

VIET NAM
NATIONAL EXPORT ROADMAP

AGRIBUSINESS SECTOR

Acknowledgements and disclaimer

This document was developed under the aegis of Viet Nam's Ministry of Industry and Trade (MoIT) following the leadership of the Planning & Finance Department and the Foreign Trade Agency with the technical assistance of the International Trade Centre (ITC). The purpose of the document is to orient Viet Nam's future trade development. The findings in the document are based on extensive research and the result of several national and sector stakeholder consultations. The document summarizes the trade and competitiveness performance of Viet Nam and contains a detailed plan of action to guide its further development and future upgrading. This document was shared and taken into the Vietnam National Import-Export Strategy period to 2030, its National and Ministerial Action Plans. The document was developed following the process, methodology and technical assistance of the International Trade Centre (ITC) within the framework of its Trade Development Strategy programme.

This National Trade Strategy was developed following the process, methodology and technical assistance of the International Trade Centre (ITC) within the framework of its Trade Development Strategy programme.

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Table of Contents

ACKNOWLEDGEMENTS AND DISCLAIMER	ii
<hr/>	
EXECUTIVE SUMMARY	1
MARKET DIMENSION	4
<hr/>	
OVERVIEW OF THE SECTOR	5
THE GLOBAL AGRIBUSINESS SECTORS	5
OVERVIEW OF AGRICULTURAL PRODUCTION IN VIET NAM	7
CURRENT VALUE CHAIN	14
<hr/>	
SECTOR DIAGNOSTICS	15
<hr/>	
THE WAY FORWARD	23
VISION AND STRATEGIC OBJECTIVES	23
FUTURE VALUE CHAIN	25
<hr/>	
PLAN OF ACTION – VIET NAM AGRIBUSINESS SECTOR	27

List of Figures

Figure 1: Strategic framework of the agribusiness sector	2
Figure 2: Area and output of fruit production in Viet Nam, 2010-2020	9
Figure 3: Map of distribution of fruit growing areas by region	10
Figure 4: Area structure of some main fruits, 2020	10
Figure 5: Vegetable areas and volumes (t) in Viet Nam, 201: 2020	11
Figure 6: Export value of fruits and vegetables from Viet Nam to some main markets, 2010-20	12
Figure 7: Destination of Viet Nam's fruit and vegetable exports in 2020	12
Figure 8: Exports of ornamentals from Viet Nam per destination market 201: 2021 (figures in USD thousands)	13
Figure 9: Value chain for fruits, vegetables and ornamentals exported from Viet Nam to China	14
Figure 9: SME Export Competitiveness Grid	15
Figure 10: Future value chain for agribusiness sector	25

List of Tables

Table 1: Area and production of some fruit trees and perennial industrial plants	8
Table 2: Viet Nam's export value of some main fruits and vegetables in 2020 (figures in 1000 USD)	13

List of Boxes

Key takeaways	7
Box 1: Competitiveness constraints for agribusiness development: Compete	16
Box 2: Competitiveness constraints at the whole economy level: Connect	19
Box 3: Competitiveness constraints at the whole economy level: Change	21



Photo: Links, Cover 2_Photo by Ian Turnell from Pexels.jpg

Executive summary

Viet Nam enjoys a mild climate and excellent quality soils allowing for year-round for agricultural production. Intensive agriculture has great potential, especially production of exotic fruits and vegetables, others. The country is strategically located with respect to large consuming markets such as China, Japan, and Korea, as well as emerging markets of interest for Vietnamese products like Australia and New Zealand. In fact, great strides have already been made for example with coffee and rice, so agricultural export strategies have already been developed. Further, Viet Nam is the only country in the Asia Pacific region that has a free-trade agreement with the EU, this provides a clear competitive edge over other countries in the region. FTAs are also in place with important markets like Japan.

However, like other nations that are keen on expanding their export sectors and building their economy, there are challenges and hurdles that Viet Nam needs to resolve, for example:

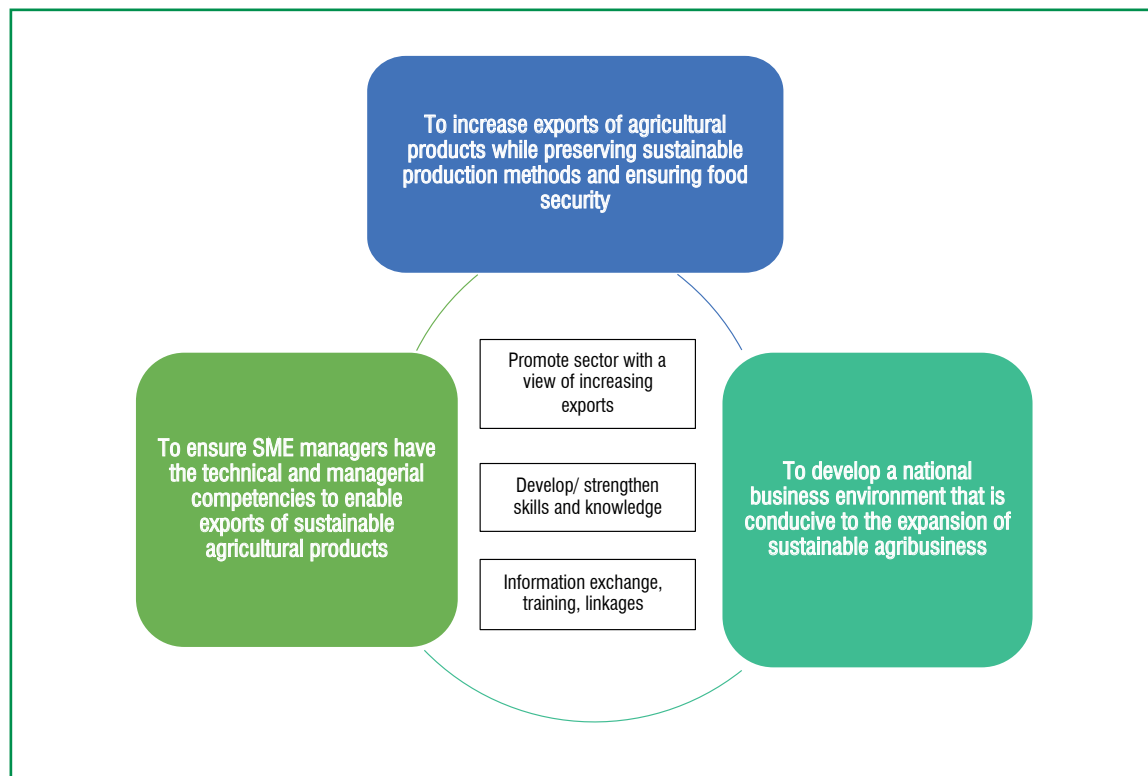
- Export volumes are still relatively low, this particularly impacts cost efficiency.
- Product quality is not always consistent, which affects Viet Nam's image as a reliable supplier and is detrimental to relationships with clients.
- New or emerging market windows or opportunities are not always easily identified.
- Requirements from importing countries, e.g., packaging, food security and avoiding quarantine pests, plus transport, shelf life, spoilage, can be difficult to address and harmonize.
- The value chain is fragmented, and this can cause delays and be detrimental to product quality.
- Branding, certification, and traceability need further development.
- Mitigation and management measures are needed to face climate change

A scheme for promoting of exports from the agribusiness sector has been approved by the Vietnamese Government, with a goal of taking full advantage of international economic integration (for example free trade agreements) by 2030. It focuses on solving technical barriers for effectively meeting quarantine, food safety, traceability, and sustainability standards, which will allow Viet Nam to secure a strong position in international markets. The main institutions involved are the Ministry of Industry and Trade (MOIT), the Ministry of Agriculture and Rural Development (MARD), the Viet Nam Trade Promotion Agency (VieTrade) and various cooperatives and associations relevant to the sector. This provides an excellent basis from which to create strong public/ private schemes to promote and support exports from the agribusiness sector. The Trade Promotion Department at the Ministry of Industry and Trade (MOIT) also conduct activities to promote trade between Viet Nam and emerging markets like Australia and New Zealand including organizing agricultural trade forums, bringing agribusiness delegations to Viet Nam and hosting workshop on regulations for exporting to such markets.

This National Export Strategy for the agribusiness sector is aimed at orienting Viet Nam's trade development, identifying, and addressing constraints, and embracing

trade opportunities for wider export development in a practical manner. The overall goal is to improve the trade performance and international competitiveness in the agribusiness sector, particularly of SMEs, through an enhanced framework for production and trade around sustainability.

Figure 1: Strategic framework of the agribusiness sector



Source: ITC and stakeholders' consultations

As shown in Figure 1, three strategic objectives are proposed to achieve this overall goal as follows:

1. TO PROMOTE INCREASE EXPORTS IN THE AGRICULTURAL PRODUCTS WHILE PRESERVING SUSTAINABLE PRODUCTION METHODS AND ENSURING FOOD SECURITY.

Agribusiness is an increasingly important export business for developing countries like Viet Nam, where geographical location, climate and availability of hand labour allow for competitive, often year-round production. Commercial aviation and sea transport offer efficient and economically feasible shipping options, sometimes also ground transportation according to consumer market location. Hundreds of perishable products can reach distant markets accessing specific market windows or introducing exotic products and processing and freezing highly perishable products expand marketing possibilities.

Modern lifestyles encouraging consumption of healthy, plant-based foods and are driving expansion in this sector. In addition, agribusinesses provide significant and varied opportunities for economic diversification, youth employment and women empowerment.

2. TO ENSURE SME MANAGERS HAVE THE TECHNICAL AND MANAGERIAL COMPETENCIES TO ENABLE EXPORTS OF SUSTAINABLE AGRICULTURAL PRODUCTS

Requirements from importing markets can be strict and wide. SMEs need not only to be able to achieve compliance but to ensure they do this through an informed, cost-efficient process. This effort needs to be developed within a sustainable framework which brings benefits to both external trade opportunities and local management of the environment.

Implementing and maintaining sustainable agriculture production and management practices requires training and competencies which become the basis of successfully obtaining certification. Inspection, information, and training are required, and record keeping is essential.

3. TO DEVELOP A NATIONAL BUSINESS ENVIRONMENT THAT IS CONDUCIVE TO THE EXPANSION OF SUSTAINABLE AGRIBUSINESS.

This aims to incentivize and support the adoption of sustainable schemes, policy and/or regulatory frameworks and measures are necessary. These measures can be market driven but must also be strengthened through government measures including regulatory revisions, delivering technical workshops to relevant public institutions, technical advisory/output to conduct policy impact assessments, collating quantitative baseline.

Policymakers thus need to clearly understand the impacts of climate change on the agribusiness sector, feasible and available corrective/ mitigation measures, and nature-based solutions (NBS) available for the circumstances of Viet Nam. To support collaboration with international development organizations currently active in Viet Nam such as the Bioversity Alliance, with which cross-cutting goals and issues identified. Coaching on sustainable production practices, promoting conservation and use of local varieties for crop development are some examples.

Through extensive consultations with public and private sector stakeholders, we aim to provide an analysis of constraints that pose challenges to Viet Nam and a concrete plan of action to overcome them. The SMECs Assessment prepared by ITC¹ for Viet Nam was also considered. This report offers a detailed statistical analysis on most parameters considered here and is an excellent complement to this evaluation.

The plan of action is composed of a series of activities to be implemented during the next five years and provide guidance for the implementation of the strategy. The country's ability to align the efforts of the various institutions – public, private, and civil society – with the priorities identified will be instrumental to the success of the strategy.

The strategy further aims to support the wider economy and the three overarching strategic objectives of the national export strategy by strengthening the business environment for producers and exporters in the following cross-sector functional strategies:

1.– ITC 2022. International Trade Centre. SMECS Viet Nam.

- **Skills development:** Identifying where skills are lacking and how best to improve them. For example, technical knowledge (production practices, cultivar selection, pest and disease control, post-harvest management). Adoption and implementation of sustainable production practices, and others. For this we need to learn more about what already exists.
- **Trade facilitation and logistics:** Grading, processing, packaging, storage, shipping options (air, sea, ground), technical/ quality requirements, bilateral agreements with importing markets.
- **Innovation:** Looking beyond existing products and presentations and promoting the active use of innovation to achieve value addition and diversification of export basket activities. For example, processed or frozen fruit instead of fresh fruit; mixed product boxes of single product boxes; special packaging according to market or specific season/ occasion. Whether sustainable, environment friendly production can be used as a market edge, or to access demanding markets. In addition, promoting conservation and use of local products and varieties and exploring the potential and value of geographical indications for exotic fruit (e.g., longan fruit, jack fruit, dragon fruit) or certain flowers and plants, particularly orchids of which there is a large variety in Viet Nam. The required framework is already in place in Viet Nam and there is experience with agricultural products such as tea, coffee, cinnamon, and oranges.²
- **Access to finance:** establishment of an export-import bank and export credit insurance schemas for SMEs to have access to lower cost of finance and to encourage enterprises to export more. This is also very important as far as promotion is concerned.

