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U.S. Soybean Exports Grow as Vietnam's Feed Production Increases

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Report Highlights:

In 2011, U.S. soybean (SB) exports to Vietnam reached a record 227 thousand metric tons (TMT), an increase of 26 percent over the previous year due to the operation of two new commercial oilseed crushing facilities in Vietnam in the second quarter of 2011. Post expects imports of full fat soybean to steadily increase in the next three to five years. The U.S. soybean exports are expected to double next year accordingly. Vietnam's soybean meal (SBM) imports reached a record 3.0 million metric tons (MMT), but SBM imports are likely decrease in the coming years due to local production from these two new crushing facilities.

Executive Summary:

Vietnam's oilseed production continued to fall well below demand from the food industry, the livestock and aquaculture feed sectors, and the vegetable oil industry. Although plans have been set to expand growing areas for major oilseeds crops, Post doubts that production will increase as much as the Government of Vietnam desires due to the high input costs and generally low yields of oilseeds crops, and slow expansion in growing areas.

Imports of soybeans in 2011 rose significantly due to the increased demand from the food processing, livestock, and aquaculture feed industries, and the vegetable oil industry combined with a zero percent import tariff. Vietnam's soybean imports reached a record in 2011, surpassing one million metric tons (MMT). This represents a 350 percent increase over the previous year; 22 percent of the total imported volume was sourced from the United States. Post expects imports of full-fat soybeans to steadily increase in the next three to five years. Soybean meal imports increased to a record 3.0 MMT to meet the growing demand from the livestock, and aquaculture feed sectors. U.S. soybean meal imports fell to 66 thousand metric tons (TMT), a decrease of 85 percent from the previous year. This decline is due in part to the opening of the first oilseed crushing facilities in Vietnam during 2011. Accordingly, Post projects Vietnam's SBM imports to decline slightly in 2012 and 2013 as the local production will fill the growth of feed industries.

Vietnam's shift to importing more beans for local crushing is a positive development for U.S. trade. The United States has a larger market share and competitive advantage in exports of soybeans compared to soybean meal within the Vietnamese market.

In 2011, for the first time Vietnam produced soy oil from commercial crushing facilities, but continued to import an estimated 734 TMT of crude and refined vegetable oils of all types in 2011, a 1.7 percent increase over 2010, to meet growing demand. Post expects total imports of vegetable oils to ultimately remain constant in 2012, as the increase in local production will help meet growth in local consumption and export demands.

Commodities:

Oilseed, Soybean

Production:

Vietnam's 2011 soybean production decreased 14 percent from the previous year to 254.2 thousand metric tons (TMT) due to prolonged and heavy rainy weather at the end of 2010 and in early 2011, along with a reduced growing area (Table 1). The scale of production remains relatively small and continues to fall far short of domestic demand. This output fell far below the 2010 target of 325 TMT, or the 2020 target of 700 TMT, set by the Ministry of Agriculture and Rural Development (MARD), due to Vietnam's generally inferior soybean yields, high production costs, and low post harvest technology.

According to the Vietnam Feed Association (VNFA), the locally produced soybeans are not as price competitive as imported soybeans. For example, locally produced soybeans are currently quoted at Vietnamese dong (VND) 15,000 ($0.71) per kilogram (kg), while the imported soybeans cost VND12,000-VND13,000 ($0.57-$0.62) per kg.

According to official government statistics, soybeans are currently grown in twenty five of Vietnam's sixty three provinces, with approximately 65 percent cultivated in the north and 35 percent in the south. Earlier this year the Prime Minister approved the Master Plan for development of the agricultural production sector until the year of 2020 with a vision to the year 2030. In this plan, the target set for 2020 is about an additional 100 thousand hectare (ha) for planned land soybean growing area, taking advantage of the increase of cropland for rice, which soybean crops are often rotated with. Under the Master Plan, by 2020 the cultivated area for soybeans will be about 350 thousand ha with a yield of 700 thousand tons, with a focus in the Red River Delta, midland, and mountainous areas in the North and Western Highlands.

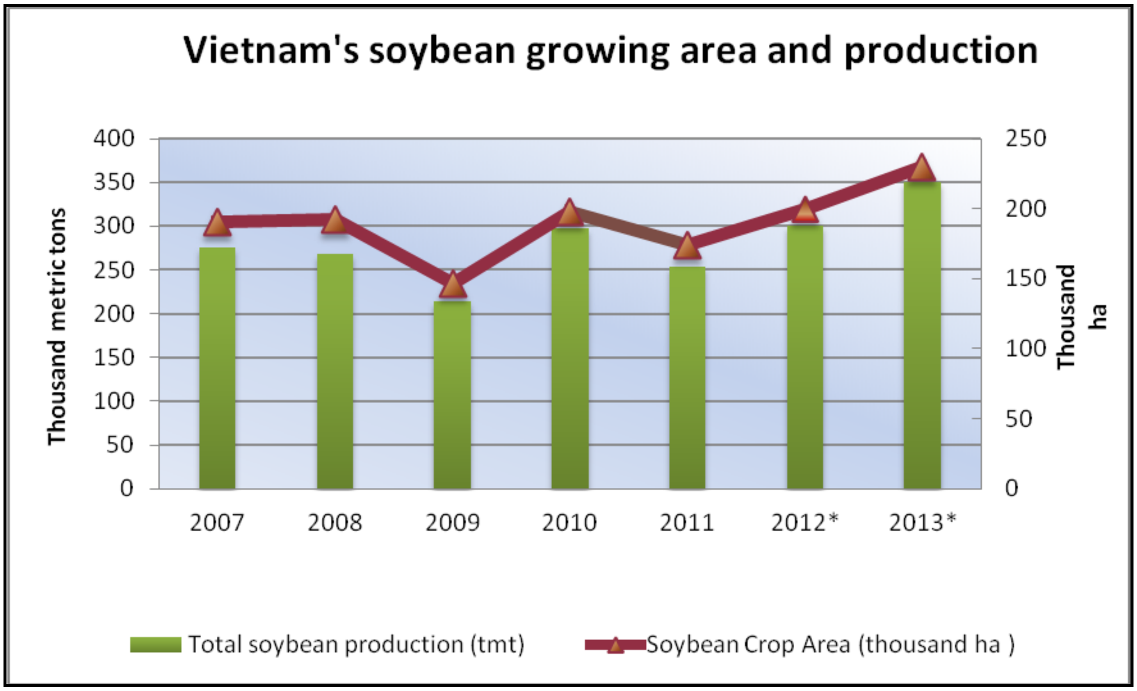
Vietnamese scientists are continuing research on biotech and other modern soybean varieties with higher output levels and lower production costs in specific regions in Vietnam. MARD has approved three biotech crop types for field trials – corn, cotton, and soybeans. However, no companies are applying to implement Bt. soybean field trials at this time (only for Bt. corn). The field trial period is expected to last for two or three years before final approval for commercialization is granted, if a company does apply. As a result, there is no expectation that commercial production of any of biotech oilseed crops will begin in the near future in Vietnam. With Vietnam's Plant Variety Protection System, which was set up under MARD's Department of Crop Production in 2002, more and more crop varieties including soybeans and peanuts (mostly local varieties) have been registered and approved for plant variety protection, especially after Vietnam joined the International Union for the Protection of New Varieties of Plants (UPOV) in 2006. This factor could motivate Vietnamese scientists to continue research on better varieties.

Table 1: Soybean production

	2007	2008	2009	2010	2011	2012*	2013*
Crop area (thousand ha)	190.1	192.1	146.2	197.8	173.6	200	230
Crop yield (MT/ha)	1.45	1.39	1.46	1.50	1.46	1.5	1.52
Total production (TMT)	275.5	267.6	213.6	296.9	254.2	300	350

*Source: General Statistics Office (GSO), *Post estimates*

Graph 1: Vietnam's soybean growing area and production



Source: General Statistics Office (GSO), * Post estimates

Consumption:

Most of the soybeans locally produced in Vietnam, along with imported soybeans, are used to meet the growing domestic demand for both human consumption and the animal feed industry. Major products using soybeans include traditional non-fermented foods such as tofu, soy milk, and soy flour for the food processing industry; smaller quantities are used for soy sauce, miso paste, the ice-cream industry, and household-scale soybean oil production. Only a small portion of the soybeans produced in Vietnam are used for animal feed. Roughly 60 percent of imported full fat soybeans went to crushing industry (for soy oil and soybean meal), 18 percent went to animal feed industry, and 22 percent to human consumption.

In 2011, commercial feed production in Vietnam grew by 8.5 percent in response to growing demand from the livestock sector. MARD estimates that the demand for locally-produced commercial feed will grow to 13,000 TMT by 2012, 16,000 TMT by 2015 and 19,000 TMT by 2020. Furthermore, local consumption demand for healthier vegetable oil, including soy oil, is growing, and zero percent tariff rate for soybean imports continues to make crushing plants an attractive investment in Vietnam. In 2011, Vietnam's first two soybean crushing facilities began operating with total full capacity of 4,000 MT per day (see Photos 1, 2, 3, and 4). The new Bunge Vietnam crushing plant crushed a half million metric tons (MMT) of soybeans from the United States, Argentina, Brazil, and Paraguay in its first 8 months of operation starting in May 2011. Quang Minh crushing plant used about 150 TMT of soybeans, mainly from the United States and Argentina. In addition, the demand for locally produced soy oil for export to other countries in the region is slowly growing (See table 31and 32 in the Oil Section). Accordingly, Post projects the demand for imported full fat soybeans will be much higher in the coming years.

Photo 1: Quang Minh Crushing Plant

Photo: Quang Minh Group

Photo 2, 3: Opening Ceremony of Quang Minh Crushing Plant on May 28th, 2011

Photos: Quang Minh Group (QMC)

Photo 4: Opening Ceremony of Bunge Vietnam Crushing Plant on June 27th, 2011

Photo: Bunge Vietnam

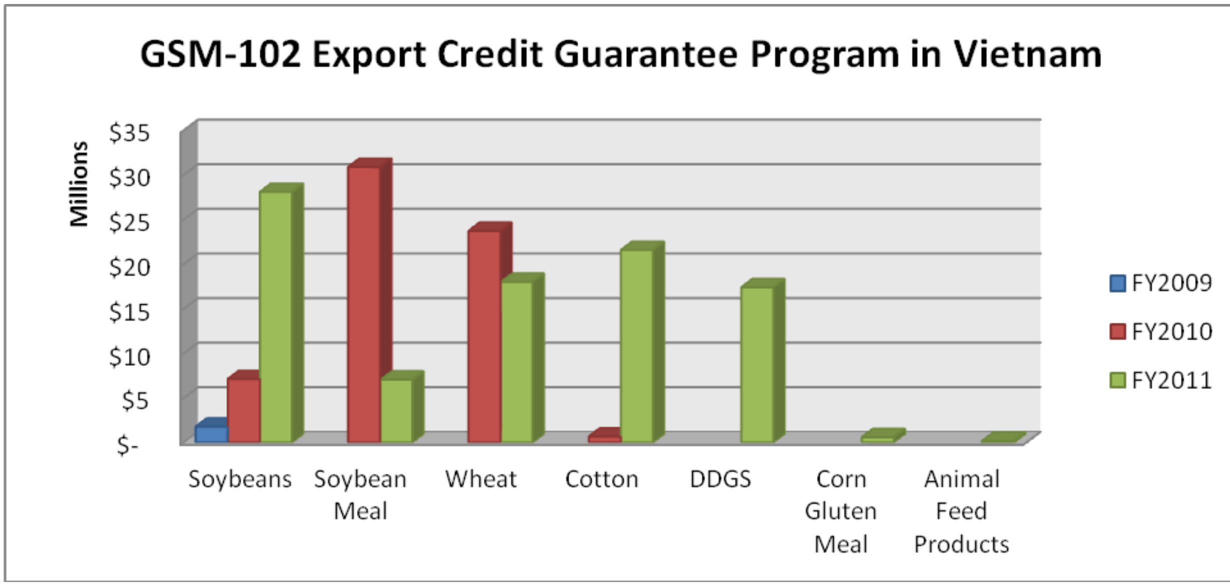
Trade:
Imports
In 2011, Vietnam imported more than one MMT of full fat soybeans, an enormous hike of 350 percent over the previous year due to strong demand from both the food and feed sectors in the country. The import value in 2011 also reached a record of almost $550 million, a 416 percent increase over the last year. Approximately 49 percent of Vietnam's soybean imports come from Brazil; 22 percent from the United States, 16 percent from Argentina, and the rest are sourced from Canada, Uruguay, China, and other countries (Table 2). This significant import growth is due to the operation of two new commercial scale crushing plants in Vietnam, and strong demand from both the food and feed industries.

