



# Making Vietnam successful in fruit exports

**Driving Vietnam Agriculture Exports & Food Safety: the role of crop protection**

*Partnership for Sustainable Agriculture Vietnam, Hanoi, 27<sup>th</sup> of November 2018*



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# Fresh Studio

About us

# Fresh Studio at a glance



## Professional services firm

- Strategic Management Consulting
- Research & Development
- Operations

## Value chain driven

- Multi-disciplinary teams in Vietnam and Myanmar : 60 staff
- 360° approach

## Located in Asia

- Vietnam offices: Hanoi, Dalat, HCMC, Vinh Long
- Myanmar office: Yangon
- Working in Philippines, Vietnam, Thailand, Indonesia, Cambodia, Laos, China, Malaysia and Japan



*Winner of "Most Innovative" and "Most sustainable company" of the year*

# Our mission



“Grow better lives from farmers to consumers,  
by making our clients successful in the  
production and marketing of sustainable  
food.” — *Our mission*





featuring foods



# Our value chain approach







# Vietnam fruit sector

How to escape the commodity treadmill



# Trapped in a commodity treadmill?



Last update 08:00 | 08/05/2015



## VN agricultural products need emergency aid

*VietNamNet Bridge - Although the export turnover of agricultural - forestry - fishery products in the past four months reached \$9.13 billion, a series of export items, which are considered Vietnam's strengths, saw a strong downward trend.*



Specifically, rice exports fell 9.2% in value, coffee with 39.3% fall in value and 41% in volume, pepper 25% in volume, and seafood 18.6% in volume.

Unfavorable exchange rates, market difficulties, high production costs, and narrowed outlets are the problems

## Việt Nam News

THE NATIONAL ENGLISH LANGUAGE DAILY

Home Politics&Laws Society **Economy** Life8

### Home > Economy

Updated May, 15 2015 08:25:00



## Companies urged to focus on food quality



Agricultural exports had increased strongly in recent years to more than US\$30 billion last year. — Photo vietq

HCM CITY (VNS) — Vietnamese firms need to enhance their role in the food industry value chain to supply more quality products and increase export of farm produce.

# High volume, low value → commodity



- Vietnam's global rank in volume, value and price

	Global Rank (Total Volume)	Global Rank (Total Value)	Rank Among Top Ten Exporters in Unit Value
Cashews (shelled)	1	1	6
Black Pepper	1	1	8
Coffee (green)	2	2	10
Cassava (dried)	2	2	6
Rice	3	4	10
Rubber	4	4	10
Tea	5	7	10