Market dimension

A snapshot of global trade in “agribusiness” products has been developed, with a view of identifying important markets that offer untapped potential for expansion of export opportunities or developing new ones. A general analysis shows that fruits, vegetables, and ornamentals from Viet Nam have increased presence in Asian markets such as China, Japan, and the Republic of Korea over the last decade. Capability to reach more distant markets such as Australia and New Zealand, and even farther destinations like the United States are also apparent.

Coordinated efforts to expand market access can be developed by developing strong, coordinated linkages between the public and private sectors. For example, the Viet Nam Trade Promotion Office (Vietrade) has trade offices in various current and potential market countries and have capabilities to report on what is in demand in those countries. They can also help promote existing and new products from Viet Nam. This provides a very valuable opportunity for producers to be informed of the demand and for producers to inform Vietrade on the supply. It is also essential information to match product offer to high consumption seasons, specific market windows and particular market niches.

2.– UNESCAP, Geographical Indications and Sustainable Rural Development in Viet Nam. <https://www.unescap.org/sites/default/files/Geographical%20Indications%20and%20Sustainable%20Rural%20Development%20in%20Vietnam.pdf>

Overview of the sector

The global agribusiness sectors

“Agri-tech” or “agribusiness” comprises a large productive sector focusing on intensive agriculture systems aimed at producing high-cash or value-added crops for specialty markets; they are often exported. As such, they typically include fresh fruits and vegetables, ornamental plants, cut flowers or foliage, herbs and spices. Production systems often rely on some level of environment control (e.g., greenhouses, irrigation systems, controlled fertilization schemes) aimed at achieving high yields and quality.

Over the past few decades, these types of products have become an increasingly important export business for developing countries where geographical location, climate and availability of hand labour allow for competitive, often year-round production. Commercial aviation and sea transport offer efficient and economically feasible shipping options, sometimes also ground transportation according to consumer market location. These shipping options make it possible for hundreds of perishable products to reach distant markets at times of the year when such products are not available locally, thus creating access to specific market windows or introducing products which cannot be grown at the destination market and can thus be marketed as exotic. Processing and freezing highly perishable products expand marketing possibilities.

Modern lifestyles encouraging consumption of plant-based foods and increasing popularity of ornamentals are driving expansion in this sector. As a result, agri-businesses provide significant and varied opportunities for economic diversification, youth employment and women empowerment in developing countries, where agriculture is generally already a tradition.

GLOBAL TRENDS

Trade of horticulture products around the world accounts for around 235 billion US dollars per year.

The sector can be divided as follows:

Fruits: Trade in this was valued at \$115 billion USD in 2021³ and includes fresh fruit, as well as frozen, dried, or otherwise processed fruit. The main products traded are strawberries and other berries, citrus fruit (oranges, lemons, limes, grapefruit), bananas, pineapples, grapes, apples and stone fruit. Products showing significant trade increase in recent years are berries (particularly blackberries, raspberries), avocados, some tropical fruits (e.g., golden gooseberries, logan fruit, mangosteen, guavas, pitahayas, starfruit, mangoes). An additional \$28 billion is traded in nuts including coconuts, Brazil nuts, cashew nuts, macadamia nuts and others.

Vegetables: Trade was valued at \$82 billion USD in 2021⁴ and includes fresh, prepared, frozen and dried products. The main products traded are tomatoes, onions, potatoes, and legumes, which in turn comprise a wide array of varieties and product types. A segment on the rise is that of “specialty vegetables” including baby zucchini, kale, sprouts and others, increasingly sought by customers pursuing healthy diets and vegan/vegetarian diets.

Ornamentals: These accounted for about \$28 billion USD in trade in 2021⁵. They include cut flowers, mainly roses, carnations and chrysanthemums, and many others, plus cut foliage used as a complement to flower arrangements. In addition, live plants such as flowering or foliage pot plants and ornamental trees. The latter however are restricted in many markets, which ban any growing media attached to roots. Noticeable trends in this sector are diversification (more than 100 flower and foliage types are marketed at present) and increasing trade or customer-ready bouquets (cut flower bouquets exported from the country of origin already assembled and ready for the end consumer, offered at mass markets such as supermarket chains). Customers are on the lookout for unusual plants and flowers, that can make unique arrangements and decorations.

3.– ITC trade statistics www.trademap.org

4.– ITC trade statistics www.trademap.org

5.– ITC trade statistics www.trademap.org

Other **miscellaneous** but nevertheless important products are culinary herbs, medicinal and aromatic herbs, and spices. There is increased interest amongst consumers for natural medicinal products, cooking with herbs and unusual or exotic spices. Ethnic cooking is also growing in many developed countries.

Exporters are mainly developing countries enjoying good geographical location with respect to importing markets, ideal climate for production, and good availability hand labour. However, various developed countries are also key players in this trade sector. As an example, Mexico, Brazil, South Africa, China, Thailand, Kenya, Spain, Morocco, USA, the Netherlands are big exporters of fruits and vegetables; Colombia, Ecuador, Kenya, Ethiopia, Thailand, and the Netherlands are key flower exporters.

Importers are mainly in North America and Europe, but Asian markets such as Japan, Korea and China have developed rapidly. Re-exports also occur, i.e., a country can be a distribution hub from where products are re-exported.

Successfully producing and exporting high-cash or value-added products entails more than a strategic geographical location and an adequate climate. Production capabilities – selection of most suited varieties, technical know-how, plant nutrition, pest, and disease management – and technical assistance are essential. Sufficient and economically feasible access to inputs (plants/seeds, agrochemicals, greenhouse supplies), plus ensuring that products get to consumers, in time, during specific market windows (good market access) are also critical. Sufficient installed capacity, infrastructure, and trading volumes will influence the success of trade as will transport options and logistics, including a cold chain to extend the shelf life of perishable products (or keep products frozen).

Additional factors to consider are free trade agreements (e.g., EVFTA⁶, UKVFTA⁷, RCEP⁸) that ensure tariff-free access to key markets; identifying market windows or best seasonality for trading specific products; branding to differentiate products and make them stand out, or become identified by their origin; and, very importantly, certification. E-commerce is becoming increasingly important in driving trade quickly and efficiently. In addition, quality standards, appropriate packaging and

compliance with food security and phytosanitary requirements from importing countries (SPS) will also impact the success of international trade.

Agribusiness can contribute significantly to sustainable development in Viet Nam; strong focus can be given to youth and women. Agriculture is a basic activity in many developing countries and is often a subsistence activity. In Viet Nam, almost 40% of the total land area is dedicated to agriculture; production is in the hands of large numbers of smallholders (average extension is 0.4 Ha) distributed throughout the country, however the sector generates only 18% of the GDP⁹. Rice is the main crop followed by coffee but there is a trend for increasing production of fruits and vegetables as well as industrial crops¹⁰. Exploring opportunities to develop more technically competent production options framed within sustainable production practices can provide opportunities to generate income and improving the livelihood of women and young people in Viet Nam.

Agribusiness can be geared towards export (particularly to China, Japan, Korea, and other Asiatic countries) but local consumption should also be considered. ITC data shows that Viet Nam imported about \$537 million USD worth of fruits, vegetables, and ornamentals in 2021, mostly from China, Cambodia, and Myanmar¹¹. Demand for fresh fruits, vegetables, herbs, and flowers in Viet Nam is increasing, and there is potential, albeit with some challenges, for even smallholder farmers to produce profitably; boosting local production is a good option, which does not interfere with potential exports.¹²

LOCAL PERSPECTIVE

Viet Nam has a strong tradition in agriculture production and there is strong interest for more efficient, technically developed production systems. Agriculture is an important economic sector for Viet Nam and producers are seeking to increase competitiveness including implementing e-commerce. Over the last decade, fruit and vegetable exports have increased by an impressive average of 21.7% per year, particularly to China, Thailand, and Korea, also the USA.¹³

The Government of Viet Nam is supportive of agribusiness development. The Vietnamese Government has issued a scheme for promoting agriculture, forestry, and fisheries, with a goal of increasing exports. The scheme

6.– Free-trade Agreement between Viet Nam and the EU

7.– Free-trade Agreement between the Viet Nam and the UK

8.– Regional Comprehensive Economic Partnership Agreement

9.– FAO, 2018. Small family farms factsheet, Viet Nam.

10.– IPSARD, 2022. Institute for Policy and Strategy for Agriculture and Rural Development.

11.– ITC trade statistics www.trademap.org

12.– IPSARD, 2022

13.– IPSARD, 2022

considers meeting regulations of import markets, simplifying export procedures and in general and supporting the development of value chains in the sector (including through a state budget), to encourage investment and develop job opportunities and growth.¹⁴ The Ministry of Trade is actively identifying and pursuing opportunities to develop, promote and strengthen this sector.

Agribusiness in Viet Nam has advantages for export. In addition to good climate, hand labour availability, proximity and to competitive, Viet Nam currently enjoys free trade access to Asian markets like Japan and is the only Asian country with a FTA with Europe, a key importing partner with large potential for growth. Geographic

location allows for year-round production of (exotic) tropical and sub-tropical fruits and vegetables which are attractive for importers. Viet Nam's exports of fruits and vegetables have increased steadily over the past years.

There are challenges to overcome before exports can become established. Export values are still low, and quality is not consistent; requirements from importing countries, for example related to packaging, transport, shelf life, spoilage, food security and quarantine pests are often difficult to meet; branding and certification need much further development. In addition, mitigation and management measures need to be developed and adopted to face problems arising from climate change.

Key takeaways

- Agribusiness is a promising sector for export development. There are clear advantages including climate, labour availability and geographical location, plus interested/engaged enterprises, and free trade agreements.
- The Government of Viet Nam is supportive of development in the agribusiness sector.
- Production for local consumption is also an option worth considering, which does not exclude potential exports.
- Various challenges for the development of exports have been identified and ways to overcome them need to be proposed.

Overview of agricultural production in Viet Nam

Viet Nam has approximately 28 million ha of agricultural land, accounting for 84.5% of its total territory¹⁵. Agriculture is an important economic sector of the country and includes three main sub-sectors: agriculture (cultivation and livestock), forestry and fishery. Gross domestic product (GDP) of agriculture, forestry, and fishery (AFF) in 2021 reached 1.4 million billion VND, accounting for 12.36% of the national GDP. The AFF sector grew 2.9 %, contributing 13.97% to the growth rate of the added value of the whole economy, of which, GDP of agriculture (cultivation and livestock) reached 763.98 trillion VND, accounting for 73.6%; forestry reached 46.01 trillion VND, accounting for 4.4%; the fisheries reached 228.12 trillion VND, accounting for 22% of the total GDP of the AFF sector.

Over the past decade, a shift from low-efficient crops to high-efficient crops has occurred: production of cereals decreased from 47.5% of total crop production

in 2013 to 40.9% in 2019; annual industrial crops went down from 5.1% to 3.6% in that same period; in contrast, vegetables increased from 12.1% to 13.0%, fruits from 11.1% to 13.9% and perennial industrial plants from 17.4% to 18.9%.

Rice is still the main cultivation crop and accounts for the highest proportion of the cultivation area, with 7.24 million ha in 2021, and an estimated yield of 60.6 quintals/ha; the paddy output was around 43.88 million tons. However, the per capita output of other agricultural products (fruits, vegetables, meat, eggs, milk) tends to increase over the years¹⁶, signalling a better situation of Viet Nam's food availability and diversity. Some crops with great export value such as fruit trees and perennial industrial plants are emerging as shown by cropping areas and production output in Table 1.

14.– The Socialist Republic of Viet Nam, 2022. Decision: Approving the scheme on promoting agricultural-forestry-fishery exports till 2030.

15.– The inventory results on land area of the whole country in 2019 at Decision No. 1435/QĐ-BTNMT dated July 22, 2021.

16.– In the period 2008-2020, fruit production per capita increased from 73.5 to 85.5 kg/person/year; vegetable production increased from 135.3 to 186.5 kg/person/year; meat production increased from 41.9 to 56.6 kg/person/year; egg production increased from 58.5 to 154.6 eggs/person/year; milk production increased from 3.1 to 10.8 kg/person/year



Links, (CC BY-NC-ND 2.0) Steve Dowall, Ayeyarwady Field Trip to MSN project 076.jpg

Table 1: Area and production of some fruit trees and perennial industrial plants

Crop	Area in 2021 (1000 ha)	Output in 2021 (1000 tons)
Fruit trees		
Mango	114.5	940.2
Dragon fruit	71.3	1388.7
Grapefruit	110.0	992.0
Lychee	52.6	373.8
Durian	72.0	664.0
Pineapple	49.5	733.1
Industrial plants		
Coffee	694.0	1824.0
Rubber	925.0	1257.0
Tea	121.5	1085.0
Pepper	130.0	282.0
Cashew	305.0	367.2

Source: MARD (2022)

The AFF export value reached 48.6 billion USD in 2021, up by 14.9% as compared to 2020; of which main cultivation products were 21.49 billion USD, up 13.5%; main forest products reached 15.96 billion USD, up 20.7%; fishery was 8.89 billion USD, up 5.6%; livestock reached 434 million USD, up 2.1%. AFF exports ranked 2nd in Southeast Asia and 15th in the world, with many agricultural products achieving leading global export values such as pepper, cashew nuts and catfish. The competitiveness and position of agriculture has been improving continuously, and many exported agricultural products

have gradually been able to meet the high-quality requirements, especially of demanding markets.

