HACCP certificate.)
- d. Certificate of free sale (a copy with the company's stamp)
- e. Other permission granted by authorized agencies in accordance with the regulations.

(\*) 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.

## **Vietnam's New Food Safety Law**

On June 17, 2010, the Government of Vietnam (GVN) passed a sweeping Law on Food Safety (No.55/QH12/2010), scheduled to enter into force on July 1, 2011. On March 8, 2011, the GVN released a draft implementing regulation (DIR) for the food safety law, which was notified to the WTO for comment. However, several subsequent drafts of the DIR have been published, each making significant changes to the previous version, and no single draft has yet been put forth for a vote. The Food Safety Law requires that exporters declare conformity with Vietnam's food safety standards or obtain a "Certificate of Eligible Conditions for Food Safety."

## **(17) 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 Ministries of Trade, Ministries of Industry, Ministries 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:

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

### **(18) Certificate of Origin Stamp**

Although Customs seems to be becoming more reasonable on this point, FAS/Vietnam has assisted with 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.

### **(19) Import Quotas**

On March 13, 2011, Ministry of Agricultural and Rural Development (MARD) issued Circular 13/2011/TT-BNNPTNT regarding Guidance on Food Safety Inspection of Plant Origin Products.

Effective from July 1<sup>st</sup>, 2011, Circular 13 stipulates that plant origin products imported to Vietnam must come from an approved plant product exporting country. To be eligible to export plant origin products to Vietnam, exporting countries need to submit the information requested in Appendix 2 (Information on Organizing System, and Capacity of Authorized Agencies to Control Food Safety of Plant Origin Products in Exporting Country), Appendix 3 (List of Pesticides, Chemicals Used During Production, Preservation of Plant Origin Products in Exporting Country and in Item 3, Article 10 of Chapter II

(Annually updated food safety monitoring program of the exporting country applicable for goods during domestic production, circulation and export). The U.S. has already been approved for exports of plant origin products to Vietnam.

Importers of plant origin products to Vietnam must register for Food Safety Inspection and “standard quality conformity” in addition to submitting information on plant quarantine. Plant Protection Department (PPD) of MARD is the state agency assigned to do both plant quarantine and food safety inspection of plant origin products.

On December 31, 2010 Ministry of Industry and Trade (MOIT) issued Circular 45/2010/TT-BCT to announce import quota set for 2011. The Circular is effective from January 1, 2011 until December 31, 2011.

The details are provided in the below table.

**Table 2: 2011 Product Quotas Under MOIT Circular 45**

N o	HS Code	Products	Unit	Quantity
1	04070091	Chicken eggs	Dozen	38,000
	04070092	Duck eggs		
	04070099	Others		
2	2401	Material tobacco	Metric ton	38,000
3	2501	Salt	Metric ton	102,000
4	1701	Refined/raw sugar	Metric ton	250,000

#### **(20) Imports of GM food and GM products**

On June 21, 2010 the Prime Minister approved Vietnam’s Bio-Safety Decree 69/2010/ND-CP that replaces the first Vietnam Bio Safety Regulation approved in 2005 (see [VM5062](#)). The new Bio-Safety Decree provides a legal frame work for bio-safety management of genetically modified (GM) organisms, genetic specimen and products derived from GMOs. This Decree does not regulate pharmaceutical products originating from GMOs. The Decree took effect on August 10, 2010.

#### **(21) 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 few years are very promising.

The best way to enter the Vietnamese market is to develop a relationship with one of the established food trading and distribution companies who are able to extend the distribution network to not only supermarkets, hotels and restaurants, but also wet/open-air markets and "mom and pop" retail shops. Currently, there are only a handful of well-organized food trading and/or distribution companies in Vietnam; so the selection process does 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 countries. Australian products also enjoy advantages from lower tariff rates due to the ASEAN-New Zealand and Australia FTA, shorter delivery time, and cheaper freight. 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 are 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 major urban areas (HCMC, Hanoi, Haiphong, Danang, and Cantho) 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 15 percent of this amount is attributable to modern trade.

Although traditional retail outlets still dominate the retail food sector, Vietnam's retail industry is steadily transitioning away from traditional outlets to the more modern mini-mart, supermarket, hypermarket and wholesale centers. Modern retail channels have grown tremendously in the last ten years, from only a few supermarkets in 1999/2000 to currently over 150 supermarkets, 9 hypermarkets and 12 wholesale centers, and the indicators for further development are strong. As a result of Vietnam's WTO commitments, on January 01, 2009, the retail business sector was fully opened to foreign entities. Some major foreign retail chains (Dairy Farm, LotteMart) have already set up their stores 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 has grown 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 day credit terms from their suppliers.
- Promotional and advertising activities often have an impact on 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.

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 15 to 40 percent) on selected food imports that compete with locally produced products (edible oil, confectionery, snack foods, juices, ice cream etc.).

