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Vietnam

Oilseeds and Products Annual

Vietnam Oilseeds and Products Annual

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Report Highlights:
Driven by strong feed demand from the livestock and aquaculture sectors and falling local soybean cultivation area, soybean imports are forecast to increase to 1.9 million metric tons (MMT) for marketing year (MY) 2018/19 (calendar year [CY] 2019), a significant increase from the MY2017/18 estimated level of 1.65 MMT. In MY2017/18, the United States had the largest market share for soybeans due to competitive prices. Post projects that soybean meal (SBM) imports will continue to increase to 5.2 MMT and 5.3 MMT in MY2017/18 and MY2018/19, respectively, driven by the continued expansion of the domestic feed and food industries.

EXECUTIVE SUMMARY

Vietnam soybean production has been dropping in recent years due to low yields and the continuing decline in growing area as farmers switch to more profitable crops, including other field crops and fruits and vegetables. Soybean production continues to fall well below the demand from the food, and livestock and aquaculture feed sectors.

Post estimates MY2017/18 soybean imports at 1.65 MMT, an increase of 5 percent over the previous year. Post forecasts total MY2018/19 soybean imports to increase to 1.9 MMT due to rising demand from the food and feed industries and the prediction that the already on-line crushing facility in the South and the newly established crushing facility in the North will run at increased capacity. In MY 2017/18 and MY 2016/17, the United States remained the largest exporter of soybeans to Vietnam due to competitive prices, with Brazil second.

Post projects that SBM imports will continue to increase to 5.2 MMT and 5.3 MMT in MY 2017/18 and MY2018/19, respectively, due to continued strong demand from the food processing and livestock and aquaculture feed sectors. Post projects that the domestic livestock and poultry sectors will become more stable and developed in coming years due to increased foreign direct and local investment.

Peanut production is projected to drop in coming years due to a continued decrease in cultivation areas as Vietnamese farmers switch to more profitable crops, such as fruits and vegetable for both the domestic market and for export. At the same time, total domestic per capita peanut consumption will increase.

Coconut production is projected to increase in both MY2017/18 and MY2018/19 due to expansion in coconut plantation area over the past 5 years. Production of copra, copra meal, and copra oil are negligible due to low domestic demand. There is higher demand for other coconut processed products, such as desiccated coconuts, coconut milk, and coconut milk powder.

Post forecasts that vegetable oil production will continue to increase in MY2017/18 and MY2018/19 to meet the increasing demand from both the domestic and export markets. However, Vietnam continues to rely heavily on imported vegetable oils to meet consumption demand because domestic crude soybean oil production from the crushing industry remains small. Palm oil imports accounted for about 90 percent of total vegetable oil imports in MY2016/17 due to competitive prices, as compared to other vegetable oils.

OILSEEDS SITUATION AND OUTLOOK

SOYBEANS

PRODUCTION

Soybean production dropped in MY2016/17 as farmers switched to more-profitable crops

According to official data from the Vietnamese General Statistics Office (GSO), Vietnam's MY2016/17 soybean production was 102.3 thousand metric tons (TMT) on 68,500 hectares (ha). This is a production drop of 18 percent compared with the previous year. The continuing decline in soybean

growing areas in both the North and South is a result of Vietnamese farmers switching to more profitable crops, such as various fruits and vegetables, and impacts from unfavorable weather in some growing areas, especially in Hanoi, Ha Giang, and Thanh Hoa provinces as farmers took previously cultivated land out of soybean production. However, Post notes a slight increase in yield due to the planting of higher yielding varieties (See Table 1).

Soybean production is projected to drop further in MY2017/18 and MY2018/19 due to a continuing decline in growing areas

Post estimates MY2017/18 and forecasts MY2018/19 soybean production at about 90 TMT on a projected 60,000 harvested hectares, as MY2016/17 trends carry through and farmers continue switching to more profitable crops. In general, the scale of soybean production remains small compared with other crops and continues to fall far short of domestic demand due to generally low yields and the aforementioned reduced growing area. Commercial biotech soybeans are not cultivated in Vietnam, and there are no applications currently in review. For more information on biotech crop cultivation in Vietnam, please refer to GAIN report VM7071.

Table 1: Soybean production

	2014	2015	2016	2017	2018*	2019*
Crop area (thousand ha)	110.2	100.8	84.6	68.5	60	60
Crop yield (MT/ha)	1.43	1.45	1.47	1.49	1.50	1.50
Total production (TMT)	**157.9**	**146.4**	**124.3**	**102.3**	**90**	**90**

Source: General Statistics Office (GSO), Ministry of Agriculture and Rural Development (MARD),
**Post estimates*

CONSUMPTION

Industrial crush

Soybean consumption is projected to increase in MY2017/18 and MY2018/19 due to strong demand from industrial crushing plants

Post reduces crush volume to 1.1 MMT in MY2016/17 from the USDA official data of 1.2 MMT due to the availability of new data provided by industry sources.

Post's estimate of the MY2017/18 crush volume comes in lower than USDA official data at 1.2 MMT, as the crushing facility in the South anticipates that crushing volume will remain unchanged from the previous year. While in the Bac Ninh province in the North, a new cursing plant owned by Dabaco Group with a capacity of 1,000 MT of soybeans per day is expected to come on-line by July. Post anticipates that this crushing plant will not run at full capacity in the first year of operation, but could increase demand for imported soybeans in the coming years.

Post forecasts MY2018/19 soybean crush to increase to 1.35 MMT due to expected operation of both crushing facilities in Vietnam, as the need for SBM in the feed sector continues to drive overall demand higher.

Feed production will continue to increase

Post estimates total feed production for MY2017/18 at 30 MMT, of which 23.8 MMT is animal feed and 6.2 MMT is aquaculture feed. SBM accounts for 20 percent of total feed production. Post forecasts

Vietnam's total feed production for MY2018/19 to increase to 30.9 MMT, of which 24 MMT is animal feed and 6.9 MMT is aquaculture feed, due to continued strong demand from livestock and aquaculture sectors. For more information about the feed sector, please reference the upcoming Grain and Feed Annual which will be published in early April 2018.

Post projects that the domestic livestock sector will become more stable and developed in the coming years due to better management practices, improved animal disease control measures at livestock farms, higher demand for domestic meat, milk, and egg consumption, and increased investments from local and foreign direct investors in many sectors such as feed production, slaughtering, and meat processing. Examples of new investment include:

- The U.S.-invested Cargill Vietnam Company Limited, one of the three largest animal feed producers in the country, has received approval to build an estimated $70 million animal feed operation in the northern province of Bac Ninh. The plant will be the largest of Cargill's 11 facilities in Vietnam. Cargill currently supplies around 1.6 MMT of animal feed annually.
- Vietnam Dairy Products Joint Stock Company (Vinamilk) recently launched a high-tech dairy farming complex in the north-central province of Thanh Hoa. The farm currently has 16,000 dairy cows imported from the United States and Australia, and the herd could rise to 24,000 dairy cows in the second phase. The farm is expected to produce about 36 million litters of milk per year.
- Recently, Dabaco Group launched a Great Grand-Parental (GGP) chicken breeding center in Bac Giang province. This center has about 60,000 GGP breeding chickens to produce about 5 million Grand-Parental breeding chickens annually.
- The Massan Nutri-Science Group, a Vietnamese Company, started building a modern pig slaughterhouse and meat processing plant in the northern province of Ha Nam. The plant is expected to begin its operation by September 2018. It has a total capacity of 1.4 million pigs per year to product fresh, chilled meat products for the domestic market.
- The Koyu & Unitek Company, a joint venture between Australia and Japan based in the southern province of Dong Nai, operates a chicken processing factory with the capacity for 350 MT of processed chicken meat per month. It started exporting in 2017 to primarily the Japanese market. This company is building a new $20 million factory in the province which is expected to produce 550 MT of processed chicken meat per month once operational in 2019.
- VISSAN Joint Stock Company, the largest meat processor in Vietnam, continues to focus on food safety and traceability of meat products and to invest more in processing technologies. It is currently building a food-processing cluster in Long An Province.
- Bien Dong Trade and Investment Joint Stock Company invested in a slaughtering plant in Nam Dinh Province with capacity of 250-300 pigs per hour. The company aims to export meat to Japan, Republic of Korea, and Hong Kong.
- With its recent acquisition of Cau Tre Export Goods Processing Joint Stock Company, South Korean's CJ Company produces ready meals and frozen food, such as spring rolls, tea, raw meat and sausages.
- The Mavin Food Joint Venture Company established a new factory in Dong Van II Industrial Park. Mavin plans to export meat products to Japan, Singapore, and South Korea.
- Kido Corporation (KDC) has acquired a stake of 50 percent in Dabaco Foodstuffs Processing Co Ltd. to enhance its presence in the food processing sector. This company operates in the field of processing fresh, frozen, and canned foods, such as meat and sausage products.

These new investments in the livestock and meat processing sectors would help farmers avoid any impacts or losses in the future if there are any significant price drops for live pigs due to changes in the Chinese market.