In 2021, Viet Nam reported 10 commodities with export value of over 1.0 billion USD: coffee, rubber, rice, vegetables and fruits, cashews, cassava and its derived products, shrimp, catfish, wood and wooden products, animal feed and materials. Six of these exceeded 3 billion USD – wood and wooden products with 14.81 billion USD; shrimp 3.85 billion USD; vegetables and fruits 3.52 billion USD; cashew nut 3.66 billion USD; rice 3.27 billion USD; rubber 3.31 billion USD. The trade

surplus reached 6.44 billion USD, down 40.8% compared to 2020.¹⁷

Viet Nam's AFF exports to Asian markets increased by 13.4% in 2021, reaching 21.11 billion USD; reported increases were 7.8% to USA, reaching 14.2 billion USD; 13.9% to Europe, reaching 5.54 billion USD; 23.6% decrease to Africa worth 969 million USD; 8.6% increase to Oceania, reaching 783 million USD. Market share of Asia, America, Europe, Oceania, and Africa in the total export value of Viet Nam's AFF products in 2021 was respectively 43.3%; 29.2%; 11.4%; 2%; and 1.6%.

In 2021, the US, China and Japan are the three largest export markets of Viet Nam's AFF products. Export value to the US market accounted for 30.88%; while China 22.14%, and Japan 7.83%.

DOMESTIC MARKET

In recent years, the domestic market for agricultural products has developed rapidly, with many modern agricultural product supply chains emerging. The retail market reached 142 billion USD, contributing about 59% of the country's GDP. E-commerce has significantly influenced

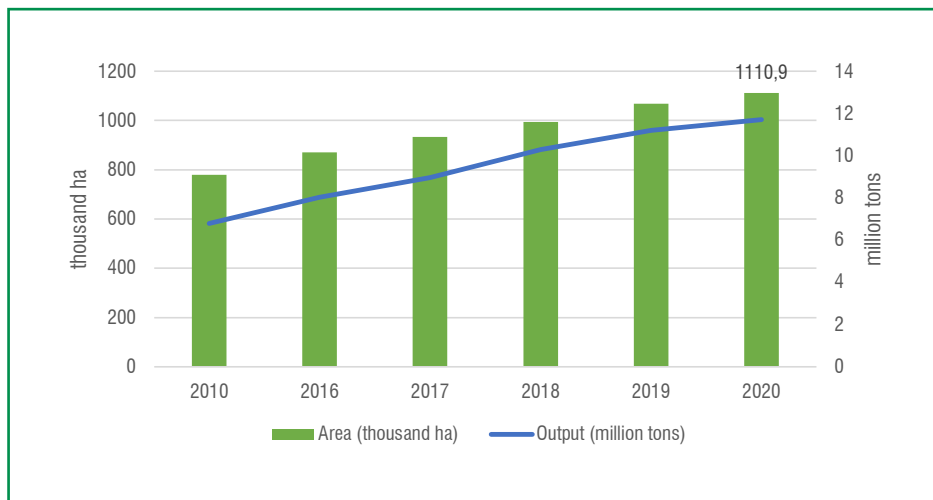
domestic consumers' behaviour with e-sales increasing from 2.9% in 2015 to 4.4% in 2018 and a growth rate of more than 24%/year thanks to the development of internet and mobile phones. Many AFF products have joined the e-commerce supply chains through online platforms.

FRUIT AND VEGETABLE PRODUCTION IN VIET NAM

The area dedicated to fruit trees has increased in recent years (Figure 2). The Department of Crop Production reported 1.11 million ha in 2020 with an output of about 11.7 million tons, up 4.1% in area and 4.5% in output compared to 2019.

As illustrated in Figure 3, in 2020, the Mekong River Delta (MRD) was the largest major fruit production area in the country, accounting for 32.1% of the total area of fruit in the country, followed by the Northern Midlands and Mountain areas accounting for 24.2%, the South East region accounting for 11.4%; the Central Highlands for 8.7%; Red River Delta (RRD) accounts for 8.5%; the Central Coastal area accounts for 8.3%, and the lowest is the Northern Central area with 6.7%.

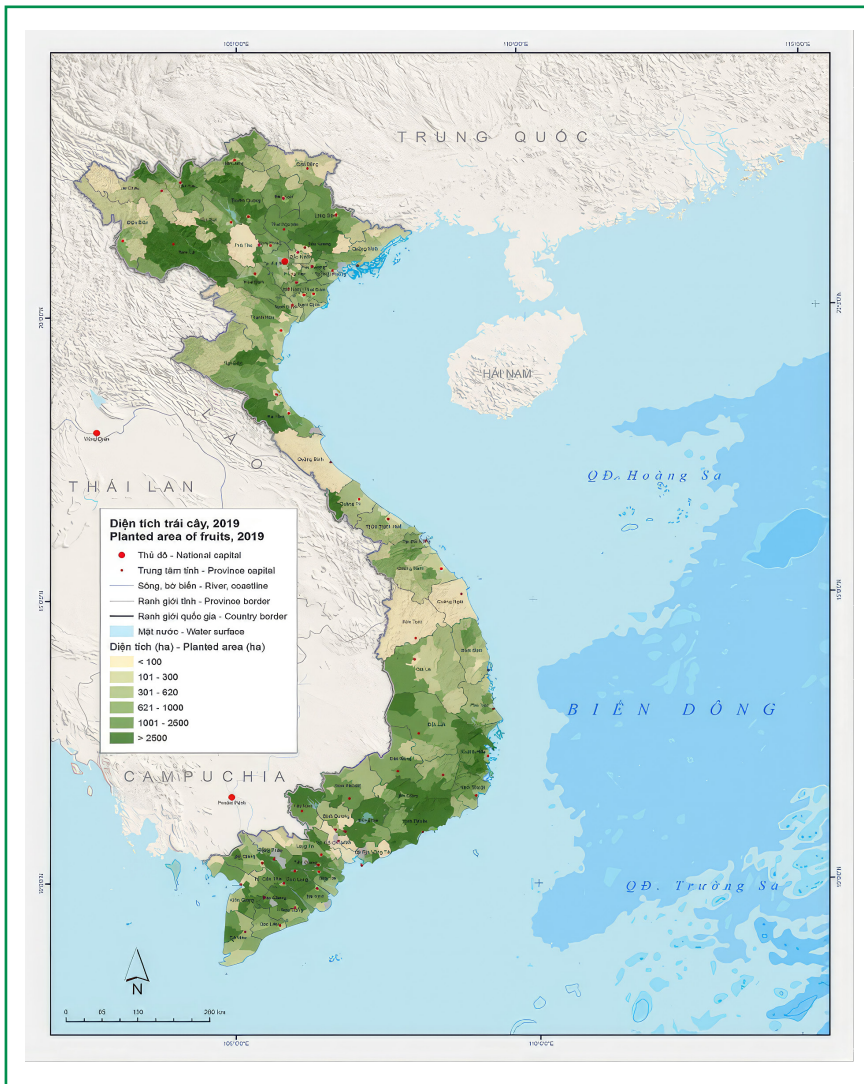
Figure 2: Area and output of fruit production in Viet Nam, 2010-2020



Source: General Statistics Office, 2020

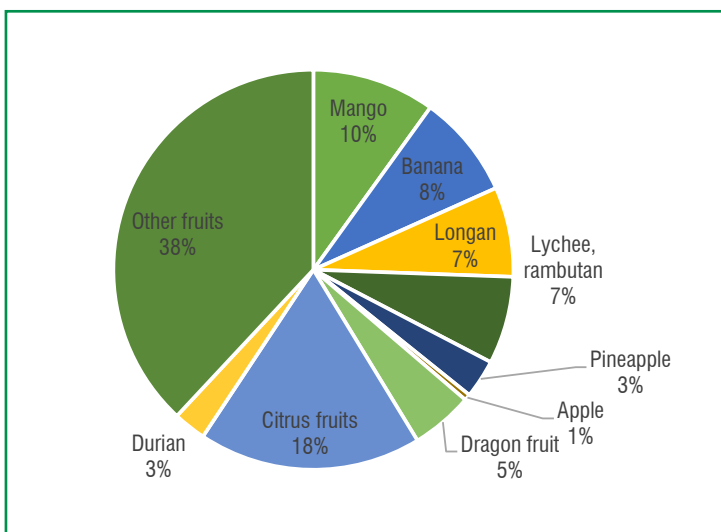
17.- Trade surplus: In 2015, it reached 8.17 billion USD; in 2016, reached 8.84 billion USD, up 8.2%; in 2017, reached 9.96 billion USD, up 12.66%; in 2018, reached 8.46 billion USD, down 15.06%; in 2019, reached 9.27 billion USD, up 9.57%; in 2020, reached 10.89 billion USD, up 17.4%.

Figure 3: Map of distribution of fruit growing areas by region



Source: IPSARD, 2020 (data from GSO)

Figure 4: Area structure of some main fruits, 2020



Source: Ministry of Agriculture and Rural Development, 2021

The fruit planting season in Viet Nam is very diverse in both time schedule and location. Although many fruits can be harvested year-round e.g., banana, pineapple, oranges, many others produce seasonally, for example, lychee is harvested most in the Northern provinces from June to July or longan from July to September.

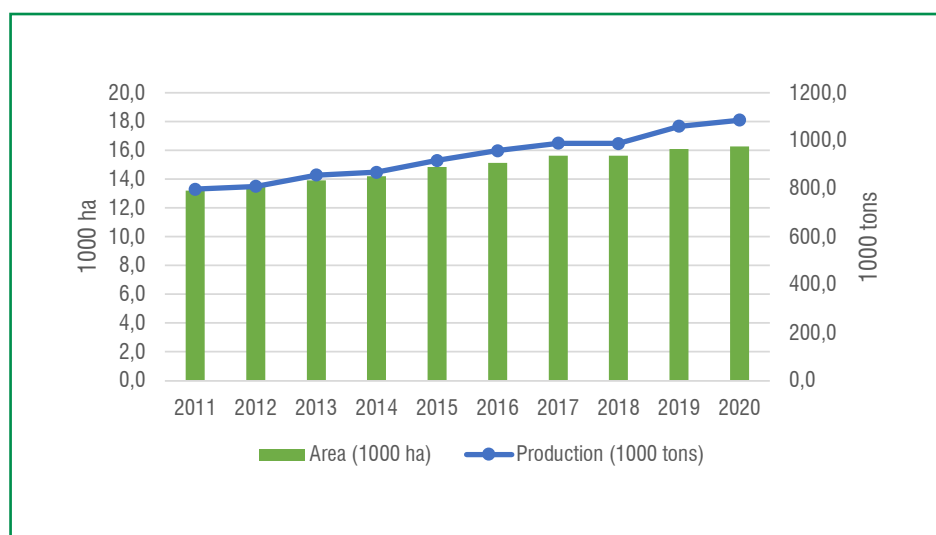
VIET NAM'S FRUIT, VEGETABLE, AND ORNAMENTAL EXPORTS

In Viet Nam, the area devoted to production of fruits and vegetables has increased consistently over the past decade. According to the Ministry of Agriculture and Rural Development, production occurs throughout the country

and in 2020 reached 975,700 ha, with a total output of 18.09 million tons.

Vegetable production is very diverse, comprising both tropical and temperate vegetables, such as leafy vegetables (cabbage, water spinach...), cabbage, cauliflower, potatoes, carrots, lettuce, tomatoes, bell pepper, squash, artichoke. A strong interest for high-tech production is evident: Results of the 2020 AGROCENSUS survey show that in 2020, there was 38.40 thousand ha of vegetables produced in greenhouses/net-houses, concentrated in Lam Dong with 18.59 thousand ha; Binh Phuoc 5.53 thousand ha; Long An 2.85 thousand ha; Ba Ria – Vung Tau 2.01 thousand ha (Figure 5).

Figure 5: Vegetable areas and volumes (t) in Viet Nam, 201: 2020



Source: GSO

Although there is vegetable production in all provinces, MRD and RRD concentrate, respectively, 28.56% and 20.92% of the production. The Northern Central and Central Coastal areas come next with 17.63%. Production is lower in the Central Highlands and the Southeast with 11.39% and 6.58% of production areas.