Dairy products (Fresh milk, UHT milk, ice cream, yoghurt etc.), condiments, canned foods (meat, seafood, fruits and vegetable), bakery products, snack foods (potato chips, grain-based snacks, dehydrated fruits and vegetables, etc.), juices, confectionery (biscuits, cookies, candy, chocolate etc.) and hot sauces are all produced locally with acceptable quality. However, consumer-oriented food products manufactured in Vietnam still strongly 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 2010 was estimated at \$1,168 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 30 percent of the population lives in urban areas where foodservice is more accessible, the total demand for foodservice is also limited. Foodservice outlets are chiefly in the form of small restaurants, cafés and beer garden type restaurants, which serve mostly local products. Foodservice outlet chains are still in their infancy and there are only a few locations present in the market. Management of foodservice chains is weak, thus hampering development and expansion. Management issues aside, 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.

Despite the global economic recession, the Vietnam tourism industry still remains strong. After falling by 10 percent in total number of international visitors in 2009, the tourism sector in 2010 looked much brighter with the number of international visitors in the passing 5 million, a year-to-year increase of over 30 percent. \$8 billion worth of foreign investment in the tourism sector was reported during 2010.

Over the last five years, the foodservice trade in Vietnam achieved an average growth of over 10 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 are only a small portion of the total outlets, which in total is about 300 units. There are only 35 five-star hotels; 95 four-star hotels and 184 three-star hotels.

The HRI foodservice sector continues to expand due to strong demand from both Vietnamese urban consumers and foreign tourists. The foodservice sector 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 on target audiences. 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 than it used to be. Vietnamese prefer conducting business meetings at foodservice outlets rather than in the office. The eating-out trend will help the

foodservice industry expand further.

More high income people are also demanding more sophisticated food and drink menus at higher-end restaurants. As a fast-developing country with high migration from the countryside 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 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. People have moved to work or live in these new areas and have created demand for new foodservice outlets.

Fast food, a concept that came to Vietnam only recently, is perceived as modern and has seen expanded development in the last four years. After a long period of striving for success in Vietnam, multinationals such as KFC and Lotteria have started to turn a profit. Fast food outlets associated 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 four years. Independent Western and Asian restaurants have also seen rapid growth. The trend in fastfood brings more demand for imported foods including condiments, (tomato ketchup, mayonnaise, etc.), chicken meat, beef and frozen potatoes.

There has also been a boom 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. cheese, 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 fast growth and are planning to increase investment. Food served at chains is perceived as being of better quality by consumers. Another reason for the growth of chains was the improvement of legislation and regulations related to franchising. The new rules have helped make the process more clear.

Family-owned individual small foodservice outlets (street stalls/kiosks, small restaurants, small catering companies) continue to dominate the foodservice market. However, sales from “high-end outlets” (high-end full service restaurants, fast food chains, cafes/bars and catering services) are relatively small but are growing fast. While they currently have only a relatively small share of total foodservice sales, high-end outlets will likely continue to expand 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. The 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:**

General demand for various kinds of high value foods and drinks will continue to grow in the coming years due to the improved standard of living and higher disposable income. Demand for packaged foods is predicted to continue growing strongly over the next few years. Busier lifestyles and higher incomes will drive the growth of convenient and gourmet food products.

Vietnamese consumer confidence in Western products is high. American goods are perceived to be of premium quality and to have high standards of food safety. Vietnam's trade infrastructure and general level of economic development are expanding quickly but are still underdeveloped 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.

U.S. food products with the best prospects are chilled & frozen meat (beef and pork), frozen poultry, dairy products (mainly milk powder infant formula), 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). Information on these products follows:

##### **Chilled and Frozen Meat including Beef, Pork and Poultry**

With Vietnam's incredible poverty reduction over the past ten years and its consistently increasing Gross Domestic Product (GDP), Vietnamese citizens are able to afford more protein than ever before. Many Vietnamese fulfill this demand with imported pork. With the increased demand for pork, Vietnamese producers need to become more efficient in order to be able to supply local demand, while also being able to compete with foreign imports. Currently, U.S. export opportunities to Vietnam for pork and poultry are outstanding and getting better, and Post expects this trend to continue in the years to come.

Pork has long been the country's primary meat product, accounting for about 75 percent of total meat consumption. According to trade sources, Vietnam imported over 39,000 MT of pork in 2009, mainly from the USA and Canada. However, in 2010, imports only totaled around 24,000 MT of pork. Post believes this decline came as a result of both import limiting measures such as MARD's Circular 25 and also decreased buying power from currency depreciation.

For beef, due to the low quality of local beef and limited cattle production, Vietnam has been a sizeable importer of beef meat from Australia, New Zealand, Argentina and the United States for several years. Total 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 in 2010 reached 157 million in value, a nearly identical figure to 2009.

Poultry meat imports experienced spectacular growth in 2010. Vietnam favors dark-meat chicken (leg quarters, drumsticks and wings) and also provides a market for spent hens. The current domestic Avian Influenza situation combined with strong growth in domestic demand, high inflation and high feed costs have led to high prices for domestic chicken meat. These high prices have led to even more opportunity for U.S. broiler meat exports to Vietnam and helped provide a thriving market for U.S. chicken dark meat. Due to the sluggish economy in 2009, U.S. poultry meat exports to Vietnam in 2009 were only \$48 million, a year-on-year decrease of 33.4 percent from 2008. However, these exports in 2010 reached a new record of \$75 million, an increase of 65 percent over 2009.

