

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY  
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT  
POLICY

Voluntary    Public

**Date:** 9/30/2013

**GAIN Report Number:** VM3051

## Vietnam

**Post:** Hanoi

### **MOIT Imposes Safeguard on Imported Refined Vegetable Oils**

**Report Categories:**

Oilseeds and Products

**Approved By:**

Michael Ward

**Prepared By:**

Huong Nguyen

**Report Highlights:**

On August 23, 2013, the Ministry of Industry and Trade (MOIT) released the announcement Decision 5987/QĐ-BCT retroactively instituting a safeguard action on imports of refined soybean and palm oil originating from a list of exporting countries. Decision 5987 comes after an almost 9 month investigation and imposition of a provisional safeguard by MOIT. The safeguard imposes an additional five percent import tax on imported refined soy and palm oil products originating from certain countries. The additional import tax is set at five percent for the first year, starting May 7, 2013, and will decrease one percent each year until being eliminated after May 6, 2017.

## General Information:

In 2012, following the reduction of the inter-ASEAN tariff rates on refined vegetable oils to zero, domestic vegetable oil refiners began to petition the Vietnamese Government (GVN) to seek safeguard protection against rising imports of refined vegetable oils. In December 2012, the Ministry of Industry and Trade (MOIT) issued a decision to conduct an official investigation for this claim.

On April 22, 2013, GVN issued Decision 2564/QD-BCT announcing the provisional safeguard for refined soy and palm oils.

GVN notified the provisional safeguard measure to the World Trade Organization's Committee on Safeguards on May 15, 2013 as G/SG/N/7/VMN/1.

On August 23, 2013, GVN issued Decision 5987/QD-BCT announcing the official safeguard against imported refined soy and palm oil to help domestic refiners adjust to the new reality of ASEAN-member states having duty-free access to the Vietnamese refined vegetable oil market. The safeguard measure sets the additional import duty for refined soy and palm oil products at five percent in the first year of the safeguard, with the duty falling one percent each year until May 6, 2017, when the safeguard expires.

The safeguard measure is applied to imported refined soy and palm oil products with following HS codes: 1507.90.90; 1511.90.91; 1511.90.92; 1511.90.99; from all countries, except from those listed in the appendix of the announcement.

The full content of the announcement is provided below as an unofficial translation.

## Brief Background on Vietnam's Vegetable Oil Production and Trade

*Note: FAS-Vietnam statistics are unofficial and will not correspond with statistics cited in GVN's Announcement.*

### Production:

Vietnam's vegetable oil industry continues to use both domestically produced crude oil products, and imported crude oil and refined oils (mainly palm and soy oils) for production. Despite, a large expansion in the domestic production of crude soy oil, due to the operation of two large-scale soybean crushers, local oil refiners report fierce price competition from imported consumer oriented refined oil, especially consumer packed palm oil.

**Table 1: Refined vegetable oil production**

	2009	2010	2011	2012*	2013*
<b>Total refined vegetable oil production (TMT)</b>	626	566	571	700	800

*Source: General Statistics Office (GSO); \*Local Estimates*

Details for Vietnam's refined vegetable oil production can be found in GAIN report ([VM3018](#)).

**Trade:**

According to unofficial trade data, Vietnam's refined vegetable oil imports rose significantly over the past three years. Total refined vegetable oil imports in 2012 increased 39 percent over 2011, and 54 percent over 2010.

The safeguard import duty applies to all the major suppliers of refined vegetable oil to Vietnam: Indonesia, Malaysia, and Singapore. In years past the United States was a major supplier to the market but exports of U.S. refined soybean oil have been minimal since 2010 as ASEAN competitiveness becomes stronger.

The recent reduction of the inter-ASEAN import duty to zero likely increased the growth in refined oil imports adding additional pressure on domestic oil refiners.

**Table 2: Vietnam's refined vegetable oil imports**

<b>Refined vegetable oil (MT)</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Total, of which</b>	<b>394,947</b>	<b>437,192</b>	<b>606,831</b>
<i>Refined palm oil</i>	<i>337,591</i>	<i>409,496</i>	<i>586,776</i>
<i>Refined soy oil</i>	<i>54,956</i>	<i>9,584</i>	<i>3,555</i>
<i>Other refined vegetable oil</i>	<i>2,400</i>	<i>18,112</i>	<i>16,500</i>

*Source: General Customs Office (GCO), Global Trade Atlas (GTA), Post Adjusted Statistics*

As the provisional safeguard was only implemented beginning April 2013, it is too early to determine what impact the provisional and permanent safeguards have had on imports of refined palm and soy oils. However, it is likely the safeguard will result in decreasing imports of refined palm and soy oils.