In addition, Vietnam's fisheries sector continues to grow. Vietnam's exports of shrimp, *tra* fish, and other seafood products to the United States and many countries in the EU and Asia have significantly increased in the recent years, due to increasing demand. This will drive continued aquaculture investment, especially for shrimp and fish, leading to higher demand from the aquaculture feed industry.

Food Use Consumption

Domestically-produced full-fat soybeans and small volumes of imported soybeans are used in food processing (tofu and soymilk) and household-scale soybean oil production. Food use of soybean products (such as soymilk, other drinks products, and tofu) also continues to grow at about 6.5-7 percent per year. Post's MY2017/18 and MY2018/19 food use consumption estimates are 460 TMT and 490 TMT, respectively. Currently, for soymilk production, there are three companies producing soymilk on an industrial scale: Vinamilk; Vinasoy; and, Nutifood. Household consumers also produce soymilk with small machines at home. Roasted soybeans are popular as a healthy snack in major cities.

Feed, Seed, Waste, and Fertilizer Consumption

Post projects increasing demand in the livestock and aquaculture feed industries for fresh full fat soybean meal (FFSBM). Imported soybeans continue to feed small extruder machines to produce FFSBM for livestock, primarily piglet, and aquaculture feed industry.

Recently, Vietnamese farmers are also using whole soybeans to make fertilizers for fruits, vegetables, flowers and ornamental trees. Local farmers have reported that they prefer to use fermented soybean fertilizer for pomelo fruits and other citrus trees as it leads to better soil, higher productivity, and fruits have brighter color and sweeter taste.

Post estimates total feed, seed, waste, and fertilizer consumption at 180 TMT in MY2016/17 and increase to 190 TMT and 200 TMT in MY2017/18 and MY2018/19. Expanded consumption in MY2016/17 is primarily due to increases in FFSBM usage.

Total Domestic Consumption

Post reports total MY2016/17 and estimates MY2017/18 soybean domestic consumption at 1.71 MMT and 1.85 MMT, respectively, which is lower than USDA official data (at 1.8 MMT and 2.1 MMT) due to lower estimated crushing volume. Post forecasts total MY2018/19 soybean domestic consumption to increase to 2.04 MMT.

TRADE

United States remained the largest soybean exporter to Vietnam in MY2016/17

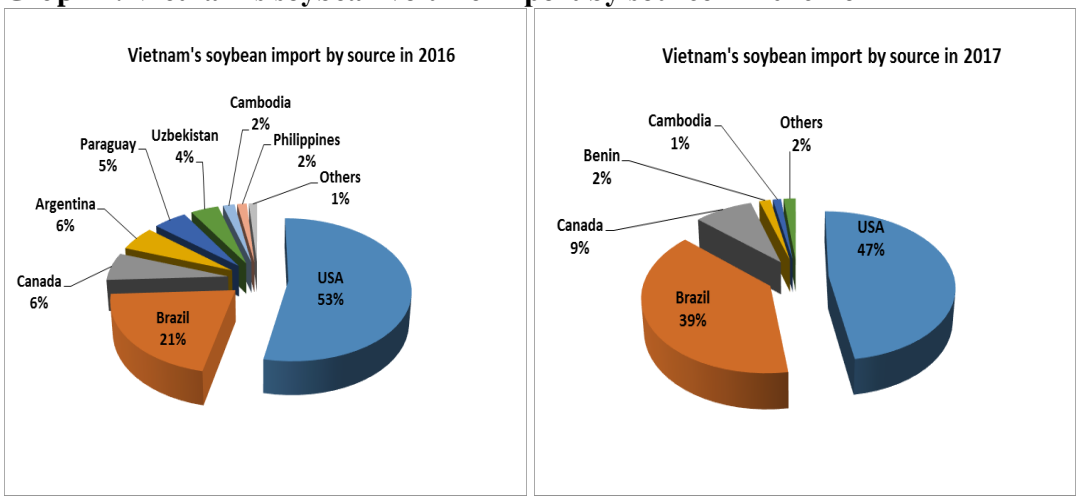
In MY2016/17, the United States remained the leading soybean exporter to Vietnam, replacing Brazil with more competitive prices. In terms of market share, U.S. soybean exports have 47 percent, Brazil 39 percent, and 13 percent is from other countries. According to Post's adjusted data, Vietnam imported 1.58 MMT of soybeans in MY2016/17, a slight drop of 0.5 percent from the previous year (see Table 2), as well as USDA official data due to new industry data.

Table 2: Soybean imports by source

Country	2013	2014	2015	2016	2017
Total imports (TMT):	**1,290.7**	**1,564.0**	**1,707.0**	**1,584.4**	**1,576.0**
USA	555.5	697.8	660.0	845.7	750.1
Brazil	571.1	538.8	687.0	329.9	614.8
Canada	36.0	65.6	107.9	100.4	137.2
Benin	n/a	n/a	n/a	n/a	26.4
Cambodia	n/a	n/a	31.6	28.3	19.1
Argentina	66.0	151.6	175.8	89.6	2.4
Others	62.1	110.2	44.7	190.5	26.0

Source: GSO, GCO, BICO data, Global Trade Atlas (GTA); Local importers; Post adjusted data
Note: Soybean (HS code: 1201)

Graph 1: Vietnam's soybean volume import by source in 2016-2017



Source: GCO, BICO data, GTA; Local importers, Post adjusted data

Soybean imports to increase in MY2017/18 and MY2018/19

Post revises its estimate for MY2017/18 soybean imports down to 1.65 MMT from USDA official estimate of 1.9 MMT due to several factors, including: a delay of operation of the new crushing plant in the North until the fourth quarter of 2018, instead of second quarter; and, a slowdown in Vietnam's feed production and consumption as a result of swine population decline in the country due to falling pork prices and a drop in live pig exports to China.

However, imports will continue to grow year-over-year and will increase to 1.9 MMT in MY2018/19 in step with the need for increased crush for the feed industry and reduced domestic production.

Exports

Recently, Post estimates that a small volume of soybeans, about 1 TMT, is continuously exported to neighboring countries. Exports should continue at similar volumes over the next several years.

POLICY

Soybean tariffs for countries with trade agreements dropped

According to Decree 125/2017/ND-CP dated November 16, 2017, the tariff rate applied to soybeans (HS Code: 1201) imported from countries having Most Favored Nation (MFN) status with Vietnam remains at zero percent.

For countries having free trade agreements (FTA) with Vietnam, 2018 tariffs changed from 2017 as follows (please refer to Table 4 for acronym definitions):

- For ACFTA, dropped from 5 percent to zero percent under beginning Jan. 1, 2018, according to Decree No. 153/2017/NĐ-CP dated December 27, 2017.
- For VJEPA, remained at 1 percent for January 1, 2018- March 31, 2018, and will drop to 0.5 percent for April 1, 2018- March 31, 2019, according to Degree No. 155/2017/NĐ-CP dated December 27, 2017.
- For AIFTA, dropped from 2 percent in 2017 to 1 percent in 2018, according to the Decree 159/2017/ND-CP dated 27 December 2017.
- For AJCEP, remained at 5 percent for Jan. 1, 2018- March 31, 2018, and will drop to zero percent beginning on April 1, 2018, according Degree No. 160/2017/ND-CP dated December 27, 2017.
- All other FTA tariffs remain at zero percent (see Table 3).

Table 3: Soybean import tariffs

HS code	Description	Import tariffs (%)										
		MFN	ATIGA	ACFTA	AKFTA	VKFTA	VJEPA	AJCEP	AIFTA	AANZFTA	VCFTA	VN-EAEU
1201	**Soybeans, whether or not broken**											
1201.10.00	- Suitable for sowing	0	0	0	0	0	0	0	0	0	0	0
1201.90.00	- Other	0	0	0	0	0	1	5	1	0	5	0

Source: Ministry of Finance

Notes:

- MFN: Most Favored Nation
- ATIGA: ASEAN Trade In Goods Agreement
- ACFTA: ASEAN-China Free Trade Agreement
- AKFTA: ASEAN-Korea Free Trade Agreement
- VKFTA: Vietnam-Korea Free Trade Agreement
- VJEPA: Vietnam-Japan Economic Partnership Agreement
- AJCEP: ASEAN Japan Comprehension Economic Partnership
- AIFTA: ASEAN-India Free Trade Agreement
- AANZFTA: ASEAN-Australia-New Zealand Free Trade Agreement
- VCFTA: Vietnam-Chile Free Trade Agreement
- VN-EAEU: Vietnam-Eurasia Economic Union Free Trade Agreement

PEANUTS

PRODUCTION

Peanut production to drop in MY2017/18 and MY2018/19 due to a decrease in cultivation area

According to MARD, peanut production in MY2016/17 was estimated at 462 TMT on 195 thousand ha (tha) of cultivated area, a drop of 2.2 percent in area from the previous year. The drop took place mainly in provinces of Hanoi, Thai Binh, Bac Giang, Binh Duong, Binh Phuoc, and Long An. Although the peanut crop was cultivated in a smaller area compared to the previous year, peanut production in MY2016/17 was almost at the same level due to an increase in yield and improvements in peanut varieties.

