PRESENT SCENARIO, MARKET TRENDS OF THE TROPICAL AND SUBTROPICAL FRUIT INDUSTRY IN VIETNAM

NGUYEN MINH CHAU
Southern Fruit Research Institute, SOFRI
VIETNAM



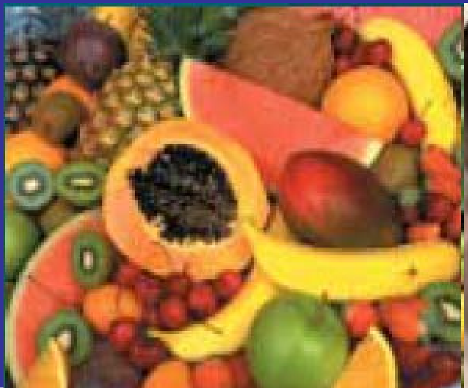


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Table 1: 7 Fruit production areas in Vietnam (Source: MARD 2007)

1,000ha

SNo.	Location	Area in the year of 2005	Earlier program target	Plan up to 2010
1.	Red River Delta	79.2	60	90
2.	Northern highland	178.4	170	230
3.	Northern of Central region	58.5	70	80
4.	Southern of Central Coastal region	30.2	60	38
5.	Western highland	23.1	50	32
6.	South-East region	128.4	90	150
7.	M.D. region	269.3	250	380
Total		**767.1**	**750**	**1.000**