The total value of Viet Nam's fruit and vegetable exports increased significantly by an average of 21.7%/year during the period 2010-2020: from 460.3 million USD in 2010 to 3.3 billion USD in 2020 (Figure 6). China is a high-growth market with an average growth rate of 37.7% in the period 2010-2020, from 74.9 million USD and 16.3% of Viet Nam's fruit and vegetable export market share in 2010 to 1.8 billion USD in 2020 which increased that share to 56.3%. A record growth occurred during the period between 2015 and 2017 when Market share peaked at 75.7%. Other markets

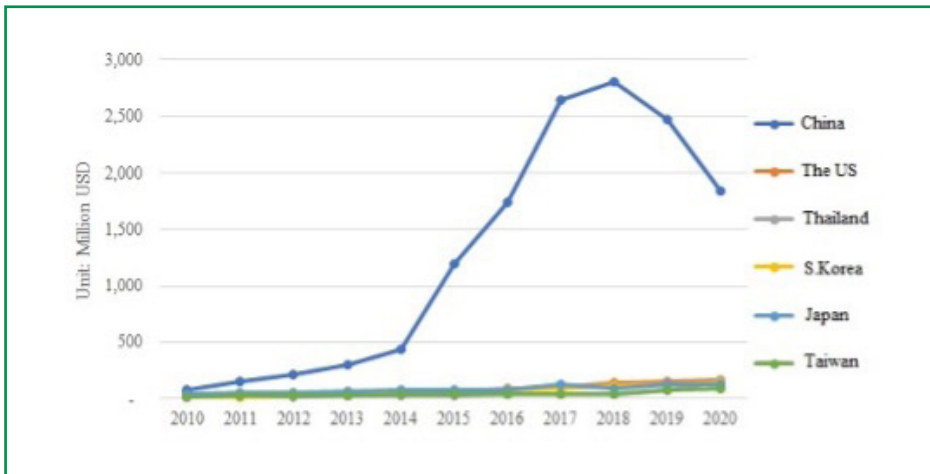
also showed high growth rates e.g., Thailand with an average increase of 30.4%/year (from 11.1 million USD in 2010 to 157.2 million USD in 2020), Korea increasing by 28.7%/year (from 11.5 million USD in 2010 to 143

million USD in 2020) and the US increasing by 20.6%/year (from 8.4 million USD in 2010 to 168.8 million USD in 2020).

In 2020, Viet Nam's fruit and vegetable export value reached 3.3 billion USD, led by the Chinese market with 2.8 billion USD, followed by the US with 168.8 million USD, Thailand with 157.2 million USD, Korea 143 million USD, Japan reached 127.7 million USD and Taiwan reached 94.5 million USD (Figure 7). Australia

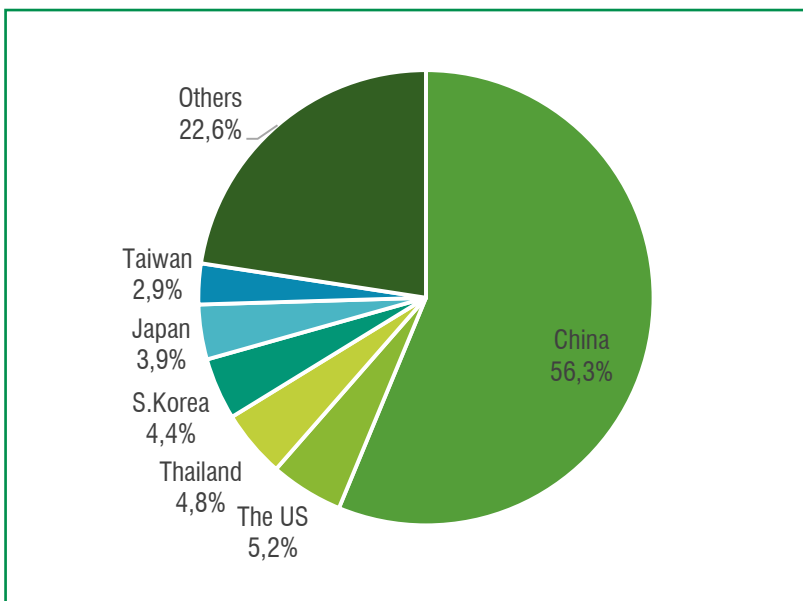
and New Zealand are emerging markets with reported exports \$75 million USD and \$7.5 Million USD in 2021 respectively.

Figure 6: Export value of fruits and vegetables from Viet Nam to some main markets, 2010-20



Source: General Department of Customs, 2020

Figure 7: Destination of Viet Nam’s fruit and vegetable exports in 2020



Source: General Department of Customs

Ornamentals

Vietnamese exports of ornamental products are still small but have increased steadily and significantly over the past decade from about \$37.5 million USD in 2012 to \$94 million in 2021.

As shown in Figure 8, Japan absorbs over half of these exports, which mainly comprise cut chrysanthemums, orchids, and other cut flowers as well as propagation materials (cuttings, slips) and live plants. Smaller but nevertheless important markets are Korea, the

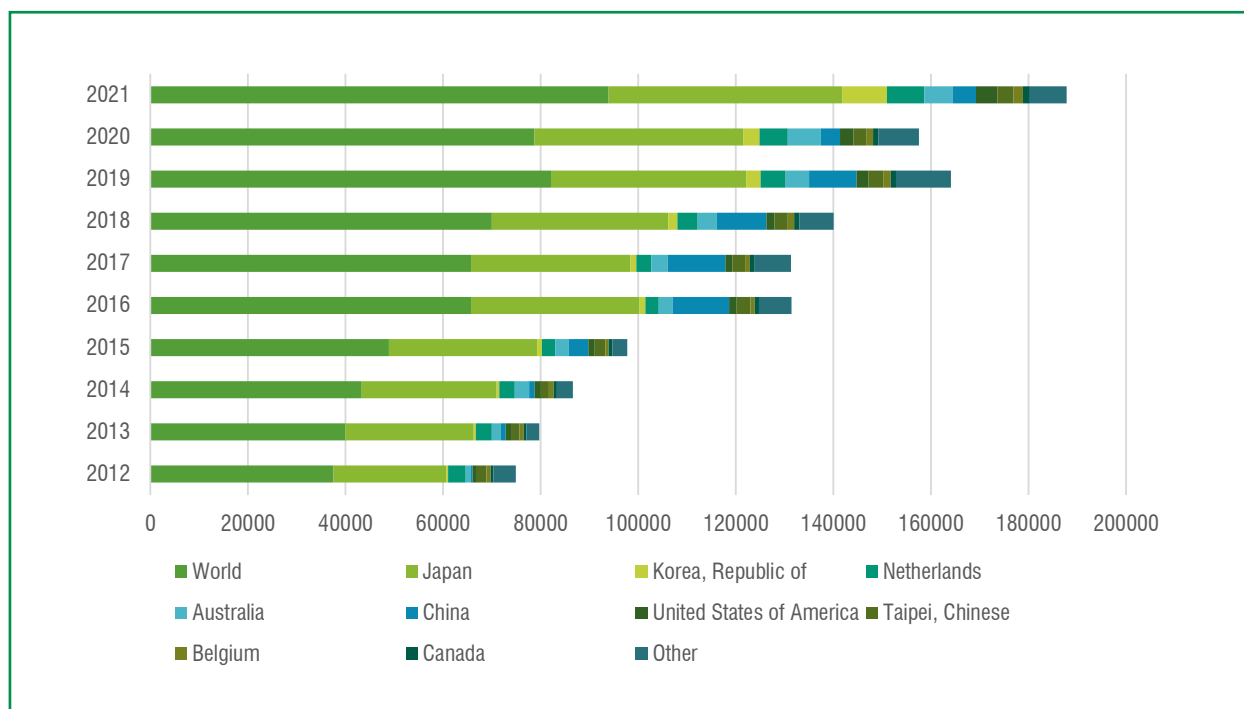
Netherlands, Australia, and the United States. Exports to China, which had diminished in the five past years have started picking up again. The category “other” is composed by more than 40 countries and has grown since 2019, indicating a trend towards market –and possibly product– diversification.

Table 2: Viet Nam’s export value of some main fruits and vegetables in 2020 (figures in 1000 USD)

Types	Export to the world	Export to China	% exports to China
Total export value	3,269,261	1,839,855	56.3%
Export value of fruits	2,820,177	1,766,777	62.6%
Dragon fruit	1,139,560	1,042,003	91.4%
Longan	32,235	22,415	69.5%
Jackfruit	162,093	149,909	92.5%
Rambutan	9,608	3,716	38.7%
Banana	169,794	139,277	82.0%
Watermelon	40,021	34,363	85.9%
Mangosteen	2,960	2,231	75.4%
Lychee	37,924	31,149	82.1%
Mango	264,163	180,166	68.2%
Others	961,818	161,547	16.8%
Export value of vegetables	449,085	73,078	16.3%
Tomato	2,164	13	0.6%
Cucumber	23,399	1,787	7.6%
Ginger	13,618	54	0.4%
Onions, of all kinds	8,392	8	0.1%
Sweet potato	73,373	19,208	26.2%
Mushrooms, of all kinds	22,423	2,982	13.3%
Chili	96,797	40,689	42.0%
Garlic	18,249	3	0.0%
Others	188,893	8,335	4.4%

Source: General Department of Customs, 2020

Figure 8: Exports of ornamentals from Viet Nam per destination market 201: 2021 (figures in USD thousands)



Source: ITC Data Centre www.trademap.org

Current value chain

In general, it was found that value chains in the agribusiness sector are fragmented, involving a variety of stakeholders, which are sometimes not sufficiently coordinated or linked. This often leads to duplicating efforts, loss of quality, failure to deliver on time and difficulties in complying with requirements. Overall, this translates into inefficient results and even missed opportunities.

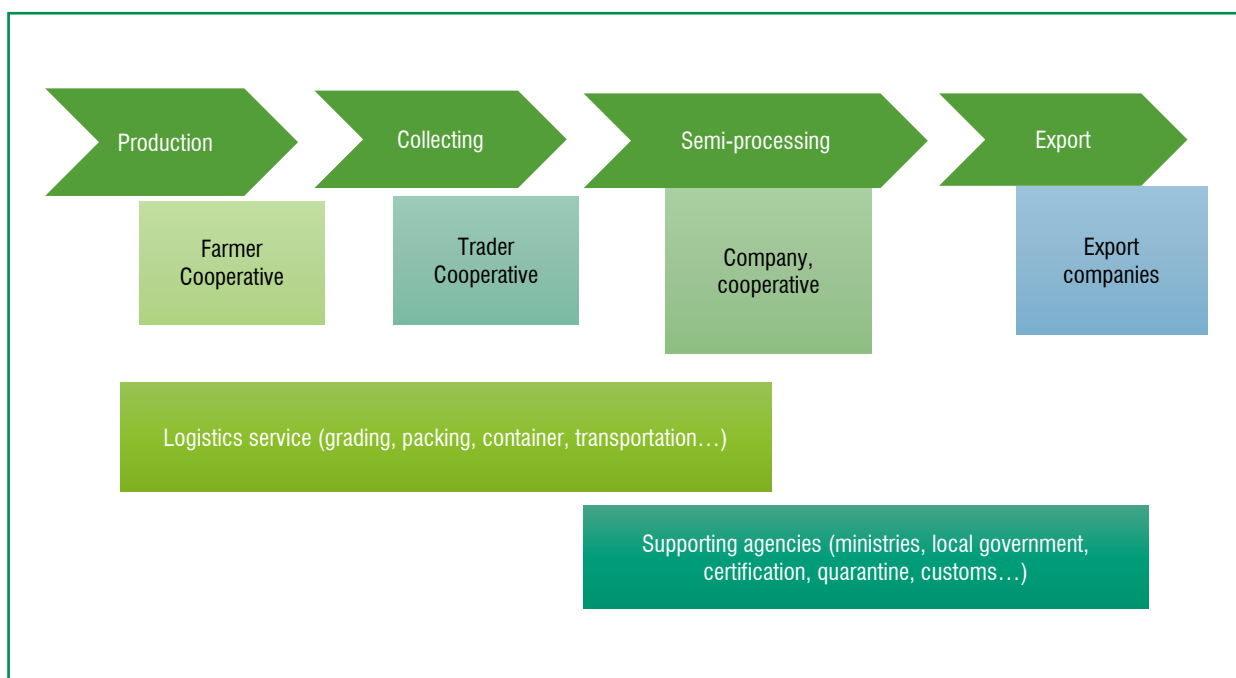
Fruit and vegetable export chains will vary with the importing markets due to a variety of factors including proximity, seasonality of products, market access requirements – for example MRL (minimum residue levels), absence of pests or diseases and free-trade status. Whether a product is fresh or processed is also important.