Edible offal exports to Vietnam also hold considerable promise. However, offal importers have faced the constraint of dealing with both stiff health inspection requirements (standards on Food Safety, Hygiene and MRLs) and recently, the Prime Minister imposed a ban on imports of animal offal into Vietnam. While the ban on red offal was recently lifted, the U.S. Embassy in Hanoi continues to work with the Government of Vietnam to find a solution to the ban on imported white offal.

The prevailing tariff rates for chilled/frozen beef cuts (boneless) and chilled/frozen beef cuts (bone-in) are 15 percent and 20 percent, respectively. For frozen poultry cuts and chilled poultry cuts are 20 percent and 40 percent, respectively. And frozen pork cuts and chilled pork cuts are 18 percent and 26 percent, respectively.

### **Dairy products**

As the economy continues to improve, the forecast for dairy consumption is expected to be strong in coming years. Improving earning and living standards will boost per capita milk consumption.

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 U.S. dairy products in this market now and in the years to come. U.S. exports of dairy products to Vietnam in 2010 reached a new record \$157 million in value, a 275 percent increase over 2009 (\$57 million, a low value due to low dairy prices). The exports in quantity reached 76.1 thousand metric tons, a year-on-year increase of 68 percent.



### **Infant Formula and Drinking Milk**

In conjunction with the growing demand of dairy products, Vietnamese consumers are also spending more on infant formula, drinking milk and yogourt. There is a widespread belief that dairy products are excellent for the health of both children and adults. Consumers have become more accustomed to the relatively high prices of premium international brand dairy products.

Current reductions in import tariffs on several dairy products (most of dairy products from chapter four of the tariff book have tariff rates ranging from 7 percent to 3 percent), effective since September 2009, should favor U.S. dairy exports to Vietnam (please refer to see [VM8058](#) and [VM9086](#) for detailed import tariff information of dairy products).

### **Special note:**

Post is still working with the Department of Animal Health on a uniformed HACCP certificate for U.S. dairy processors, who export their dairy products to Vietnam. In the meantime, the USDA/AMS certificate can be used to replace the HACCP certificate. Please feel free to contact FAS Vietnam for updated information on the required HACCP certificate.

### **Cheese**

Due to the rise of the Western-influenced lifestyle in major urban areas, consumer demand for cheese is increasing. It will be easier for the young population in Vietnam, who are more familiar with dairy products than the previous generation, to become used to the taste of cheese. This will be a key consumer group in the future. With the expansion of more established fast food chains (KFC, Lotteria, Jolibee, Pizza Hut etc) and the recent arrival of other international fast food chains like Carl's Junior through franchising practices, cheese demand is expected to grow in the years to come. If consumers become very familiar with these Western foods and the taste of cheese, they will try to make their own recipes at home; this trend could drive cheese purchase at retail level in the future. Although U.S. cheese exports to Vietnam are still very small, post is optimistic about future sales prospects.

### **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 over Chinese varieties and domestic varieties. Fierce competition between China, Australia, New Zealand, South Africa, and Chile for the Vietnam market has developed over the past five years. Moreover, under the ASEAN-China FTA, exports of fresh fruits from these countries to Vietnam have also enjoyed much lower tariff rate of about 5 percent.

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 cheaper fruit) all constrict U.S. sales in Hanoi.

Upon accession to the WTO, Vietnam has reduced tariffs on table-grapes, apples, and pears to 15 percent; tariffs on all these fruits are slated to decline to 10 percent within the next two years. U.S. exporters should 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 product quality is superior enough to justify the premium price.

U.S. exports of fresh fruit (mainly apples and grapes) were \$17.5 million in 2009, and in 2010 they reached a new record of \$31 million, an increase of 77 percent. Exports of fresh fruits reached \$4.6 million by April of 2011, a 23.5 percent increase over the same period in 2010.

**Special note:**

Vietnam has accepted imports of table grapes, apples, cherries and pears from the USA. For other fresh fruits, especially new-to-market fruits, pest risk assessments (PRAs) need to be conducted by Vietnam's Plant Protection Department in Hanoi, and it normally takes one to three years to complete a PRA. If you have questions about the PRA requirement, please contact FAS Vietnam.

**Snack Foods**

General demand for snack foods, especially chips, extruded snacks, chocolates, dried fruits, and nuts, is growing due to higher living standards and improving disposable incomes. 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 foreign companies have established factories and joint venture partnerships with Vietnamese confectioners. Pringles and Lay's potato chips are very well received, particularly in Ho Chi Minh City and Hanoi. Hershey's and M&M chocolates are popular in Vietnam. 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 on average), 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 recovered from the 2008-2009 decrease to reach a record of nearly \$5.1 million in 2010, a year-on-year increase of 64.5 percent.