**Table 3: Refined soy oil imports per country in 2012 (HS code: 1507.90.90)**

<b>Country</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<i>Quantity in MT</i>			
Malaysia	16,612	7,706	3,128
Thailand	215	1,470	165
Singapore	38,044	297	114
Taiwan	23	35	68
Canada	50	25	41
South Korea	n/a	45	18
United States of America	1	2	12
Others	11	4	9
<b>Total</b>	<b>54,956</b>	<b>9,584</b>	<b>3,555</b>

*Source: GCO, GTA, Post Adjusted Statistics*

**Table 4: Refined palm oil imports per country**  
(HS code: 1511.90.91; 1511.90.92; 1511.90.99)

Country	2010	2011	2012
<i>Quantity in MT</i>			
Malaysia	318,184	353,404	462,183
Indonesia	17,951	55,171	123,702
Singapore	748	783	783
Korea (Republic)	31	75	30
Japan	604	n/a	25
India	n/a	n/a	18
Russian Federation	n/a	n/a	18
Thailand	73	22	n/a
Taiwan	n/a	16	n/a
Others	n/a	41	17
<b>Total</b>	<b>337,591</b>	<b>409,496</b>	<b>586,776</b>

Source: GCO, GTA, Post Adjusted Statistics

Analysis of Vietnam's import and exports of vegetable oil can be found in GAIN ([VM3018](#)).

## MINISTRY OF INDUSTRY AND TRADE

(Sealed)

**SOCIALIST REPUBLIC OF VIETNAM**  
**Independence – Freedom – Happiness**

### ANNOUNCEMENT

#### V/v Application of official safeguard measures

(Attracted by Decision No. 5987/QĐ-BCT dated August 23<sup>rd</sup> 2013 of  
—Ministry of Industry and Trade)

Pursuant to the Ordinance No. 42/2002/PL-UBTVQH10 dated May 25, 2002 of the National Assembly Standing Committee on safeguards in the import of foreign goods into Vietnam and the Decree 150/2003/ND-CP dated December 8, 2003 detailing the implementation of this Ordinance, Ministry of Industry and Trade announced details in the application of official safeguard measures to vegetable oil imported into Vietnam, namely refined soybean oil and refined palm oil of HS codes such as 1507.90.90, 1511.90.91, 1511.90.92, 1511.90.99 as follows:

#### 1. General information

On December 26, 2012, Ministry of Industry and Trade issued Decision No. 7968/QĐ-BCT on investigation of safeguard measures applied to refined vegetable oil product (hereinafter referred to as “goods subject to investigation”) imported from a variety of countries.

On April 22, 2013, Ministry of Industry and Trade issued Decision No 2564/QĐ-BCT on application of provisional safeguard measures towards imported refined oil as mentioned above.

## **2. Imported goods subject to investigation**

Goods subject to investigation are refined soybean oil and refined palm oil:

### *a) Characteristics*

- Refined soybean oil: is homogeneous liquid, having bright yellow, transparent state, no odor or typical odor of refined soybean oil.
- Refined palm oil: in semi-liquid and semi-solid state in normal condition, having bright yellow, no odor or typical odor of refined palm oil.

### *b) Use*

- Refined soybean oil: is used for direct serve, salad dressing, mayonnaise making, fried and cooked foods.
- Refined palm oil: is used for food processing industry, maybe used for frying and cooking as well.