In the case of China for example –which is very relevant since China is the main export market for fruits and vegetables– export is mainly conducted through border gates in Lao Cai and Lang Son province. The value chain is very diverse with many stakeholders involved, including producers, harvesters or collectors, processors, and shippers, before actual marketing takes place (Figure 9). In general, fruits and vegetables are collected by domestic traders/cooperatives (but also Chinese traders) at farmgate; at this point produce has already been selected, graded, semi-processed and pre-cooled,

frozen, or otherwise preserved and requires warehouses/packing facilities to be available at or near the production area. Then produce is transported to border provinces for exporting to China via official channels (accounting for 10%), however unofficial cross-border channels are also in place (accounting for 90%).

In the case of ornamentals, where perishable cut flowers, propagation and live plants are concerned, the value chain involves importers, shippers, wholesalers, mass marketers (e.g., supermarket chains) and retailers. Traditionally, importers sourced cut flowers at origin, shipped them and sold them to wholesalers in the destination market, who in turn offered them to florist shops, florist chains, supermarkets and retailers. Although this kind of value chain still accounts for a substantial portion of trade, recently growers/ exporters are trying to bypass intermediaries and work directly with mass marketers (for example supermarkets or large florist chains), offering consumer-ready products such as bouquets, composed by different types of flowers which are arranged at origin and which can be designed for special occasions or holidays. Some variations have appeared – for example wholesalers that sell to supermarkets. This is particularly true for the US market but also observed in European countries and the UK.

Figure 9: Value chain for fruits, vegetables and ornamentals exported from Viet Nam to China



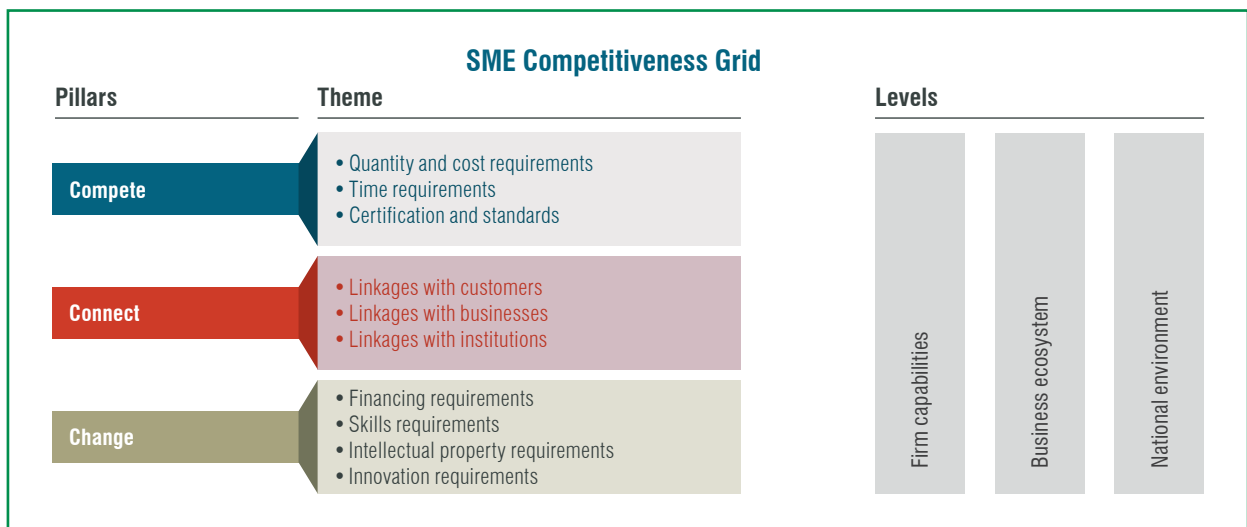
Sector diagnostics

To evaluate and address key problems currently challenging the agribusiness sector, consultations and interviews with various key stakeholders were held, ranging from government and international agencies to trade associations and individual companies. Further information was gathered from background desk research and information gathered by the national consultant.

This chapter is structured around the 3 competitiveness pillars of ITC’s 3Cs Competitiveness framework as follows: Compete, Connect, Change.

Competitiveness, is the demonstrated ability to design, produce and commercialize an offer that fully, uniquely and continuously fulfils the needs of targeted market segments, while connecting with and drawing resources from the business ecosystem and achieving a sustainable return on the resources employed.¹⁸

Figure 9: SME Export Competitiveness Grid



Source: ITC

The ITC SME Export Competitiveness Grid provides a methodology for analysing the current situation and export capabilities and identifying key challenges and issues.

- 1. Compete** – covers items related to industries’ ability to compete such as productivity, quantity, cost, timeliness, consistency, etc.
- 2. Connect** – the ability to connect to information, public-private collaboration, private-private collaboration,

institutional coordination, communicating with clients, product branding, etc.

- 3. Change** – capacity of industries to access the right skills, innovation, attracting investment, intellectual property requirements, etc.

Based on the ITC SME Competitiveness Grid, challenges across the three levels and three dimensions of competitiveness of Viet Nam’s exports in the agribusiness sector were analysed.

18.– SMECO, 2015.



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CONSTRAINTS TO COMPETE

“Compete” assesses whether current production is efficient and meets market requirements. It was found that the competitiveness of exporters in the agribusiness

sector of Viet Nam is undermined by several factors related to the firms’ capabilities, institutional support, and national environment. This is particularly true in the case of SMEs.

Box 1: Competitiveness constraints for agribusiness development: Compete

Compete in national and foreign markets

Firm capabilities

- SMEs have insufficient marketing and promotional capacities which often results in indirect access to foreign markets and makes branding or differentiation of products difficult.
- Companies lack realistic export development strategies that are based on a solid understanding of overseas markets.
- SMEs have insufficient understanding and knowledge of export and import procedures.
- Research and technical assistance for agribusiness development is insufficient.
- Companies have limited understanding and knowledge of market access and official requirements, including import market regulations/ requirements which limits their capacity to export successfully.
- SMEs face difficulties in complying with certification standards, even the official VietGAP standard.

Business ecosystem

- Improving customs and border procedures in Viet Nam is crucial to facilitate cross-border trade flows.
- Current policies and funding/ credit options are often directed at large companies and are not accessible or useful to SMEs; Limited access to loans for SMEs impedes business development, including export potential.
- Companies are hesitant to invest because of low profits, significant risks, and high cost of interest. Participation of SMEs is low.

National environment

- A diversity of rules and requirements for each target market is confusing and results in a challenging business environment. The requirement of export permits constrains existing and potential exporters.
- National regulatory bodies have launched the VietGAP standard, but it needs recognition and homologation with international standards. Certification is costly as it often requires external experts.
- SPS rules pose significant challenges. Simpler and more efficient procedures to achieve compliance (e.g., phytosanitary certificates) would reduce the time needed to export perishable products.

Firm capabilities

SMEs have insufficient marketing and promotional capacities which results in indirect access to foreign markets. Most SMEs lack direct access to international

markets and must sell to aggregators. Whilst a cooperative model is a good option, it needs to be properly managed, as SMEs, given their size and capacity, they experience difficulties to differentiate their products and promote them directly in target markets. SMEs struggle

to access international markets, in large part, because they have limited human and financial resources. Working with aggregators can have disadvantages, for example because SMEs lose control of their products, cannot follow up throughout the value chain (product tracing becomes too difficult or impossible). Similarly, SMEs that comply with export procedures and product standards may not be recognized and the opportunity for branding or recognition of specific products or quality is lost.

- **Plan of Action reference:** Activity 1.1.1, and 2.1.2

Companies lack realistic export strategies that are based on a solid understanding of overseas markets. SME managers often do not have a good grasp of export markets, competitors, market windows, products in high demand. Vietnamese firms often depend on foreign buyers telling them what to produce, without conducting feasibility studies or projections first.¹⁹

A successful export strategy requires an understanding of the target market, finding ways to conform to specific regulations or quality requirements and others. Lack of this analysis can lead to poor customer satisfaction and reputational damage, even if products manage to enter the local market.

A proper assessment of financial needs that export activities entail is another success factors. Exports typically result in longer payment periods and require a large upfront investment which needs to be reflected during the financial planning stage. Improvisation when exporting can have an impact on the quality of the products and services as well as the company's finances.

- **Plan of Action references:** 1.1.1, 1.1.2, and 2.1.2

Companies have insufficient understanding and knowledge of export and import procedures, market access and official requirements. This is particularly visible in the case of SMEs and limits their capacity to export successfully. Low awareness amongst SMEs about trade support services available hampers further development of export activities. Companies receive inconsistent guidance on the implementation of customs circulars and regulations, creating different interpretations throughout the system; similarly, companies have insufficient knowledge about FTAs and incentives to support and promote exports.

Very often businesses make important financial investments and decisions without a sound business plan or viability study. This problem is particularly pronounced

in the agriculture sector where firms change their crops with a high frequency.²⁰

- **Plan of Action references:** Activity 1.1.2., 1.1.3, and 2.1.2

Research and technical assistance for agribusiness development is insufficient. This affects product and process innovation and achieving sustainable production standards especially for SMEs; currently too small to spur innovation in the agribusiness sector. Business administration and managerial skills impact readiness and efficient operation of firms.

- **Plan of Action references:** 3.3.1, 3.2.2., and 3.3.2

Low awareness and knowledge export regulations/ requirements makes it difficult for Vietnamese SMEs to compete on foreign markets. Exporting perishable products is a complex activity that requires familiarity with customs operations. Vietnamese companies underestimate the risks and difficulties associated with exporting. Topics like rules of origin, SPS requirements, MRLs and traceability are often misunderstood or very challenging to meet. Incorrect certificates can lead to imports being rejected or even destroyed in the final market or the client having to pay full tariffs, with obvious and significant implications for customer satisfaction and brand reputation. While a customs broker facilitates export and import procedures, the information still needs to come from the exporter or the producer.

- **Plan of action references:** 1.1.2, 2.1.1, 2.1.2., and 2.3.1

SMEs face difficulties in complying with standards, even the official VietGAP standard because of high related costs, insufficient knowledge of requirements and how to meet them and lack of training. Research and technical assistance for agribusiness development is insufficient and this affects product and process innovation, especially for SMEs. Information and knowledge about requirements of certification standards recognized in export markets is insufficient or absent, which makes it difficult or impossible to comply with requirements.

- **Plan of action references:** 1.1.2., 2.1.1, 2.1.2., 2.2.1, and 2.3.1

Business ecosystem

Improving customs and border procedures in Viet Nam appears crucial to facilitate cross-border trade flows. Customs and trade-related regulations are published without clear guidance and interpretation, leading to

19.– ITC, 2022. International Trade Centre. SMECS Assessment, Viet Nam

20.– ITC, 2022. International Trade Centre. SMECS Assessment, Viet Nam

inconsistencies in implementation. Border procedures are reportedly time-consuming and inefficient, many of them still predominantly paper based. Stronger institutional cooperation would benefit to exporters. Coordination between different ministries, agencies, producers and exporting companies needs to be enhanced. Requirements need to be simplified, processes harmonized, and cross-communication improved to avoid duplication of checks and controls, including at the border.

- **Plan of action references:** 1.1.3., 1.2.2., 2.1.1, 2.1.2., and 2.3.1.

Current policies and funding/ credit options are often directed at large companies and are not accessible or useful to SMEs. Limited access to loans for SMEs impedes business development, including export potential. SMEs often find it difficult and challenging to complete procedures around various business activities such as setting up companies, making informed decisions on which products have the best potential, obtaining information on requirements and relevant permits and learning about options for financial support. This also creates an administrative burden for companies and attract new investments. SMEs need better and simpler better access to finance and promotion; in particular, financial aid is important for increasing production volumes or establishing processing sites, as well as to expand to new markets. This activity can and should be used to strengthen the value chain, particularly where cooperative cooperation is in place.

- **Plan of Action references:** 1.1.1., 1.1.4, and 1.2.1

Companies are hesitant to invest because of low profits, significant risks, and high cost of interest. Participation of SMEs is low. Insufficient knowledge of market opportunities and specific requirements, difficulty in accessing supplies and services, or conducting market feasibility evaluations and/ or risk assessments pose challenges for SME's. Public/ private engagement and coordination is weak. This is in direct relationship to a fragmented value chain, which needs strengthening.

- **Plan of Action references:** 1.1.3, 1.1.4, 1.2.1, and 1.2.2

National environment

The diversity of rules and requirements for each target market is confusing and results in a challenging business environment. The requirement of export permits constrains existing and potential exporters. SMEs need to develop understanding and knowledge of export and import procedures, market access and official requirements, to enhance their capacity

to export successfully. Consistent guidance and information on the implementation of customs regulations, knowledge about FTAs and incentives available to support and promote exports need to be provided. Further, a strong and stable public-private institutionalised dialogue enabling continuous exchange of views and information including on trade policies is necessary. This is supported by the SMECS report.²¹

- **Plan of Action reference** 1.1.3, 1.2.1, and 2.1.1

National regulatory bodies have launched the VietGAP standard, but it needs recognition and homologation with international standards. Certification is costly as it often requires external experts. Agribusiness enterprises – particularly SMEs need competitive tools to comply with certification requirements and enhance recognition of Vietnamese products. Using a Vietnamese standard like VietGAP is a way to achieve this, but it needs harmonization with international standards to give buyers confidence on the quality and level of compliance of Vietnamese products. Training is needed to develop a pool of local experts that can assist and certify compliance with the standard.