### **Canned Fruits & Vegetables**

Canned fruits and vegetables enjoy strong demand in major urban areas, especially 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**

Vietnamese consumers are more concerned about healthy products and food safety; they show greater attention to healthier foods. Their demand on food is more sophisticated in terms of quality and food safety. Higher prices for better quality and healthy foods are more acceptable to middle-class consumers.

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, almonds, and other nuts. Marketing efforts to introduce premium natural nuts and nuts not grown in Vietnam could yield good results.

Moreover, given the fast growing bakery industry in recent years, bakery demand for nuts and dried fruits is increasing.

U.S. exports of nuts to Vietnam in 2009 reached \$34 million and exports during 2010 set a record at nearly \$42.4 million, a year-to-year increase of over 40 percent. Current tariff for nuts are ranging from 20 percent to 30 percent with the exception of 5 percent for in-shell walnuts.

Note: It is difficult to estimate the market size for imported nuts into Vietnam due to the fact that Vietnam is now becoming a trans-shipment point for nuts bound for neighboring countries through the long, porous border the countries share.

### **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 17 percent and should be bound at 13 percent within the next two years. U.S. Exports of raisins to Vietnam were \$2.2 million in 2009 and grew to over \$3.8 million in 2010, an increase of 72 percent.. A marketing strategy to promote raisins and other dried fruits (possibly cranberries) could reap great results here.

### **Beverages (Juices, Beer, Wine & Spirits)**

In Vietnamese culture, alcohol consumption is popular in almost social activities, especially for men. Men usually go drinking as their hobbies and they also go drinking when discussing business and building up relationships. Alcoholic drinks are always offered and available at parties and special occasions such as birthdays, weddings, and opening ceremonies.

Alcoholic drinks especially wine and spirits are popular as gift exchanges during special holiday seasons like Christmas and New Year season and Lunar New Year season. Moreover, Vietnamese consumers, especially young adults, influenced by western-styled practices, go to bars and clubs and spend more on imported alcoholic drinks than young adults did even a few years ago. As a result of the above mentioned factors, beverages and alcoholic beverage sales are one of the fastest-growing sectors in Vietnam's food and beverage market.

Beer leads this growth, due largely to the availability of cheap, locally made beers. Although imported beers have taken a minor share of the beer market in Vietnam, post has seen more imported brands available at supermarkets, high-end restaurants, and bars/clubs. Imported beers, as premium quality products, have received more recognition from middle class consumer groups. Recently, through its strong marketing campaigns, imported Budweiser beer has successfully made its strong presence and sales in the market. Budweiser is not only available at supermarkets, fancy restaurants, and bars, but also at many mid-range restaurants.

U.S. exports of beer in 2009 were \$1.9 million, a year-on-year increase of 312 percent. The exports in 2010 were not as good as expected at a little over \$1 million, a reduction of nearly 46 percent from 2009. This could be due to strong competition from imported Heineken beer through duty-free channels.

Wine, seen primarily as a luxury good, is also realizing increased sales, although at a slower rate. In general, consumption of wine in Vietnam is rising due to improved standard of living and higher disposable income. Also, with more health concerns, consumers are changing their preference from beer and spirits to wine. They believe drinking wine is good for their health. As living standards have improved and modern life styles have changed, more middle-class consumers are adapting to western-styled dining and they are willing to spend more for good wines and foods. Together with this dining-out trend, more wines are used as gifts during special events.

Several mid-range U.S. wine brands have entered the market and are doing well. Although the tariffs on wine have been lowered as per the WTO commitment, the current import tariffs are still considered high and impede greater distribution of these products (note: current tariff on wine is 56 percent plus special consumption tax of 20 percent and VAT of 20 percent). However, as consumers become wealthier, sales of wines is expected to increase in coming years. French wine is still considered the most desirable wine. Keen competition is supplied by wine from Chile, Australia, South Africa and Argentina. According to major wine distributors in Vietnam, Chilean wines have become more popular and have gradually taken more market shares of total imported wine market. The success has resulted from strong marketing campaigns from Chilean wine industry.

U.S. exports of wine in 2009 were \$1.04 million, a year-on-year drop of 19.9 percent. These exports in 2010 reached a record of \$5.7 million, a remarkable increase of 448 percent.

Spirits, especially whiskey, are also extremely popular with the young, wealthy population. Spirits have been consumed

strongly in nightclubs and bars by young adults who are in the middle-class consumer group. As gift exchange in Vietnamese culture has been strongly increasing, sales of spirits are also increasing. These trends are expected to continue in coming years. The demand for spirits and whiskey continue to grow. However, with more health concerns, Vietnamese consumer may switch from products with high volume of alcohol to wine. Moreover, Vietnamese consumers are also worried about fake spirits (mainly from popular brands), which have been found more in the market. These could hinder the growth of spirit consumption. As per the WTO commitment, Vietnam has lowered tariff on spirits with the current rate of 55 percent. With lower taxation, U.S. whiskey has a greater opportunity to enter into this emerging market. Also, as fairly-new-to-market products, the percentage of fake products imitating U.S. spirits is small. This could be an advantage for the marketing and sale of U.S. spirits

U.S. exports of spirits in 2009 were \$8.26 million, a year-on-year increase of 231 percent. These exports in 2010 reached a record \$18.8 million, an increase of 128 percent over 2009 for the same period.