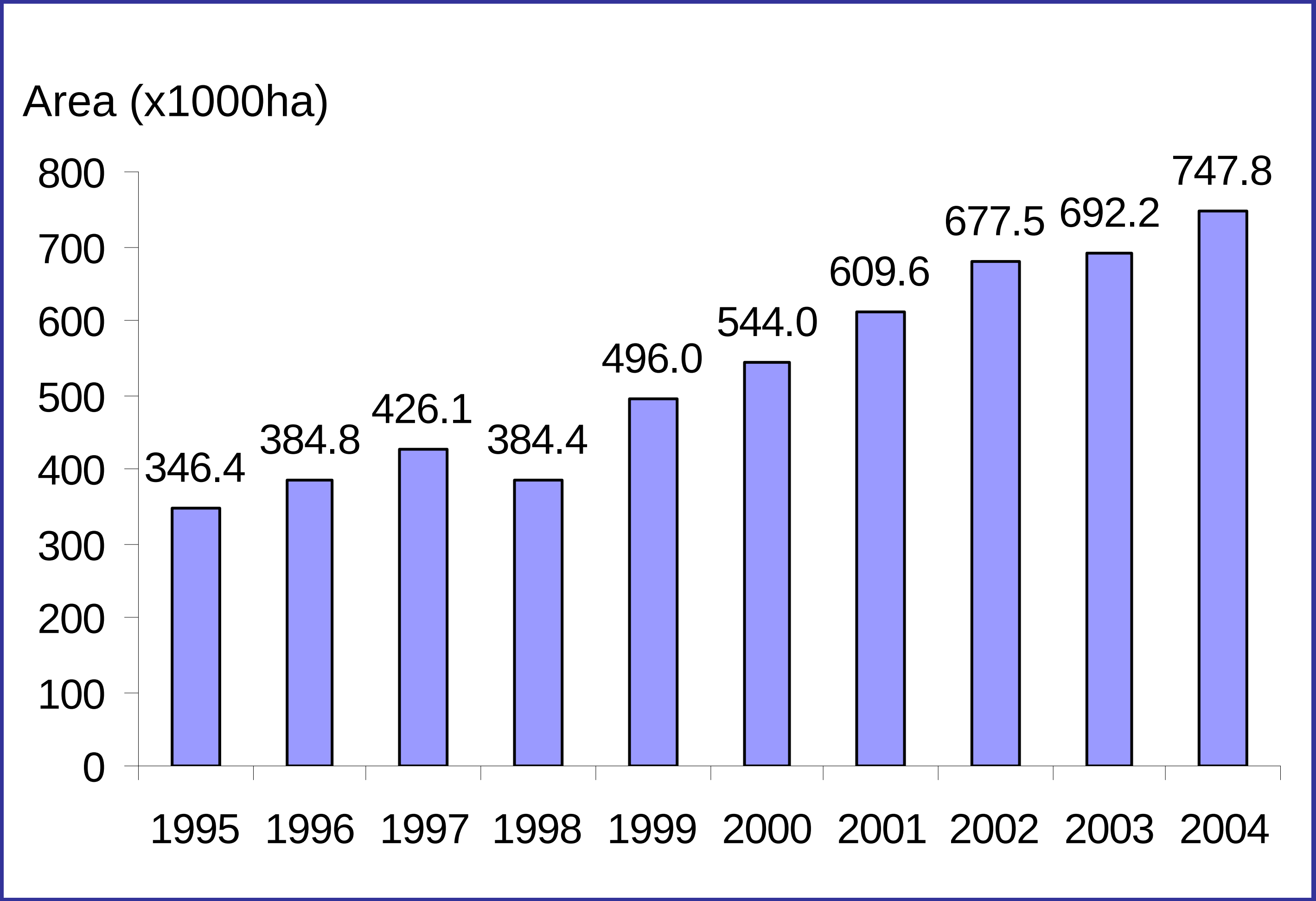
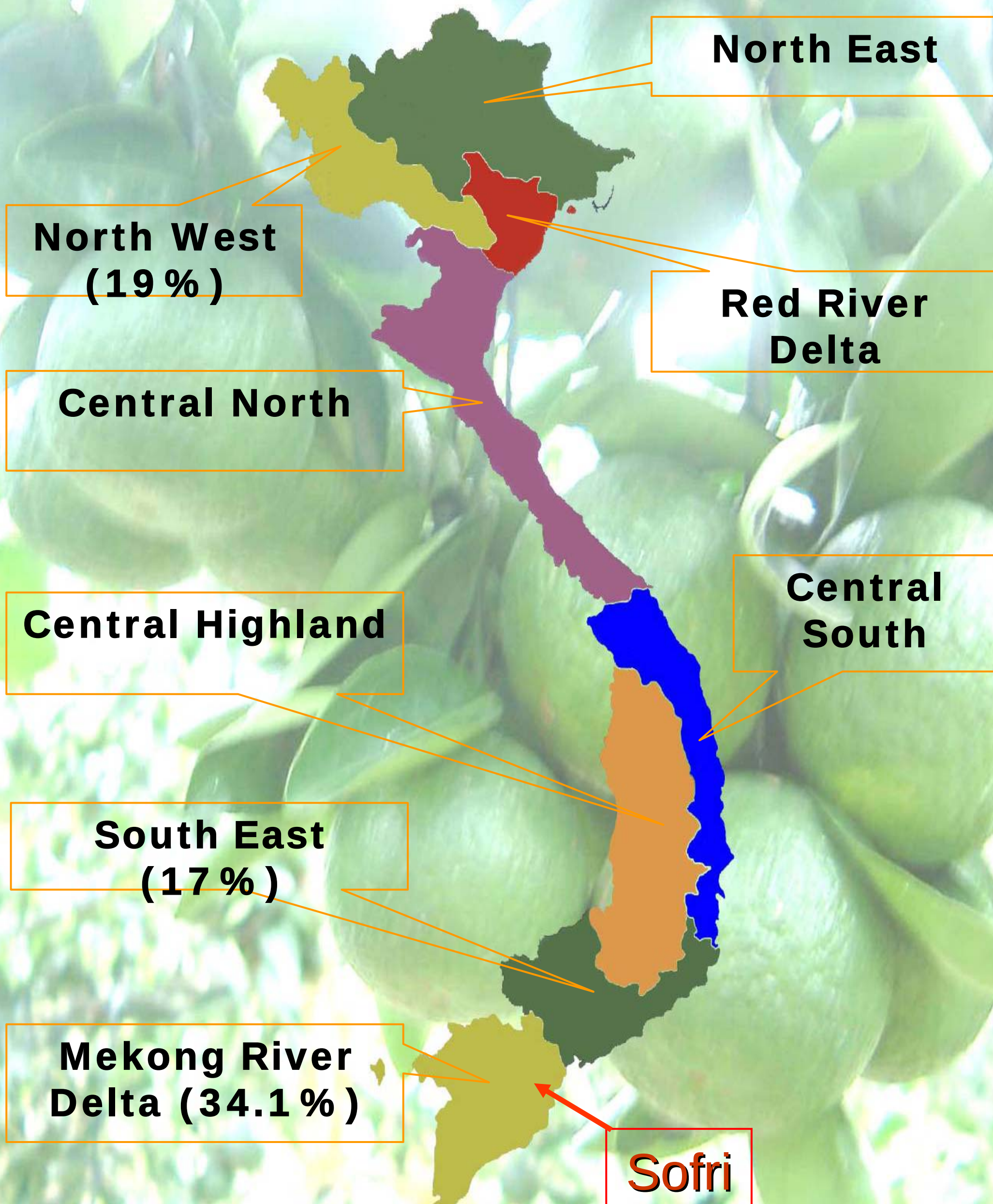