Post forecasts that peanut production in MY2017/18 and MY2018/19 will drop to 450 TMT due to a decrease in cultivation area. Currently, Vietnamese farmers grow many different peanut varieties including V79, 4329, 1660, LVL, TB-25, L14. The decline in peanut growing area is a result of Vietnamese farmers switching to more profitable crops such as fruit and vegetables for both the domestic and export markets. Unfavorable or extreme weather occurred also reduced growing area for peanut production in some areas in Vietnam.

Table 4: Vietnam's Peanut Production

	2012	2013	2014	2015	2016	2017	2018*	2019*
Crop area (tha)	219.3	216.3	209.0	199.9	199.4	195.3	190	190
Crop yield (MT/ha)	2.14	2.28	2.17	2.27	2.33	2.36	2.37	2.37
Total peanut production**(TMT)	468.4	492.6	454.5	454.1	463.6	461.5	450	450

Source: GSO, MARD
**Post estimate*
***in-shell basis*

CONSUMPTION

Most locally produced and imported peanuts are consumed in the retail sales channels (open markets, wet markets, independent food stores, small grocery stores, convenient stores, supermarkets, and hypermarkets) and in foodservice and food processing (especially in the snack industry) for both domestic consumption and export. Post estimates that the volume of peanuts used for crushing to make peanut oil and peanut meal at the household scale is flat due to low demand for peanut oils and high production costs. Prices of locally produced peanut oils are more expensive than other oils. In addition, due to strong marketing activities and advertising campaigns by local vegetable oil producers, consumers' preference for soybean oil and other refined vegetable oil products, such as sunflower oil, canola oil, and olive oil, has been increasing.

In Vietnam, in-shell peanuts are mostly available from street vendors in boiled and roasted format, at "bia hoi" (fresh draft beer) restaurants, and in wet markets during harvest season. Small retail stores usually sell raw shelled peanuts in loose format, while modern channel retail, such as supermarkets and hypermarkets, sell raw shelled peanuts in a packaged format, and foodservice providers and food processors purchase peanuts in bulk. Packaged processed peanuts products are popular in Vietnam and diverse; they include traditional roasted peanuts and peanuts coated with salt, wasabi, milk, spices, coconut, and chocolate. The confectionary sector also uses peanuts to make local candy specialties. Local food processing companies also use domestic peanuts to produce peanut butter, but production is negligible.

Post observes organic peanuts remain negligible in Vietnam due to limited market demand and lack of supply.

Post estimates total domestic peanut consumption at 660 TMT in MY2016/17. Post forecasts MY2017/18 and MY2018/19 consumption to increase to 680 TMT and 700 TMT, respectively, as per capita consumption increases due to the popularity of peanut-based snacks, new processed products, and vegetarian diets.

TRADE

MY2016/17 peanut imports decreased sharply due to significantly lower demand for exports

In MY2016/17, total in-shell basis peanut imports were 214 TMT, a 37 percent decrease from the previous year due to significantly lower demand for export. Local traders reported that peanut import demand in China has significantly decreased due to sufficient domestic supplies from China's rising peanut production, and the low price gap between Chinese and global prices, which fails to offset the transportation cost and the value added tax.

India remains the main supplier of peanuts to Vietnam due to competitive prices.
U.S. peanuts are less competitive due to high import tariff (10 percent) compared with other countries that have FTAs with Vietnam (please see Table 7 for import tariffs).

MY2017/18 and MY2018/19 peanut imports are projected to increase due to anticipated rising domestic consumption and a drop in local peanut production

Post forecasts MY2017/18 and MY2018/19 peanut imports into Vietnam at about 250 TMT and 270 TMT, respectively, due to rising domestic consumption and local production decreases due the aforementioned drop in cultivation area.

Table 5: Vietnam's peanut imports, by HS Code

Year	2013	2014	2015	2016	2017
Total in-shell peanut imports (MT) (HS code 120210 and 120241)	11,933	5,818	12,216	38,725	3,025
Total shelled peanut imports (MT) (in-shell basis) (*HS code 120220; 120242 and 200811)*	175,708	211,225	167,318	302,200	198,642
Total peanut seed import (MT in-shell Basis) (HS code 120230)	0	0	0	384	12,505
Total peanut imports (in-shell basis) (MT)	**187,641**	**217,043**	**179,534**	**339,441**	**214,172**

Source: GTA

**Note: Peanuts are in in-shell basis, including in-shell peanut (HS code 120210; 120241) and shelled peanuts (HS code 120220; 120242 and 200811 – including peanut butter, but amount of peanut butter negligible), and peanut seeds with HS code 120230. Conversion rate from shelled peanut into in-shell peanuts: 1.33.*

Peanut exports decline due to reduced demand from importing countries

Official data for peanut exports is not available in Vietnam. According to the data from the Global Trade Atlas (GTA) and local traders, Post estimates Vietnam's peanut exports in MY2016/17, including in-shell, shelled peanuts, and processed peanut products at about 38 TMT. Vietnam's main export markets are Taiwan, Russia, Malaysia, the United States, and China.

Post forecasts total peanut exports in MY2017/18 and MY2018/19 down to 35 TMT due to lower demand from importing countries.

Table 6: Vietnam's peanut exports, by HS Code

Year	2012	2013	2014	2015	2016	2017
In-shell peanut exports (MT) (HS code 120210 and 120241)	990	1,427	1,100	1,027	230	478
Shelled Peanut exports (MT) *(HS code 120220; 120242 and 200811)*	6,129	8,442	5,372	6,399	6,968	28,525
Peanut seed export (MT) (HS code 120230)	0	2	1	20	0	0
Total converted into in-shell peanut exports (MT) (conversion rate 1.33)	**9,142**	**12,658**	**8,246**	**9,564**	**9,497**	**38,416**

Source: GTA

Note: Peanuts are on in-shell basis, including in-shell peanut (HS code 120210; 120241) and shelled peanuts (HS code 120220; 120242 and 200811 including peanut butter, but volume of peanut butter negligible), and peanut seeds with HS code 120230; Conversion rate from shelled peanut into in-shell peanuts: 1.33.

POLICY

Suspensions of peanut imports from Indonesia, Hong Kong, Sudan, and Senegal remain

Vietnam's suspensions of peanut imports from a number of countries, including Indonesia (since January 2017), Hong Kong (since October 2016), Sudan (since October 2016), and Senegal (since September 2016) remain.

Import tariffs changed for FTA partners

In 2018, the tariff rate applied to both in-shell and shelled peanuts (HS Codes: 1202.41 and 1202.42) imported from countries having a MFN status with Vietnam remained at 10 percent. For countries with trade agreements with Vietnam, 2018 tariffs changed from 2017 as follows:

- For AJCEP, from 2 percent to 1 percent
- For VJEPA, from 3 percent to 2 percent
- For AIFTA, from 4 percent to 3 percent
- For VCFTA, from 6 percent to 5 percent
- For ATIGA, ACFTA, AKFTA, VFFTA, VN-EAEU tariff-free status remains unchanged

In 2018, the tariff rate applied to roasted ground nuts (HS Code: 2008.11.10) imported from countries having MFN status remains at 30 percent, while it changed from 2017 as follows for the countries having trade agreements with Vietnam:

- For AANZFTA from 5 percent to zero percent
- For AIFTA, from 15 percent to 10 percent
- For VCFTA, from 20 percent to 17 percent
- For AJCEP, from 18 percent to 15 percent
- For VJEPA, from 20 percent to 17.5 percent
- For ATIGA, ACFTA, AKFTA, VFFTA tariff-free status remains unchanged

Table 7: Peanut import tariffs

HS code	Description	Import tariffs (%)										
		MFN	ATIGA	ACFTA	AKFTA	VKFTA	VJEPA	AJCEP	AIFTA	AANZFTA	VCFTA	VN-EAEU
1202	**Peanuts, not roasted or otherwise cooked, whether or not shelled or broken**											

1202.30.00	- Seed suitable for sowing	0	0	0	0	0	0	0	0	0	0	0
	- Other											
1202.41.00	--In-shell	10	0	0	0	0	2	1	3	0	5	0
1202.42.00	--Shelled, whether or not broken	10	0	0	0	0	2	1	3	0	5	0
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, not elsewhere specified or included**											
2008.11	--Ground-nuts											
2008.11.10	- - - Roasted ground nuts	30	0	0	0	0	17.5	15	10	0	17	21.8
2008.11.20	- - - Peanut butter	18	0	0	0	0	17.5	15	10	0	17	9
2008.11.90	- - - Other	20	0	0	0	0	17.5	15	10	0	17	10

Source: Ministry of Finance

COPRA

PRODUCTION

In MY2016/17, Vietnam produced about 1.5 MMT of coconuts on 169,700 ha, equivalent to about 270 TMT of copra, an about 2 percent increase in copra equivalent production over the previous year due to cultivation expansion. Estimates for copra production are at 17.5-17.8 percent of total coconut production, as there is no official data for copra available in Vietnam.

Post data differs from USDA official data due to calculation revisions for copra production and consumption.