Consumption of processed juices is also increasing as consumers nowadays are busier and paying more attention to a healthy diet. Marketing efforts to introduce health factors from juices could make good results. U.S. exports of juices to Vietnam reached a record of \$3.2 million in 2009, a year-on-year increase of 79 percent and exports in the first 9 months of 2010 dropped 19 percent to be at \$1.5 million.

Vietnam does not provide detailed reports on import data for consumer food and edible fish products on the U.N trade data system. By combining all trade data available from Vietnam Customs Department, World Trade Atlas, and Euromonitor, post has tried to provide best estimations of import data on selected products, which show high potential for U.S. exports. The trade data table below is for a point of reference:

**Table 3: U.S. Shares of the Vietnam Import Market For Consumer-oriented Agricultural Products (Selected Products)**  
(Value in thousands of USD)

Products	Import Duty	2009's estimated Vietnam Import	Full year 2009 U.S. Exports	Full year 2010 U.S. Exports	% Growth	2009 Market share of U.S. (%)	Competing Country
Cheese	10%	14,000	16	49	212.0 %	0.1	France, New Zealand
Popcorn (HS100590)	3%-30%	700	668	692	72.0 %	89.4	Australia
Condiments (HS2103)	32%	24,000	750	513	0.8%	3.1	Thailand
Wine	56%-59%	25,000	1,061	3,642	742.0 %	4.1	France, Chile

Vegetable Preparation (mainly potatoes -HS 2004)	24%	2,000	1,452	1,115	53.2 %	72.6	Canada
Beer	47%	8,000	1,861	493	- 33.0%	23.0	Holland
Raisin (HS 080620)	17%	3,000	2,128	1,023	50.0 %	70.9	China
Snack Foods, Cookies, Chocolates	32%	52,000	3,046	2,611	78.0 %	5.9	Thailand, Malaysia
Fruit Juice (HS 2009)	25%	10,000	3,170	1,585	- 19.0%	31.7	Australia
Apple (HS 080810)	15%	40,000	5,006	5,067	109.0 %	12.5	China, New Zealand
Pork Meat	20%- 27%	10,000	6,732	2,522	- 48.5%	67.0	Canada
Whiskey & Spirits (HS2208)	55%	55,000	8,256	12,144	93.0 %	15.0	France, Scotland
Table Grapes (HS 080610)	15%	32,000	11,816	4,684	32.0 %	36.9	China
Food Preparation, Functioning Foods (HS 2106)	5%- 20%	100,000	13,952	9,258	42.0 %	15.5	Holland
Seafood (HS 0302-0307)	10%- 20%	250,000	14,835	11,792	27.0 %	7.4	Norway
Nuts	20%- 33%	N.A.	34,112	14,386	3.0%	N.A	Australia
Poultry meat (HS)	20%- 40%	116,000	49,200	52,612	24.0 %	42.4	Brazil
Dairy products (HS 0401; 0402 & 0404) incl. lactose	0%- 15%	450,000	57,000	123,300	200.0 %	11.9	New Zealand
Beef Meat	15%- 31%	N.A. / Estimated 10,000	157,000	116	6.0%	20.0	Australia
TOTAL CONSUMER- ORIENTED FOOD IMPORTS		<b>1,150,000</b>	<b>393,939</b>	<b>364,434</b>	<b>37.0 %</b>	<b>34.2</b>	
TOTAL CONSUMER ORIENTED & EDIBLE FISHERY IMPORTS		<b>1,400,000</b>	<b>408,806</b>	<b>376,226</b>	<b>37.0 %</b>	<b>29.2</b>	

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

## Section V. Key Contacts and Further Information:

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

Your first point of contact for updated reports and trade data is the USDA/FAS web site: <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. The STRGs are funded by FAS, State Departments of Agriculture, and the food & agriculture industry. These organizations carry out promotional activities that help to increase exports of U.S. high-value food and agricultural products. 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 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, WA; the Food Export Association of the Midwest in Chicago, IL; the Southern U.S. Trade Association (SUSTA) in New Orleans, LA; and Food Export USA-Northeast in Philadelphia, PA. Refer to the FAS website for more details:

[http://www.fas.usda.gov/agx/counseling\\_advocacy/srtg\\_directory.asp](http://www.fas.usda.gov/agx/counseling_advocacy/srtg_directory.asp)

### **FAS Cooperators and Participants**

The 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 overseas activities 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 that offer on-line databases and directories of suppliers are listed at:

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

**Directory:**

- To call Vietnam from the United States, dial (011-84), then dial the number, *omitting the leading zero of the area code*. For example, to reach the FAS Hanoi office, dial (011-84-4) 3850-5000.
- To call a Vietnamese number from within Vietnam, dial the area code (04) or (08) as indicated below, followed by the local number.