According to local traders, more deals with U.S. soybean exporters will likely happen in 2012. Therefore, Post projects that Vietnam's soybean imports from United States will double in 2012, up to about 500 TMT.

The total import volume of full fat soybeans should increase significantly to about 1.5 MMT in the calendar year of 2012, based on Post's projection for the operation of Vietnam's two oilseed crushing plants and a strong demand from both the food and feed industries.

Marketing efforts in Vietnam for U.S. soybeans and soybean meal are continuously supported by the American Soybean Association – International Marketing (ASA-IM) office in Hanoi. The USDA's Export Credit Guarantee Program (GSM-102 program) also supported the growth of soybean imports in Vietnam (see Graph 2). The GSM-102 program started in Vietnam in late 2009, and up to now there are ten Vietnamese banks approved. There has been a meteoric rise in use of the program in Vietnam from $12.2 million in fiscal year (FY) 2009 to $92 million in FY 2011, for buying U.S. agricultural products such as cotton, soybeans, soybean meal, dried distillers grains with solubles (DDGS), wheat, and other animal feed products.

Graph 2: GSM-102 Export Credit Guarantee Program in Vietnam



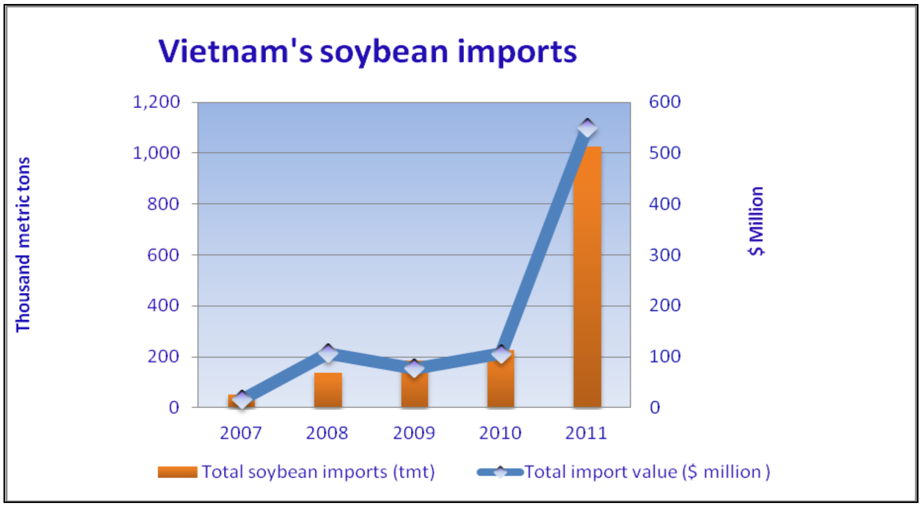
Source: FAS/USDA

Table 2: Soybean imports by sources

Country	2009		2010		2011	
	Quantity (TMT)	Value (million $)	Quantity (TMT)	Value (million $)	Quantity (TMT)	Value (million $)
Total Imports:	**183.9**	**84.7**	**227.6**	**106.5**	**1,025**	**549.9**
Brazil	n/a	n/a	n/a	n/a	506.9	258.2
USA	141.2	65.4	178.1	87.4	227.1	135.9
Argentina	3.7	1.9	13.3	6	159.8	87.6
Canada	6.2	3.1	17.8	8.5	88.2	47.6
Uruguay	n/a	n/a	n/a	n/a	26.9	15.4
China	20.5	3.4	13.7	2.2	9.8	1.6
Others	12.3	10.9	4.7	2.4	6.3	3.6

Source: General Customs Department, Global Trade Atlas, BICO data, Post adjusted statistics

Graph 3: Vietnam's soybean imports (2007-2011)



Source: General Customs Department, Global Trade Atlas, Post adjusted statistics

Ports

Currently, soybeans imported to Vietnam are shipped by both containers and bulk vessels, through major sea ports. However, according to local importers, the freight rate is considerably higher for container cargo than for bulk cargo. Thus, bulk import shipments of soybeans are likely more competitive and preferable for Vietnam. This logic holds as long as the crushing plants can find sustained demand for the soybean oil created by the crushing process, and keep their plants running at or near capacity.

Currently, Vietnam has three deep-water ports: 1) Phu My-Ba Ria Serece port and 2) Cai Mep Interflour port, both located on the Thi Vai River of Ba Ria, Vung Tau Province, Southern Vietnam (about 30 miles from Ho Chi Minh City); and 3) Cai Lan port in Quang Ninh Province on the Northeast coast. These ports can all handle large vessels (50,000+ tons). With its latest expansion in late 2010, the Cai Mep Interflour port should be capable of receiving Panamax-sized 75,000 DWT vessels, which will lower freight costs, thus making U.S. agricultural commodities (including soybeans) more competitive for shipment to Vietnam. In addition, local traders/importers continue investing in expanding their warehouse/storage capacity near seaports to meet the growing demand of agricultural product imports, which includes soybeans, corn and wheat etc. For example, QMC invested in constructing 20 thousand square meter (sqm) warehouse of 100 TMT capacity near the Cai Lan deep water sea port in Quang Ninh province (see Photos 5, 6, and 7), and an 8 thousand sqm warehouse to store 40 TMT of goods at Phu Thai water river port in Hai Duong province connecting with Cai Lan sea port; and a new 22 thousand sqm warehouse near Cai Mep deep wate port in Vung Tau Province able to store 120 TMT of goods.

Photo 5: QMC's automated uploading machine at Cai Lan sea port

Photo: Quang Minh Group

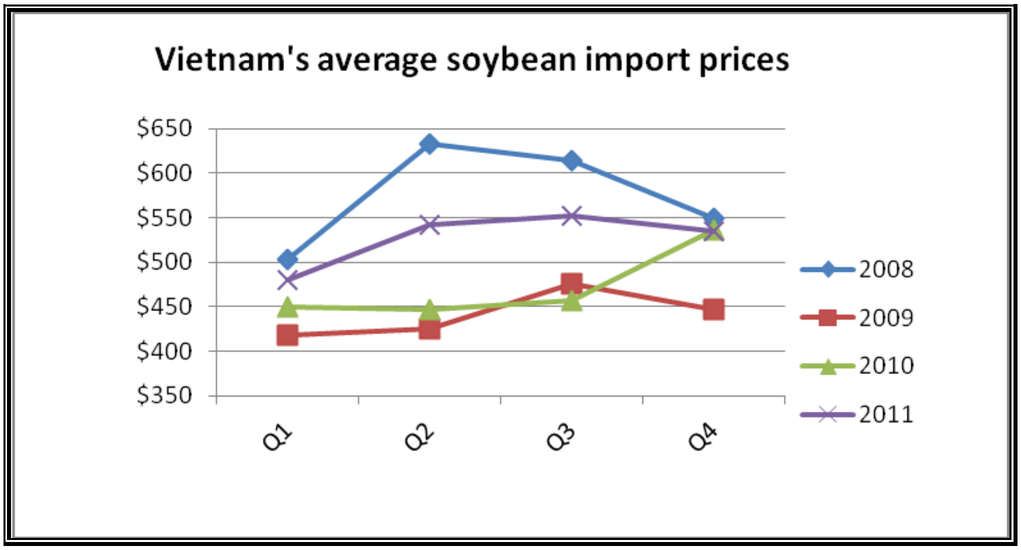
Photo 6, 7: QMC's warehouse at Cai Lan sea port

Photo: Quang Minh Group *Photo: Quang Minh Group*

Prices

Vietnam's average import price for soybeans in 2011 was $537 per MT, about a 14 percent increase over the previous year ($472 per MT), about a 22 percent increase over 2009 ($442), but still 7 percent lower than the 2008 price ($575) (Graph 4). Local traders forecast that soybean import prices will remain high due to strong demand in the world market, rising oil/gas prices, higher ocean freight costs, and lower projected world production, especially in the United States and South American countries in the crop year 2011/2012. Import prices for grade 2 full fat soybeans were quoted $560, $580 and $605 per MT, CFR Hai Phong in January, February and March 2012, respectively.

Graph 4: Vietnam's average soybean import prices (2008-2011)



Source: General Customs Department, Post adjusted statistics

Import Tariffs

The tariff rate applied to soybeans (HS Code: 1201) imported from countries having Most Favored Nation (MFN) status with Vietnam remains 0 percent with 5 percent VAT. Tariff rates for other trade agreements are listed in Table 3.