Figure1: Vietnam fruit tree area during 1995-2004 (General statistic Department, MARD and Provincial Agriculture Services)

AGRICULTURAL PRODUCTION ZONES IN VIETNAM



- There are 8 Agricultural production areas in Vietnam
- The Mekong delta is producing a lot of citrus, mango, longan, sapodila, milk fruit (star apple) , etc.
- The Southern East is a major producer of durian, rambutan, mangosteen, jackfruit, etc.
- The Central highland in the South produces avocado, persimmon, strawberry, etc.
- The Central of the South is major producer area of dragon fruits, mango, grape, etc.
- Up to HUE, the old Capital of Vietnam, we grow tropical fruits.
- After HUE is sub –tropical condition, we have sub- tropical fruits like plum, peach, persimmon, apricot, litchi, longan, citrus, etc.

Table 2: Area and production of major fruit trees in Vietnam 2004 and 2005
(Source: MARD 2006)

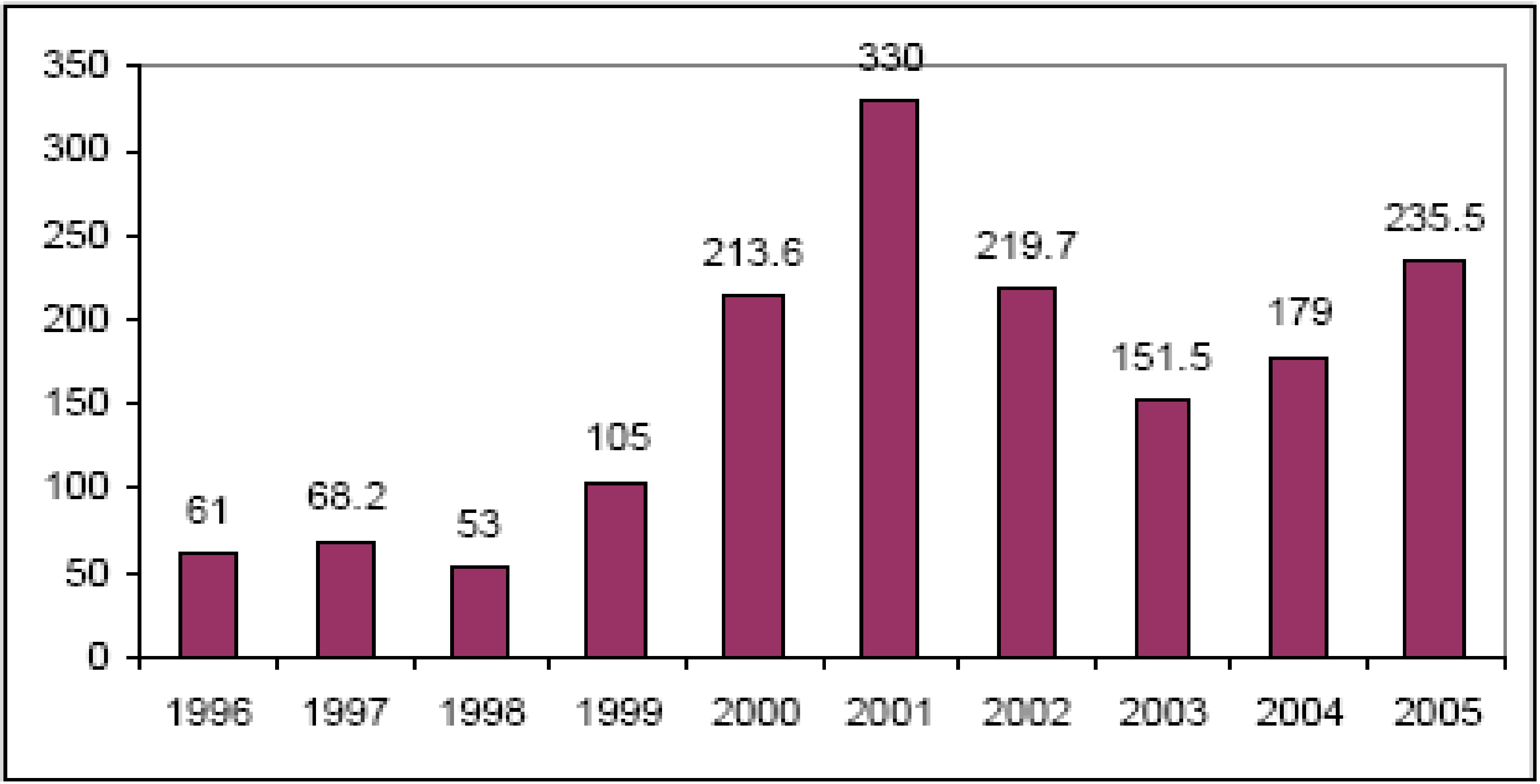
Fruit tree	Area (x1000 ha)		Production (x1000 tonne)	
	2004	2005	2004	2005
Longan *	121.1	120.3	606.4	628.8
Orange, lemon, mandarin	82.7	87.2	540.5	606.4
Pomelo *	28.6	30.4	209.3	242.2
Banana*	102.2	103.4	1,329.4	1,354.3
Lychee, Rambutan*	110.2	113.7	507.5	379.6
Mango	77.5	78.7	337.7	380.9
Pineapple*	44.3	47.4	414.9	472.7
Durian	20.2	25.0	146.0	-
Dragon fruit**	8.5	11.5	133.3	-