**USDA/FAS Offices in Vietnam:****FAS Hanoi, Vietnam****Agricultural Affairs Office**

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Mr. Justin Taylor, Agricultural Attaché

Ms. Bui Thi Huong, Sr. Agricultural Specialist

Ms. Nguyen Thi Huong, Agricultural Specialist

Ms. Phan Thi Thu Huong, Admin. Assistant

**FAS Ho Chi Minh City, Vietnam****Agricultural Affairs Office**

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Mr. Truong Minh Dao, Sr. Marketing Specialist

Mr. Tran Quoc Quan, Agricultural Specialist

Ms. Nguyen Mai Van, Admin. Assistant

**Key Government Contacts:****Ministry of Industry and Trade (MOIT)**

54 Hai Ba Trung, Hanoi, Vietnam

Tel: (04) 2220-2222; Fax: (04) 2220-2525

Website: <http://www.moit.gov.vn>

Contact: Mr. Vu Huy Hoang, Minister



Tel: (04) 2220-2268

Email: [HoangVH@moit.gov.vn](mailto:HoangVH@moit.gov.vn)

Mr. Nguyen Kim Son, Assistant to Minister

Tel: (08) 3829-1011

Email: [SonNK@moit.gov.vn](mailto:SonNK@moit.gov.vn)

#### **Ministry of Industry and Trade - HCMC Rep. Office**

45 Tran Cao Van, District 1, HCMC, Vietnam

Tel: (08) 3829-9220/ 3822-5954/ 3822-5957; Fax: (08) 3829-0852

Email: [VPDDTPHCM@moit.gov.vn](mailto:VPDDTPHCM@moit.gov.vn)

Contact: Mr. Phan The Hao, Chief Rep

Tel: (08) 3823-2239/ Ext 112

Email: [HaoPT@moit.gov.vn](mailto:HaoPT@moit.gov.vn)

Mr. Le Ngoc Trung, Deputy Chief /Acting Manager, Administrative and General Coordinative Dept.

Tel: (08) 3829-9220/ Ext 105

Email: [TrungLN@moit.gov.vn](mailto:TrungLN@moit.gov.vn)

#### **HCMC Department of Industry & Trade**

163, Hai Ba Trung, Ward 6, District 3, HCMC

Office 2: 59-61 Ly Tu Trong District 1, TP.HCM

Tel: (08) 3829-6322; 3829-2991 Fax: (08) 3822-4536

Website: <http://www.congthuong.hochiminhcity.gov.vn>

Email: [stm@tphcm.gov.vn](mailto:stm@tphcm.gov.vn)

Contact: Mr. Nguyen Van Lai, Director

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Email: [lainv@tphcm.gov.vn](mailto:lainv@tphcm.gov.vn)

#### **Ministry of Agriculture and Rural Development (MARD)**

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Website: <http://www.agroviet.gov.vn>

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Contact: Mr. Cao Duc Phat, Minister

Tel: (04) 3733-5718/ 0804-3181

Mr. Nguyen Minh Nhan, Chief of Staff

Tel: (04) 3823-2752/ 0804-3134

**MARD/International Cooperation Department**

2 Ngoc Ha Street, Ba Dinh, Hanoi, Vietnam

Tel: (04) 3845-9670; Fax: (04) 3733-0752

Website: [icd.mard.gov.vn](http://icd.mard.gov.vn)

Email: [htqt@mard.gov.vn](mailto:htqt@mard.gov.vn)

Contact: Mr. Luong The Phiet, Acting Director, International Cooperation Dept (Vu Hop Tac QT)

**MARD/National SPS Notification and Enquiry Office**

Room 105a, A10 Building, MARD, No. 2 Ngoc Ha Street, Ba Dinh, Hanoi

Tel: (04) 3734- 4764; Fax: (04) 3734- 4764

Website: [www.spsvietnam.org.vn](http://www.spsvietnam.org.vn)

E-mail: [Spsvietnam@mard.gov.vn](mailto:Spsvietnam@mard.gov.vn)

Contact: Ms. Hoang Thi Dung, Director General

**MARD/Plant Protection Department (PPD)**

149 Ho Duc Di Street, Dong Da District, Hanoi, Vietnam

Tel: (04) 3851-9451; Fax: (04) 3533-0043

Website: [www.ppd.gov.vn](http://www.ppd.gov.vn)

E-mail: [ppdvn@fpt.vn](mailto:ppdvn@fpt.vn)

Contact: Mr. Bui Si Doanh, Deputy Director

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**MARD/Plant Protection Department – HCMC Office**

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Contact: Mr. Nguyen Huu Huan, Deputy Director

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**MARD/Department of Animal Health (DAH)**

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Website: <http://www.cucthuy.gov.vn>

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Contact: Dr. Hoang Van Nam, Acting Director

Tel: (04) 3868-5691

**MARD/Department of Animal Health - Regional Animal Health Office No. 6**

124 Pham The Hien Street, District 8, HCMC, Vietnam

Tel: (08) 3856-8220; Fax: (08) 3856-9050

Contact: Mr. Nguyen Xuan Binh, Director

**MARD/Department of Animal Health – HCMC Office**

151 Ly Thuong Kiet St, District 11, HCMC, Vietnam

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**National Agro-Forestry-Fisheries Quality Assurance Department (NAFIQAD)**