Table 3: Soybean import tariffs

HS code	Description	Import tariffs (%)								VAT
		MFN	AIFTA	AANZFTA	VJEPA	AJCEP	ACFTA	AKFTA	CEPT	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1201	**Soybeans, whether or not broken**									
1201.00.10	- Suitable for sowing	0	0	0	0	0	0	0	0	*
1201.00.90	- Other	0	4.5	5	4	5	5	5	0	*, 5

Source: Ministry of Finance

Notes:

- MFN: Most Favored Nation
- AIFTA: ASEAN-India Free Trade Agreement
- AANZFTA: ASEAN-Australia-New Zealand Free Trade Agreement
- VJEPA: Vietnam-Japan Economic Partnership Agreement
- AJCEP: ASEAN Japan Comprehension Economic Partnership
- ACFTA: ASEAN China Free Trade Agreement
- AKFTA: ASEAN Korea Free Trade Agreement
- CEPT: Common Effective Preferential Tariff
- VAT: Value Added Tax
- *: Not subject to Value Added Tax (VAT)

Production, Supply and Demand Data Statistics:

Table 4: Vietnam's Production, Supply & Demand Table for Soybeans

Oilseed, Soybean Vietnam	2010/2011		2011/2012		2012/2013	
1000 HA, 1000 MT	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	215	174	235	200		230
Area Harvested	198	174	215	200		230
Beginning Stocks	25	25	108	134		184
Production	297	254	350	300		350
MY Imports	850	1,025	1,300	1,500		1,650
MY Imp. from U.S.	200	227	500	500		700
MY Imp. from EU	0	0	0	0		0
Total Supply	1,172	1,304	1,758	1,934		2,184
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Crush	550	620	1,100	1,150		1,350
Food Use Dom. Cons.	344	370	342	400		430
Feed Waste Dom. Cons.	170	180	180	200		220
Total Dom. Cons.	1,064	1,170	1,622	1,750		2,000
Ending Stocks	108	134	136	184		184
Total Distribution	1,172	1,304	1,758	1,934		2,184

Source: General Customs Office, Global Trade Atlas, Post adjusted statistics

Table 5: Vietnam's Soybean Import Matrix

Country	Vietnam		
Commodity	Soybeans		
Time Period	Jan-Dec	**Units:**	MT
Imports for:	2010		2011
U.S.A	178,111	U.S.A	227,134
Others		Others	
Canada	17,818	Brazil	506,875
China	13,736	Argentina	159,818
Argentina	13,263	Canada	88,242
Uruguay	1,899	Uruguay	26,888
Ukraine	884	China	9,778
Cambodia	810	Ukraine	2,127
Thailand	410	India	2,107
Laos	242	Paraguay	667
Taiwan	175	Thailand	561
Japan	128	Cambodia	360
Total for Others	49,365		797,422
Others not Listed	175		497.8
Grand Total	**227,651**		**1,025,054**

Source: General Customs Office, Global Trade Atlas, Post adjusted statistics

Commodities:

Oilseed, Peanut

Production:

According to MARD, Vietnam's peanut production dropped by 9.5 percent in 2011 to 440.7 TMT, and the planted crop area decreased by 9.1 percent due to prolonged and heavy rainy weather at the end of 2010 and in early 2011.

In the Master Plan for development of the agricultural production sector until the year of 2020 with a vision to the year 2030, the target set for 2020 is about 150 thousand hectare (ha) for planned land peanut growing area, taking advantage of the increase of cropland for rice, which peanut crops are often rotated with, to make the cultivated area for peanuts about 300 thousand ha with an output of 800 TMT, with a focus in the North Central coast, mountainous and midland areas in the North, and the South Central Coast.

In 2012, Post expects the growing area to expand to 240 thousand ha and production to increase 20 percent to 530 TMT because farmers will be planting better varieties, although the crop area is unlikely to expand back to 2008 and 2009 levels (Table 6, Table 11).

Table 6: Peanut production, 2008 - 2012

	2008	2009	2010*	2011*	2012 est.**
Crop area (tha)	255.4	245	231.4	210.3	240
Crop yield (MT/ha)	2.08	2.09	2.1	2.1	2.2
Total production (TMT)	530.5	510.9	487.2	440.7	530

*Source: General Statistics Office (GSO), *MARD, **Post estimates*

Consumption:

The majority of peanuts both locally produced and imported, are used in the snack and confectionery industries and a small amount are used in-shell for household consumption, extruded for cooking oil, or exported. Post estimates that 465 TMT of peanuts were consumed domestically in Vietnam in 2011.

Trade:

Imports

In 2011, Vietnam continued to import a small amount of peanuts, both in-shell and shelled, mainly from China, India, Laos, and Thailand. Due to demand from the snack food industry, Vietnam's total peanut imports (in-shell equivalent) reached 8,413 MT in 2011, an increase of 69 percent over the previous year. Vietnam's 2011 imports of shelled peanuts reached 5,538 MT, equivalent to 7,366 MT of in-shell peanuts, a 68 percent increase over the previous year (Tables 7 and 8).

Table 7: In-shell peanut imports by source

Country	2008		2009		2010*		2011	
	Quantity (MT)	Value (thousand $)	Quantity (MT)	Value (thousand $)	Quantity (MT)	Value (thousand $)	Quantity (MT)	Value (thousand $)
Total in-shell peanut imports:	**679**	**753**	**504**	**173**	**599**	**415**	**1,047**	**429.6**
China	269	86	459	141	547	351	1,039	428
Laos	n/a	n/a	n/a	n/a	n/a	n/a	8	1.6
Indonesia	400.5	656	19	26	n/a	n/a	n/a	n/a
Other countries	9.5	11	26	6	52	64	n/a	n/a

*Source: General Customs Department, *Global Trade Atlas*

* Note: In-shell peanuts: HS code 120210

Table 8: Shelled peanut imports by source

Country	2008		2009		2010		2011	
	Quantity (MT)	Value (thousand $)	Quantity (MT)	Value (thousand $)	Quantity (MT)	Value (thousand $)	Quantity (MT)	Value (thousand $)
Total shelled peanut imports converted into in-shell peanuts	**1,147.8**	**510**	**2,674.6**	**1,106**	**4,389**	**1,372**	**7,366**	**3,771**
Total shelled peanut imports	862	510	2,011	1,106	3,300	1,372	5,538	3,771
China	237	76	1,109	306	1,893	488	2,610	759
India	516	315	593	553	822	594	2,587	2,473
Laos	n/a	n/a	193	82	535	221	198	178
Other countries	109	119	116	165	50	69	143	361

Source: General Customs Department

* Note: Shelled peanuts: HS code 120220 and 200811 (excluding peanut butter); Conversion rate: 1.33

Exports

In 2011, Vietnam exported a small quantity of in-shell and shelled peanuts, mainly to Malaysia, Taiwan, and Thailand. Total exports of both in-shell and shelled peanuts dropped significantly in 2011 due to decreased demand (Table 9).

Table 9: Vietnam's peanut* exports

Year	2007	2008	2009**	2010**	2011**	2012*** est.
In-shell peanut exports (MT) (HS code 120210)	8,000	2,400	4,128	3,686	1,835	2,000
Shelled Peanut exports (MT) (*HS code 120220 and 200811)*	36,800	30,000	23,278	16,202	3,797	5,000
Total converted into in-shell peanut exports (MT) (conversion rate 1.33)	56,900	41,900	35,088	25,235	6,885	8,650

*Source: General Statistics Department, **Global Trade Atlas, ***Post estimates*

**Note: Peanuts include in-shell peanut (HS code 120210) and shelled peanuts (HS code 120220 and 200811 –excluding peanut butter)*

Table 10: Peanut import tariffs

HS code	Description	Import tariffs (%)								VAT
		MFN	AIFTA	AANZFTA	VJEPA	AJCEP	ACFTA	AKFTA	CEPT	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1202	**Peanuts, not roasted or otherwise cooked, whether or not shelled or broken**									
1202.10.10	- - Suitable for sowing	0	0	0	0	0	0	0	0	*
1202.10.90	- - Other	10	8	10	7	6	5	5	0	*, 5
1202.20.00	- Shelled, whether or not broken	10	8	10	7	6	5	5	0	*, 5
2008	**Fruits, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, NESOI.**									
2008.11.10	- - - Roasted ground nuts	32	35	30	32.5	30	15	20	5	10
2008.11.20	- - - Peanut butter	22	35	30	32.5	30	15	20	5	10
2008.11.90	- - - Other	24	35	30	32.5	30	15	20	5	10

Source: Ministry of Finance; Notes: VAT*: 0 percent

Production, Supply and Demand Data Statistics:

Table 11: Vietnam's Production, Supply & Demand Table for Peanuts*

Oilseed, Peanut Vietnam	**2010/2011**		**2011/2012**		**2012/2013**	
1000 HA, 1000 MT	**Market Year Begin: Jan 2011**		**Market Year Begin: Jan. 2012**		**Market Year Begin: Jan 2013**	
	USDA Official	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted	0	220	0	250		260
Area Harvested	244	210	245	240		250
Beginning Stocks	30	30	30	7		25
Production	486	441	515	530		550
MY Imports	6	8	6	8		8
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	522	479	551	545		583
MY Exports	15	7	18	10		15
MY Exp. to EU	0	0	0	0		0
Crush	20	15	20	20		20
Food Use Dom. Cons.	457	450	484	490		520
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	477	465	504	510		540
Ending Stocks	30	7	29	25		28
Total Distribution	522	479	551	545		583

Source: General Customs Office, Global Trade Atlas, Post estimates
**Note: Peanuts include in-shell peanut (HS code 120210) and shelled peanuts (HS code 120220 and 200811 –excluding peanut butter)*

Table 12: Vietnam's Peanut* Import Matrix

Country	Vietnam		
Commodity	Peanuts	(in-shell basis)	
Time Period	Jan-Dec	**Units:**	MT
Imports for:	2010		2011
U.S.	0	U.S.	0
Others		Others	
China	3,065	China	4,510
India	1,093	India	3,441
Laos	712	Laos	271
Hong Kong	52	Thailand	174
Thailand	66.5		
Total for Others	4,988		8,396
Others not Listed			16
Grand Total	**4,988**		**8,412**

Source: General Customs Office, Global Trade Atlas
*Note: Peanuts include in-shell peanut (HS code 120210) and shelled peanuts (HS code 120220 and 200811 –excluding peanut butter)

Table 13: Vietnam's Peanut* Export Matrix

Country	Vietnam		
Commodity	Peanuts	(in-shell basis)	
Time Period	Jan-Dec	**Units:**	MT
Imports for:	2010		2011
U.S.		U.S.	283
Others		Others	
Thailand	12,279	Malaysia	2,214
Indonesia	2,338	Taiwan	1,486
Malaysia	2,291	Thailand	1,245
Taiwan	2,051	Russia	1,174
Philippines	1,349		
Canada	250		
Singapore	233		
Ukraine	145		
Russia	133		
Total for Others	21,069		6,119
Others not Listed	4,166		483
Grand Total	**25,235**		**6,885**

Source: Global Trade Atlas
**Note: Peanuts include in-shell peanut (HS code 120210) and shelled peanuts (HS code 120220 and 200811 –excluding peanut butter)*

Commodities:
Meal, Soybean

Production:
Vietnam has historically produced a negligible amount of soybean meal (SBM) due to a lack of commercial crushing facilities. However, the Bunge crushing plant (3,000 MT per day capacity) and the Quang Minh Group crushing plant (1,000 MT per day capacity) each began operation in the middle of 2011 (See Commodities: Oilseed, Soybean - Photos 1, 2, 3, and 4). Reportedly, local SBM production was estimated at about 490,000 MT in 2011 and is expected to increase significantly in the coming years (see Table 14). This growing domestic SBM production reduces imports. However, demand for soy oil serves as a potential limiting factor in meal production (See Commodities: Oil, Soybean).