Export fruit *** Number one fruit export*

Table 3: Major of Vietnam fruit export markets (VinaFruit-2007)

Export markets	Commodities
Southern China	Fresh dragon fruit, fresh Rambutan, Lychee, Longan, Banana, Water melon, ect…
US	Pineapple (canned)
EU	Pineapple (canned), Lychee (canned, cocktail), fresh dragon fruit
Russia	Canned pineapple
Taiwan	Rambutan, canned pineapple, dragon fruit
Singapore	Dragon fruit

Figure 3. F&V Sector's Export Value 1996-2005



Source: General Customs Office (2006)

Table 4: Vietnam major fruits and vegetables export value (VinaFruit-2005)

Year	Value (1000 USD)	Number of country	China (1000 USD)
2000	196,58	33	120,351
2001	329,900	42	142,801
2002	219,698	42	121,529
2003	182,554	36	67,068**
2004	178,800	39	20,638
2005	235,000	36	35,000
2006	259,082	40	24,60
2010 (plan)	760,000		

** from 2003, there is a sharp reduction export to China, as stronger competitions of fruits from Thailand, Philippines, and Malaysia, etc. However, these figures not include the border trade with China

Table 5: Fruit export markets, Nov. 2006 (Vietnam Business news, 04th Jan. 2007)

SNo.	Commodities	Export Markets
1	Dragon fruit	Thailand, Hong Kong, Taiwan, Netherlands, Singapore, China, France, UK, Germany, Italia, Canada, Malaysia, Switzerland, Indonesia, Norway, Saudi Arabia, Belgium
2	Pineapple canned	Germany, UK, Poland, Belgium, Estonia, Netherlands, South Korea, Italia, Mongolia, Malaysia, US, Norway, Russia, Japan, France, China.
3	Fruit jams	Taiwan, Canada, Hong Kong, Kuwait, Liberia, Malaysia, US, Sweden, Sudan.
4	Longan	South Korea, France, China.
5	Coconut meat	Taiwan, South Korea, Malaysia, China
6	Macadania	Australia
7	Other fruits	Taiwan, Canada, Malaysia, US, Japan, France, Singapore, China

SNo.	Commodities	Export Markets
8	Other fruits	Taiwan, Canada, Malaysia, US, Japan, France, Singapore, China
9	Jackfruit	UK, Malaysia, US, France, Singapore, China
10	Banana	Latvia, Russia, China
11	Rambutan	Canada, Netherlands, China, Cambodia
12	Lychee	Netherlands, France, China
13	Custard-apple	Netherlands, Cambodia
14	Apricot	Taiwan
15	Acerola	Netherlands, Japan
16	Star apple	Taiwan
17	Mangosteen	
18	Sapodilla	Singapore, Brunei
19	Kumquat	