- **Plan of action reference:** 2.2.1

SPS rules pose significant challenges. Simpler and more efficient procedures to achieve compliance (e.g., phytosanitary certificates) would reduce the time needed to export perishable products. Simplifying procedures and providing training in with respect to requirements will improve market readiness and increase competitiveness of SMEs. The aim is to ensure agile compliance with SPS requirements and others as established by importing markets, which often impact certification and well. This is a short-term action geared at improving the ease of doing business in Viet Nam with external partners, particularly for SMEs.

- **Plan of action references:** 1.1.1, 1.1.2, 2.1.1, and 2.3.1

CONSTRAINTS TO CONNECT

The connect dimension has to do with the connectivity aspects of competitiveness. To be competitive, enterprises must link to customers, businesses, institutions, and between each other. They must be literate in information and communications technologies. Constraints or challenges in this area limit the ability of Viet Nam's agribusiness export sector to connect and maintain commercial relationships.

21.– ITC 2022. International Trade Centre. SMECS Viet Nam.

Box 2: Competitiveness constraints at the whole economy level: Connect

Connect
<p>Firm capabilities</p> <ul style="list-style-type: none"> • Value chains are often fragmented, do not flow smoothly. • It is difficult to integrate key stakeholders (experts, farmers, government officials, international trades/ buyers) and this negatively impacts the value chain. • High individuality of Vietnamese agribusiness enterprises, particularly SMEs makes cooperation challenging, reduces business opportunities and results in limited joint business ventures. This hampers the development of a strong and efficient value chain. • Many companies are lagging in using basic ICT tools to promote their products and connect with customers and suppliers. • There is low awareness about available trade support services and market benefits among SMEs which prevents from further development of export activities.
<p>Business ecosystem</p> <ul style="list-style-type: none"> • The perishable nature of traded products and strict quality standards demanded by importers pose challenges for export. • The level of awareness about market preferences and requirements is insufficient, leading to unrealized potential under the available trade agreements. • Knowledge on competitors is insufficient, limits use of advantages for Vietnamese products (FTAs, market windows, particular products) and hampers their recognition. • A limited scale of promotional activities results in low visibility of Vietnamese products and services in regional and international markets.
<p>National environment</p> <ul style="list-style-type: none"> • Increased coordination is needed between different ministries, agencies, producers, traders. • Customs and trade-related regulations are published without clear guidance and interpretation, leading to inconsistencies in implementation. • Lack of cooperation and dialogue between the private sector and the government translates into insufficient reflection of business needs in policy/strategy-setting. • Communication, training, and technical assistance or coaching for complying with sustainable standards is insufficient.

Firm capabilities

Value chains are often fragmented, do not flow smoothly.

Value chain logistics can vary greatly with the destination market. Integrating key stakeholders (experts, farmers, government officials, international trades/ buyers) is difficult and this negatively impacts value chain. Further, high individuality of Vietnamese agribusiness enterprises makes cooperation challenging, reduces business opportunities. Lack of cooperation amongst SMEs results in limited joint business ventures and hampers the development of local supply chains, especially where sustainable production is sought.

- **Plan of action references:** 1.2.1, 1.2.2, 2.1.2., and 2.3.1.

It is difficult to integrate key stakeholders (experts, farmers, government officials, international trades/ buyers) and this negatively impacts the value chain. Although value chains are in place, a stronger, more stable public-private institutionalised dialogue to enable continuous exchange of views and information is needed. The ability for businesses to share their feedback and concerns

as well as gather information from the government will support the formation of better export and trade policies.

- **Plan of action references** 1.2.1, 3.1.1., and 3.3.1

High individuality of Vietnamese agribusiness enterprises, particularly SMEs makes cooperation challenging, reduces business opportunities and results in limited joint business ventures. This hampers the development of a strong and efficient value chain; The ability for businesses to share their feedback and concerns as well as gather information from the government will support the formation of better export and trade policies. cooperation between different types of companies, both well-established exporters and prospective ones. It is aimed at sharing skills, exchanging information, and identifying opportunities. It also promotes forming new partnership between businesses and creating stronger, more integrated, and robust value chains which can, in turn, increase productivity and promote exports.

- Plan of action references: 1.2.2, 3.1.1.

Many companies are lagging in using basic ICT tools to promote their products and connect with customers and suppliers. Although companies report obtaining market information on suppliers and others²², e-tools including websites, internet orders, virtual showrooms and business rounds contribute to enhance market access and increase market intelligence and overall competitiveness of SMEs. They are also essential for information dissemination, research on markets and competitors, learning about market trends and requirements and others.

- Plan of action references: 1.1.1., and 1.1.2

There is low awareness about available trade support services and market benefits including FTAs among SMEs which prevents from further development of export activities. Together with improving understanding and knowledge of export and import procedures, market access and official requirements, it is important for SMEs to learn about trade support services and benefits. This will enhance their capacity to export successfully through consistent guidance and information on the implementation of customs regulations, and how to take advantage from FTA benefits available to Viet Nam.

- Plan of action references: 1.1.1, 1.1.2., 1.1.3, and 1.1.4

Business ecosystem

The perishable nature of traded products and strict quality standards demanded by importers pose challenges for export. Appropriate infrastructure is needed to improve market readiness and competitiveness in SMEs. This refers to a sustainable, optimized cold chain throughout the product cycle. Sustainable, efficient production practices and adequate postharvest management also influence this outcome.

- Plan of action references: 2.1.1, and 2.3.1

The level of awareness about market preferences and requirements is insufficient, leading to unrealized potential under the available trade agreements. Knowledge on competitors is insufficient and this constrains full use of advantages for Vietnamese products, for example by leveraging market windows or market niches, by producing and offering fresh or processed products and others. This also limits their recognition and demand by end consumers. A limited scale of promotional activities results in low visibility of Vietnamese products and services in regional and international markets.

- Plan of action references 1.1.1, 1.1.3, 1.2.1., and 2.1.2

National environment

Increased coordination is needed between different ministries, agencies, producers, traders. A strong and stable public-private dialogue to enable continuous exchange of views and information is needed. By sharing feedback and concerns as well as gather information from the government, businesses will be able to form better export and trade policies. Cooperation between different types of companies, both well-established exporters and prospective ones should be encouraged, with the aim of sharing skills, exchanging information, and identifying opportunities but also forming new partnerships between businesses and creating stronger, more integrated, and robust value chains which can, in turn, increase productivity and promote exports. Processes need harmonization and coordination between different ministries to avoid duplication of checks and controls, including at the border.

- Plan of action references: 1.1.2, 1.1.3, 1.2.1, 1.2.2, and 2.3.1

Customs and trade-related regulations are published without clear guidance and interpretation, leading to inconsistencies in implementation. SMEs need increased understanding and knowledge of export and import procedures, market access and official requirements, to improve their capacity to export successfully. This includes providing information and simplifying regulations and procedures around various business activities such as setting up companies, making informed decisions on which products have the best potential, obtaining information on requirements and relevant permits necessary for exports and learning about options for financial support. This should also help to minimize the administrative burden for existing companies and attract new investments.²³

- Plan of action reference: 1.1.1, and 1.1.3.

Lack of cooperation and dialogue between the private sector and the government translates into insufficient reflection of business needs in policy/strategy-setting. A stronger, more stable public-private dialogue is required to enable efficient exchange of views and information and improve export and trade policies. Sharing skills, exchanging information, and identifying opportunities will promote formation of new partnerships between businesses and in turn help create stronger, more integrated, and robust value chains.

22.–

23.– ITC 2022. International Trade Centre. SMECS Viet Nam

- Plan of action references: 1.1.3, 1.2.1., and 1.2.2

Communication, training, and technical assistance or coaching for complying with sustainable standards is insufficient. Increased access to information on sustainable production practices, meeting requirements from importing markets and enhancing compliance with quality and certification parameters, will enable local companies to upgrade productivity and efficiency within the desired sustainability standards. By enabling the use of modern production methods, implementing actions to improve traceability and product recognition by origin,

this will make an overall positive contribution towards the achievement if a sustainable agribusiness sector.

- Plan of action references: 1.1.1, 1.1.2, 1.1.4, 3.1.1, 3.3.1, and 3.2.2.

CONSTRAINTS TO CHANGE

Change is the dynamic dimension of competitiveness. It assesses whether enterprises have the capacity to make human and financial investments and to adapt to fast-changing markets.

Box 3: Competitiveness constraints at the whole economy level: Change

Change, innovate and tap into emerging trends

Firm capabilities

- Current policies and funding/credit options are often directed at large companies and are not accessible or useful to SMEs.
- Research and technical assistance for agribusiness development is insufficient, this affects product and process innovation, especially for SMEs; business administration and managerial skills impact the reactivity and business operations of firms.
- Digital development and connectivity remain low at the farmer/producer level.

Business ecosystem

- Information and knowledge about certification requirements for export markets is insufficient or lacking and this makes it difficult or impossible to comply with requirements.
- Recognition of Vietnamese sustainable certificates (VietGAP) as well as other certificates is low; lack of coaching services, communication and official support, plus insufficient local certification bodies increase costs.

National environment

- Agriculture is particularly vulnerable to the effects of climate change whilst at the same time contributing to it; this is an ongoing threat to the economy and livelihoods.
- Policy makers need increased understanding of sustainable production practices and nature-based solutions as a means of achieving sustainability.

Firm capabilities

Current policies and funding/ credit options are often directed at large companies and are not accessible or useful to SMEs. Agribusiness companies that wish to export, particularly SMEs, need improved access to funding and promotion and expert advice on how to do this most efficiently. Companies often need to invest to increase the volume of production to be able expand participation in new markets or access new opportunities. SMEs often find it challenging to access promotional opportunities available, e.g., attending business rounds, trade shows, developing promotion campaigns. Limited access to loans for SMEs impedes business development, including export potential.

- Plan of action references 1.1.1., and 1.1.4

Research and technical assistance for agribusiness development is insufficient, this affects product and process innovation, especially for SMEs. Increasing local knowledge and know-how for products with high potential in the agribusiness sector at local research/academic institutions or programs will support its development. It will further expand the pool of national experts/ advisors for the sector, which is essential for good quality technical assistance. Aside from technical issues (production and cultural practices, postharvest management, and others), this also includes strengthening business administration and managerial skills which directly impact the reactivity and business operations of firms.

- Plan of action references: 3.1.1, 3.2.2., and 3.3.1

Digital development and connectivity remain low at the farmer/ producer level making printed materials, in-person trainings and others still necessary. Whilst face-to-face activities are still required – for example for training on crop production and management techniques, lack of digital tools and internet connectivity seriously limits dissemination and use of valuable information as well as commercial and promotional opportunities. It also restricts possibilities of expanding training and extension schemes at very low cost. It is necessary to integrate the use of e-tools, which clearly contribute to enhance market access and increase market intelligence and overall competitiveness of SMEs.

- Plan of action reference: 1.1.2

Business ecosystem

Companies have insufficient information and knowledge about certification requirements for export markets and this makes it difficult or impossible to comply with requirements. To successfully implement sustainable production standards that lead to achieving certification, companies need increased access to information and skills on sustainable production practices, how to meet related requirements from importing markets and how to comply with quality and certification parameters. enable local companies to increase productivity and efficiency within the desired sustainability standards. This provides companies with modern production methods and enable implementation of efficient traceability schemes. Further it will enhance product recognition by origin and make a clear contribution towards a sustainable agribusiness sector.

- Plan of action references: 1.1.2, 1.1.4., 2.1.1, 2.1.2., 2.2.1, 2.3.1., 3.1.1., and 3.1.2

Recognition of Vietnamese sustainable certificates (VietGAP), as well as other certificates is low; lack of coaching services, communication and official support, plus insufficient local certification bodies increase costs.

Agribusiness companies – particularly SMEs – need ample tools to help them comply with certification requirements, access and expand markets whilst enhancing recognition of Vietnamese products abroad. This applies both to international standards and the national VietGAP standard, but the latter offers the opportunity of differentiating and identifying Vietnamese product. Harmonizing VietGap with international standards will give buyers confidence on the quality and level of

compliance of Vietnamese products. Geographical indications can also be used for this purpose.