Table 14: Vietnam's soybean meal production

	2011	2012*	2013*
Bunge Vietnam Crushing Plant (TMT)	370	720	840
Quang Minh Crushing Plant (TMT)	120	180	240
Total SBM production (TMT)	**490**	**900**	**1,080**

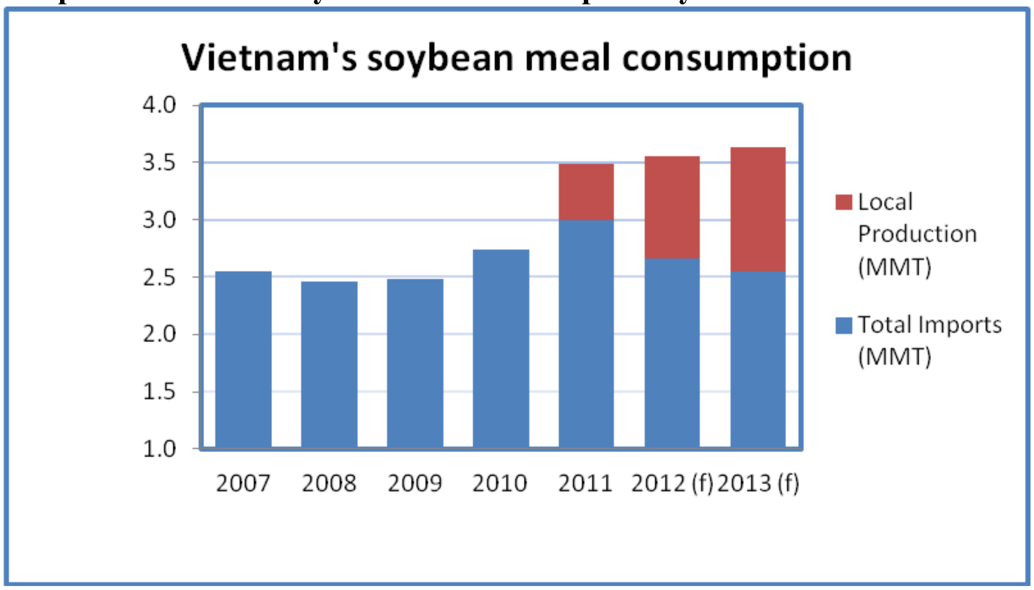
*Source: Local Producers, *Post estimates*

Consumption:
Almost all SBM, both locally produced and imported, is used in the animal feed and the aquaculture feed industries; only a small volume of imported soy flour is used for food (see Table 15 and Table 16). According to the American Soybean Association office in Vietnam, about 70 percent of SBM goes to hog feed, 15 percent to poultry feed, 10 percent to aquaculture feed, and 5 percent to other uses. According to local producers and traders, most of locally produced SBM is consumed for domestic animal feed industry in the country.

According to the Vietnam Animal Feed Association (VNFA), the country has currently 233 registered feed manufacturers, of which 50 are foreign-invested and 11 are joint-ventures. The remaining firms are domestic, but 60 percent of the market share is held by the foreign companies. Many local feed mills are expanding their production to meet the growing demands in the country such as the new Cargill feed mill with an additional capacity of 120,000 MT per year in Ha Nam Province (in northern Vietnam), making Cargill's overall animal feed production capacity in Vietnam up to more than 800,000 MT of feed per year. Indonesia-owned Japfa Vietnam plans to produce one million MT of feed per year by 2015. The Thailand-owned CP group is building a new feed mill with a projected capacity of 60,000 MT per month in the Hung Yen province. Vietnam's Hong Ha Company added a new production line to an existing feed mill with the potential to increase their capacity to 400,000 MT per year in the Ha Nam province. A joint venture between Japanese firms Sojitz and Kyodo Shiryo will invest 2 billion Japanese yen (US$25 million) to build an animal feed processing plant to produce a projected 200,000 MT annually in the Long An province (on the outskirts of Ho Chi Minh City). China's Tongwei Co. Ltd. invested $10 million to build a livestock feed mill with an annual output of

200,000 metric tons in the Hai Duong province (northern Vietnam). The Netherlands' De Heus LLC Vietnam has acquired its first aqua feed mill with a capacity of 100,000 MT per year in the Vinh Long province; and Greenfeed Vietnam in the north is expanding its current mill of 12,000 MT per month to 30,000 MT per month in the Hung Yen province and is building a new feed mill in the Ha Nam province.

Graph 5: Vietnam's soybean meal consumption by sources



*Source: General Customs Department, Global Trade Atlas, * BICO data, Post adjusted statistics; Post estimates*

The Vietnamese feed industry is currently facing a number of macroeconomic challenges that are likely to continue for at least the next few years. For example, Vietnam's inflation rate hit 23 percent in 2011, and while it has declined significantly to around 15 percent during the first quarter of 2012, it is still constraining businesses' purchasing power. Vietnam's economy also faces challenges from low foreign exchange reserves, an undercapitalized banking sector, high borrowing costs and rapidly increasing energy costs. The latter two factors, in particular, have negatively impacted the bottom line for small to medium-sized feed mills as they respectively increase the costs of imported feed materials and operating machinery and mills. Taken together, all these factors are contributing to higher production costs for animal feed in Vietnam.

The livestock husbandry sector has been experiencing difficulties of its own, including an uptick in the prevalence of certain zoonotic diseases (foot and mouth disease in pigs and cattle; H5N1 avian influenza in poultry; blue ear disease [PRRS disease] in pigs); production losses from bad weather; and higher overall production costs due to the macroeconomic factors outlined previously. And, by extension, disease outbreaks cause additional problems for the animal feed industry. However, according to MARD, the livestock sector will recover and continue to develop in CY 2012. Post estimates that Vietnam will need about 13 million MT (MMT) of industrial animal feed (about 20 percent SBM) for the livestock sector and 3.5 MMT of fish feed (15-20 percent SBM) for the aquaculture sector in 2012.

Trade:

Imports

Vietnam continues to import SBM to offset the protein shortage in the country, while local production currently meets about 14 percent of demand. Despite the government's efforts, growth in oilseed production has fallen far short of fulfilling the country's protein needs. Under the current tariff structure, SBM has zero import duty for imports from WTO member countries. This supports increase of SBM imports into Vietnam in 2011.

Vietnam's 2011 SBM imports reached a record of 2.999 MMT, a 9.4 percent increase over 2010 due to surging demand from the feed industry. Post estimates SBM imports in CY 2012 (MY 2011) will decrease to 2.66 MMT with an anticipated reduction in trade of about 11 percent less than the 2011 figure, and in CY 2013 (MY 2012) to be about 2.55 MMT due to the operation of two new industrial-scale processing facilities in the middle of 2011.

In 2011, Argentina continued taking the largest market share in Vietnam and remained the largest supplier of SBM to Vietnam. Argentina's market share accounted for 44 percent in 2011, while India's market share was 37 percent, an increase from 29 percent in 2010.

U.S. SBM exports to Vietnam in 2011 dropped to 66 TMT, decreasing 85 percent from 2011. The U.S. market share in Vietnam was very small, accounting for only 2.2 percent, a drop from 16 percent in 2010 (Table 15), although the quality of U.S. SBM is high to compared with other sources. According to local traders, the drop in imports of U.S. SBM in 2011 could be due to several factors:

- High prices for U.S. SBM
- Cheaper prices of SBM offered from Argentina and India
- Shorter shipping time from India
- Increase in domestic production of SBM

U.S. SBM exports to Vietnam should rise somewhat in 2012 due to the increasing sophistication of the Vietnamese feed industry requiring good quality products, but not to 2010 levels. The local feed industry is starting to have a greater awareness of the quality of U.S. SBM and what that means for the quality of their finished product.

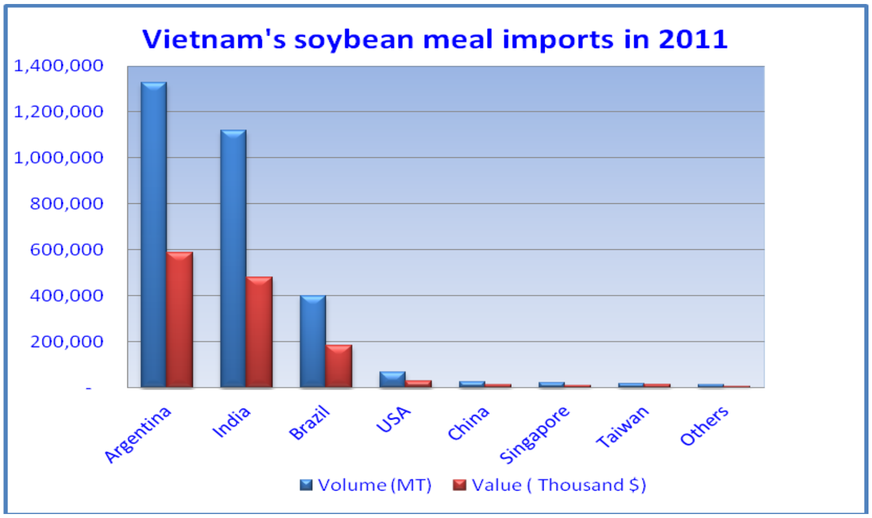
Table 15: Soybean meal imports by source in the period 2007-2011

		2007	**2008**	**2009**	**2010**	**2011**
S/N	**Total Imports: (TMT)**	**2,549**	**2,461**	**2,478**	**2,737**	**2,993**
1	Argentina	731	415	983.8	1,137	1,326
2	India	1,563	1,751	1,014.6	804	1,119
3	USA	49	90	173.6	429	66
4	Brazil	42	73	69.5	273	401
5	China	46	47	171.2	45	27
6	UAE	66	32	3.3	1	n/a
7	Other countries	52	53	62	48	54

*Source: General Customs Department, Global Trade Atlas, * BICO data, Post adjusted statistics*

**Note: Soybean meal HS code: 2304

Graph 6: Vietnam's soybean meal imports by sources in 2011



*Source: General Customs Department, Global Trade Atlas, * BICO data, Post adjusted statistics*

Vietnam also imports a small volume of full fat soybean flour (4,967 MT) for both the food and feed industries, mainly from Malaysia, Taiwan, the United States, India, and China, accounting for 99 percent of total imports (Table 16).

Table 16: Soybean flour imports by sources

Country	2008		2009		2010		2011	
	Quantity (MT)	Value (thousand $)	Quantity (MT)	Value (thousand $)	Quantity (MT)	Value (thousand $)	Quantity (MT)	Value (thousand $)
Total Imports:	**9,093**	**9,051**	**5,568**	**3,933**	**4,720**	**3,258**	**4,967**	**2,994**
Malaysia	8,979	6,325	5,042	3,543	4,588	3,157	3,276	2,314
Taiwan	12	7.3	0.2	0.3	15	9	980	319
USA	*76	39*	*110	*44	*48	29	312	164
India	n/a	n/a	n/a	n/a	n/a	n/a	223	93
China	2	5.5	18	15	33	26	109	14
Japan	14	2,667	11	18	21	30	41	68
South Korea	n/a	n/a	n/a	n/a	15	7	26	23
Thailand	10	7.2	363	290	n/a	n/a	0.03	0.4
Denmark	n/a	n/a	24	23	n/a	n/a	n/a	n/a

*Source: General Customs Department; * BICO data*
**Note: Soybean flour HS code: 1208

A small volume (638 MT) of soybean hulls (HS code: 230250) with value of $194 thousand were also imported from the United States, Japan, and China in 2011 to be used in the feed industry, especially for dairy sector.