*Source: Agriculture Modernisation, World Bank, 2016*



# How about the Vietnamese fruit sector?



Viet Nam News > Economy

## Record export of VN fruits in 2017

Update: January, 11/2018 - 07:00



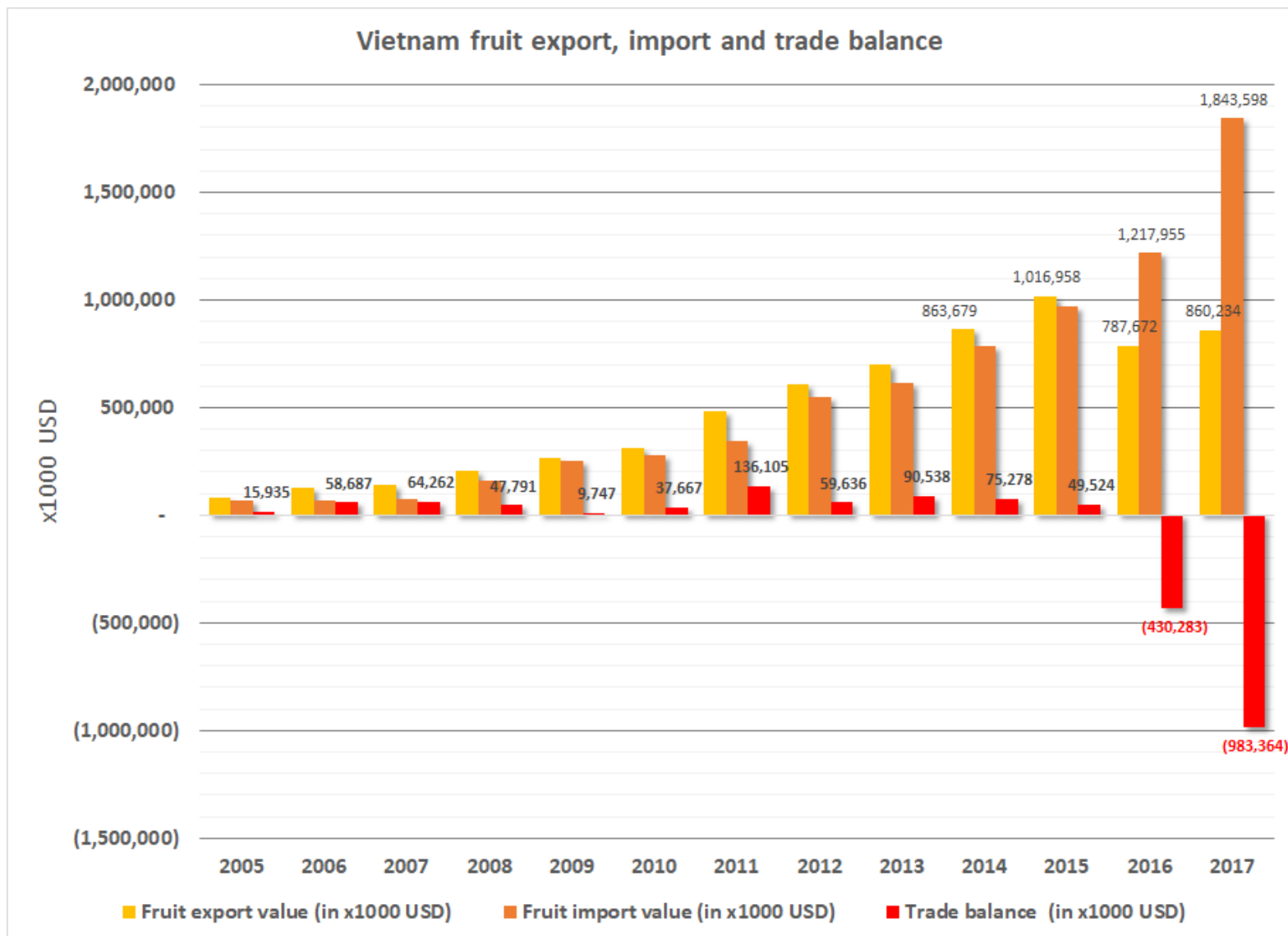
Việt Nam's fruit and vegetable exports reached a record \$3.5 billion for year-on-year growth of 43.02 per cent, according to the Ministry of Agriculture and Rural Development.— VNA/VNS Photo

HÀ NỘI — Việt Nam's fruit and vegetable exports reached a record \$3.5 billion for year-on-year growth of 43.02 per cent, according to the Ministry of Agriculture and Rural Development.

The top 10 markets were China (75.6 per cent), Japan (3.64 per cent), the United States (2.94 per cent), South Korea (2.59 per cent), the Netherlands (1.81 per cent), Malaysia (1.43 per cent), Taiwan (1.33 per cent), Thailand (1.03 per cent), the United Arab Emirates (1.01 per cent) and Russia (0.85 per cent). Other markets accounted for 7.77 per cent, according to news site

- In value export growth is impressive
- Media: F&V Expanding to US\$ 3.5 bln in 2017, 43% growth

# What are the trends in fresh fruit exports/imports?





# Exports grows, but imports grow even faster!



## Imported fruit increasingly preferred by Vietnamese consumers

Foreign fruits are becoming a threat to their Vietnamese counterparts

By Tuoi Tre News August 6, 2017, 16:00 GMT+7



Buyers browse for fruits at a supermarket in Ho Chi Minh City. Photo: Tuoi Tre

**More and more people in Vietnam have favored imported fruits over domestic ones due to the assumption that foreign products are better in terms of quality and safety.**

Statistics from the Ministry of Agriculture and Rural Development showed that Vietnam spent US\$659 million importing vegetables and fruit in January-July, up over 50 percent year-on-year.

At Thi Nghe and Ba Chieu Markets in Binh Thanh District, Ho Chi Minh City, a wide variety of imported fruits is on sale to Vietnamese consumers.