Post forecasts MY2017/18 and MY2018/19 coconut production at 1.5 MMT and 1.6 MMT or copra production at 275 TMT and 285 TMT. Vietnam does not produce much copra for coconut oil crushing due to low domestic demand and mold issues that occur in tropical climates. There are higher demands for other coconut products, such as coconut milk and coconut milk powder and desiccated coconut products with the use of fresh coconut flesh. Based on coconut oil production data provided from GSO, Post estimates total copra production in the country at 14 TMT for MY2016/17. This level will remain unchanged for MY2017/18 and MY2018/19.

MY2017/18 and MY2018/19 coconut production to increase due to anticipated expansion in coconut plantation area

In MY2016/17, coconut yield decreased by 1 percent compared with the previous year due to impact from unfavorable weather in growing areas leading to increased soil salinity. Industry contacts reported

that, in 2016, climate change caused soil high salinity intrusion in the major coconut growing area of Ben Tre province. Additionally, aging plantations are experiencing declining yields. However, local farmers also reported that, in recent years, newly planted coconut trees have started producing coconuts, almost offsetting a drop in production yield from aging trees.

In MY2017/18, sources report that there was less impact from high salinity intrusion into the major coconut growing areas. Expected favorable weather conditions in major growing areas, coupled with high farm gate domestic coconut prices due to strong demand from the processing sector, are motivating local farmers to continue to expand plantation area in the coming years.

Table 8: Historical coconut and copra production

	2010	2011	2012	2013	2014	2015	2016	2017	2018*	2019*
Coconut plantation area (thousand ha)	147.0	155.0	157.0	158.0	160.6	163.6	165.0	169.7	172.0	175.0
Average coconut yield (nuts/ha)	5,566	6,067	6,695	7,820	8,580	8,796	8,917	8,835	8,982	9,149
Coconut production (million nuts/TMT)	818.2	940.4	1,015.1	1,235.5	1,374.4	1,439.1	1,471.3	1,499.2	1,545	1,601
In Copra Production (Equivalent) (TMT)**	146	167	181	220	243	256	262	270	275	285
Coconut Oil production (MT)	n/a	2,746	5,973	6,392	7,658	8,522	8,260	8,264	8,500	9,000
Milling Copra Production for coconut oil crushing (TMT)	n/a	4.4	9.5	10.2	13.5	13.1	13.1	13.1	13.5	14.3
Total Estimated Copra Production (TMT)	n/a	5	10	11	13	13	13	13	14	14

*Source: MARD, GSO, Asia Pacific Coconut Community (APCC), *Post estimates*

***Note: Estimated Copra equivalent production is at 17.5%-17.8% of total coconut production.*
Estimated extraction rate from milling copra to coconut oil is 63 percent.

Table 9: Vietnam's Approximate Coconut Areas and Production by Provinces

	2015		2016		2017*	
ovince	Coconut Growing Area (ha)	Coconut Production (million nuts/TMT)	Coconut Growing Area (ha)	Coconut Production (million nuts/TMT)	Coconut Growing Area (ha)	Coconut Production (million nuts/TMT)
Ben Tre	68,545	573.1	70,127	594.5	71,000	594.5
Tra Vinh	20,029	241.4	20,628	250.5	21,495	263.8
Tien Giang	15,905	117.6	16,207	121.2	17,340	125.2
Binh Dinh	9,402	100.1	9,364	100.0	9,334	100.5
Vinh	8,028	113.5	8,561	117.0	8,930	120.2

Long						
Ca Mau	7,526	28.6	7,415	29.0	7,328	31.5
Kien Giang	n/a	n/a	n/a	n/a	5,996	29.9
Bac Lieu	4,580	19.9	4,618	20,3	4,618	20.8
Soc Trang	3,757	17.5	3,757	17.5	4,086	19.7
Hau Giang	3,624	18.1	2,562	16.5	2,639	17.2
Quang Ngai	2,312	13.8	2,314	14.1	2,267	14.9
Tay Ninh	n/a	n/a	n/a	n/a	1,945	47.6
Khanh Hoa	1,823	7.9	1,839	7.8	1,906	7.6
Can Tho	2,308	9.8	2,112	9.1	1,872	8.0
Phu Yen	1,493	20.0	1,404	18.9	1,338	17.7
An Giang	1,401	24.0	1,271	20.5	1,334	19.4
Others	12,857	133.8	14,121	160.4	6,272	60.7
Total	**163,590**	**1,439.1**	**166,300**	**1,477.0**	**169,700**	**1,499.2**

*Sources: Asia Pacific Coconut Community (APCC), Provincial DARDs, MARD, Local industry, Ben Tre Coconut Association, *GSO, MARD, and Ben Tre Coconut Association*

CONSUMPTION

Vietnam continues to produce various coconut products for both food and industrial uses for the export and domestic markets. Food use coconut products include fresh young coconut and fresh mature coconuts for immediate consumption and cooking, desiccated coconut, coconut jelly, frozen coconut meat, coconut candy, coconut jam, coconut milk, coconut milk powder, refined copra/coconut oil, and fresh coconut juice. Industrially, crude coconut oil is used for cosmetics and soap, coconut fiber for cushioning, building materials, woven rope, and coconut carpet, coco chips for flowerbed decorations, and coco-peat for air filtration, animal (cattle) bedding, organic agricultural fertilizer, organic compound for mushroom growing, and moisture-retentive substance for plants. Coconut shells are used for handicraft decoration and charcoal.

There is no official production data for copra, desiccated coconut, and other coconut products and their consumption in Vietnam. According to local industry, in MY2016/17, Vietnam produced large amounts of coconut milk and milk powders due to high export demand.

About 20 percent of total coconut production was for immediate consumption and household cooking. An estimated 80 percent of total coconut production is used for further processing to make different coconut products, of which about 54 percent is used for producing coconut milk and milk powder, 40 percent for processing of desiccated coconuts, and 6 percent for producing coconut oil. Therefore, Post revised its previous estimates. In MY2016/17, Post estimates, among 270 TMT of total copra

equivalent production, 54 TMT was used for immediate consumption and cooking, 88 TMT used for producing desiccated coconuts, and 115 TMT used for crushing to produce 73 TMT of coconut milk and milk powder. Only 13 TMT was used for producing about 8 TMT of coconut oil (at a 63 percent extraction rate) and about 5 TMT of copra meal by-products.

TRADE

Coconut product imports to increase in MY2017/18 and MY2018/19 due to higher demand

In MY2016/17, Vietnam continued to import various coconut products such as desiccated coconuts (HS code 0801.11), coconut in the inner shell (endocarp, HS code 0801.12), copra (HS code 1203.00), and other coconut products (other than desiccated, HS code 080119). Total imported volume of various coconut products was 15.4 TMT, a significant increase compared with the previous year due to higher domestic demand (See Table 10).

Post forecasts total imported volume of various coconut products to increase in MY2017/18 and MY2018/19 due to higher demand from the domestic coconut processing industry for both local consumption and export.

In MY2016/17, copra imports (HS code 120300), mainly from India and Thailand, were at 587 MT, a significant increase over the previous year. Vietnam also imported 415 MT of desiccated coconut products (HS code 0801.11), of which 65 percent were from Thailand, with the United States having an 18 percent market share. Imported coconut in the inner shell products, mainly from Indonesia and India, (HS code 080119) increased significantly in MY2017/18 from nearly zero to 4.6 TMT to meet higher demands from the processing industry for export. Coconut products other than desiccated (HS code 0801.19) followed a similar trajectory, increasing significantly from 2016 to 2017.

Table 10: Vietnam's copra and other coconut product imports

Unit: MT	2013	2014	2015	2016	2017
Desiccated coconut (HS code 0801.11)	386	69	17	121	415
Coconut in the inner shell (Endocarp) (HS code 0801.12)	320	17	46	52	4,642
Copra (HS code 1203.00)	2	1,574	138	159	587
Coconut, other than desiccated (HS code 0801.19)	179	33	41	596	8,143
Coconut Fiber (HS code 5305.00)	75	207	729	2,425	1,596
Total	**962**	**1,900**	**969**	**3,261**	**15,383**

Source: GTA

Coconut product exports are projected to increase in MY2017/18 and MY2018/19 to meet increased demand

Vietnam continues to export various coconut products, such as fresh young coconuts, fresh mature coconuts, desiccated coconuts, coconut milk, coconut milk powder, canned coconut drinking water, coconut jams, coconut charcoal, coconut fibers, coconut candy, and coconut oil. However, there is no official data for coconut product exports available in Vietnam.

According to GTA and data from Ben Tre Department of Trade and Industry, in MY2016/17, Vietnam exported 178 TMT of major coconut products, including desiccated coconuts (HS code 080111), coconuts in the inner shell (Endocarp, HS code 080112), other coconut products (HS code 080119), and coconut fibers (HS code 530500). Local industry expects desiccated coconuts, coconut milk and coconut milk powder, canned coconut water will become the major leading export products in coming years, and general exports of coconut products will increase.