Table 6: Varieties of export values of fruits & vegetables

SNo.	Export Markets	2006	2005
		Value (x1000USD)	Comparison (%)
1	China	24,614	-29.56
2	Japan	27,573	-4.89
3	US	18,401	39.87
4	Russia	22,070	23.81
5	Taiwan	27,157	1.07
6	Thailand	9,040	179.54
7	Hong Kong	10,155	36.68
8	Singapore	7,917	19.59
9	Netherlands	8,939	11.22
10	Italia	4,623	12.62
11	Germany	2,9485	-19.05
12	France	3,953	-35.08
13	Malaysia	4,197	-0.84

SNo.	Export Markets	2006	2005
		Value (x1000USD)	Comparison (%)
14	Canada	3,209	38.68
15	UK	2,580	28,81
16	Australia	4,487	-17.60
17	Cambodia	3,920	87.10
18	Sweden	688	26.60
19	Switzerland	774	49.50
20	Ukraine	2,656	83.59
21	Belgium	1,554	9.65
22	India	2,889	92.32
27	Brazil	1,888	-8.89
28	UAE	1,518	-60.54
29	South Korea	6,764	10.91
30	Indonesia	4,271	-4.74
31	Norway	441	1.27
Total		**259,082**	**29,00**

Table 7: An example on Export markets and values of Vietnam dragon fruit in 2007 (Vietnam Business News, July 2007)

Markets	Feb. 2007 (USD)	Jan. 2007 (USD)	Fluctuation (%)
Taiwan	625,634	703,749	-11,1
Thailand	594,380	808,935	-26,5
China	376,065	323,326	16,3
Hong Kong	278,729	532,795	-47,7
Singapore	213,823	178,910	19,5
Netherlands	177,827	170,674	4,2
UK	134,317	170,287	-21,1
Canada	107,439	91,382	17,6
France	50,340	40,160	25,3
Germany	29,607	25,493	16,1
Malaysia	16,675	25,209	-33,9
Poland	14,490	0	*
Switzerland	10,987	9,363	17,3
Japan	5,493	17,348	-68,3
Indonesia	4,200	13,809	-69,6

Current Scenario of the tropical and subtropical fruit industry in Vietnam

CONTRAINST:

- The drawback is of small land holder and scatter in which farm size is about 0.5- 0.8 ha in Mekong Delta region, and 3 - 5 ha in East-South region

- No / Weak linking to each other among the farmers, hence, the fruit volume and stable quality, price are problems.

- Packaging techniques and storage facilities are behind in comparison with many countries in the region.

- Export volume and value lower than its capability and potential

- Weak linking between traders and producers.

-Our fruits still not well-known in International markets, except dragon fruits

Potentials for development in production and export:

1. Large number of varieties with good to premium quality fruits

2. An increasing in production area and yield are of potential for Vietnam fruit industry

3. The increasing in export value of Vietnam fruit is of potential

4. The export volume of Vietnam fruits and its values are increasing, and are accessing a number of markets in the world.

5 . The Vietnamese in Vietnam and Vietnamese overseas prefer to eat Vietnamese fruits, like mango, pomelo, star apple, durian, etc.

6. The Govt. is considered fruits as one of export potential commodities.

II. Efforts taken to enhance the marketing of tropical and sub-tropical fruits

EFFORTS TAKEN FOR DOMESTIC MARKETS:

Improve quality:

- By implementing EUREPGAP standards for key fruits like: dragon fruit, mango, longan, pomelo, pineapple, lychee, among them , dragon fruits got EUREPGAP Certificate in 2006

-VietGAP is developing, so that Certification is going to do much more convenience than EurepGap.

Improve supply chain:

- GAP Cluster is developing by Vinafruit since 2005, a join efforts among farmers, buyers, scientists and local officers.

-METRO, Supermarket System in many countries, is helping to improve Value chain in Vietnam which start first with vegetable and some fruits pomelo, avocado, mango in the Southern part.

EFFORTS TAKEN FOR INTERNATIONAL MARKETS:

- Implementing steps like for domestic markets, and

- Try to Overcome Plant Quarantine Barriers with US, Japan, Australia, New Zealand. SPS Agreement with US and Japan are in process.

- Efforts in producing Organic fruits started, first on Dragon Fruit

- Vietnam having International Projects with US, Japan, Australia, New Zealand, India, German, ADB, GTZ, FAO, SIPPO,…. to support our Fruit Industry improvement.

III. Supply chain mechanism

- Current Supply Chain is a poor link between the producers and the buyers.

- Most of the farmers sell their fruits through the collectors/ packers (dragon fruit) , the farm gate price is around haft of the local consumers price.