Apples from Thailand are sold at VND55,000 (\$2.43) to VND70,000 (\$3) per kilogram, while

Last update 12:00 | 22/02/2017



## Vietnamese spend big money on imported fruit

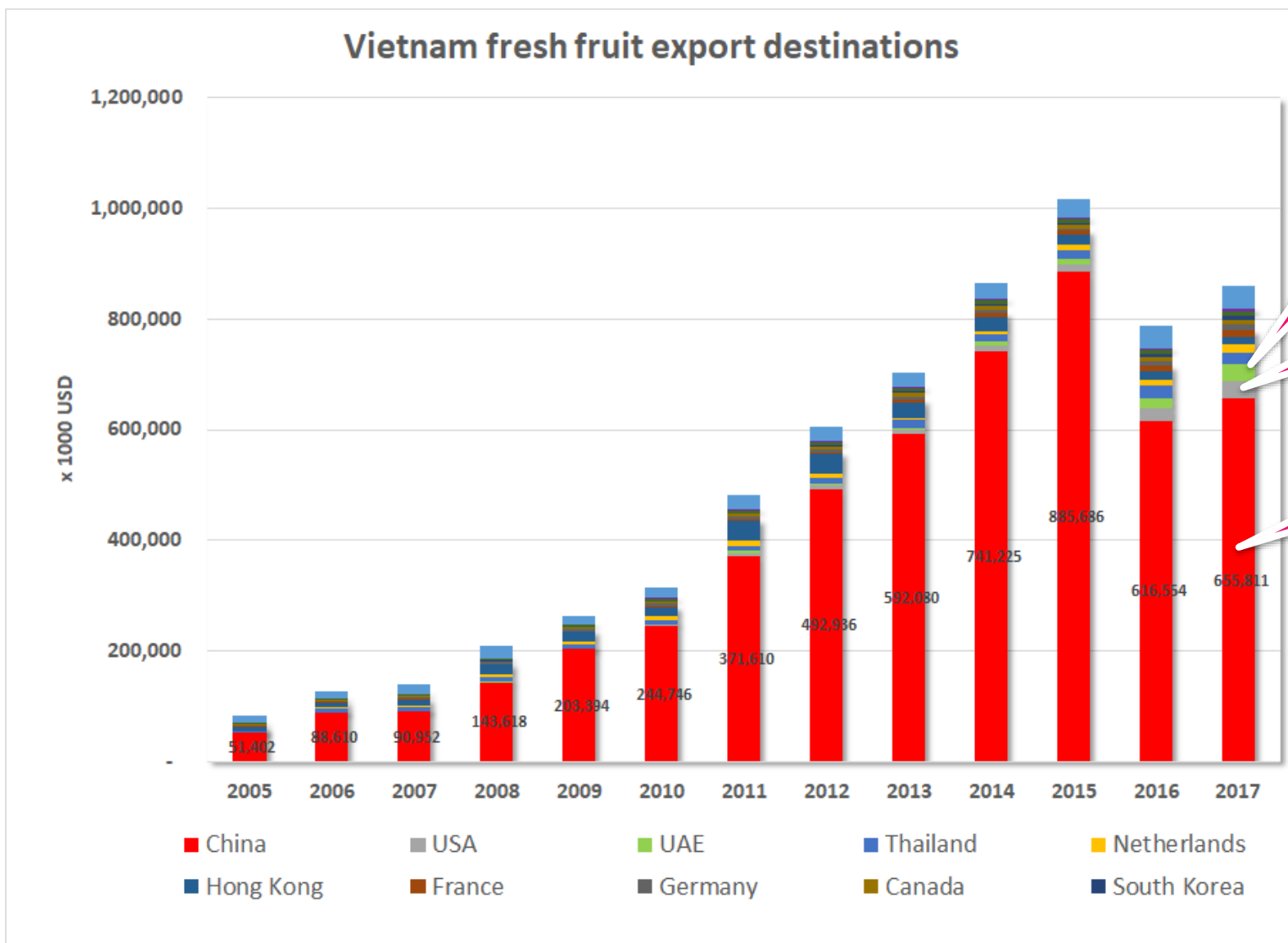
*VietNamNet Bridge - While foreigners are enchanted by Vietnam's tropical fruits, Vietnamese are spending trillions of dong to buy imported fruit, with import turnover increasing steadily in recent years.*



In January 2017, Vietnam imported \$110 million worth of fruit, a sharp increase of 55 percent compared with the same period last year. The country not only imports temperate fruits which cannot be grown domestically, but also popular tropical ones such as dragon fruit and custard-apple.