### *c) Customs classification*

<b>Tariff categories (HS Code)</b>	<b>Description</b>	<b>Unit</b>	<b>Customs tariff level</b>
1507.90.90	Soybean oil and its segments are refined without changing chemical characteristics	Kg	- ATIGA; 0% - ACFTA: 10% - AKFTA: 10% - AANZFTA: 20% - AIFTA: 22% - AJCEP: 19% - MFN: 15% - General: 22,5%
	Others		
1511.90.91	Palm oil and its solid segments are refined	Kg	- ATIGA; 0% - ACFTA: 5% - AKFTA: 0% - AANZFTA: 20% - AIFTA: 20% - AJCEP: 19% - MFN: 25% - General: 37%
1511.90.92	Soybean oil and its segments are refined, packaged in net weight of not exceeding 20 kg	Kg	- ATIGA; 0% - ACFTA: 5% - AKFTA: 0% - AANZFTA: 20% - AIFTA: 20% - AJCEP: 19% - MFN: 25% - General: 37,5%
1511.90.99	Palm oil and its segments are refined without changing chemical characteristics	Kg	- ATIGA; 0% - ACFTA: 5% - AKFTA: 0%
	Others		

			- AANZFTA: 20% - AIFTA: 20% - AJCEP: 19% - MFN: 25% - General: 37,5%
--	--	--	--

### **3. Similar goods or directly competitive goods in Vietnam**

Similar goods produced domestically are refined soybean oil and refined palm oil which have similar ingredients, characteristics, production methods, use, using purposes to above-mentioned imported goods.

### **4. Manufacturers of similar goods and directly competitive goods in Vietnam**

Manufacturers of similar vegetable oil in Vietnam comprise: Vietnam Vegetable Oil Industry Corporation (Vocarimex); Tuong An Vegetable Oil Joint Stock Company, Tan Binh Vegetable Oil Joint Stock Company, Cai Lan Vegetable Oil Company and Golden Hope – Nha Be Oil Company.

### **5. Names of countries or origins of goods applied official safeguard measures**

Official safeguard measures are applied to goods of all countries, except from those in attached Appendix.

### **6. Official safeguard measures**

Ministry of Industry and Trade shall apply official safeguard measures in form of additional import tax towards goods subject to investigation imported into Vietnam. Specifically as follows:

<b>Period of effectiveness</b>	<b>Tariff</b>
07/5/2013 – 06/5/2014	5%
07/5/2014 – 06/5/2015	4%
07/5/2015 – 06/5/2016	3%
07/5/2016 – 06/5/2017	2%

### **7. Effective time for official safeguard measures**

Official safeguard measures shall come into effect after 15 days from the issued date of Decision of Ministry of Industry and Trade.

### **8. Applied time for official safeguard measures**

Official safeguard measures shall be applied in period of 4 years from the effective date of provisional safeguard measures.

### **9. Foundation for application of official safeguard measures**

a) *Final conclusion shows that the increased imported goods have caused severe loss in domestic production. Specifically as follows:*

- *Increase in imported goods:* the number of goods subject to investigation, in the period from 2009 to 2012, grew both relatively and absolutely. In absolute term, it, in 2010, climbed 16.71% compared to that of 2009, continued to rise 23.95% in 2011 and gained a remarkable increase of 45.83% by 2012. In relative term, it, in both 2010 and 2011, inclined 18.82% and 8.7% respectively and sharply grew by 57.61% in 2012.

The above-mentioned increase has resulted in serious loss for domestic production of vegetable oil in Vietnam. Specifically as follows:

- *Market share*: market share of domestic production, in the period from 2009 to 2012, fell from 52% to 27% over years. The reduction corresponds to an increase in market share of imported goods (from 48% to 73%) during the same period. Particularly, market share of imported goods, in 2012, increased nearly 2.5 times higher than that of domestic production.

- *Output*: the output reduced obviously in 2012, a decrease of 32% compared with 2011 and was the lowest one in the period of 2009-2012.

- *Capacity*: despite the steady increase in designed capacity of whole industry over years for meeting the consumption demand in market, the used capacity declined considerably, from 35% in 2011 to 24% in 2012.

- *Revenue*: the revenue of domestic production, in the period of 2009-2012, obtained gradual growth. In 2010, the revenue of domestic sales rose approximately 50% compared with that of 2009 and it, in 2011, even doubled that of 2009. However, the revenue, in a sudden manner, dropped significantly in 2012, a decrease of 38% compared with that of 2011.

- *Profit*: corresponding with reduced revenue, there was a sudden and remarkable decrease in profits in 2012. The profits of domestic production in 2012 declined 31% compared with that of 2011 and even just by 56% compared with that of 2010.

- *Price*: the price of imported goods, in 2012, dropped markedly (a decrease of 4%) compared with that of 2011. This forced domestic manufacturers to reduce price by 6% in 2012 in spite of increasing trend during period of 2009-2011.