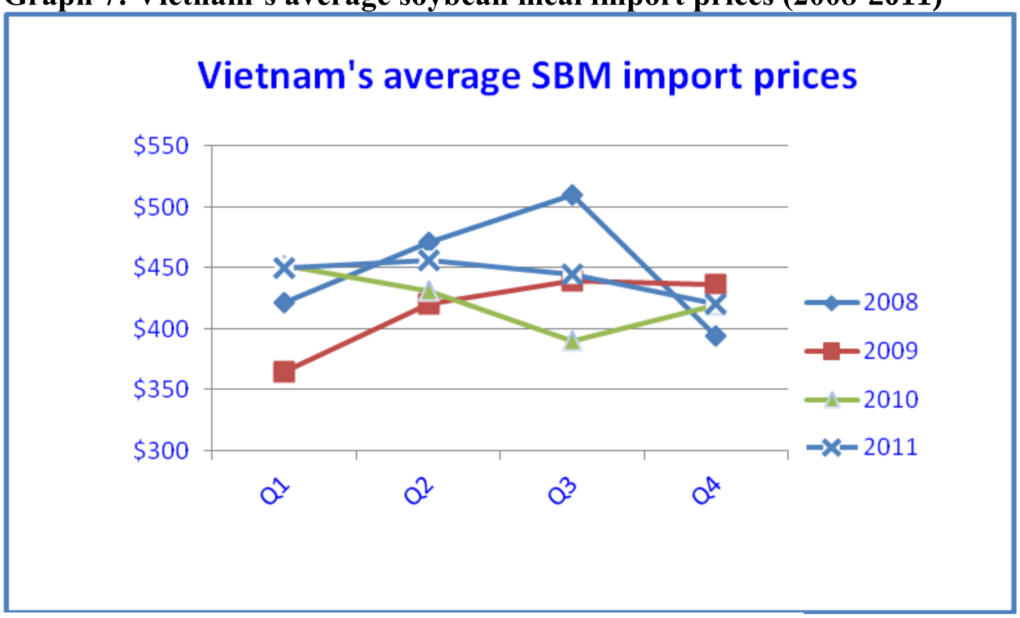
Prices

Vietnam's average import price for SBM in 2011 was $441 per metric ton, about 4.3 percent higher than the previous year ($423), a 6.2 percent increase over 2009 ($415), but about 1.8 percent lower than 2008 ($449) (Graph 7).

As of late March 2012, imported prices are quoted at around $475- $485/MT CFR Haiphong and at around $490-$499 for the for U.S. SBM shipment in April 2011. These prices have all increased compared with the previous month ($450-$460). Local traders projected that the import prices could be volatile, but likely higher in next several months as demand is still high.

In the face of high prices, the feed industry in Vietnam will tend to use cheaper ingredients to lower production cost; most of the growth in feed demand is filled by less expensive products such as DDGS, copra meal, canola meal, and other meals. Table 17 shows a comparison of local prices of common feed ingredients in Vietnam. However, an increasingly large segment of the industry recognizes the value in using high-protein SBM, and will likely buy the U.S. product if other supplies are difficult to acquire.

Graph 7: Vietnam's average soybean meal import prices (2008-2011)



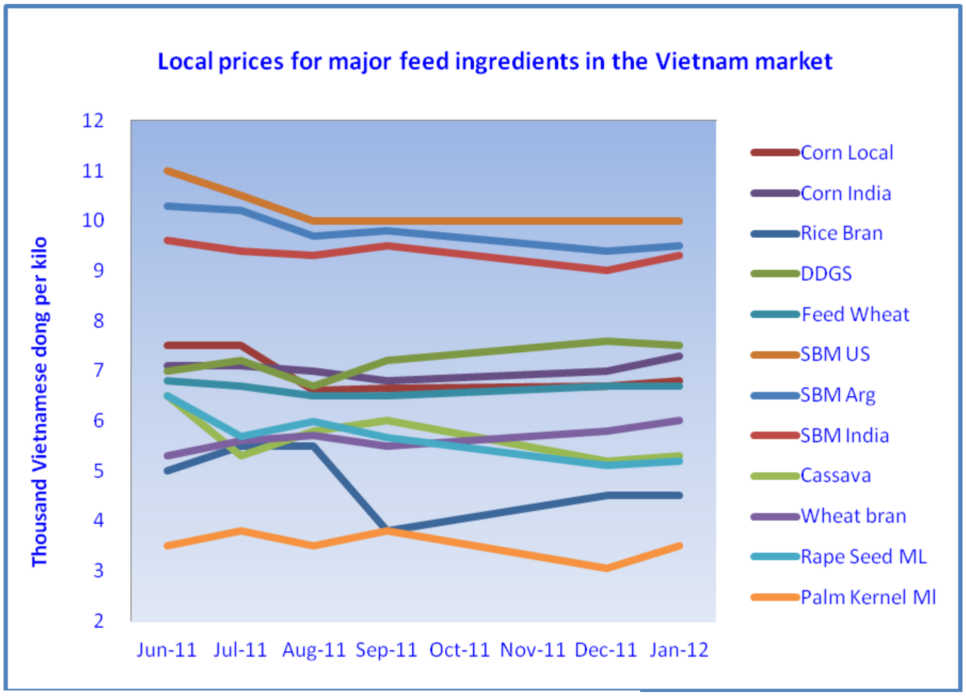
Source: General Customs Department, Post adjusted statistics

Table 17: Local prices of major feed ingredients in the Vietnam market

Product Prices in VND/KG	**May-11**	**Jun-11**	**Jul-11**	**Aug-11**	**Sep-11**	**Dec-11**	**Jan-12**	**Feb-12**	**Mar-12**
Corn Local	7,500	7,500	7,500	6,600	6,650	6,700	6,800	7,100	7,100
Corn India	7,100	7,100	7,100	7,000	6,800	7,000	7,300	7,400	7,500
Rice Bran	5,400	5,000	5,500	5,500	3,800	4,500	4,500	4,500	4,400
DDGS	7,400	7,000	7,200	6,700	7,200	7,600	7,500	7,600	7,800
Feed Wheat	6,900	6,800	6,700	6,500	6,500	6,700	6,700	6,900	7,000
US SBM	11,300	11,000	10,500	10,000	10,000	10,000	10,000	10,500	11,400
Argentina SBM	11,000	10,300	10,200	9,700	9,800	9,400	9,500	9,900	10,600
Indian SBM	9,700	9,600	9,400	9,300	9,500	9,000	9,300	9,600	10,400
Cassava	6,000	6,500	5,300	5,800	6,000	5,200	5,300	5,400	5,200
Wheat bran	5,200	5,300	5,600	5,700	5,500	5,800	6,000	6,100	6,200
Rape Seed ML	6,500	6,505	5,680	5,976	5,662	5,100	5,200	5,300	5,300
Palm Kernel Ml	4,000	3,500	3,800	3,500	3,800	3,050	3,500	3,500	3,500

Exchange rate as of April 4, 2012: $1=VND20,860 (Vietcombank)

Graph 8: Local prices of major feed ingredients in the Vietnam market



Source: Local traders, ASA-IM office in Vietnam;

Import Tariffs

The tax rates applied to SBM, full fat soybean flour, and soybean hulls imported from countries having Most Favored Nation (MFN) status with Vietnam have remained unchanged, see the oilseeds report from 2011.

Production, Supply and Demand Data Statistics:

Table 18: Vietnam's Production, Supply & Demand Table for Soybean Meal**

Meal, Soybean Vietnam	2010/2011		2011/2012		2012/2013	
1000 MT, PERCENT	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	550	620	1,100	1,150		1,350
Extr. Rate, 999.9999	1	1	1	1		1
Beginning Stocks	18	18	124	104		110
Production	430	490	860	900		1,080
MY Imports	2,576	2,999	2,250	2,660		2,550
MY Imp. from U.S.	52	66	50	100		150
MY Imp. from EU	0	0	0	0		0
Total Supply	3,024	3,507	3,234	3,664		3,740
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	3	0	4		5
Feed Waste Dom.	2,900	3,400	3,100	3,550		3,650

Cons.						
Total Dom. Cons.	2,900	3,403	3,100	3,554		3,655
Ending Stocks	124	104	134	110		85
Total Distribution	3,024	3,507	3,234	3,664		3,740

Source: General Customs Office, Post adjusted statistics; Post estimates

**Note: Soybean meal includes soybean meal and cake (HS Code: 230400); Soy flour (HS Code: 120810); and soybean hulls (HS Code: 230250)

Table 19: Vietnam's Soybean Meal Import Matrix

Country	Vietnam		
Commodity	Soybean meal		
Time Period	Jan-Dec	**Units:**	MT
Imports for:	**2010**		**2011**
U.S.	429,160	U.S.	66,125
Others		Others	
Argentina	1,136,548	Argentina	1,325,706
India	803,890	India	1,118,768
Brazil	272,579	Brazil	400,379
China	44,596	China	27,032
Singapore	23,420	Singapore	23,270
Taiwan	17,624	Taiwan	17,759
Malaysia	2,514	Malaysia	9,931
Thailand	1,060		
United Arab Emirates	1,015		
American Samoa	1,000		
Total for Others	2,304,246		2,922,846
Others not Listed	3,772		3,792
Grand Total	**2,737,178**		**2,992,764**

Source: General Customs Department, Global Trade Atlas, BICO data, Post adjusted statistics

***Note: Soybean meal HS code: 2304*

Commodities:

Meal, Copra
Meal, Cottonseed
Meal, Palm Kernel
Meal, Rapeseed
Meal, Peanut
Meal, Sunflowerseed

Consumption:
All imported oilseed meals are used for animal and aquaculture feed industries (See: Commodity: Meal, Soybean/Consumption).

Trade:
In 2011, Vietnam imported 1.13 MMT of other oilseed meals, valued at $258 million, a 5 percent decrease in volume and 10 percent increase in value to compare with 2010 (Table 20). The tax rate applied to other oilseed meals imported from countries having Most Favored Nation (MFN) status with Vietnam remains 0 percent with a 5 percent VAT.

