

Market Overview

Vietnam is experiencing a lot of changes that make this country a very attractive market for U.S. exporters. These changes include: steady population growth, strong economic growth, greater disposable income, and expansion in the retail, food service, and food processing sectors. Vietnam is home to a young population (42% under 25) so consumption patterns are changing. Similarly, retail channels are drifting away from the traditional outlet stores to supermarkets, hypermarkets, and wholesale centers. In addition, from 2003 to 2012 the number of middle class households nearly doubled from 1.2 million to 2.3 million. In Vietnam, more than half of total expenditures are for food, even though the average household spends very little on high-value processed food products. Nonetheless, recent consumer surveys point out an increase spending on high-value foods such as dairy products, meats, eggs, fresh fruits, imported vegetables, confectionary, snack foods, and packaged food items.

U.S. agricultural and food products to Vietnam have seen amazing growth in the recent years. These grew from \$20 million USD in the early 2000s to \$535 million in 2010, eventually hovering around \$879 million in 2014. The demand for U.S. food products is expected to continue; the trend for fast-food brings with it more demand for imported food items including: condiments (like ketchup and mustard), chicken meat, beef, and frozen potatoes. Vietnam's sizeable expatriate community and growing international visitor traffic have also increased the demand for high value food products like: U.S. beef, fresh fruits, dairy products, snack foods, and juices. Overall, these are the products with the best prospects: chilled & frozen meat, frozen poultry, dairy products, fresh & dried fruits, and snack foods (popcorn & potato chips).

Opportunities and Advantages

- Vietnam's accession to WTO in 2007 has helped reduce tariffs on several food items and created a better business environment with more liberalized trading and service practices. Following the reintroduction of U.S. goods into this market in 1994, this makes for a much friendlier business experience for small U.S. exporters.
- There is a growing rate of rural-to-urban migration, and with that, a growing number of Western-style fast food restaurant chains, bakeries, and coffee shops. This makes for an environment in which U.S. food exports can do well.
- U.S. foods are recognized as high quality items and great value for the price and there are low levels of competition from other U.S. suppliers in the market.

Market Challenges

- High tariffs, cumbersome and excessive customs requirements, and non-science-based sanitary and phytosanitary requirements on animal and plant products persist, and the regulations are slow to change.
- Strong preference for European (esp. French) and New Zealand/Australian foods due to 20-year U.S. absence from the market.

SUSTA Sponsored Events in Vietnam:

Food and Hotel Vietnam

- http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Hanoi_Vietnam_3-27-2015.pdf
- Euromonitor, Passport Site-Country Profile: Vietnam

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