- Plan of action references: 1.1.2., 2.1.2., 2.2.1, 3.1.1, 3.1.2., and 3.3.1

National environment

Agriculture is particularly vulnerable to the effects of climate change whilst at the same time contributing to it; this is an ongoing threat to the economy and livelihoods. These issues need urgent attention. Current and potential effects of climate change, its impacts and implications on agribusiness such as potential land degradation, yield reduction, water scarcity or floods and others need evaluation. They include impacts on irrigation water supply, on pest and disease prevalence, on crop growth rate and on growing season (which could impact market windows). Due to the extensive coastline, rising sea-levels are also of great concern²⁴. It is necessary to ensure that actions and activities in the agribusiness sector are geared towards addressing emerging challenges linked to climate change and prevent avoidable problems. Mitigation and management options for already existing problems need to be identified and implemented, together with awareness-raising efforts.

- Plan of action references: 3.1.1, 3.1.2, 3.1.3, 3.3.1., and 3.3.2

Policy makers need increased understanding of sustainable production practices and nature-based solutions as a means of achieving sustainability. Viet Nam needs to make significant strides towards meeting sustainable production standards in the agribusiness sector and achieving certification. Collaboration with the Nature+ initiative will support the continuity of progress achieved through ITC assistance and will provide SMEs with improved technical skills. Integrating production and trade and sustainability. Its aim is to strike a balance between the interests of economic sectors and effective management of the environment. This requires strong institutions and an adequate governance structure and is a short-term goal.

- Plan of action references: 1.1.2., 3.1.1, 3.1.2, 3.1.3., 3.3.1, and 3.3.2

24.– Ho, Cuong, 2018. The climate change in Viet Nam and its impact on the agricultural sector in Viet Nam. Conference in SESA, UPLB, The Philippines. https://www.researchgate.net/publication/329024730_THE_CLIMATE_CHANGE_IN_VIET_NAM_AND_ITS_IMPACT_ON_AGRICULTURAL_SECTOR_IN_VIET_NAM

The way forward

Vision and strategic objectives

From this evaluation, it emerges that Viet Nam has a strong tradition in agriculture production and there is growing interest for more efficient, technically developed production systems. The following points are important to consider:

- **There is high interest for efficient, technically developed production systems.** Over the last decade, fruit and vegetable exports have increased by an impressive average of 21.7% per year, particularly to China, Thailand, and Korea, also the USA. Exports of ornamental exports have nearly tripled in that same period
- **The Government of Viet Nam is supportive of agribusiness development.** A scheme for promoting agriculture, forestry, and fisheries, with a goal of increasing exports is in place. The scheme considers meeting regulations of import markets, simplifying export procedures and supporting development of value chains, within sustainability standards.
- **Agribusiness in Viet Nam has advantages for export.** Good climate, hand labour availability, proximity to consolidated and emerging markets. Viet Nam enjoys free trade access to Japan and is the only Asian country with an FTA with Europe.
- **There are however some challenges to overcome.** Export volumes and values are still low, and this impacts cost efficiency and access capacity; product quality is not always consistent, which hinders Viet Nam's image as a reliable, high-profile supplier. Further, training and knowledge are necessary to fully comply with and address requirements from importing countries, e.g., packaging, food security and quarantine pests; optimum transport and achieving good shelf-life for traded products need further development in some cases. Generally speaking, branding or other schemes and certification need further development. Mitigation and management measures needed to face climate change need further analysis.
- Following is a general outline of the proposed vision and strategic approach emerging because of

stakeholder discussions and consultations held between June and September 2022. Such consultations were conducted mostly virtually – sometimes in person as conducted by the national consultant – and included a list of stakeholders ranging from private companies to government officials and government agencies to cooperatives and trade associations. Projects or initiatives currently under development or being proposed were also held into account.

- To realize the vision statement, three strategic objectives have been formulated which provide orientations that are to guide the implementation of the Plan of Action in the strategic areas where action is required over the following five years to bring about changes. A simple logical framework for this Plan of Action is included for reference at the end of this section.

The three strategic objectives are as follows:

1. To increase exports of agricultural products while preserving sustainable production methods and ensuring food security.

Agribusiness is an increasingly important export business for developing countries like Viet Nam, where geographical location, climate and availability of hand labour allow for competitive, often year-round production. Commercial aviation and sea transport offer efficient and economically feasible shipping options, sometimes also ground transportation according to consumer market location. Hundreds of perishable products can reach distant markets accessing specific market windows or introducing exotic products and processing and freezing highly perishable products expand marketing possibilities.

Modern lifestyles encouraging consumption of healthy, plant-based foods and are driving expansion in this sector. In addition, agribusinesses provide significant and varied opportunities for economic diversification, youth employment and women empowerment.



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At the operational level, there are the following sub-objectives:

- 1.1. **Improving business conditions for existing agribusiness companies (particularly SMEs) and potential investors.** This is necessary to improve the ease of doing business in Viet Nam and increasing export competitiveness. It includes access to finance and taking advantage of trade and promotion opportunities
- 1.2. **Integrating key stakeholders with a goal of creating a functional value chain.** The value chain is fragmented, which often leads to duplicating efforts, loss of quality, failure to deliver and comply with requirements of time and overall inefficient results.

2. To ensure SME managers have the technical and managerial competencies to enable exports of sustainable agricultural products.

Requirements from importing markets can be strict and wide. SMEs need not only to be able to achieve compliance but to ensure they do this through an informed, cost-efficient process. This effort needs to be developed within a sustainable framework which brings benefits to both external trade opportunities and local management of the environment.

At the operational level, there are the following sub-objectives:

- 2.1. **Providing the necessary skills to meet import market requirements.** This includes not only quality and certification but also compliance with phytosanitary (SPS) and minimum residue level (MRLs) criteria as required by foreign trade partners. Additionally, R&D for agriculture in Viet Nam is largely focused on well-developed, traditional sectors like rice and coffee;

expansion is needed in agribusiness to reach and support adequate development in this sector.

- 2.2. **Achieving market position/ recognition as sustainably certified.** Increasingly, consumers are demanding products that are produced sustainably. This is particularly critical for food products and certainly for agribusiness.
- 2.3. **To improve infrastructure and inputs needed to ensure good quality production and yields and good shelf-life.** Investment is needed not only on improving production and quality, but also in postharvest management including storage and cold chain. The quality and shelf-life of products, whether fresh or frozen, is highly dependent on the availability of these inputs, which can also contribute to strengthen the value chain

3. To develop a national business environment that is conducive to the expansion of sustainable agribusiness.

Implementing and maintaining sustainable agriculture production and management practices requires training and competencies which become the basis of successfully obtaining certification. Inspection, information, and training are required, and record keeping is essential.

To incentivize and support the adoption of sustainable schemes, policy and/or regulatory frameworks and measures are necessary. These measures can be market driven but must also be strengthened through government measures including regulatory revisions, delivering technical workshops to relevant public institutions, technical advisory/output to conduct policy impact assessments, collating quantitative baseline.

Policymakers thus need to clearly understand the impacts of climate change, feasible and available corrective/ mitigation measures, and nature-based solutions

(NBS) available for the circumstances of Viet Nam. To support this, a collaboration is proposed with international development organizations currently active in Viet Nam such as the Bioversity Alliance, with which various cross-cutting goals and issues have been identified. Coaching on sustainable production practices, promoting conservation and use of local varieties for crop development are some examples.

At the operational level, this objective considers the following sub-objectives:

3.1. Ensuring policymakers are equipped with actionable, evidence-supported guidance and insights on NBS. The goal is to integrate production and trade in a sustainable manner. It can be achieved through training and coaching, but in addition needs intensive information and experience exchange amongst a variety of stakeholders including public, and private actors, both local and international.

Future value chain

As seen in previous sections, exports of fruits, vegetables and ornamentals involve an ample and at times complex numbers and kinds of stakeholders. Excellent coordination plus optimal harvesting, grading, processing packing, and shipping conditions are required as they will influence the final quality of the products traded, the business relationship with clients and ultimately the overall competitiveness.

Whether exporting fresh or frozen products, a constant, uninterrupted cold chain is essential, from the time of harvesting to the point of delivery to the end consumer. This includes packing, shipping, and storage. Further, sufficient, and timely access to inputs and supplies such as seed or planting materials, fertilizers, irrigation water, production and postharvest facilities are essential for crop production.

Below is a simple schematic representation of an efficient value chain for the agribusiness sector. Further complexity arises since growers (or groups of growers working

3.2. Addressing challenges arising from climate change and identifying mitigation and adaptation solutions. Agriculture is particularly vulnerable to the effects of climate change whilst at the same time contributing to it; this is an ongoing threat to the economy and livelihoods. Current and potential effects of climate change, in Viet Nam include impacts on irrigation water supply, on pest and disease prevalence, on crop growth rate and on growing season (which could impact market windows). Due to the extensive coastline, rising sea-levels are also of great concern²⁵.

3.3. Expanding and supporting R&D in the agribusiness sector to spur innovation. R&D for agriculture in Viet Nam is largely focused on well-developed, traditional sectors like rice and coffee; expansion is needed in agribusiness to reach and support adequate development in this sector.

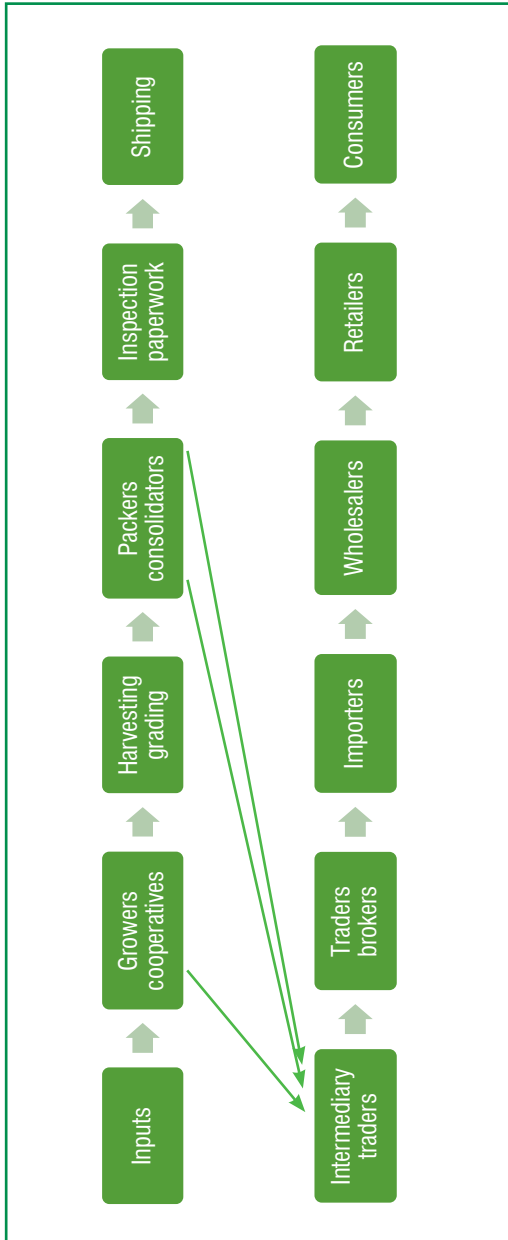
as a cooperative) can themselves be exporters, as well as packers/ consolidators. The shipping mode – ground transportation, air freight, sea freight – will also influence logistics as will the diversity and specific nature of the products traded.

Sufficient volumes are generally necessary to achieve economies of scale, leverage, and cost/ efficiency; thus, such benefits are almost always out of the reach of SMEs. A solution can then be found by implementing a consolidation or cooperative approach where small companies sell to larger ones – who can themselves be producers, traders, or both. This may however bring challenges for example for quality consistency, traceability, inventory tracking and timeliness of product offer.

Training and coaching on coordinated, efficient, sustainable value chains in the agribusiness sector, including production practices, management of non-renewable resources, reducing and managing waste.