- *Manpower*: Although labor forces directly working in production sector, in the period of 2009-2011, have grown significantly since 2012, there was a sudden marked reduction of 16% compared with 2011.

*b) The necessity for application of official safeguard measures*

As above-mentioned statistics, increased imported goods have caused a huge loss for domestic production. This is unveiled by the decreased market share, revenue, capacity and manpower. Particularly, this reduction is clearly shown in 2012 and tends to continue to grow in the future. If this situation continues, there will inevitably be market share lost, decreased profits and stagnant production in domestic production.

The above-mentioned loss also leads to waste of resources and investment of vegetable oil production. Besides, the surge of vegetable oil imported goods generates many adverse consequences, including food safety and hygiene as well.

Based on above-mentioned content, it is necessary to apply official safeguard measures for dealing with losses caused by increased imported goods.

**10. Tax procedures**

After official safeguard measures come into effect, General Department of Vietnam Customs will carry out the application of additional import tax associating with levels in roadmap prescribed in above section 6 towards goods subject to investigation from all countries/ territories, except for those in which are listed in below Appendix.

Information of decision on application of official safeguard measures towards goods subject to investigation can be accessed at website of Ministry of Industry and Trade (<http://www.moit.gov.vn>) and Vietnam competition authority (<http://www.vca.gov.vn> or <http://www.qlct.gov.vn>)

**Contact information:**

Department of investigation in trade defense of domestic enterprises – Vietnam competition authority - Ministry of

Industry and Trade  
Address: 25 Ngo Quyen Street, Hoan Kiem District, Hanoi, Vietnam  
Tel no.: (+84 4) 222.05002 (ext.: 1029)  
Fax: (+84 4) 222.05003

**APPENDIX**  
**LIST OF COUNTRIES EXCLUDED FROM APPLYING**  
**SAFEGUARD MEASURES**  
**(Code 12-KN-TVE-01)**

**Southeast Asia and Pacific**

American Samoa	Samoa	Cambodia
Marshall Archipelago	Solomon Archipelago	China
Micronesia, Fed. Sts	Thailand	Fiji
Mongo	East Timor	Myanmar
Tuvalu	Kiribati	Palau
Tonga	North Korea	Papua New Guinea
Vanuatu	Laos	The Philippines

**Europe and Central Asia**

Albania	Hungary	Romania
Armenia	Kazakhstan	Serbia
Azerbaijan	Kosovo	Tajikistan
Belarus	Republic of Kyrgyz	Turkey
Bosnia and Herzegovina	Republic of Macedonia	Turkmenistan
Bulgaria	Moldova	Ukraine
Georgia	Montenegro	Uzbekistan

**Latin America and the Caribbean**

Argentina	Ecuador	Nicaragua
Belize	El Salvador	Panama
Bolivia	Grenada	Paraguay
Brazil	Guatemala	Peru
Colombia	Guyana	St. Lucia
Costa Rice	Haiti	St. Vincent and the Grenadines
Cuba	Honduras	Suriname
Dominica	Jamaica	Venezuela, RB
Republic of Dominica	Mexico	

**Middle East and North Africa**



Algeria	Jordon	Tunisia
Djibouti	Lebanon	West Bank and Gaza Strip
Egypt	Libya	Yemen, Rep.
Iran, Islamic Rep.	Morocco	
Iraq	Republic of Arab Syrian	
<b>South Asia</b>		
Afghanistan	India	Pakistan
Bangladesh	Maldives	Sri Lanka
Bhutan	Nepal	
<b>Sub-Sahara Africa</b>		
Angola	Gambia, The	Rwanda
Benin	Ghana	São Tomé and Principe
Botswana	Guinea	Senegal
Burkina Faso	Guinea-Bissau	Seychelles
Burundi	Kenya	Sierra Leone
Cameroon	Lesotho	Somalia
Cape Verde	Liberia	South Africa
Republic of Central Africa	Madagascar	South Sudan
Chad	Malawi	Sudan
Comoros	Mali	Swaziland
Democratic Republic of the Congo	Mauritania	Togo
Congo, Rep	Mauritius	Uganda
Côte d'Ivoire	Mozambique	Zambia
Eritrea	Namibia	Zimbabwe
Ethiopia	Niger	
Gabon	Nigeria	