Table 11: Vietnam's coconut product exports

Unit: In MT	2013	2014	2015	2016	2017
Desiccated coconuts (HS code 080111)	15,617	22,737	13,890	*20,000	*22,000
Coconuts in the inner shell (Endocarp) (HS code 080112)	134,623	155,838	67,930	44,637	40,147
Coconuts, other than desiccated (HS code 080119)	4,281	3,932	6,838	26,703	22,656
Copra (HS code 120300)	0	52	0	0	0
Coconut Fibers (HS code 530500; 530511; 530519; 530810)	100,122	131,311	125,036	109,817	93,319
Total	**254,643**	**313,870**	**213,694**	**201,157**	**178,122**

Source: GTA, Ben Tre Department of Trade and Industry, Ben Tre Coconut Association
**Note: Post adjusted data*

RAPESEED

PRODUCTION

There is no official data for rapeseed production in Vietnam. In CY2017, colza seed (rapeseed) production remained limited due to the slow expansion of production area. Post found that several tourism companies cultivated rapeseed in a few areas, such as the provinces of Ha Giang, Son La, and Yen Bai (Mu Cang Chai District), mainly for tourism purposes.

In CY2018 and CY2019, rapeseed cultivation area will not expand much. Post expects that once the Thinh Dat Tourism Company's industrial crushing plant in Mu Cang Chai comes online, rapeseed cultivation area will expand significantly. Reportedly, this is the first rapeseed crushing plant built in Vietnam, and will have a capacity of 700 MT of rapeseed per year. The crushing plant is expected to operate by end of 2018 for first trial.

TRADE

Vietnam continues to import a negligible volume of rapeseed. In MY2016/17 (October 2016 – September 2017), Vietnam imported 23 TMT. Vietnam imports mainly from Ukraine, Canada, Australia, and Russia, a significant increase compared with the previous year.

Vietnam exported a negligible quantity of rapeseed.

CONSUMPTION

Aside from the tourism industry, rapeseed is also used for oil extraction at the household scale. However, Post foresees the potential for rapeseed oil extraction at a larger scale in the next few years due to the start-up of the new crushing facility.

MEAL SECTION

SOYBEAN MEAL

PRODUCTION

MY2016/17 SBM production estimate increased

In MY2016/17, Post estimates Vietnam's total domestic SBM production, including SBM and soybean hulls from industrial crushing, at 855 TMT, reflecting only the output of the southern crushing facility as the northern facility is not yet on-line.

SBM production to increase in MY2017/18 and MY2018/19 due to the operation of a new crushing plant in the North

For MY2017/18, Post retains its estimate of SBM production at 940 TMT. For MY2018/19, Post forecasts total domestic SBM production from industrial crushing plants, including soybean meal and soybean hulls, at 1.05 MMT due to expected full operation of the crushing facility in the South and the operation of a new crushing facility in the North. Post projects domestic SBM production to increase over the next few years with new crushing facilities, increased capacity in existing crush facilities, and increasing demand for SBM and oil.

Table 12: Vietnam's soybean meal production

Year	2014	2015	2016	2017	2018*	2019*
SBM production (TMT) from industrial crushing plants	889	822	722	800	880	980
Soybean hull production (TMT) from industrial crushing plants	59	56	52	55	60	70
Total local SBM production (TMT) from industrial crushing plants	**948**	**878**	**774**	**855**	**940**	**1,050**

*Source: Local Producers, *Post estimates;*

TRADE

Imports

MY2016/17 SBM imports are estimated at 4.95 MMT, a decrease of 3 percent from the previous year due to more locally produced SBM

In MY2016/17, Vietnam imported about 4.95 MMT of SBM including residues from soybeans and soy flour. Soybean meal and residues from soybeans were at 4.7 MMT, and soy flour was 209 TMT. Argentina remained the largest supplier of total SBM to Vietnam during MY2016/17, accounting for 81 percent of the all-type SBM imports due to its low prices. Brazil and the United States were the other main suppliers of SBM to Vietnam. Total U.S. SBM and soy flour exports to Vietnam were 440 TMT (about 9 percent market share), of which 254 TMT was SBM and 186 TMT was soy flour.

SBM imports in MY2017/18 and MY2018/19 continue to increase due to higher demand from the feed and food processing industries

Post revises its estimates for total MY2017/18 SBM imports, including SBM, soy flour, and other residues to 5.15 MMT. This is higher than USDA's official estimate due to Post's lower production estimate and increasing forecasted increased local demand.

Vietnam continues to import SBM to offset a domestic protein shortage and to meet the growing demands of the animal and aquaculture feed and food processing industries.

Post forecasts total MY2018/19 SBM imports to increase to 5.3 MMT, in spite of expanded domestic production.

Table 13: Total all-type soybean meal* imports by source in the period 2013-2017

		2013	2014	2015	2016	2017
S/N	**Total Imports: (Unit: TMT)**	**3,184.9**	**3,648.3**	**4,583.8**	**5,110.0**	**4,945.2**
1	Argentina	1,842.0	2,377.2	3,195.2	4,292.6	4,026.7
2	Brazil	444.0	305.0	677.5	264.5	339.8
3	USA	377.8	368.5	319.2	211.4	440.4
4	India	411.8	54.1	22.7	17.2	89.4
5	China	90	254	114.2	248.8	11.6
6	Ecuador	n/a	n/a	23.2	2.9	8.1
7	Taiwan	3.1	5.7	6.5	11.5	6.3
15	Other countries	16.2	283.8	225.3	61.1	22.8

Source: GCO, BICO, GTA data, local importers, Post adjusted data.
**Note: Soybean meal (HS code: 2304), and other residues from soybeans (HS Code: 230250), and soy flour (HS code 120810)*

Post projects Vietnam's imports of soy flour, which mainly comes from the United States and India, to continue to decline in 2017 and in coming years due to high tariffs, especially as compared to soybeans.

POLICY

Tariffs for soy flour from FTA partner countries dropped

Tariffs for soybean flour (HS code: 120810) for FTA partner countries dropped beginning in 2018:

- For ATIGA, AKFTA, ACFTA, VKFTA, VN-EAEU, remained zero percent
- For AIFTA, dropped from 10 percent to 7.5 percent for 2018, and to zero percent from December 31, 2018 to December 31, 2022
- For AANZFTA, dropped from 5 percent to zero percent
- For AJCEP, dropped from 13 percent to 11 percent from January 1, 2018 to March 31, 2018; to 9 percent from April 1, 2018 to March 31, 2019; to 8 percent from April 1, 2019 to March 31, 2020; to 6 percent from April 1, 2020 to March 31, 2021; to 4 percent from April 1, 2021 to March 31, 2022; and to 2 percent from April 1, 2022 to March 31, 2023
- For VJEPA, dropped from 8 percent to 5.5 percent from January 1 2018 to March 31, 2018; to 3 percent from April 1, 2018 to March 31, 2019; to 0 percent from April 1, 2019 to March 31, 2023
- For VCFTA, dropped from 10 percent to 8 percent for 2018; to 7 percent for 2019; to 5 percent for 2020; to 4 percent for 2021; and, to 3 percent for 2022

According to Decree 125/2017/ND-CP dated November 16, 2017, the tariff rate applied to SBM, full fat soybean flour, and soybean hulls imported from countries having MFN status with Vietnam are:

- Soybean flour (HS code: 120810): 8 percent
- Soybean hulls (HS code: 230250): zero percent
- Defatted soya bean flour, fit for human consumption (HS code: 2304.00.10): zero percent
- Other soybean meal (HS code: 2304.00.10) fit for human consumption: zero percent
- Other soybean meal (HS code: 2304.00.90): 2 percent

Exports

Vietnam exports a small amount of SBM to neighboring countries, including Cambodia, Japan, Philippines, Singapore, Laos, South Korea, Myanmar, and Taiwan. Post retains its forecasts for Vietnam's SBM exports at about 120 TMT in MY2016/17, MY2017/18, and MY2018/19.

CONSUMPTION

The majority of domestic and imported SBM is used for feed and food processing industry. Post estimates SBM used for feed at 5.8 MMT in MY2016/17, growing to 6 MMT in MY2018/19, and 6.2 MMT in MY2018/19 due to increasing demand from the livestock and aquaculture sectors.

OTHER MEALS

PRODUCTION

Vietnam continues to produce a negligible volume of other oilseed meals, such as peanut meal, copra meal, rapeseed meal, and sesame meal.

Post estimates copra meal production from coconut oil crushing at 5 TMT for MY2016/17, and projects it at the same level for MY2017/18 and MY2018/19 due to flat demand.

Table 14: Vietnam's historical copra cake and meal production

Unit: TMT	2011	2012	2013	2014	2015	2016	2017 est.	2018 est.	2019 est.
Total copra volume for crushing coconut oil	4.4	9.5	10.2	13.5	13.1	13.1	13.1	13.5	14.3
Copra cake and meal production	1.5	3.3	3.6	4.7	4.6	4.6	4.6	4.7	5.0

Source: Post estimates.
Note: Estimated Conversion rate from copra to copra cake and meal at 35 percent

Post estimates that local fishmeal production, including saltwater fishmeal and freshwater fishmeal, will increase in the coming years. Saltwater fishmeal production is decreasing due to a drop in by-products from caught fishery processing and trash fish, but increases in freshwater fishmeal due to growth in freshwater fishery production will more than offset the loss. Post estimates local fishmeal production at 450 TMT in MY2017/18, rising to 460 TMT in MY2018/19.