Figure 10: Future value chain for agribusiness sector

25.– Ho, Cuong, 2018. The climate change in Viet Nam and its impact on the agricultural sector in Viet Nam. Conference in SESA. UPLB, The Philippines. https://www.researchgate.net/publication/329024730_THE_CLIMATE_CHANGE_IN_VIET_NAM_AND_ITS_IMPACT_ON_AGRICULTURAL_SECTOR_IN_VIET_NAM



Plan of action – Viet Nam Agribusiness sector

Strategic Objective 1: To promote and increase exports in the agribusiness sector while preserving sustainable production methods and ensuring food security.		Executing agency	Timeframe & Targets
Operational objective	Activities		
1.1. Improving business conditions for existing agribusiness companies (particularly SMEs) and potential investors	<p>1.1.1. To simplify business deals by ensuring existing regulations and procedures do not create unnecessary challenges for SMEs.</p> <ul style="list-style-type: none"> • Creating a “one-stop shop” (centralized) mechanism for agribusiness production and trade within the Government, including processing necessary permits, providing information on FTAs and non-tariff measures (e.g., SPS requirements). • Developing promotional support (e.g., coaching/training, funding for facilitating participation in trade related events) specifically addressed to SMEs in the agribusiness sector. • Provide assistance in setting up companies, making informed decisions on which products have the best potential, obtaining information on requirements and relevant permits and learning about options for financial support. Support large companies to link more efficiently into the value chain and contribute to support to SMEs. • Mainstream training to SMEs on opportunities for the agribusiness sector. Include a wide view of the markets, main competitors, advantages, potential marketing strategies. <p>The purpose of this activity is to improve the ease of doing business in Viet Nam, particularly for SMEs. It is aimed at strengthening the foundation for a conducive business ecosystem by simplifying regulations and procedures around various business activities. It should also help to minimise the administrative burden for existing companies and attract new investments. This activity should start in the short term as it is one of the fundamental efforts that will underpin all other activities.</p>	Ministry of Industry and Trade (MOIT), Ministry of Agriculture and Rural Development (MARD), Viet Nam Trade Promotion Agency	Short term The one-stop shop has been created and it's fully operational. At least a promotional support programme per province developed.
	<p>1.1.2. To acquire the required business skills and tools to enable exports, whilst promoting a national environment conducive to development in agribusiness.</p> <ul style="list-style-type: none"> • Creating an office or agency specifically addressing production and trade in the agribusiness sector, including exports, access to FTAs, certification, quality requirements and control of phytosanitary issues. • Improving customs and border procedures, for example phytosanitary pre-inspection at origin, or facilitating submission of forms via the internet to facilitate cross-border trade flows. • Organize and put in operation a “train-the-trainers” program to provide training and disseminate information on sustainable production and other relevant topics. • Conduct trainings on ICT tools and e-commerce to assist development of market intelligence and ensure timely access of market opportunities. • Allocating responsibilities for agribusiness across several ministries to address the variety of issues comprised: Sustainable agriculture, water affairs, climate smart agriculture, trade and industry, differentiation of products via branding or geographical indications, technical inputs, traceability. <p>This activity supports the key vision of improving the business environment in Viet Nam. Enabling increased access to information on sustainable production practices, meeting requirements from importing markets and enhancing compliance with quality and certification parameters, will enable local companies to increase productivity and efficiency within the desired sustainability standards. It will enable the use of modern production methods, the use of e-tools that will contribute to enhance market access and increase market intelligence and overall competitiveness of SMEs, plus implement actions to improve traceability and product recognition by origin and overall make a positive contribution towards the achievement of a sustainable agribusiness sector.</p>	MOIT, MARD, Viet Nam Promotion Agency	Medium term Customs and border procedures become 30% more efficient. At least 30 trainers trained for each of the sub-sectors. Train one hundred SMEs per province on ICT tools and e-commerce. A mapping of responsibilities by ministry developed and shared with the sector.
	<p>1.1.3. To improve information exchange between government agencies, trade associations and the private sector.</p> <ul style="list-style-type: none"> • Establishing a helpdesk with a hotline staffed with adequately trained personnel that can assist companies uncertain about customs procedures or information they need to provide. The helpdesk will also support companies in providing their customs data such as customs classification, valuation, and origin. • Improving the capabilities of MARD and MOIT in market forecasting and analysis, provide more ample and better-quality information to the agribusiness sector. Providing linkages to external experts and expand information on markets, whilst also enhancing capacity and responsibility of associations or cooperatives involved. <p>This activity will improve SMEs understanding and knowledge of export and import procedures, market access and official requirements, enhancing their capacity to export successfully. It will provide consistent guidance and information on the implementation of customs regulations, knowledge about FTAs and incentives available to support and promote exports.</p>	MOIT, MARD	Short term Helpdesk established and operational. Operational budget for market forecasting and analysis in MARD and MOIT expanded by 50%.

Strategic Objective 1: To promote and increase exports in the agribusiness sector while preserving sustainable production methods and ensuring food security.			Executing agency	Timeframe & Targets
Operational objective	Activities			
1.1. Improving business conditions for existing agribusiness companies (particularly SMEs) and potential investors	1.1.4. To enhance the business potential of Viet Nam's producers and entrepreneurs by improving the availability and access to financial and promotional assistance.	<ul style="list-style-type: none"> Set up a working group to evaluate financial and promotional needs of SMEs, consisting of representatives of government, trade associations and private companies, as well as banking and non-banking financial institutions. Diagnose access and baseline to business loans for companies and individuals from the perspective of (1) financial institutions, (2) businesses and (3) financial supervisory authority. Evaluate current promotional, advisory, and training activities, identify changes that are necessary to ensure that SMEs can profit from these opportunities. 	Ministry of Finance, Ministry of Trade, trade associations or cooperatives	<p>Medium term</p> <p>Baseline financing cost calculated.</p> <p>Reduction of 25% of the cost of funding.</p> <p>Reduction of 50% of the SMEs claiming no access to funding.</p>
	This activity will ensure that companies, particularly SMEs that wish to export have better access to finance and promotion. Access to finance is an important part of export promotion as companies often need to invest to increase the volume of production as well as to expand to new markets. SMEs often find it challenging to access promotional opportunities available, e.g., attending business rounds, trade shows, developing promotion campaigns.			
1.2. Integrating key stakeholders with a goal of creating a functional value chain	1.2.1. To improve access to information and business opportunities between companies through the establishment of public-private partnerships.	<ul style="list-style-type: none"> Identify specific hurdles and propose possible solutions to integrate a complete production/value chain: field (production), marketing, packaging, and shipping, cold storage, cold chain, inspection, export permits, reaching the final destination. Develop a directory of the agencies and government departments with trade-related functions, map out the services they offer to businesses and maintain updated records. Develop a list of current producers as well as suppliers of goods and services. Identify challenges (e.g., price, availability) and gaps. Supplies should include seeds/propagation materials, local varieties. Evaluate the advantages of a cooperative model for SMEs and the feasibility of implementing solutions identified. 	MOIT, MARD Viet Nam Chamber of Commerce, trade Associations/Cooperatives	<p>Medium term</p> <p>Mapping of all the agencies and government departments with trade-related functions completed and shared with the sector.</p> <p>Mapping of producers and suppliers completed.</p>
	This activity aims to develop a strong and stable public-private institutionalised dialogue that would enable continuous exchange of views and information. The ability for businesses to share their feedback and concerns as well as gather information from the government will support the formation of better export and trade policies. This activity should start in the short to medium term and the public-private partnership should support the implementation of this strategy.			
	1.2.2. To create a more collaborative business environment by building and strengthening private sector partnerships.	<ul style="list-style-type: none"> Create new ties between local suppliers and top exporters. Map the value chains of the priority sectors identified and analyse the ways in which these value chains can become more integrated and increase added value. Organize networking events and production site visits between SMEs and marketing enterprises. Explore and develop opportunities for joint ventures among producers with complementary offerings with a view of establishing cooperatives or strengthen existing ones. Develop a pilot programme. 	Viet Nam Promotion Agency, Viet Nam Chamber of Commerce, trade Associations, Individual companies	<p>Medium term</p> <p>Develop a pilot project per province to link local suppliers with top exporters.</p> <p>Establish a calendar of regular networking events.</p>
	This activity promotes cooperation between different types of companies, both well-established exporters and prospective ones. It is aimed at sharing skills, exchanging information, and identifying opportunities. It also promotes forming new partnership between businesses and creating stronger, more integrated, and robust value chains which can, in turn, increase productivity and promote exports.			

Strategic Objective 2: To ensure SME managers have the technical and managerial competencies to enable exports of sustainable agricultural products.		
Operational objective	Activities	Executing agency
2.1. Providing the necessary skills to meet import market requirements.	2.1.1. To address phytosanitary issues, MRLs and traceability requirements impacting the successful export of selected products (fruits, vegetables, ornamentals) and find solutions to ensure easier compliance.	Ministry of Agriculture, Individual companies, trade Associations
	<ul style="list-style-type: none"> Simplify procedures to obtain and process documents and meet with SPS requirements and reduce the time needed to export perishable products. For example, conduct phytosanitary inspection at point of origin (producer) or before packing for final shipment. Develop educational materials to help disseminate information on phytosanitary issues specifically addressed to the agribusiness sector (and/or specific products). Create a dedicated website with information on SPS requirements by product and destination market. 	
2.1. Providing the necessary skills to meet import market requirements.	This activity will help SMEs overcome difficulties associated with achieving certification. Further, it will assist in complying with SPS measures, traceability and MRLs (Minimum Residue Levels) for specific products. It will need to start in the short to medium term.	MARD, Vietrade, MOIT
	2.1.2. To increase market intelligence with a view of expanding opportunities for Vietnamese products. <ul style="list-style-type: none"> Organize an agricultural trade forum with SMEs and large producers/traders to share information on current, emerging, and potential market for key Vietnamese products in the agribusiness sector, including specific requirements, market windows, competitors, advantages, and challenges. Select 3-4 key products of interest and conduct more in-depth analysis (e.g., best varieties, packaging/ marketing schemes, challenges if any, competitor, potential clients) Link to pilot projects proposed (see strategic objective 3). 	
2.2. Achieving Market position/recognition as sustainably certified.	This activity will provide strategic analysis and critical information leading to clear identification of opportunities for increasing exports of Vietnamese products to the best target markets, taking advantage of specific benefits that differentiate Vietnam from competitors.	MARD, MOT, YCC, possibly international bodies
	2.2.1. To position and homologate VietGAP as a Vietnamese certificate in its own right, recognized and equivalent to international standards. <ul style="list-style-type: none"> Develop information and knowledge about certification requirements for specific export markets to assist compliance with requirements. Create a group/commission that analyses current certification schemes that are well recognized and most relevant to agribusiness in export markets (for example FAIRTRADE, GLOBALGAP, RAINFOREST ALLIANCE). Evaluate the requirements of these certification schemes and actions needed to facilitate compliance on the part of SMEs. Evaluate necessary actions to align VietGAP with other standards and achieve acceptance and recognition from importing markets. 	
2.3. Improving the infrastructure and inputs needed to ensure good quality production and yields and good shelf-life.	This activity aims to provide companies – particularly SMEs with competitive tools to comply with certification requirements and enhance recognition of Vietnamese products, by using its own standard. Harmonizing the VietGap certification standard with international standards will give buyers confidence on the quality and level of compliance of Vietnamese products.	MARD, VCC, Associations/ Cooperatives, Individual companies, Biodiversity/ CIAT Nature+
	2.2.2. To consider geographical indications as a feasible way to improve market access, achieve product recognition and possibly premium prices. <ul style="list-style-type: none"> Evaluate current experience with products protected with Geographical Indications (GI) in Viet Nam and appraise whether these can add value to exports in particular markets. Evaluate whether specific markets have a specific interest for GIs, especially where TFAs exist. Select key fruits, vegetables or ornamentals as origin-linked candidates and trial their acceptance and potential for a GI. For example, longan fruit, dragon fruit, jack fruit, ginger or selected orchid species. 	
2.3. Improving the infrastructure and inputs needed to ensure good quality production and yields and good shelf-life.	This activity will identify market niches, windows, and market opportunities for Vietnamese products, whilst enhancing their specific recognition. This activity will connect smaller companies and increase their participation in business activities (activity 1.2.2.) identifying such opportunities and acquiring the required skills takes time, therefore, this activity should start in the medium term and continue in the long term.	MARD, VCC, Associations/ Cooperatives, Individual companies, Biodiversity/ CIAT Nature+
	2.3.1. To enhance performance of SMEs by providing or facilitating infrastructure necessary for export (e.g., packaging, inspection, and storage facilities). <ul style="list-style-type: none"> Promote linkages between producers/exporters and the Ministry of Agriculture to optimize phytosanitary inspection procedures. Support and assist establishment of cold storage facilities at various points of the value chain such as packing rooms, shipping ports or airports to enable the development of integrated, sustainable cold supply chains. 	
2.3. Improving the infrastructure and inputs needed to ensure good quality production and yields and good shelf-life.	This activity will improve market readiness and increase competitiveness of SMEs for exporting fruits, vegetables, and ornamentals by ensuring access to appropriate infrastructure. It will also facilitate quick compliance with SPS requirements and others. This is a short-term action. A sustainable, optimized cold chain is key to good quality and product shelf life but its development takes time, therefore, this activity should start in the medium term and continue in the long term.	Ministry of Agriculture, Viet Nam Trade Promotion Agency, Trade Associations
	2.3.2. To provide tools to improve quality standards and consistency through appropriate post-harvest management. <ul style="list-style-type: none"> Gather and distribute information on optimum handling parameters for key products, for example re-hydrating (in case of flowers) pre-cooling and storage temperatures, processing methods if applicable, packaging. Provide financial incentives to a pilot group of SMEs to improve quality standards and consistency through improved post-harvest management processes. 	
2.3. Improving the infrastructure and inputs needed to ensure good quality production and yields and good shelf-life.	This activity will promote good practices that directly impact quality and shelf life of perishable products. These are key features of good quality and will help improve performance, image, and reputation of Vietnamese SMEs as reliable suppliers of high-quality products.	MARD