10 Nguyen Cong Hoan, Ba Dinh, Hanoi, Vietnam

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Website: <http://www.nafiqad.gov.vn>

Email : [nafiqad@mard.gov.vn](mailto:nafiqad@mard.gov.vn)

Contact: Dr. Nguyen Nhu Tiep, Deputy Director

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**Ministry of Health (MOH)/Vietnam Food Administration**

138A Giang Vo Street, Hanoi, Vietnam

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Website: <http://vfa.gov.vn>

Email: [cucqltp@hn.vnn.vn](mailto:cucqltp@hn.vnn.vn) [vfa@vfa.gov.vn](mailto:vfa@vfa.gov.vn)

Contact: Dr Nguyen Cong Khan, Director

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#### **Department of Health-Ho Chi Minh City**

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Contact: Dr. Le Truong Giang, Deputy Director

#### **Department of Food Safety and Hygiene Ho Chi Minh City**

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#### **Vietnam Directorate For Standards and Quality (STAMEQ)**

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#### **QUATEST 3 (Quality Assurance and Testing Center 3)**

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Website: <http://www.mpi.gov.vn>

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Mr. Cao Viet Sinh, Permanent Deputy Minister

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**MPI / Center for Investment Development in the South**

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**HCMC's Department of Planning and Investment**

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Contact: Mr. Thai Van Re, Director

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**General Department of Vietnam Customs**

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Website: <http://www.customs.gov.vn>

Contact: Mr. Nguyen Ngoc Tuc, General Director

**General Department of Vietnam Customs – Southern Rep. Office**

15B Thi Sach Street, Ben Nghe, District 1, HCMC

Tel: (08) 3829-9676/3824-3055/3822-0809; Fax: (08) 3824-3056

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Website: [www.haiquan.hochiminhcity.gov.vn](http://www.haiquan.hochiminhcity.gov.vn)

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**Useful Websites:**

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

The Embassy of Vietnam in Washington <http://www.vietnamembassy-usa.org>  
Ministry of Agriculture and Rural Development <http://www.agroviet.gov.vn/en/>  
MARD/Department of Animal Health <http://www.cucthuy.gov.vn>  
MARD/Plant Protection Department <http://www.ppd.gov.vn>  
MARD/ National Agro-Forestry-Fisheries Quality Assurance Department <http://www.nafiqad.gov.vn>  
Ministry of Health <http://www.moh.gov.vn>  
Vietnam Food Administration <http://vfa.gov.vn>  
General Department of Vietnam Customs <http://www.customs.gov.vn/English/>  
Directorate for Standards, Metrology & Quality <http://www.tcvn.gov.vn/> or <http://en.tcvn.vn>  
Ministry of Industry & Trade <http://www.moit.gov.vn>  
HCMC Department of Planning & Investment <http://www.dpi.hochiminhcity.gov.vn/invest/>  
Vietnam Tourism Administration [http://www.vietnamtourism.com/e\\_pages/news/](http://www.vietnamtourism.com/e_pages/news/)  
National Assembly of Vietnam <http://www.na.gov.vn>  
Ho Chi Minh City's Website <http://www.eng.hochiminhcity.gov.vn/eng/news/>  
Vietnam Ag Biotechnology <http://www.agbiotech.com.vn>  
American Chamber of Commerce in Vietnam <http://www.amchamvietnam.com>

**Major Media Websites:**

Vietnam News <http://vietnamnews.vnagency.com.vn/>  
Vietnam Economy News <http://news.vneconomy.vn/>  
Vietnam Investment Review <http://www.vir.com.vn/news/home>

Saigon Times Daily <http://english.thesaigontimes.vn/Home>

Saigon Times Weekly <http://www.thesaigontimes.vn/epaper/SGTW/>

Saigon Tiep Thi <http://www.vnnnews.net/tag/saigon-tiep-thi>

Tuoi Tre News <http://www.tuoiitrenews.vn/>

Thanh Nien News <http://www.thanhniennews.com>

## Appendix-Statistics

**Table 4: Key Trade and Demographic Information**

Agricultural Imports From All Countries (\$Mil) / U.S. Market Share (%) <sup>1/</sup>	7,000/ 15
Consumer Food Imports From All Countries (\$Mil) / U.S. Market Share (%) <sup>1/</sup>	1,150/34.2
Edible Fishery Imports From All Countries (\$Mil) / U.S. Market Share (%) - (note: *: MARD data)	<b>250 */5.9</b>
Total Population (Millions) / Annual Growth Rate (%) <i>in 2011</i>	<b>90/1.08</b>
Urban Population (Millions) / Annual Growth Rate (%) <i>in 2009</i>	<b>28.4/1.78</b>
Number of Major Metropolitan Areas	5
Size of the Middle Class (Millions) / Growth Rate (%)	N/A
Per Capita Gross Domestic Product (U.S. Dollars)	<b>1,168</b>
Unemployment Rate (%) (in urban areas)	<b>2.9</b>
Per Capita Food Expenditures (U.S. Dollars) <i>in 2008</i>	<b>320</b>
Percent of Female Population Employed	41.4
Exchange Rate (US\$1 = X.X local currency) <i>As of July 19, 2011</i>	<b>VND 20,565</b>

Source: Vietnam General Statistical Office, Euromonitor, World Trade Atlas and many other trade sources.