-Now with METRO SUPERMARKETS supports, a new Value Chain are setting up for vegetables, and fruits.

-AusAID , Autralia is supporting a project to improve Supply Chain for Mango and Pomelo

-With these support, the farmers are improving fruit quality, and improving the value chain

Table 3.2. Value Chain of Fresh Dragon Fruit (main season time from April to September)

No	Participants	Price (VND/kg)	Cost (VND/kg)	Percentage in total product value
1	Growers	4500	3644	3.75%
	Fertilizers, plant protection		1563	1.30%
	Labor		375	0.31%
	Irrigation, water pumping system, electric devices, electricity, warehouses, etc		1025	0.85%
	Banking interest		72	0.06%
	Management fee		75	0.06%
	Depreciation		534	0.45%
	Value Added		**856**	**0.71%**
2	Intermediator/Packer	6850	6350	5.71%
	Price buying from farms		4500	3.75%
	Harvesting cost		80	0.07%
	Local transportation cost		100	0.08%
	Washing, calibrating, treatment, labelling, packing, stevedoring		200	0.17%
	PE bags, PP tape, washing resolution		250	0.21%
	Carton box		850	0.71%
	Chill storage (electricity, handling cost)		170	0.14%
	Management fee		50	0.04%
	Banking interest, depreciation, others		150	0.13%
	Value Added		**500**	**0.42%**
3	Exporter	9536	8036	7.95%
	Buying price from intermediator		6850	5.71%
	Transporting from packing house/chill storage to container yard		200	0.17%
	Labeling		302	0.25%
	Handling, stuffing, inspection, customs clearance		154	0.13%
	Management fee		250	0.21%
	Banking interest		280	0.23%
	Value Added		**1500**	**1.25%**
4	International transporters	4611	3000	3.84%
	Value Added		**1611**	**1.34%**
5	Importers and foreign distribution (EU market)	120000	94147	78.46%
	CIF price		14147	11.79%
	Other expenses		80000	66.67%
	Value Added abroad		**25853**	**21.54%**

Source: Team's calculation (2006)

Courtesy by Alain Chevalier, 2007

IV. Constraints in developing the markets for fresh fruit produce

CONSTRAINS ….FOR LOCAL MARKETS:

-Strong competition from China (deciduous fruit), and Thailand (mangosteen and longkong).

-Income of Vietnamese is in the S.E Asian region.

-Good quality Vietnamese fruit are selling very high price in the local market, about 2 times higher than in Thailand, good durian 1,5 US/kg, good mango 3 US/kg (higher than in US).

-Stable quality and supply of local fruits are concerned by the Supermarkets (as a result of no link among farmers)

-Poor packing, hence, high post harvest lost

CONSTRAINS ………FOR EXPORT MARKETS:

- Thailand, Malaysia, Philippines, ect fruit industries have developed markets long before Vietnam (we started from 1990's). Hence, Vietnam fruits facing strong competition from these countries for the same kind of fruits in the International markets.

- Vietnam fruit industry is still at developing stage for quality, safety, and quantity to meet the demand of high value export markets, and to fulfill EurepGAP and BRC standards (post harvest standard).

- Vietnam has not signed SPS Agreement with many countries like Thailand, etc.

- Air transportation cost to Europe is higher than Thailand, etc.

-Export promotion activities by Gov are little as compared with that of Thailand, etc.

-However, we consider fruit is among export potential commodities, plan to have value of 760 M USD for fruit and vegetable export in 2010.

V. How small farmers should react to the rapid changing retailing sector and consumer preferences:

Improve fruit quality and safety:

-To produce Safety and Quality Fruit that meet the VietGAP/ EurepGAP standards

-To improve packing techniques.

Improve supply chain:

- To join hand in production and marketing, by making group for bigger volume, stable quality, and lower price.
- To create link among farmers, and the group farmers should sign contracts with exporters, supermarkets, wholesellers.

Government policies:

-Investment in transportation and storage facilities.

-Trade promotion support

-Reduce in international transportation cost


DRAGON FRUIT
VIETNAMESE RARE FRUIT


TICAY
TICAY


VIET DELTA CORP


VIET DELTA CORP



KEY PLAYERS IN VN EXPORTS

<u>Fresh</u> F+V exporters
The majority are SMEs
See the list of most dynamic exporters on website
http://www.vinafruit.com

<u>Processed</u> F+V exporters
25 SOEs
127 privates enterprises
7 foreign joint ventures
10,000 households

THANK YOU