Table 20: Other oilseed meal imports 2007-2011

	2007	2008	2009	2010	2011
Total import volume (TMT)	761	719	1,062	1,189	1,130
Total import value (million $)	108	157	179	233	258

Source: General Customs Department, Post adjusted statistics

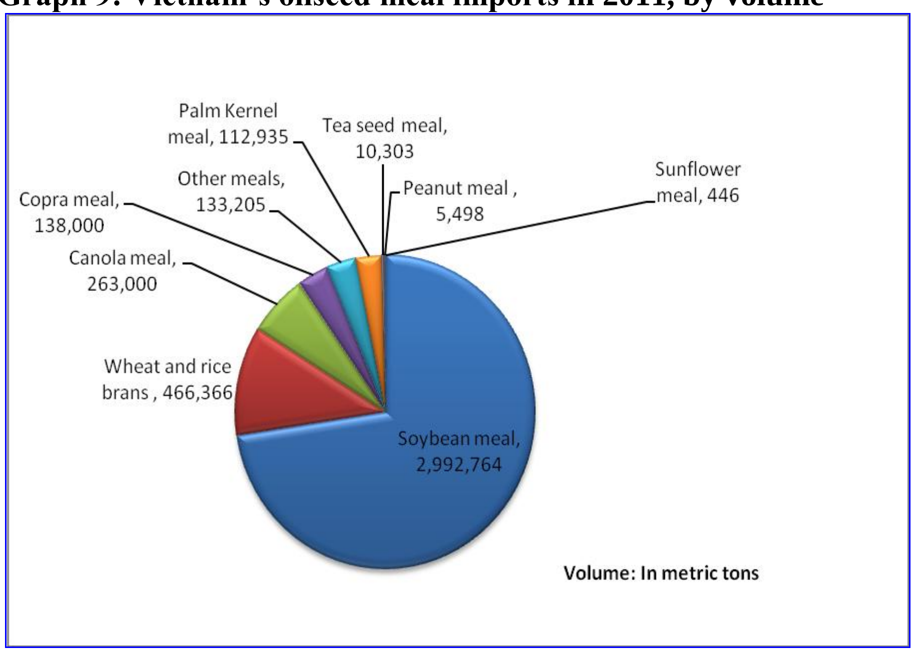
Table 21: Other oilseed meal imports per commodity in 2009-2011

		2009		2010		2011	
HS Code	Commodities	Volume (MT)	Value (thousand $)	Volume (MT)	Value (thousand $)	Volume (MT)	Value (thousand $)
	Total other meals imports	**1,061,510**	**178,833**	**1,189,370**	**233,147**	**1,129,753**	**257,589**
2302	Other meals (wheat, rice bran)	480,885	77,490	611,861	117,900	466,366	105,572
2305	Peanut meal	11,937	4,613	5,803	2,279	5,498	2,000
2306	Other meals include Palm Kernel meal, Copra meal, Canola meal, Tea seed meal, Cotton seed meal, Sunflower	568,688	96,730	571,706	112,968	657,889	150,017

	meal, Sesame meal, Guar meal, and other meals, of which						
	Palm Kernel meal	160,222	11,177	154,478	16,690	112,935	16,750
	Copra meal	157,221	20,464	151,878	20,372	138,000	29,800
	Canola meal	64,808	16,419	249,949	72,468	263,000	76,600
	Tea seed meal	8,362	1,339	13,061	2,843	10,303	3,254
	Sunflower meal	55	20	424	270	446	168
	Other meals	178,020	47,311	1,916	325	133,205	23,445

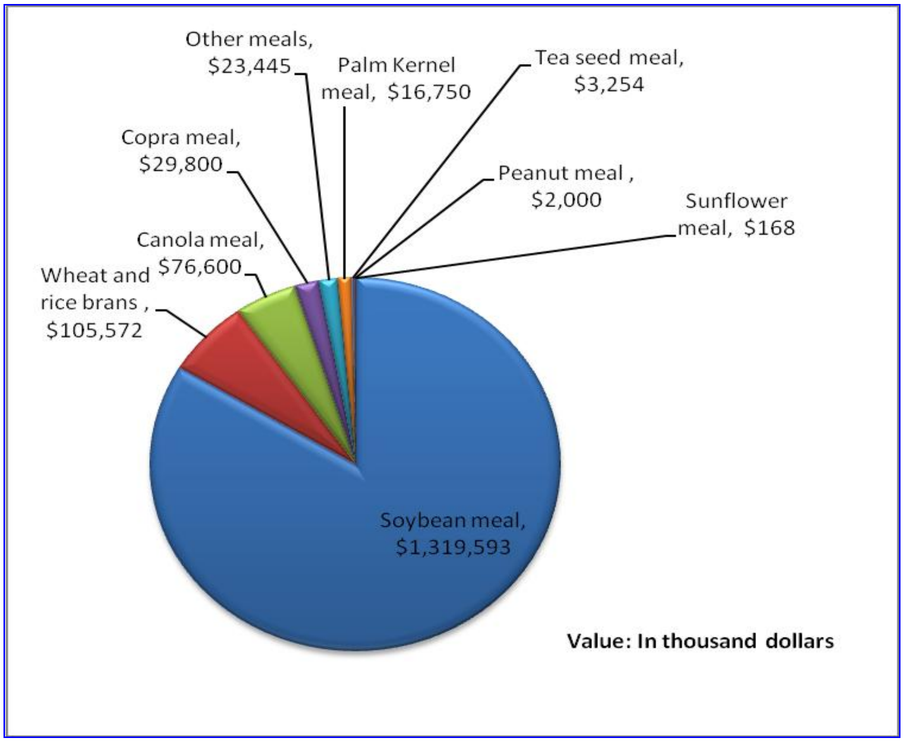
Source: General Customs Department, ASA-IM office in Vietnam, Post adjusted statistics

Graph 9: Vietnam's oilseed meal imports in 2011, by volume



Source: General Customs Department, Post adjusted statistics

Graph 10: Vietnam's oilseed meal imports in 2011, by value



Source: General Customs Department, Post adjusted statistics

Commodities:
Oil, Soybean
Oil, Palm Kernel
Oil, Coconut
Oil, Rapeseed
Oil. Sunflower seed
Oil, Cottonseed

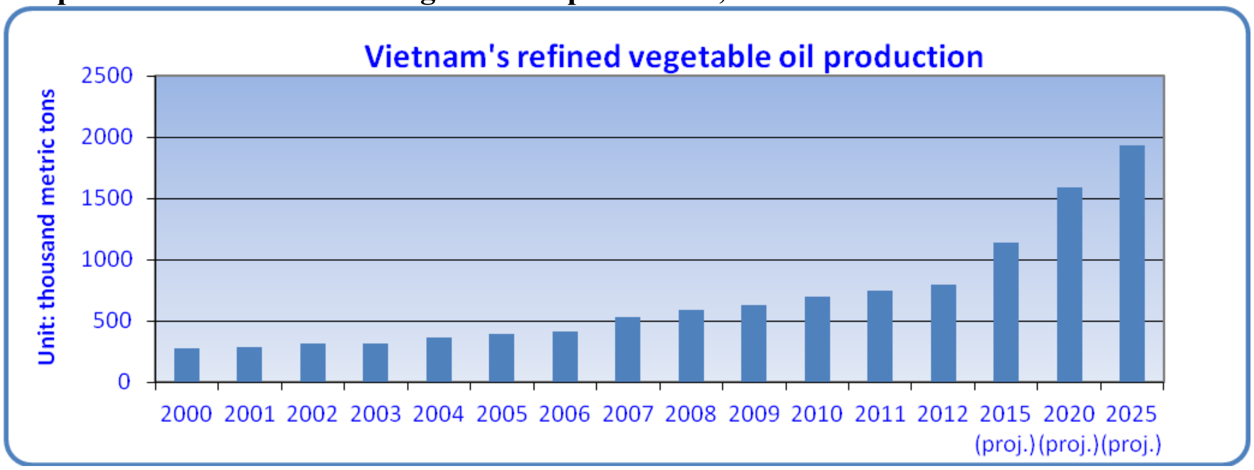
Production:
Vietnam's 2011 refined vegetable oil production was estimated by local producers at about 750 TMT for all type oils, a 7.1 percent increase over the previous year (Table 22 and Graph 11).

Table 22: Refined vegetable oil production

	2007	2008	2009	2010*	2011*	2012*	2015**	2020**	2025**
Total refined vegetable oils production (TMT)	535	592.4	626.2	700	750	800	1,138	1,587	1,929

*Source: General Statistic Office (GSO); *Estimates from local producers;*
***Ministry of Industry and Trade (MOIT)*

Graph 5: Vietnam's refined vegetable oil production, 2000 – 2025



Source: GSO; MOIT; Estimates from local producers

The vegetable oil industry continues to use both domestic products (mainly sesame, peanut, and rice bran) and imported soybeans, and crude and refined oils (mainly soy and palm) for its production. Local producers and traders project that domestic vegetable oil production will increase about 7 percent in 2012 to about 800 TMT, largely due to the operation of two new industrial crushing facilities – Bunge Vietnam and Quang Minh (See Commodities: Soybean- Photos 1,2,3 and 4). These two new soybean crushing plants started production in mid-2011 and estimated domestic soy oil production in 2011 is about 124 TMT from these facilities, which includes both crude and refined soy oil (see Table 23). In 2012, the Bunge Vietnam Crushing plant is planning to produce about 170 TMT of crude soy oil and the Quang Minh crushing plant is planning to produce 60 TMT of soy oil. Total local soy oil production is projected to be 230 TMT in 2012, an 84 percent increase over the previous year, and 270 TMT in 2013.

Table 23: Vietnam's local soy oil production

	2011	2012*	2013*
Total local soy oil production (MT)	124,000	230,000	270,000

*Source: Local Producers, *Post estimates*

According to MOIT, in the whole country there are 35 companies/enterprises supplying vegetable oil products for domestic market. The GVN's *Development Plan for Vietnam's Vegetable Oil Industry up to 2020, and Vision to 2025* states that Vietnam targets to produce 1.587 MMT of refined vegetable oil and 370 TMT of crude vegetable oil of all types by 2020. Vietnam plans to develop domestic oilseed to meet with demand of local vegetable oil industry. In light of this, Vietnam plans to expand growing areas for major oilseed crops, namely soybeans, peanuts, sesame, copra, sunflower, and rice bran. MARD is charged with developing a master plan and policy for the production of oilseed crops such as soybean, peanut, sesame, etc.

Consumption:

Local producers estimated Vietnam's 2011 total vegetable oil consumption at 695 TMT (Table 24). Although no official data is available for vegetable oil consumption per capita, Post projects extremely strong growth in vegetable oil production, including soybean oil, as consumption demand remain high and stable in the country for the next 15 years due to the country's growing economy (GDP increased 6.78 percent in 2010 and 5.89 percent in 2011, with a projection of 6-6.5 percent in 2012) and marketing campaigns by local oil producers recommending people use healthier vegetable oils instead of animal fats (Graph 12). Consumer demand has been increasing. Due to higher living standards, Vietnamese consumers, not only in big cities but also in small towns and rural areas, are slowly shifting from the traditional choices of animal fats to vegetable and seed oils.

Vietnam's vegetable oil consumption per capita was estimated to be 7.3-8.3 kg per person in 2011 per Vietnam's Industry Policy and Strategy Institute (IPSI). However, this level was far from the World Health Organization's recommendation of 13.5 kg per capita per year. Local producers projects Vietnam's per capita consumption will increase to 14.5kg per person per year by 2015.

Vegetable oil products from the Vietnam Vegetable Oil Industry Corporation (VOCARIMEX) companies cover the mass and premium markets. The preferable brand names are Neptune, Mezan and Simply from the Cai Lan Oils and Fats Company within VOCARIMEX. In 2011, a new vegetable oil producer, Quang Minh Group and its Vinacommodities Company, supplied about 40 TMT of refined vegetable oils, with a variety of brand names such as Mr. Bean, Oila, Soon Soon, and Otran, of which about 20 TMT was consumed locally and 20 TMT was exported overseas to other countries like North Korea, Singapore, Indonesia, Malaysia and
Hong Kong. The other producer, Bunge Vietnam, supplied about 95 TMT of crude soy oil, of which 30-35 percent was exported to South Korea and ASEAN countries.

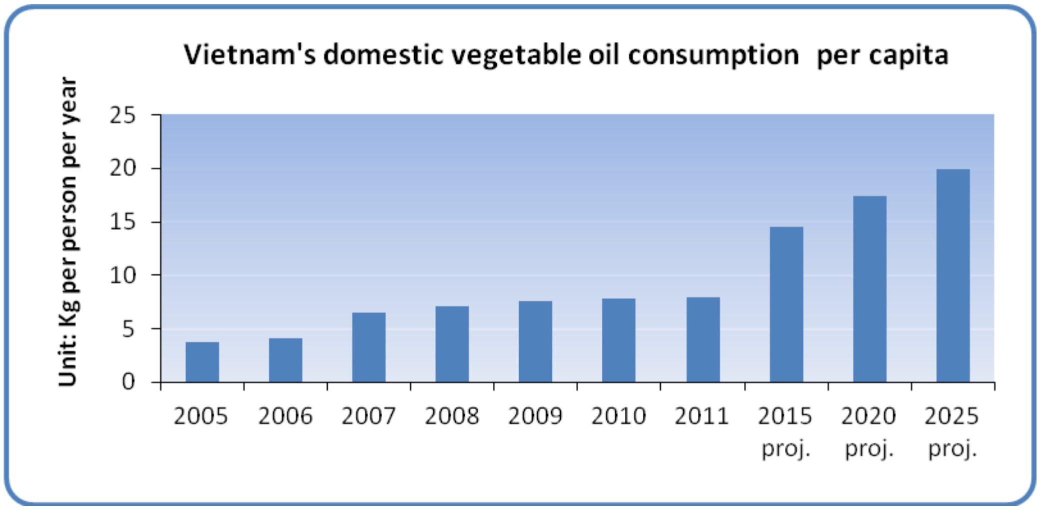
Most imported soybean and palm oil is currently for food use; only a small volume of imported oil is used in the industrial and cosmetic manufacturing sectors. Post expects consumption to increase to 240 TMT for soybean oil and 585 TMT for palm oil in 2012.

Table 24: Vietnam's domestic vegetable oil consumption

	Unit	2005	2006	2007	2008	2009	2010*	2011*	2015*
Total domestic vegetable oil consumption	1,000 MT	312	346	557	607	660	690	725	1,200
Per capita vegetable oil consumption	Kg/person/year	3.75	4.12	6.54	7.04	7.6	7.8	7.9	14.5

*Source: GSO; MOIT; IPSI; *Estimates from local producers*

Graph 12: Vietnam's domestic vegetable oil consumption per capita



Source: GSO, MOIT, IPSI; Estimates from local producers

Trade:

Imports of vegetable oils (both crude and refined)

Vietnam's vegetable oil industry continues to rely on imported crude and refined oil. In 2011, Vietnam imported an estimated 734 TMT of crude and refined vegetable oils of all types, a 1.7 percent increase over 2010, to meet the growing demand (Table 25).

In 2011, the United States exports a small volume of various types of vegetable oils and fats to Vietnam (Table 26). U.S. exports decreased in 2011, likely due to more availability of locally produced soy oil.

Total crude and refined palm oil imports accounted for almost 79 percent of total vegetable oil imports and increased 8.6 percent in 2011 to 579 TMT (Tables 27 and 28).

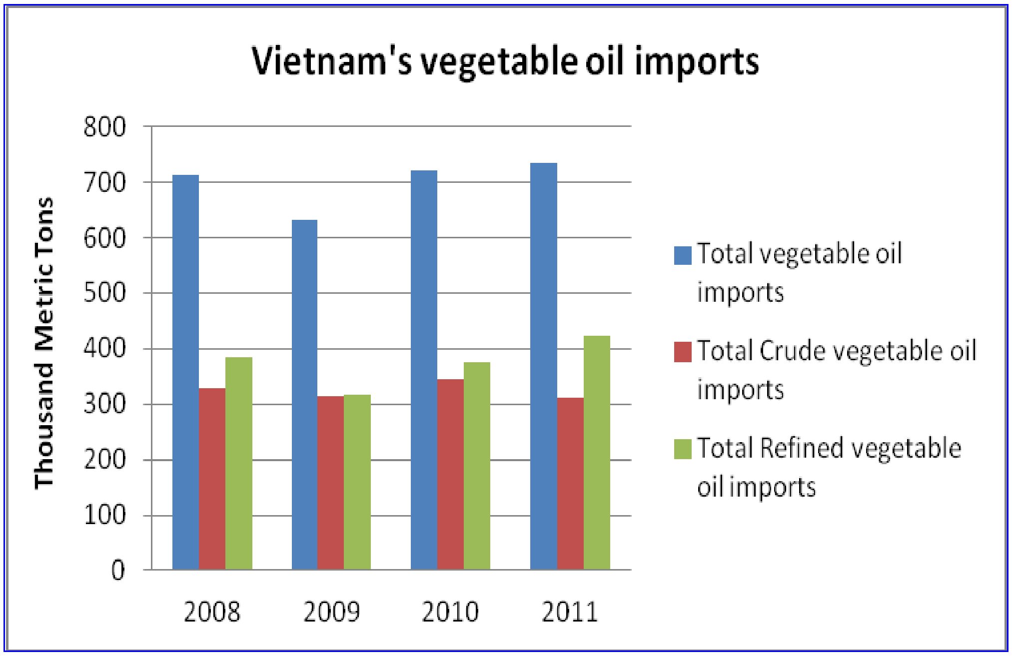
Total crude and refined soy oil imports reached 127.5 TMT in 2010, a 31 percent drop from 2010, accounting for about 17.4 percent of total imports due to an increase of local soy oil production from new crushing plants. Only a tiny amount of other vegetable oils, including olive oil, sunflower oil, canola oil, copra oil, peanut oil etc., were imported. Post forecasts that total vegetable oil imports in 2012 will slightly decrease because locally crushed oil will fill the growth in local demand.

Table 25: Total vegetable oil imports

Year	**2008**	**2009**	**2010**	**2011**
Total vegetable oil imports (TMT)	**711.2**	**631.6**	**721.5**	**733.8**
Total Crude vegetable oil imports	328.2	313.5	345.1	311.7
Total Refined vegetable oil imports	383	318.1	376.4	422.1

Source: General Customs Department, GTA

Graph 13: Vietnam's vegetable oil imports



Source: General Customs Department, GTA

Table 26: U.S. vegetable oil and fat exports to Vietnam

		2008		2009		2010		2011	
HS code	Products	Volume (MT)	Value (thousand $)	Volume (MT)	Value (thousand $)	Volume (MT)	Value (thousand $)	Volume (MT)	Value (thousand $)
1507	Soybean Oil	n/a	n/a	51,999	41,317	30,000	28,926	0	0
1508	Ground nut oil, Refined	n/a	n/a	13.6	15	0	0	0	0
1509	Olive Oil	0.9	7	13.1	22	0.7	3	0.9	5
1511	Palm oil							0.3	96
1514	Rape/Colza Oil	n/a	n/a	0.8	3	0	0	0	0
1515	Fixed Veg. Fat and Oil	234.4	329	2,413	2,451	1,171	1,927	22.5	116
151	Fats & oils	98	179	57.1	167	30.3	249	0	0

6	Hydrogen								
1517	Margarine	662.5	655	66.4	76	85.5	85	1,091	1,783
1518	Process Oil, Animal/Veg.	16.3	31	n/a	n/a	5.9	38	0	0
	Total	**1,012**	**1,201**	**54,563**	**44,051**	**31,293**	**31,228**	**1,115**	**2,000**

Sources: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics (BICO report), GTA, General Customs Office

Imports of crude vegetable oil

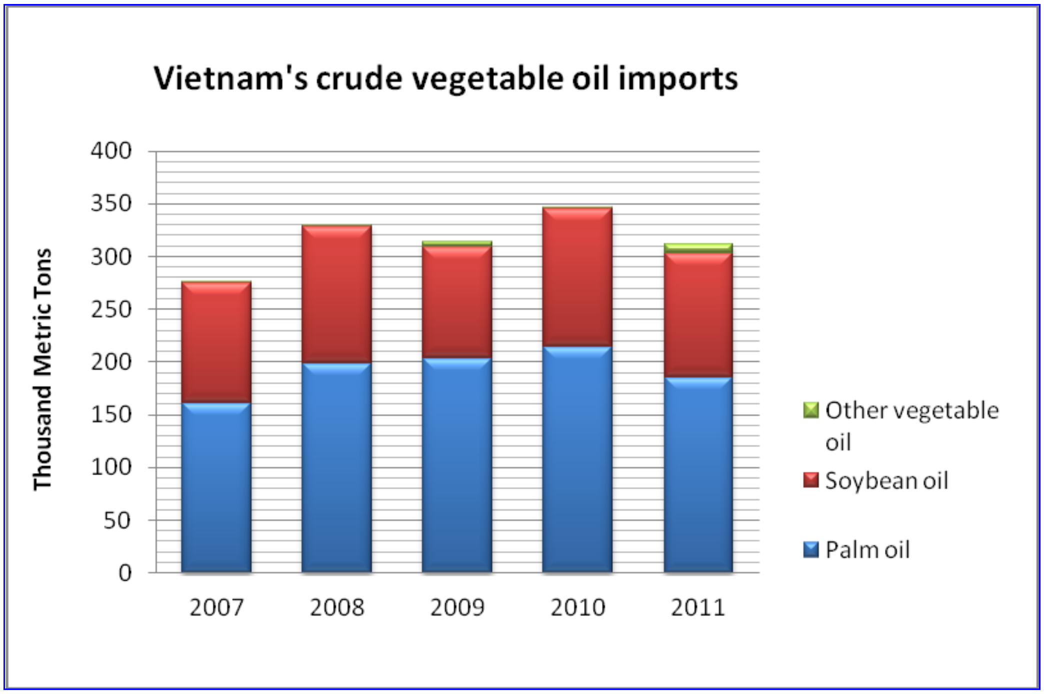
Vietnam's total crude vegetable oil imports in 2011 were an estimated 311.7 TMT, about a 9.7 percent decrease from the previous year (Table 27). Palm oil from Indonesia, Malaysia, Cambodia, and the United States accounted for almost 59 percent of total crude vegetable oil imports. Soybean oil from Argentina, Malaysia, Thailand, Brazil, and South Korea accounted for much of the remaining crude vegetable oil imports. Only a tiny amount of rapeseed, sunflower, and olive crude oils were imported.

Table 27: Crude vegetable oil imports

Crude vegetable oil (TMT)	2007	2008	2009	2010	2011
Total, of which	**274.6**	**328.2**	**313.5**	**345.1**	**311.7**
Crude palm oil	161	199	203	214	184.7
Crude Soybean oil	114	129	106	131	117.9
Other crude vegetable oil	0.6	0.2	4.5	0.1	9.1

Sources: Estimates from traders, General Customs Office, Post Adjusted Statistics

Graph 14: Vietnam's crude vegetable oil imports



Sources: Estimates from traders, General Customs Office, Post Adjusted Statistics

Imports of refined vegetable oil

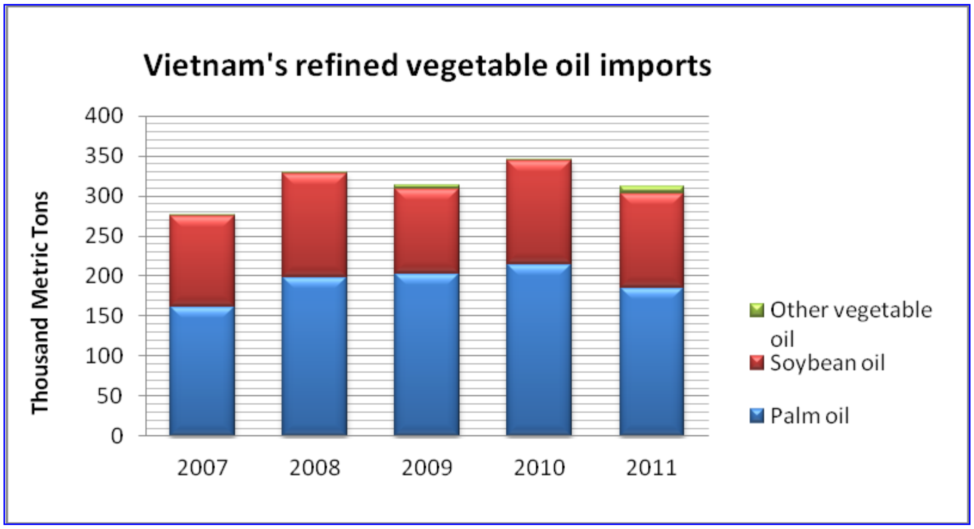
Vietnam's refined vegetable oil imports for 2011 increased by 12 percent over the previous year (Table 28). Palm oil imports from Malaysia, Indonesia, and other countries accounted for about 93 percent of total refined vegetable oil. Soybean oil and other vegetable oils accounted for 7 percent of total refined vegetable oil imports in 2011.

Table 28: Refined vegetable oil imports

Refined vegetable oil (TMT)	2007	2008	2009	2010	2011
Total, of which	**273.7**	**383**	**318.1**	**376.4**	**422.1**
Refined palm oil	*272*	*305*	*299*	*319*	*394.4*
Refined Soybean oil	*1.6*	*78*	*16*	*55*	*9.6*
Other refined vegetable oil	*0.14*	*0.1*	*3.1*	*2.4*	*18.1*

Source: Estimates from traders, General Customs Office, Post Adjusted Statistics

Graph 15: Vietnam's refined vegetable oil imports



Source: Estimates from traders, General Customs Office, Post Adjusted Statistics

Import Tariff

The most updated tax rates that apply to crude and refined vegetable oils imported from countries having Most Favored Nation (MFN) status with Vietnam are shown in the table below:

Table 29: Import tariffs for vegetable oils

	Crude Oil	Refined oil
Import duty		
Soybean oil (HS code 1507)	5%	15%
Peanut oil (HS code 1508)	5%	25%
Olive oil (HS code 1509)	5%	22%
Palm oil (HS code 1511)	5%	25%
Sunflower oil (HS code 1512)	5%	15%
Cottonseed oil (HS code 1512.21 and 1512.29)	5%	25%
Copra oil (HS code 1513)	5%	25%
Rapeseed oil (HS code 1514.11 and 1514.19)	5%	5%
Rapeseed oil (HS code 1514.91)	5%	n/a
Rapeseed oil (HS code 1514.99)	5%	22%
Other vegetable oil (HS code 1515.11and 1515.19)	5%	10%
Corn seed oil (HS code 1515.21)	5%	n/a
Jojoba oil (HS code 1515.30)	5%	10%
Sesame oil (HS code 1515.50)	5%	25%
Tengkawang oil (HS code 1515.90)	5%	25%
Other animal or vegetable oils (HS code 1516.10)	23%	23%
Vegetable fats and oils and their fractions (of soybean) (HS code 1516.20.11)	22%	22%
Vegetable fats and oils and their fractions (of other oilseeds) (HS code 1516.20)	25%	25%

Source: Ministry of Finance

Tariff rates for AIFTA, AANZ FTA, VJEPA, AJCEP, ACFTA, AKFTA, and CEPT are listed in Appendix 1 of the oilseeds report from 2011.

Exports

Currently, there is no available official export data for vegetable oils. In previous years, VOCARIMEX companies were the main exporters of vegetables oils in Vietnam. In 2011, new producers also began exporting vegetable oil products overseas (See: Commodity, Oil/Consumption). Local producers estimated all type vegetable oil export volume at about 55 TMT in 2011.

According to the available trade data from the Global Trade Atlas, Vietnam exported over 35 TMT of all type vegetable oils with the value of over $45 million (Table 30).

Table 30: Vietnam's all type vegetable oil* and fat exports by countries

Importing Countries	2009		2010		2011	
	$ Thousand	Quantity MT	$ Thousand	Quantity MT	$ Thousand	Quantity MT
South Korea	144	244	217	392	27,414	21,945
Japan	13,057	13,122	15,984	16,427	10,367	7,123
Malaysia	9	20	209	20,117	4,169	3,133
Thailand	1	-	67	27	1,272	983
China	23	48	164	211	1,006	921
Indonesia	57	80	226	355	749	837
Philippines	27	144	-	-	115	336
Hong Kong	-	-	-	-	21	19
Other countries	9	20	209	20,117	4,148	3,114
Total Volume	**$ 13,318**	**13,658**	**$ 16,867**	**37,529**	**$ 45,113**	**35,297**

Source: Global Trade Atlas

*Note: Vegetable oil includes all oil products with HS code 1507, 1508, 1511, 1513, 1514, 1515, 1516, 1517, and 1518

According to MOIT's *Development Plan for Vietnam's Vegetable Oil Industry up to 2020, and Vision to 2025*, Vietnam hopes to export 50 TMT, 80 TMT and 100 TMT oil of all types in the in the periods of 2011-2015, 2016-2020 and 2021-2025, respectively.

Table 31: Vietnam's vegetable oil and fat exports by value

	2005	2007	2008	2009	2010	2011
Total vegetable oil exports (Million $)	13.7	49.3	99.6	77.4	n/a	n/a

Source: GSO

Table 32: Vietnam's soybean oil exports by countries

Importing Countries	2009		2010		2011	
	$ Thousand	Quantity MT	$ Thousand	Quantity MT	$ Thousand	Quantity MT
South Korea	122	212	14	10*	27,232	21,471*
Malaysia	0	0	0	0	4,074	3,099*
Australia	264	0	153	0	231	0
Philippines	13	18	0	0	85	61
Hong Kong	0	0	0	0	21	19
Japan	0	0	0	0	9	5
Total Volume	**399**	**230**	**167**	**10**	**31,652**	**24,655**

*Source: GTA. Note: *Crude soybean oil – HS code 1507.10*

Production, Supply and Demand Data Statistics:

Table 33: Vietnam's Production, Supply & Demand Table for Soybean Oil

Oil, Soybean Vietnam	2010/2011		2011/2012		2012/2013	
1000 MT, PERCENT	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	550	620	1,100	1,150		1,350
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	10	10	29	36		65
Production	100	124	200	230		270
MY Imports	100	128	80	60		50
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	210	262	309	326		385
MY Exports	0	25	0	35		45
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	1	1	1	1		1
Food Use Dom. Cons.	180	200	225	225		260
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	181	201	226	226		261
Ending Stocks	29	36	83	65		79
Total Distribution	210	262	309	326		385

Source: General Customs Office, Global Trade Atlas (GTA), Local Producers, Post adjusted data

Table 34: Vietnam's Crude Soy Oil Import Trade Matrix

Country	Vietnam		
Commodity	Crude Soy oil		
Time Period	Jan-Dec	**Units**:	MT
Imports for:	**2010**		**2011**
U.S.	30,000	U.S.	
Others		Others	
Argentina	58,989	Argentina	75,440
Thailand	21,292	Malaysia	19,976
Malaysia	13,921	Thailand	19,499
China	5,882		
Total for Others	**100,084**		**114,915**
Others not Listed	1,006		3,003
Grand Total	**131,090**		**117,918**

Source: General Customs Office, Global Trade Atlas, Post adjusted data

Table 35: Vietnam's Refined Soy Oil Import Trade Matrix

Country	Vietnam		
Commodity	Refined Soy oil		
Time Period	Jan-Dec	**Units:**	MT
Imports for:	**2010**		**2011**
U.S.	1	U.S.	1.7
Others		**Others**	
Singapore	38,044	Malaysia	7,706
Malaysia	16,612	Thailand	1,470
Thailand	215	Singapore	297
Canada	50	South Korea	45
Taiwan	23	Taiwan	35
		Canada	25
Total for Others	**54,944**		**9,577.8**
Others not Listed	11		3.5
Grand Total	**54,956**		**9,582.9**

Source: General Customs Office, Global Trade Atlas, Post adjusted data

Table 36: Vietnam's Soy Oil Export Trade Matrix

Country	**Vietnam**		
Commodity	**Crude & Refined Soy oil**		
Time Period	Jan-Dec	Units:	MT
Imports for:	**2010**		**2011**
U.S.	**-**	**U.S.**	**-**
Others		**Others**	
South Korea	10	South Korea	21,471
		Malaysia	3,099
		Philippines	61
		Hong Kong	19
		Japan	5
Total for Others	**10**		**24,655**
Others not Listed	-		-
Grand Total	**10**		**24,655**

Source: GTA.

Table 37: Vietnam's Production, Supply & Demand Table for Palm Oil

Oil, Palm Vietnam	**2010/2011**		**2011/2012**		**2012/2013**	
1000 HA, 1000 TREES, 1000 MT	**Market Year Begin: Jan 2011**		**Market Year Begin: Jan 2012**		**Market Year Begin: Jan 2013**	
	USDA Official	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted	0	0	0	0		0
Area Harvested	0	0	0	0		0
Trees	0	0	0	0		0
Beginning Stocks	9	9	9	27		36
Production	0	0	0	0		0
MY Imports	565	579	580	580		580
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	574	588	589	607		616
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	565	560	580	570		600
Feed Waste Dom. Cons.	0	1	0	1		1
Total Dom. Cons.	565	561	580	571		601
Ending Stocks	9	27	9	36		15
Total Distribution	574	588	589	607		616

Source: *Estimates from producers, General Customs Office, Global Trade Atlas, Post adjusted data*

Table 38: Vietnam's Crude Palm Oil Import Matrix

Country	Vietnam		
Commodity	Crude Palm oil		
Time Period	Jan-Dec	**Units:**	MT
Imports for:	**2010**		**2011**
U.S.	0	U.S.	257
Others		Others	
Indonesia	170,159	Indonesia	110,206
Malaysia	36,465	Malaysia	72,051
Thailand	6,997	Cambodia	2,100
Cambodia	350	Hong Kong	52
Total for Others	213,971		184,409
Others not Listed	-		-
Grand Total	**213,971**		**184,666**

Source: General Customs Office, FAS adjusted data

Table 39: Vietnam's Refined Palm Oil Import Matrix

Country	Vietnam		
Commodity	Refined Palm oil		
Time Period	Jan-Dec	**Units:**	MT
Imports for:	2010		2011
U.S.	0	U.S.	0
Others		Others	
Malaysia	307,865	Malaysia	338,817
Indonesia	10,500	Indonesia	55,171
Japan	604	Singapore	251
Thailand	73	South Korea	75
South Korea	31	Thailand	22
	319,072		394,337
			41
Grand Total	**319,072**		**394,378**

Source: General Customs Office, Global Trade Atlas, Post adjusted data