Table 15: Vietnam's fishmeal production

Unit: in MT	2013	2014	2015	2016	2017 est.	2018* est.	2019* proj.
Total fishmeal production	**382,549**	**397,511**	**422,887**	**429,072**	**433,412**	**450,000**	**460,000**
Saltwater fishmeal production	324,942	319,170	319,501	308,260	306,275	305,000	300,000

Freshwater fishmeal production	57,607	78,341	103,386	120,812	127,137	145,000	160,000

*Source: GSO; *Post estimates and forecasts*

CONSUMPTION

All locally produced and imported oil meals and feed ingredients, including fishmeal, are used as substitutes for SBM in livestock and aquaculture feed.

TRADE

Imports

In MY2016/17 (CY2017), Vietnam imported about 932 TMT of other oilseed meals, including peanut meal, cottonseed meal, sunflower meal, canola meal, rapeseed meal, copra meal, and palm kernel meal, an increase of 19 percent from the previous year (781 TMT) due to the significant drop of imported U.S Dried Distillers Grain (DDGS) because of GVN's 2016 suspension decision.

Table 16: Other oilseed meal* imports 2015-2017

	2015	2016	2017
Total import volume (TMT)	827	781	932

Source: General Customs Department (GCO), Local importers, Agromonitor, GTA
**Note: Other oilseed meals include peanut meal, cottonseed meal, sunflower meal, canola meal, rapeseed meals, copra meal, and palm kernel meal*

Table 17 below shows that total oil meals, DDGS, corn gluten meal, fishmeal, and other protein meal imports were 3.3 MMT in MY2016/17.

Table 17: Other oilseed and protein meal imports by commodity in 2015-2017

	Commodities	2015	2016	2017
HS Code	**Total (Unit: MT)**	**3,232,966**	**3,866,363**	**3,338,399**
230110	Meat and bone meals	621,070	616,920	456,308
230120	Fishmeal	103,671	114,996	155,289
230210/ 230310/ 230330	DDGS; Corn gluten meal and other meal/residues	785,536	1,371,104	829,520
230230	Wheat bran	505,199	687,250	671,124
230220/ 230240/ 230690	Rice bran and other residues	324,000	288,280	280,091
230320	Beet-pulp, bagasse and other waste of sugar manufacture, molasses, other residues	15,198	5,045	3,761
230500	Peanut meal	2,722	2,143	826
230610	Cotton seed meal	300	0	0
230620	Linseed meal	0	13	0
230630	Sunflower meal	5,461	17,764	58,314
230640/ 230641/ 230649	Canola/colza meal, rapeseed meal	413,389	343,979	369,620

230650	Copra cake and meal	156,725	84,161	98,068
230660	Palm Kernel meal	248,105	332,872	405,320
230700	Wine lees; argol	36,107	0	0
230800	Other vegetable residues and by-products	15,483	1,836	10,158

Source: General Customs Department (GCO), Local importers, Agromonitor, GTA

Export

Vietnam continue to export other oilseed and protein meals (see Table 18). Vietnam exported 190 TMT fishmeal in MY2016/17, with China being the largest market (see Table 19). According to local traders, Vietnam exports low-protein fishmeal, while importing high-protein fishmeal.

Table 18: Other oilseed and protein meal exports by commodity (2015-2017)

	Commodities	2015	2016	2017
HS Code	**Total** (**Unit: MT)**	**1,246,207**	**487,032**	**521,123**
230110	Meat bone meals	16,166	462	0
230120	Fishmeal	152,121	200,931	189,504
230210/ 230310/ 230330	DDGS and Corn gluten meal, other residues	93,584	69,815	58,012
230230	Wheat bran	798,328	7	0
230220 230240 230690	Rice bran and other residues	52,253	76,609	124,993
230320	Beet-pulp, bagasse and other waste of sugar manufacture, molasses, other residues	20,395	19,805	13,662
230500	Peanut meal	590	214	593
230640 230641 230649	Canola meal, rapeseed meal	279	0	0
230650	Copra cake and meal	3,028	2,000	1,194
230660	Palm kernel meal	0	493	257
230700	Wine lees; argol	194	202	61
230800	Other vegetable residues and by-products	109,269	116,494	132,847

Source: GCO, Local importers, GTA

Table 19: Vietnam's fishmeal exports by destination (2015-2017)

	2015	2016	2017
Total in TMT	**152.1**	**200.9**	**189.5**
China	74.9	127.2	135.5
Thailand	12.4	37.8	26.0
Japan	26.7	8.4	10.5
Indonesia	9.7	11.1	6.8
Taiwan	16.2	5.9	6.5
South Korea	4.6	3.5	2.4
Malaysia	5.4	4.6	1.6
Australia	0.4	1.1	0
Cambodia	1	n/a	0
Others	0.8	1.3	0.2

Source: GTA, Local Traders, Agromonitor; Note: Fishmeal with HS code: 230120

Oil Situation and Outlook

PRODUCTION

Vietnam's vegetable oil production continues to increase in MY2017/18 and MY2018/19 due to higher domestic consumption

In MY2016/17, GSO reported total domestic refined vegetable oil production at 1,103 TMT, an increase of 7 percent over the previous year, due to higher domestic consumption and increased export demand.

Post projects refined vegetable oil production in Vietnam will grow at about 4 percent per year, climbing to 1,150 TMT in MY2017/18 and 1,200 TMT in MY2018/19.

Table 20: Refined vegetable oil production

Unit: in MT	2014	2015	2016	2017 est.	2018* proj.	2019* proj.
Total refined vegetable oils production	862,883	966,105	1,034,720	1,103,117	1,150,000	1,200,000

*Source: GSO, *Local Producers and Post estimates*

Vietnam's crude soy oil production from industrial crushing plants is increasing because of increased crush. Post estimates MY2017/18 production at 235 TMT and MY2018/19 production at 260 TMT, due to expected expanded crushing capacity.

Table 21: Vietnam's local crude soy oil production

Unit: in MT	2013	2014	2015	2016	2017	2018*	2019*
Total local soy oil production	193,000	235,000	214,000	195,000	210,000	235,000	260,000

*Source: Local Producers, *Post estimates*
Note: Estimated extraction rate from soybean to soybean oil at 19 - 19.6 percent.

CONSUMPTION

Vietnam continues to use most refined vegetable oil products for human consumption and in the food processing industry. Crude vegetable oils are used for animal feed, industrial processing, and the pharmaceutical and cosmetics industries. A small amount of vegetable oil is also exported.

In MY2016/17, local producers estimated total vegetable oil consumption at 990 TMT, an increase of 2 percent over the previous year. This increase was lower compared with the 6.6 percent increase from previous year, as local consumers used more pig fats and meat because of low pork prices in 2017. Local industry sources and Post estimate 2017 per capita vegetable oil consumption at 10-11 kilograms (kg) per person.

Post projects vegetable oil consumption to continue to increase. This is driven by many factors, including overall economic growth, increasing population, more foreign direct investment, expansion of the food processing and animal feed industries, rising consumer incomes, increased urbanization, expanded retail sector, and increased marketing. As a result, Post projects MY2017/18 and MY2018/19 total domestic vegetable oil consumption to increase to 1.03 MMT and 1.08 MMT, respectively.

Table 22: Vietnam's domestic vegetable oil consumption

	Unit	2015	2016	2017	2018 est.	2019 proj.
Vietnam's population	million persons	92	93	95	96	97
Total domestic vegetable oil consumption	1,000 MT	910	970	990	1,030	1,080
Per capita vegetable oil consumption	Kg/person/year	9.9	10.4	10.4	10.7	11.1

Source: GSO; MOIT; Estimates from local producers and Post

TRADE

Imports of vegetable oils (both crude and refined) will increase to meet increasing demand

Vietnam's vegetable oil industry continues to import both crude and refined oil to meet increasing domestic and export demands. In MY2016/17, Post estimates total vegetable oil imports at 890 TMT. Palm oil continues to be the major imported vegetable oil in Vietnam, accounting for 90 percent of the total.

Post estimates MY2018/19 and MY2018/19 total vegetable oil imports in the 900-910 TMT range at a growth rate of about one percent, although locally-produced vegetable oil production is expected to increase due to higher demands of domestic consumption and exports to overseas countries.