### Special Note: 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. By combining many trade sources including Vietnam General Customs Data, World Trade Atlas, and Euromonitor, post has tried to provide best estimates on selected products that provide high potential for U.S. exports. See table 1 for details.

**Table 5: Vietnam exports-imports of agriculture-forestry and fishery products in 2008-2009**

Unit: thousand metric ton and \$ million

Description	2008		2009 (estimated)	
	Quantity	Value	Quantity	Value



<b>Total exports of agriculture, forestry and fishery products</b>		<b>16,475</b>		<b>15,337</b>
1. Agricultural products		8,749		7,797
of that				
Coffee	1,060	2,111	1,139	1,678
Rubber	658	1,604	720	1,182
Rice	4,742	2,894	5,817	2,595
Tea	104	147	133	178
Cashew nut	165	911	175	840
Pepper	90	311	135	347
Vegetable/fruits	0	406	0	420
Cassava and cassava products	1,410	364	3,253	557
2. Fishery		4,510		4,207
3. Forestry		3,072		2,736
of that: - Wood product		2,829		2,535
'- bamboo and other forest products		226		178
- Cinnamon		17		22
4. Other products		145		598
<b>Total imports of agriculture, forestry and fishery products</b>		<b>10,270</b>		<b>N/A</b>
Key import items		7,742		6,646
Fertilizers	3,035	1,473	4,421	1,387
of that'- Ure	707	286	1,444	420
- S A	722	184	1,104	148
- D A P	434	379	933	357
- N P K	170	99	337	133
- Other fertilizers	1,002	524	577	320
Pesticide and pesticide materials		474	0	485
Wheat	701	293	1,260	317
Animal feed and feed materials		1,747	0	1,745
Animal fat/vegetable oil		666		489
Rubber	186	497	308	401
Cotton	226	416	301	389
Milk and milk products		542	0	515
Forestry products		1,098		894
Salt		25		24
Fishery products		306		274

Fruits/vegetable		205		280
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Source: Ministry of Agricultural and Rural Development (MARD)

**Table 6: U.S. exports of consumer oriented products to Vietnam (CY2006-CY2010)**

(Value in thousands of USD)

Products	2006	2007	2008	2009	2010	Jan - Apr 2010	Jan - Apr 2011	% Change
Red Meats, FR/CH/FR	7,210	32,628	160,684	178,854	162,899	78,659	54,500	-30.71
Dairy Products	53,689	52,844	84,467	56,937	157,524	44,257	71,225	60.94
Poultry Meat	6,731	27,740	71,256	49,228	75,265	28,593	21,018	-26.49
Tree Nuts	12,560	30,874	24,157	34,112	42,398	6,372	7,132	11.93
Red Meats, Prep/Pres	11,777	36,942	28,637	19,939	6,371	4,199	1,693	--59.67
Fresh Fruit	8,461	13,288	15,943	17,454	31,226	3,753	4,638	23.58
Other Consumer Oriented	3,721	6,333	9,561	15,869	27,142	7,535	8,111	7.63
Processed Fruit & Vegetables	3,081	4,365	4,489	6,278	9,237	2,120	2,270	7.11
Nursery Products	24	140	77	3,812	6,445	1,828	51	-97.21
Fruit & Vegetable Juices	285	1,035	1,788	3,198	2,595	650	328	-49.55
Snack Foods	1,955	2,484	3,329	3,046	5,097	1,253	2,151	71.72
Wine and Beer	486	729	1,756	2,905	6,703	740	2,457	231.85
Breakfast Cereals	14	101	1,268	1,488	1,668	372	450	20.88
Pet Foods	417	825	946	165	259	207	17	-91.93
Eggs & Products	151	94	115	121	163	48	88	83.28
Fresh Vegetables	0	36	0	0	139	49	53	8.22
Total consumer-oriented	110,561	210,457	408,473	393,406	535,131	180,635	176,184	-2.46

Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

**Table 7: U.S. Exports of Fishery Products to Vietnam (CY 2006- CY 2010)**

(Value in thousands of USD)

Products	2006	2007	2008	2009	2010	Jan - Apr 2010	Jan - Apr 2011	% Change
Other Edible Fish & Seafood	2,888	4,910	4,901	13,221				98.14

					16,442	5,090	10,085	
Crab & Meat	53	2,443	2,000	1,128	902	196	313	59.26
Salmon Whole or Eviscerated	2,500	351	1,171	469	80	30	15	-49.83
Salmon Canned	33	0	0	17	0	0	0	--
Roe & Urchin (Fish Eggs)	460	503	95	0	29	15	301	1945.5
Total Fish Products	5,934	8,208	8,167	14,835	17,452	5,331	10,714	100.99

Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics