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Report Highlights:

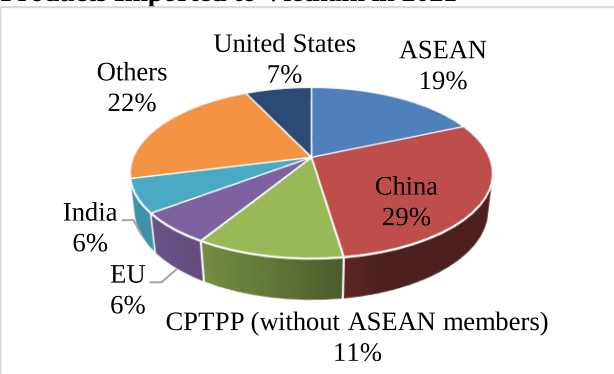
This report serves as a practical guide for U.S. exporters wishing to initiate or increase exports of U.S. consumer-oriented and seafood products to Vietnam. It provides an overview of the market potential, practical tips, consumer preferences and trends, food standards and regulations, import and inspection procedures, and useful contacts.

Market Fact Sheet: Vietnam

Executive Summary

The COVID-19 pandemic has severely hit Vietnam's economy since 2020, especially in the third quarter of 2021, resulting in a sharp decline in gross domestic product (GDP). However, a rapid vaccination campaign and flexible policies has allowed all economic sectors to resume normal levels of activity by early 2022, strongly supporting the nation's economic recovery. Tariff disadvantages continue to reduce the competitiveness of U.S. consumer-oriented and seafood products in the Vietnam market.

Market Share of Consumer-Oriented and Seafood Products Imported to Vietnam in 2021



Source: Trade Data Monitor, LLC (TDM)

Retail Food Industry

Total retail sales in 2021 were estimated at approximately $172 billion, marginally up 0.2 percent over 2020, according to Vietnam's General Statistical Office (GSO). Rising prices for both fuel and production inputs could result in high inflation and affect retail food growth in 2022. See the Retail Foods report VM2022-0046 for more information.

Hotel Restaurant and Institutional (HRI) Industry

Vietnam's HRI market was hit hard by the COVID-19 pandemic, resulting in a 21 percent decline in revenue from $20.7 billion in 2020 to $16.3 billion in 2021. Please see the most recent HRI GAIN report VM2022-0069 for more details.

Food Processing Industry

Vietnam's food processing sector was hit by COVID-19 restrictions, but the food processing and manufacturing sector still grew by 2.9 percent in 2021 versus 2020. The food retail segment grew at 10.6 percent, however the food service industry shrunk by 19.3 percent. For more details, please refer to GAIN report VM2022-0018.

Quick Facts 2021

Total imports of Consumer-Oriented and Seafood Products: $15,3 billion, ↑ 1%

Imports from the United States: $1.08 billion, ↑ 9.5%

Top 10 U.S. consumer-oriented products exported to Vietnam

+ Dairy products	+ Non-alcoholic beverages
+ Tree nuts	+ Chocolate & Cocoa
+ Poultry meat and products	+ Beef and beef products
+ Fresh fruit	+ Processed vegetables
+ Food preparations	+ Pork and pork products

Food Industry by Channel ($ billion)

Manufacture of food products	$67.2
Manufacture of beverages	$6.7 ↓4.8%
Exports of fishery products	$8.9 ↑5.6%
Exports of fruits and vegetables	$3.5 ↑8.5%
Exports of cashew nuts	$3.6↑13.2%

Total retail sales of goods and services 2021: $210 billion, down 3.8 percent over 2020

Top-10 Vietnamese Retailers

Aeon Mega Mart	Winmart
MM Mega Market	Circle K
Tops Market	7 Eleven
Co-op Mart	Bach Hoa Xanh
Lotte Mart	GS25

GDP/Population 2021

Population	98.5 million
GDP (current US$)	$366 billion
GDP per capita (current US$)	$3,756

Sources: TDM; GSO; World Bank

Advantages	Challenges
U.S. products are perceived as safe and of premium quality.	U.S. products are still more expensive than competitors partly due to higher tariffs and freight costs.
Growing market demand and increased focus on food safety	Current and new free trade agreements reduce tariffs on competitors' products.

Contact: FAS Vietnam

Office of Agricultural Affairs in Hanoi

Tel.: 84-24-3850 6106; Email: aghanoi@fas.usda.gov

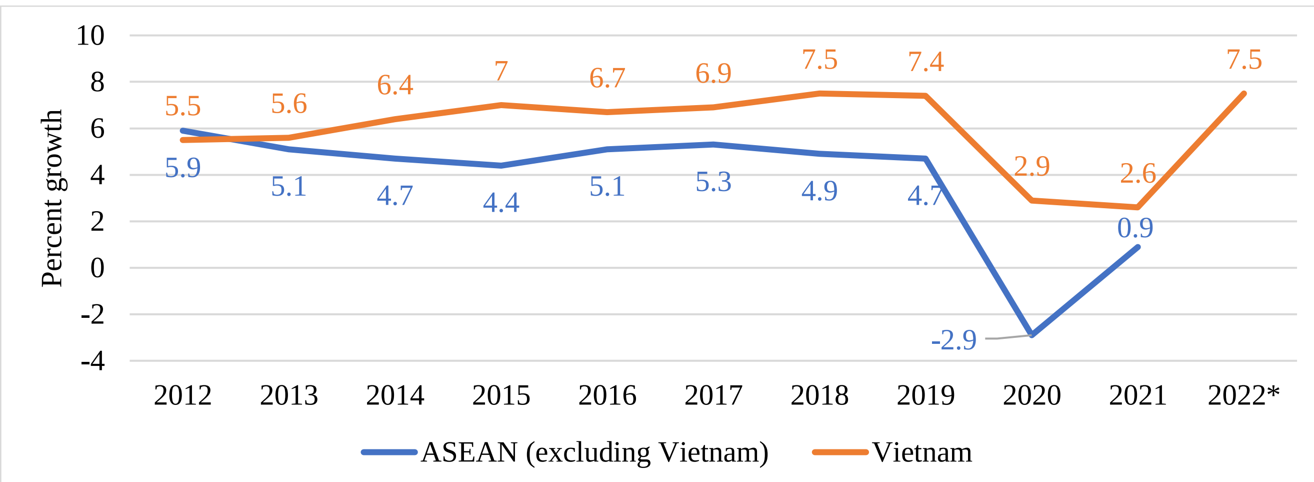
Office of Agricultural Affairs in Ho Chi Minh City

Tel.: 84-28-3520 4630; Email: atohochiminh@fas.usda.gov

SECTION I: MARKET OVERVIEW

The COVID-19 pandemic has severely hit Vietnam's economy since 2020, especially in the third quarter of 2021, resulting in a sharp decline in gross domestic product (GDP). However, a rapid vaccination campaign, which helped 69 percent of the population to become fully vaccinated within six months, and Vietnam's flexible policies has allowed all economic sectors to resume normal level sof activity by early 2022, strongly supporting the country's economic recovery despite domestic and global market uncertainty. Both the World Bank and the Asia Development Bank (ADB) estimated Vietnam's gross domestic product (GDP) growth at about 7.5 percent, higher than the target of 6.5 percent set by the Government of Vietnam (GVN) at the beginning of the year and far beyond the 2.6 percent in 2021 (see Figure 1)

Figure 1: Vietnam's GDP Growth (annual percent)



*Source: World Bank; *2022 estimate for Vietnam only*

Import-export turnover in January – November 2022 was estimated at $674 billion, up by 11.8 percent over the same period last year, during which export turnover increased by 13.4 percent and import turnover was up by 10 percent. The total import-export turnover in 2022 is expected to reach a record high at $700 billion, according to Vietnam's General Statistics Office (GSO).

Tourism and hospitality have also enjoyed a robust turnaround due to the reestablishment of many flight routes and relaxed travel restrictions. According to the Vietnam National Administration of Tourism (VNAT), Vietnam welcomed nearly three million foreign visitors between January and November 2022, 21 times as high as the figure of the same period last year, but still down nearly 82 percent compared with pre-pandemic levels in 2019. Meanwhile, domestic tourism in 2022 has enjoyed a booming year with an estimated 101 million arrivals, much higher than VNAT's target of 60 million and even higher than the figure of 85 million in 2019. Total retail sales of consumer goods and services in the first 11 months of 2022 increased over 20 percent to approximately $216 billion. Food and foodstuff also rose by 10 percent during this period.

While key economic indicators in the first 11 months of 2022 showed an impressive growth, there are concerns about the country's outlook for 2023, which may be affected by a number of emerging issues, including 1) reductions in exports of apparels, footwear and furniture in the last quarter of 2022 due to the weakening global demand, particularly from the United States and the European Union, which are Vietnam's largest export markets; 2) GVN's monetary tightening policies to prevent high inflation and 3) major international headwinds including global pricing volatility, China's zero-tolerance COVID-19 strategy, the Russia invasion of Ukraine. Declines in exports have resulted in reduced operation, lower salary, and layoffs. These internal and external factors would hit consumers' purchasing power and the country's economic development. As a result, both GVN and major international financial institutions including the World Bank and the Asia Development Banks have made a humble forecast for Vietnam's GDP growth in 2023, from 6 to 6.5 percent.

Major factors driving market demand for consumer-oriented and seafood products in the long term remain unchanged, including: Vietnam's growing population (approximately 98.5 million in 2021[1] with an average annual growth of one percent); a growing middle class (currently accounting for approximately 20 percent of the population and expected to reach 26 percent by 2026[2]); higher income per capita (from $395 in 2000 to $3,756 in 2021[3]); a rapid recovery of food service due to booming domestic tourist arrivals; and sustainable expansion in modern retails and e-commerce.

Global exports of consumer-oriented and seafood products to Vietnam in the first ten months of 2022 surged three percent year-on-year to around $15.3 billion. The top five suppliers of these products include China, India, Singapore, Thailand, and the United States.

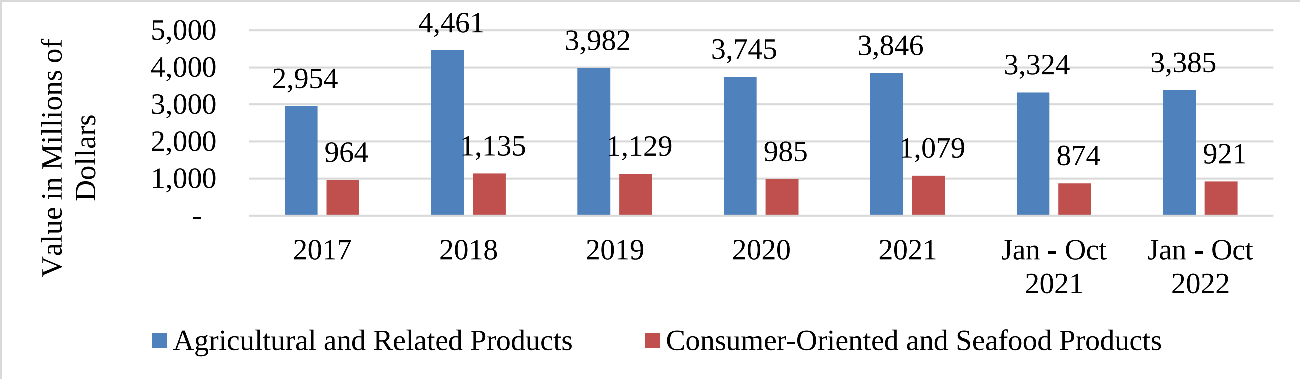
In 2021, the United States surpassed Thailand to become the second largest exporter of consumer-oriented and seafood products to Vietnam with an export revenue of nearly $1.1 billion, up 9.5 percent year on year. Gains in U.S. dairy and tree nut exports to Vietnam have more than offset decreases in other key products including beef, pork, poultry, fresh fruit, and alcoholic beverages. U.S. dairy exports to Vietnam are mainly skim milk powder, whey protein and lactose which have low import tariffs from zero to two percent. Meanwhile, U.S. tree nuts are subject to high import tariffs, from 8 to 30 percent, if they are imported for local consumption. However, the majority of U.S. tree nuts imported to Vietnam for further processing are then re-exported to third countries, they are therefore tax-exempted. As such, these two product categories are not heavily affected by tariff disadvantages as the other consumer-oriented and seafood products.

U.S exports of these two product groups to Vietnam in the first 10 months of continued to grow by five percent to $921 million year on year, securing its second largest supplier to Vietnam. Gains in exports of tree nuts, poultry, fresh fruit, food preparations and beef have offset declines in dairy exports, reflecting higher demand driven by recovery in manufacturing and tourist industry. Consumer-oriented

[1] GSO
[2] World Bank
[3] World Bank, GDP per capita (current US$)

and seafood products accounted for over one fourth of the total U.S. exports of agricultural and related products to Vietnam (Figure 2).

Figure 2: Share of U.S. Consumer-Oriented and Seafood Products in Total Exports of U.S. Agricultural and Related Products to Vietnam



Source: Trade Data Monitor, LLC (TDM)

Vietnam remains a competitive market with a variety of constraints and challenges. New-to-market U.S. exporters are advised to refer to Table 1 below, which lists advantages and challenges that they may face when working in the Vietnam market.

Table 1: Advantages and Challenges

Advantages	Challenges
Demand for high-value consumer-oriented and seafood products has rebounded thanks to a record high domestic tourist arrivals.	Most low and middle-income households in small cities and rural areas cannot afford imported products due to widening income inequality and a lack of modern retail establishments.
Growth of the modern food retail, e-commerce, HRI, and food processing sectors continue to offer opportunities for imported food products, including those from the United States.	U.S. consumer-oriented and seafood products have become less competitive than those imported from ASEAN members and Vietnam's FTA partners due to higher tariffs.
Vietnam's continued global economic integration generally allow more openings for foreign products and better alignment with international standards.	Vietnam remains a price-sensitive market where the majority of consumers pay close attention not only to quality but to prices.
Local food processors continue to increase production capacity and improve product quality by using quality ingredients to meet both local and international market demand.	U.S. food ingredients face fierce competition from local and regional products.

Growth in convenience food stores, full-service restaurants, convention and wedding centers, and fast-food chains creates opportunities for quality food and food ingredients.	Rising, and already high, rental costs increase retail prices while purchasing power is weakening due to less international travelers.
Food safety concerns boost demand for imported food products, especially from developed countries.	Technical barriers to trade, sanitary and phytosanitary issues, and high tariffs limit imports of U.S. consumer-oriented products.

SECTION II: EXPORTER BUSINESS TIPS

Vietnam is a challenging market with fierce competition, complex regulations, high import tariffs, and heavy bureaucracy. U.S. exporters should have proper strategic approaches to enter this market. Please refer to the Local Business Customs and General Consumers Tastes and Trends attached in Appendix 1 for further details.

SECTION III: IMPORT FOOD STANDARDS & REGULATIONS and IMPORT PROCEDURES

1) Customs Clearance

Vietnamese customs officers may require different certificates depending on the nature of imported products in question. U.S. exporters should reference the most recent Vietnam FAIRS report VM2022-0040 or contact FAS/Vietnam regarding any export document concerns.

2) Documents Generally Required by the Country Authority for Imported Food

a) Meat, Poultry, and Aquatic Products

Exporters that wish to export chilled and frozen meat, poultry, and frozen seafood products to Vietnam must register processing facilities with Vietnam's Ministry of Agricultural and Rural Development (MARD)/Department of Animal Health (DAH). Once the DAH approves a registration, they will list the establishment on their website: http://www.cucthuy.gov.vn/, after which the company's registered products can be imported and circulated in the Vietnamese market.

For beef and pork and poultry products registration, please use the *Updated Form 9 Decree 15 Instruction (2020)* and *Updated Form 9 Decree 15 (2020-06)* in Appendix 2 and Appendix 3 and contact usda4circ25@gmail.com for further details.

For seafood other than live seafood, please refer to instructions on the National Oceanic and Atmospheric Administration (NOAA) website: https://www.fisheries.noaa.gov/export-requirements-country-and-jurisdiction-n-z#vietnam.

Special Notes

- Export certificate(s) are strictly required. The export certificates are extensively known as health certificates (HCs) in the Vietnam's meat and poultry industry.

- The HC number MUST MATCH the certificate number on box labels. MARD/DAH will reject shipments with discrepancies.

- HCs for Vietnam MUST BE endorsed PRIOR to the shipping (bill of lading) date. Vietnam reserves the right to reject ALL animal product shipments where the HC is dated AFTER the shipment date of the product. Please refer to this link for further details: https://www.aphis.usda.gov/aphis/ourfocus/animalhealth/export/iregs-for-animal-product-exports/sa_international_regulations/sa_by_country/sa_v/ct_product_vietnam

- Consolidated shipments which include products from unregistered facilities are subject to burdensome paperwork and face heavy fines or rejection.

- Discrepancy in product description between HCs and the import permit and systematic use of random importers as placeholders would lead to stringent inspections, resulting in burdensome paperwork, detainment, or rejection.

- Shipments which are diverted from other countries to Vietnam will face a high risk of being rejected if the shipments had already landed at ports of previous importers, although the container number and the seal number remain intact. Local Customs would require owners of rejected shipments to return them to ports of loading or ports of the original exporting country.

b) Live Aquatic Products

A health certificate is required. New-to-market live aquatic species NOT included in the *List of Live Aquatic Species Eligible for Trade in Vietnam* in Appendix VIII of Decree 26/2019 guiding the implementation of the Fish Law,[4] are subject to a "Risk Assessment Process." Please refer to the attached "*Decree 26- Appendix VIII*" and "*20190729-Guidance for the Importation of Live Aquatic Species to Vietnam for Food Use*" for further details.

c) Fresh Produce

A phytosanitary certificate is required. Fresh produce is subject to plant quarantine and fresh fruits, roots, living plants, and living parts of plants are subject to a pest risk assessment (PRA). Please refer to GAIN report VM4057 for quarantine and PRA regulations and GAIN report VM2021-0104 for a list of HS codes subject to plant quarantine regulations for further details. Products listed in Section 9, except some items which are in sealed packaging for retail, must be accompanied by a phytosanitary certificate.

[4] Decree 26/2019 guiding the implementation of the Fish Law is available here.

To date, Vietnam has officially granted access for seven varieties of U.S. fresh produce: apples, cherries, grapes, pears, blueberries, and oranges and U.S. fresh potatoes (not seed potatoes). For more details on varieties approved for import into Vietnam, please refer to the attached "List of U.S. Fresh Produce Approved for Import to Vietnam."

Processed Foods and Beverages

Local importers are authorized to import and sell newly imported products immediately after they have posted the Product Self-Declaration documentation. Please refer to GAIN report VM8016 for further details. U.S. exporters should work with their local importers by providing government required certificate(s) and product samples.

Special Notes

Wine, beer, and spirits are subject to a special consumption tax (SCT), which is currently 35 percent for wine (*less than 20 percent alcohol by volume*) and 65 percent for beer and spirits (*20 percent alcohol by volume and above).* The GVN has shifted taxation from the import prices to the "selling (retail)" price. Please refer to VM6056 for more details.

3) Country Language Labeling Requirements

Labeling requirements for goods circulated in the Vietnamese market, including imported food, are stipulated by Decree 43/2017. In short, all imported foods, except for those products destined for further processing and repackaging in Vietnam, must have secondary labels listing contents in Vietnamese that are consistent with the original label and supplement other mandatory contents that are required by the nature of the goods. Please refer to GAIN report VM7031 and for further details.

4) Tariffs and FTAs

One of the critical issues that U.S. exporters are facing is tariff disadvantages, which reduce U.S. products' competitiveness against countries that have free trade agreements (FTAs) with Vietnam. Vietnam recently ratified three important FTAs, the European Union-Vietnam FTA (EVFTA), the Regional Comprehensive Economic Partnership (RCEP) whose members are ASEAN, Australia, China, Japan, New Zealand, and South Korea, and Vietnam-UK FTA (UKVFTA). Generally speaking, products from Vietnam's FTA partners will have lower tariffs and other advantages than those from Most Favorite Nations (MFNs) including the United States.

As a member of ASEAN, Vietnam is party to ASEAN-China, ASEAN-Korea, ASEAN-Japan, ASEAN- New Zealand-Australia, ASEAN-India, ASEAN-Hong Kong (AHKFTA), and RCEP.

Individually, Vietnam has signed the Vietnam-Japan FTA, Vietnam-Korea FTA, Vietnam-Chile FTA, the Vietnam-Eurasian Economic Union (EAEU), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), EVFTA, and UKVFTA.

Other FTAs that are under negotiation include the Vietnam-EFTA (Switzerland, Norway, Iceland, and Liechtenstein) and the Vietnam-Israel FTA.

Through these FTAs, Vietnam aims to boost exports and attract more FDI. In exchange, Vietnam has committed to lowering import tariffs, eliminating quotas, increasing market access for goods and services, strengthening protections for intellectual property rights, enhancing legislative and regulatory transparency, and improving commercial dispute settlement and trade facilitation processes. Tariffs on products imported into Vietnam can be found on the Vietnam Customs website.

Special notes:

By decree 57 signed on May 25, 2020, and decree 101/2021/ND-CP on November 15, 2021, the GVN has reduced MFN tariffs on certain agricultural products. More details are available at GAIN report VM2020-0051 and VM2021-0097.

FTAs with other trading partners, especially the reduction and elimination of tariffs, threaten the competitiveness of U.S. food and agricultural exports. For more about FTA competition in Vietnam, please refer to GAIN report VM2022-0038

SECTION IV: MARKET SECTOR STRUCTURE AND TRENDS

Distribution Channels

Please see an outline of distribution channels for imported U.S. products in the Vietnamese market in Appendix 6.

Market Trends

Online shopping and take-away purchases are a new trend across Vietnam as a result of COVID-19. Vietnamese consumers continued to shop online, take away food from restaurants, and use delivery services even when COVID-19 restrictions were lifted, allowing in-store shopping and eat-in dining to resume. Food service and food retail businesses are expanding their online channels, cooperating with other e-commerce platforms, and coordinating with delivery service providers to meet the online shopping demand. According to the e-Conomy SEA Report 2022 by Google, Temasek, and Bain & Company, Vietnam's 2022 digital economy is expected to reach a total value of $23 billion - a 28 percent year-on-year surge. This increase is constituted by a 26 percent growth in e-commerce.

Social media channels including Facebook, Zalo, and YouTube are extensively utilized for food and beverage advertisement in Vietnam due to their large reach, connectivity, and low cost.

Canned food, processed food, frozen meat and fish, tree nuts, and beverages are among the top consumer-oriented products being sold online. These items continue to extend their presences on e-commerce platforms in 2022 due to their convenience and shelf-life. Meanwhile, perishable products including fresh produce and dairy products are mostly distributed through offline channels.

SECTION V: AGRICULTURAL and FOOD IMPORTS

Table 2: Global and U.S. Exports of Consumer-Oriented and Seafood Fish Products to Vietnam

Values in Million U.S. dollars	**Global exports**			**U.S. Exports**			**U.S. Market Share**		
Consumer-oriented products	**2019**	**2020**	**2021**	**2019**	**2020**	**2021**	**2019**	**2020**	**2021**
Dairy Products	1,137	1,124	1,343	170	185	278	15%	16%	21%
Tree Nuts	1,277	2,322	1,726	121	140	167	9%	6%	10%
Fresh Fruit	2,537	2,678	1,997	139	135	100	5%	5%	5%
Poultry Meat & Prods. (ex. eggs)	484	300	246	140	128	100	29%	43%	41%
Soup & Other Food Preparations	742	778	965	118	89	100	16%	11%	10%
Chocolate & Cocoa Products	97	64	143	40	14	77	41%	22%	54%
Non-Alcoholic Bev. (ex. juices, coffee, tea)	615	543	565	70	48	67	11%	9%	12%
Beef & Beef Products	1,915	677	847	76	59	44	4%	9%	5%
Processed Vegetables	1,025	586	713	38	27	19	4%	5%	3%
Pork & Pork Products	214	444	530	18	54	14	9%	12%	3%
Tea	271	221	258	7	10	14	3%	5%	5%
Processed Fruit	216	130	143	13	9	8	6%	7%	6%
Bakery Goods, Cereals, & Pasta	301	283	345	6	5	5	2%	2%	1%
Distilled Spirits	881	357	474	63	12	3	7%	3%	1%
Meat Products NESOI	226	75	116	2	3	3	1%	4%	3%
Condiments & Sauces	94	96	99	2	1	2	2%	1%	2%
Wine & Related Products	85	60	68	10	3	2	11%	5%	3%
Dog & Cat Food	23	29	38	2	0	1	7%	1%	3%
Eggs & Products	10	12	15	1	1	1	6%	8%	7%
Beer	35	34	25	-	-	-	0%	0%	0%
Chewing Gum & Candy	87	72	73	1	0	-	1%	0%	0%
Coffee, Roasted and Extracts	45	39	51	0	0	-	0%	0%	0%
Fresh Vegetables	1,137	1,169	1,158	1	3	-	0%	0%	0%
Fruit & Vegetable Juices	27	21	16	1	0	-	2%	2%	0%
Mfg. Tobacco	1,061	544	713	0	0	-	0%	0%	0%
Nursery Products & Cut Flowers	115	151	112	0	0	-	0%	0%	0%
Spices	302	390	390	0	1	-	0%	0%	0%
Agricultural Related Products	-	-							
Seafood Products	2,546	1,999	2,106	90	58	74	4%	3%	4%
Total	**17,505**	**15,198**	**15,275**	**1,128**	**986**	**1,079**	**6%**	**6%**	**7%**

Source: TDM and U.S. Census Bureau Trade Data

SECTION VI: KEY CONTACTS AND FURTHER INFORMATION

1) **U.S. Department of Agriculture/Foreign Agricultural Service (USDA/FAS)**
   FAS has two offices in Vietnam, one at the U.S. Embassy in Hanoi and the other at the U.S. Consulate General in Ho Chi Minh City.

FAS Hanoi, Vietnam
Rose Garden Tower, 3rd Floor, 170 Ngoc Khanh, Ba Dinh District, Hanoi
Tel: (84.24) 3850-5000 Email: aghanoi@fas.usda.gov

FAS Ho Chi Minh City, Vietnam
8th floor, Diamond Plaza, 34 Le Duan Blvd, District 1, HCMC
Tel: (84.28) 3520-4630 Email: atohochiminh@fas.usda.gov

APHIS Hanoi, Vietnam
Rose Garden Tower, 3rd Floor, 170 Ngoc Khanh, Ba Dinh District, Hanoi
Tel: (84.24) 3850-5000 Email: john.j.hurley@usda.gov

2) State Regional Trade Groups

http://www.fas.usda.gov/programs/market-access-program-map/state-regional-trade-groups.

3) USDA Cooperators

USDA Cooperators, which represent specific U.S. agricultural commodities, can facilitate market penetration and expansion for U.S. exporters with their resources. Contact information is available in Appendix 7.

4) American Chamber of Commerce in Vietnam

The American Chambers of Commerce in Vietnam (AMCHAM) serve as the point of contacts for members of the American business community. AmCham Hanoi and AmCham HCMC have various committees that member can join to focus on issues concerning food, agriculture, and agribusiness.

AmCham Hanoi: http://www.amchamhanoi.com

AmCham Ho Chi Minh City: www.amchamvietnam.com

5) Key Government Contacts

MARD/Plant Protection Department (PPD)	www.ppd.gov.vn
MARD/Department of Animal Health (DAH)	www.cucthuy.gov.vn
MARD/Directorate of Fisheries	https://tongcucthuysan.gov.vn/vi-vn/
Vietnam Food Administration (VFA)	www.vfa.gov.vn
Ministry of Industry and Trade/Department of Science and Technology	www.moit.gov.vn

Attachments: Appendix 1 - Local Business Customs, and General Consumers Tastes and Trends .pdf

Appendix 2 - Updated Form 9 Decree 15 Instruction (2020).pdf

Appendix 4 - Decree 26 - Appendix VIII.pdf

Appendix 5 - List of U.S. fresh produce approved for import to Vietnam.pdf

Appendix 6 - Distribution Channels of Imported U.S. Products in Vietnam.pdf

Appendix 7 - UDSA Cooperators Active in Vietnam.pdf

Appendix 8 - List of fresh fruits approved for import to Vietnam.pdf