Table 23: Total vegetable oil* imports per commodity

Year	2013	2014	2015	2016	2017** est.	2018** proj.	2019** proj.
Total vegetable oil imports (TMT)	**705.6**	**835.9**	**858.7**	**867.1**	**890**	**900**	**910**
Palm oil	*583.1*	*697.7*	*715.7*	*727.2*	*800*	*790*	*790*
Soy oil	*79.5*	*81.6*	*97.8*	*79.1*	*30*	*50*	*50*
Coconut oil	*2.4*	*6.3*	*2.1*	*1.7*	*3*	*4*	*6*
Rapeseed (Colza) oil	*2.8*	*4.6*	*3.1*	*1.6*	*2*	*3*	*4*
Other vegetable oils	*37.8*	*45.7*	*40.0*	*57.5*	*55*	*53*	*60*

*Source: GTA; **Post estimates and projections*

**Note: Vegetable oils include all crude oils and refined oils*

- Palm oils include crude palm oil (HS code 151110), crude palm kernel oil (HS code 151321), refined palm oil (HS code 151190) and refined palm kernel oil (HS code 151329)

- Soybean oils (HS code 1507) include both crude and refined oils

- Coconut oils include crude coconut oil (HS code 151311) and refined coconut (copra) oil (HS code 151319)

- Rapeseed (colza) oils include refined oils (HS codes 151419, 151499), crude oils (HS codes 151411, 151491)

- Other vegetable oils include refined peanut oil (HS code 150890); refined olive oil (HS code 150990;151000); refined sunflower oil (HS code 151219); refined cottonseed oil (HS code 151229); refined linseed oil (HS code 151519); refined corn oil (HS code 151529);Castor oil (HS code 151530); fixed vegetable oil (HS code 151590); other vegetable oil (HS code 151620); Crude Peanut oil (HS code 150810), Crude Olive oil (HS code 150910), Crude Sunflower oil (HS code 151211), Crude Linseed oil (HS code 151511), Crude Corn oil (HS code 151521), and Crude Sesame oil (HS code 151550);

Exports

In MY2016/17, local industry reported total vegetable oil exports at about 85 TMT, which was mainly soy oils to neighboring Laos and Cambodia.

In MY 2017/18, Post estimates total vegetable oil exports at 90 TMT and projects MY2018/19 total vegetable oil exports in the range of 93-95 TMT.

Table 24: Total vegetable oil* exports per commodity

Year	2013	2014	2015	2016	2017** est.	2018** est.	2019** proj.
Total vegetable oil imports (MT)	**113,142**	**111,447**	**124,744**	**38,776**	**47,290**	**90,000**	**95,000**
Soy oil	*95,996*	*91,291*	*104,136*	*16,540*	*35,000*	76,790	*80,770*
Coconut oil	*1,485.5*	*3,041*	*4,318*	*12,321*	*6,000*	7,000	*8,000*
Palm oil	*45*	*48*	*220*	*74.4*	*140*	*150*	*160*
Rapeseed (Colza) oil	*54*	*11*	*6*	*6*	*50*	*60*	*70*
Other vegetable oils	*15,561*	*17,056*	*16,064*	*9,835*	*6,100*	*6,000*	*6,000*

*Source: GTA; **Post estimates and projections*
**Note: Vegetable oils include all crude oils and refined oils*
- Palm oils include crude palm oil (HS code 151110), crude palm kernel oil (HS code 151321), refined palm oil (HS code 151190) and refined palm kernel oil (HS code 151329)
- Soybean oils (HS code 1507) include both crude and refined oils
- Coconut oils include crude coconut oil (HS code 151311) and refined coconut (copra) oil (HS code 151319)
- Rapeseed (colza) oils include refined oils (HS codes 151419, 151499), crude oils (HS codes 151411, 151491)
- Other vegetable oils include refined peanut oil (HS code 150890); refined olive oil (HS code 150990;151000); refined sunflower oil (HS code 151219); refined cottonseed oil (HS code 151229); refined linseed oil (HS code 151519); refined corn oil (HS code 151529);Castor oil (HS code 151530); fixed vegetable oil (HS code 151590); other vegetable oil (HS code 151620); Crude Peanut oil (HS code 150810), Crude Olive oil (HS code 150910), Crude Sunflower oil (HS code 151211), Crude Linseed oil (HS code 151511), Crude Corn oil (HS code 151521), and Crude Sesame oil (HS code 151550);

POLICY

GOV issued Decree 15/2018/ND-CP, dated February 2, 2018, regulating the implementation of a number of articles in the Food Safety Law (FSL)

Decree 15 came into effect on February 2, 2018 and replaced Decree 38/2012 dated April 25, 2012. This new Decree renews the implementation a number of articles of FSL 2010 and fundamental changes registration and inspection for both domestic and imported food products, especially with new procedures for self-declaration and product declaration. It was emphasized that the food industry will now assume full responsibility for the safety of products. Post will release a GAIN report on Decree 15 in spring 2018.

Vegetable oil tariffs for all FTA partners dropped significantly, and many vegetable oil products will enjoy zero percent tariffs from 2018-2022

- Under ATIGA (Decree 156/2017/ND-CP dated 27 December 2017)
  All vegetable oils (HS code 15) enjoy a tariff-free status. Please refer to the Decree 156/2017/ND-CP dated 27 December 2017 for vegetable oil import tariffs under ATIGA in the link below:
  http://trungtamwto.vn/sites/default/files/hiepdinhkhac/5_bieuthueatiga-2018-2022.pdf
- Under AIFTA (Decree 159/2017/ND-CP dated 27 December 2017)
  Please refer to the Decree 159/2017/ND-CP dated 27 December 2017 for vegetable oil import tariffs under AIFTA in the link below:
  http://trungtamwto.vn/sites/default/files/hiepdinhkhac/8_bieuthueaifta-2018-2022.pdf
- Under the AANZFTA (Decree 158/2017/ND-CP dated 27 December 2017)

Please refer to the Decree 158/2017/ND-CP dated 27 December 2017 for vegetable oil import tariffs under AANZFTA in the link below:
http://trungtamwto.vn/sites/default/files/hiepdinhkhac/6_bieuthueaanzfta-2018-2022.pdf

- Under the AKFTA (Decree 157/2017/ND-CP dated 27 December 2017)
  Please refer to the Decree 158/2017/ND-CP dated 27 December 2017 for vegetable oil import tariffs under AKFTA in the link below:
  http://trungtamwto.vn/cachiepdinhkhac/nghi-dinh-so-1572017nd-cp-ngay-27122017-ban-hanh-bieu-thue-nhap-khau-uu-dai-dac-biet
- Under the AIFTA (Decree 160/2017/ND-CP dated 27 December 2017)
  Please refer to the Decree 160/2017/ND-CP dated 27 December 2017 for vegetable oil import tariffs under AIFTA in the link below: http://trungtamwto.vn/cachiepdinhkhac/nghi-dinh-so-1602017nd-cp-ngay-27122017-ban-hanh-bieu-thue-nhap-khau-uu-dai-dac-biet
- Under the ACFTA (Decree 153/2017/ND-CP dated 27 December 2017)
  Please refer to the Decree 153/2017/ND-CP dated 27 December 2017 for vegetable oil import tariffs under ACFTA in the link below:
  http://trungtamwto.vn/cachiepdinhkhac/nghi-dinh-so-1532017nd-cp-ngay-27122017-ban-hanh-bieu-thue-nhap-khau-uu-dai-dac-biet
- Under the VJFTA (Decree 155/2017/ND-CP dated 27 December 2017)
  Please refer to the Decree 155/2017/ND-CP dated 27 December 2017 for vegetable oil import tariffs under VJFTA in the link below: http://www.trungtamwto.vn/cachiepdinhkhac/nghi-dinh-so-1552017nd-cp-ngay-27122017-ban-hanh-bieu-thue-nhap-khau-uu-dai-dac-biet
- Under the VKFTA (Decree 149/2017/ND-CP dated 26 December 2017)
  Please refer to the Decree 149/2017/ND-CP dated 26 December 2017 for vegetable oil import tariffs under VKFTA in the link below: http://www.trungtamwto.vn/cachiepdinhkhac/nghi-dinh-so-1492017nd-cp-ngay-26122017-ban-hanh-bieu-thue-nhap-khau-uu-dai-dac-biet
- Under the VCFTA (Decree 154/2017/ND-CP dated 27 December 2017)
  Please refer to the Decree 154/2017/ND-CP dated 27 December 2017 for vegetable oil import tariffs under VCFTA in the link below:
  http://www.trungtamwto.vn/cachiepdinhkhac/nghi-dinh-so-1542017nd-cp-ban-hanh-bieu-thue-nhap-khau-uu-dai-dac-biet-cua-viet-nam-
- Under the VN-EUEAFTA (Decree 150/2017/ND-CP dated 26 December 2017)
  Please refer to the Decree 150/2017/ND-CP dated 26 December 2017 for vegetable oil import tariffs under VCFTA in the link below:
  http://www.trungtamwto.vn/cachiepdinhkhac/nghi-dinh-so-1502017nd-cp-ngay-26122017-ban-hanh-bieu-thue-nhap-khau-uu-dai-dac-biet

Vietnamese government singed the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) Agreement

On March 8, 2018 in Chile, Vietnamese government signed CPTPP Agreement with other countries. Eleven countries joining CPTPP are Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. This CPTPP would come into effect at the beginning of 2019. The deal is expected to eliminate 98 percent of tariffs in the trans-pacific marketplace. Vietnamese Government expects that this CPTPP would attract more foreign direct investments in many sectors, especially in agriculture and food processing sector. For further information on tariff commitment, please see the link http://www.trungtamwto.vn/tpp/van-kien-hiep-dinh-cptpp

STATISTICS

Oilseeds PSD Tables

Table 25: Soybeans

Oilseed, Soybean	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jan 2017		Jan 2018		Jan 2019	
Vietnam	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	120	72	120	65	0	65
Area Harvested	100	69	105	60	0	60
Beginning Stocks	476	476	483	443	0	332
Production	157	102	165	90	0	90
MY Imports	1650	1576	1900	1650	0	1900
Total Supply	2283	2154	2548	2183	0	2322
MY Exports	0	1	0	1	0	1
Crush	1200	1100	1450	1200	0	1350
Food Use Dom. Cons.	430	430	460	460	0	490
Feed Waste Dom. Cons.	170	180	190	190	0	200
Total Dom. Cons.	1800	1710	2100	1850	0	2040
Ending Stocks	483	443	448	332	0	281
Total Distribution	2283	2154	2548	2183	0	2322
Yield	1.57	1.4783	1.5714	1.5	0	1.5
(1000 HA) ,(1000 MT) ,(MT/HA)						

Source: GSO, BICO, GTA, GCO, Estimates from Local Producers, Local Traders, Post estimates
Note: Soybean (HS code: 1201)

Table 26: Peanuts*

Oilseed, Peanut	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jan 2017		Jan 2018		Jan 2019	
Vietnam	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	195	0	190	0	190
Area Harvested	195	195	200	190	0	190
Beginning Stocks	81	81	25	59	0	44
Production	451	462	465	450	0	450
MY Imports	160	214	250	250	0	270
Total Supply	692	757	740	759	0	764
MY Exports	7	38	8	35	0	35
Crush	40	40	60	40	0	40
Food Use Dom. Cons.	620	620	650	640	0	660
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	660	660	710	680	0	700
Ending Stocks	25	59	22	44	0	29
Total Distribution	692	757	740	759	0	764
Yield	2.3128	2.3692	2.325	2.3684	0	2.3684
(1000 HA) ,(1000 MT) ,(MT/HA)						

Source: GSO, MARD, GTA, Local Traders, Post estimates;
**Note: Peanuts are on in-shell basis, including in-shell peanut (HS code 120210; 120241) and shelled peanuts (HS code 120220; 120242 and 200811 – including peanut butter, but peanut butter volume negligible), and peanut seeds with HS code 120230. Conversion rate from shelled peanut into in-shell peanuts: 1.33.*

Table 27: Copra

Oilseed, Copra	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jan 2017		Jan 2018		Jan 2019	
Vietnam	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	170	0	172	0	175

Area Harvested	170	170	172	172	0	175
Trees	0	0	0	0	0	0
Beginning Stocks	17	0	16	0	0	0
Production	269	13	272	14	0	14
MY Imports	0	0	0	0	0	0
Total Supply	286	13	288	14	0	14
MY Exports	0	0	0	0	0	0
Crush	270	13	275	14	0	14
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	270	13	275	14	0	14
Ending Stocks	16	0	13	0	0	0
Total Distribution	286	13	288	14	0	14
(1000 HA) ,(1000 TREES) ,(1000 MT) ,(MT/HA)						

Source: GTA, APCC, Provincial DARDs, MARD, Local industry, Ben Tre Coconut Association, Ben Tre Department of Trade and Industry, Post estimates

Table 28: Rapeseed

Oilseed, Rapeseed	2016/2017		2017/2018		2018/2019	
Market Begin Year	Oct 2016		Oct 2017		Oct 2016	
Vietnam	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	1
Area Harvested	0	0	0	0	0	1
Beginning Stocks	1	1	1	1	0	1
Production	0	1	0	1	0	2
MY Imports	23	23	30	30	0	32
Total Supply	24	25	31	32	0	35
MY Exports	0	0	0	0	0	0
Crush	23	23	30	30	0	32
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	0	1	0	1	0	1
Total Dom. Cons.	23	24	30	31	0	33
Ending Stocks	1	1	1	1	0	2
Total Distribution	24	25	31	32	0	35
Yield	0	0	0	0	0	2
(1000 HA), (1000 MT), (MT/HA)						

Source: GTA, Post estimates

Meal PSD Tables

Table 29: Soybean Meal*

Meal, Soybean	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jan 2017		Jan 2018		Jan 2018	
Vietnam	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1200	1100	1450	1200	0	1350
Extr. Rate, 999.9999	0.78	0.7773	0.78	0.7833	0	0.7778
Beginning Stocks	550	550	276	340	0	200
Production	936	855	1131	940	0	1050
MY Imports	4600	4945	5100	5150	0	5300
Total Supply	6086	6350	6507	6430	0	6550
MY Exports	120	120	120	120	0	120
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	90	90	110	110	0	120
Feed Waste Dom. Cons.	5600	5800	6000	6000	0	6200
Total Dom. Cons.	5690	5890	6110	6110	0	6320
Ending Stocks	276	340	277	200	0	110

Total Distribution	6086	6350	6507	6430	0	6550
(1000 MT), (PERCENT)						

Source: GCO, GTA, Post estimates;
**Note: Soybean meal includes soybean meal and cake (HS Code 230400); Soy flour (HS Code 120810); and other residues from soybeans (HS Code 230250)*
***SBM production data including SBM and soy hulls, excluding locally produced FFSMs*

Table 30: Copra Meal

Meal, Copra	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jan 2017		Jan 2018		Jan 2019	
Vietnam	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	270	13	275	14	0	14
Extr. Rate, 999.9999	0.3556	0.3846	0.3527	0.3571	0	0.3571
Beginning Stocks	14	1	12	1	0	3
Production	96	5	97	5	0	5
MY Imports	65	98	50	90	0	80
Total Supply	175	104	159	96	0	88
MY Exports	3	3	3	3	0	3
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	160	100	145	90	0	82
Total Dom. Cons.	160	100	145	90	0	82
Ending Stocks	12	1	11	3	0	3
Total Distribution	175	104	159	96	0	88
(1000 MT) ,(PERCENT)						

Source: GTA; Local Industry, Local Traders; Post estimates
Note: Copra cake and meal with HS code: 230650

Table 31: Fishmeal

Meal, Fish	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jan 2017		Jan 2018		Jan 2018	
Vietnam	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Catch For Reduction	0	0	0	0	0	0
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	39	39	29	37	0	42
Production	460	433	470	450	0	460
MY Imports	120	155	140	160	0	160
Total Supply	619	627	639	647	0	662
MY Exports	195	190	200	195	0	200
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	395	400	400	410	0	420
Total Dom. Cons.	395	400	400	410	0	420
Ending Stocks	29	37	39	42	0	42
Total Distribution	619	627	639	647	0	662
(1000 MT) ,(PERCENT)						

Source: GCO, GTA, Local Producers, Agromonitor, Post estimates
Note: Fishmeal (HS code 230120)

Oils PSD Tables

Table 32: Soybean Oil

Oil, Soybean	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jan 2017		Jan 2018		Jan 2019	
Vietnam	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1200	1100	1450	1200	0	1350

Extr. Rate, 999.9999	0.19	0.1909	0.1903	0.1958	0	0.1926
Beginning Stocks	41	41	24	6	0	1
Production	228	210	276	235	0	260
MY Imports	30	30	50	50	0	50
Total Supply	299	281	350	291	0	311
MY Exports	35	35	40	40	0	45
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	240	240	290	250	0	260
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	240	240	290	250	0	260
Ending Stocks	24	6	20	1	0	6
Total Distribution	299	281	350	291	0	311
(1000 MT) ,(PERCENT)						

Source: GCO, GTA, Local Producers, Post estimates

Note: Soybean oil includes crude and refined soy oil (HS code 150710 and 150790)

Table 33: Palm Oil

Oil, Palm	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jan 2017		Jan 2018		Jan 2019	
Vietnam	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Trees	0	0	0	0	0	0
Beginning Stocks	115	115	89	65	0	53
Production	0	0	0	0	0	0
MY Imports	800	776	790	790	0	780
Total Supply	915	891	879	855	0	833
MY Exports	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	820	820	795	795	0	790
Feed Waste Dom. Cons.	6	6	7	7	0	8
Total Dom. Cons.	826	826	802	802	0	798
Ending Stocks	89	65	77	53	0	35
Total Distribution	915	891	879	855	0	833
Yield	0	0	0	0	0	0
(1000 HA) ,(1000 TREES) ,(1000 MT) ,(MT/HA)						

Source: GCO, GTA, Local Producers, Post estimates

Note: Palm oil includes crude and refined palm and palm kernel oils (HS codes 151110; 151321; 151190 and 151329)

Table 34: Coconut (Copra) Oil

Oil, Coconut	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jan 2017		Jan 2018		Jan 2019	
Vietnam	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	270	13	275	14	0	14
Extr. Rate, 999.9999	0.6333	0.6154	0.6327	0.6429	0	0.6429
Beginning Stocks	14	0	12	0	0	0
Production	171	8	174	9	0	9
MY Imports	2	3	2	4	0	5
Total Supply	187	11	188	13	0	14
MY Exports	5	6	5	7	0	7
Industrial Dom. Cons.	0	1	0	1	0	1
Food Use Dom. Cons.	170	4	170	5	0	6
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	170	5	170	6	0	6
Ending Stocks	12	0	13	0	0	0
Total Distribution	187	11	188	13	0	14

(1000 MT) ,(PERCENT)

Source: GCO, GTA, Local Producers, Post estimates

Note: Coconut (Copra) oil includes Crude Coconut (Copra) Oil (HS code 151311) and Refined Coconut (Copra) Oil (HS code 151319)