A kilo of domestically grown custard-apple is priced at VND40,000-60,000 only. However, Vietnamese pay VND500,000 for every kilo of Taiwanese products.

# Where are Vietnamese fresh fruits going?



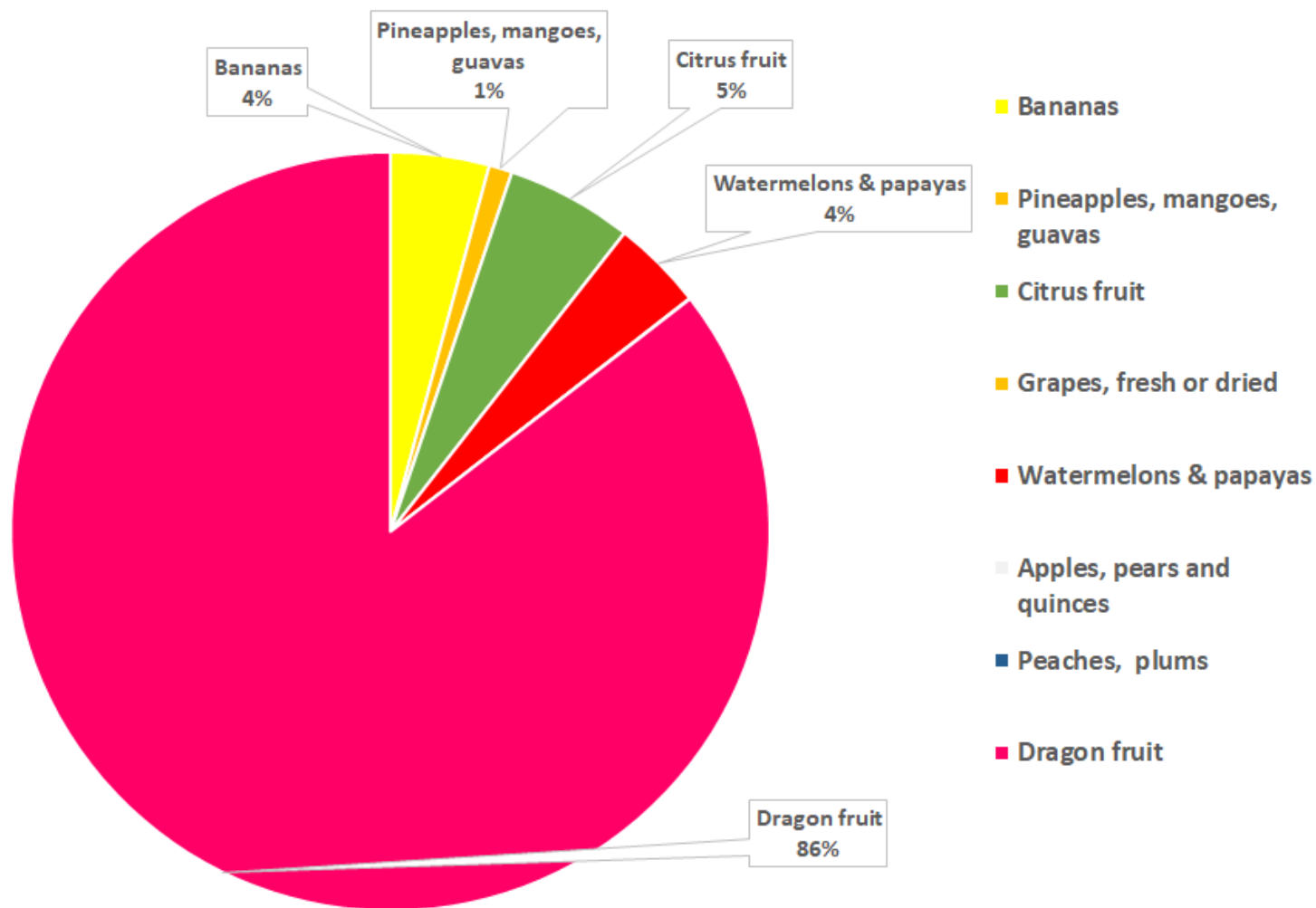
#3 with 3.5 %  
of exports is  
Dubai

#2 with 3.7 %  
of exports is  
USA

#1 with 76%  
of exports is  
China

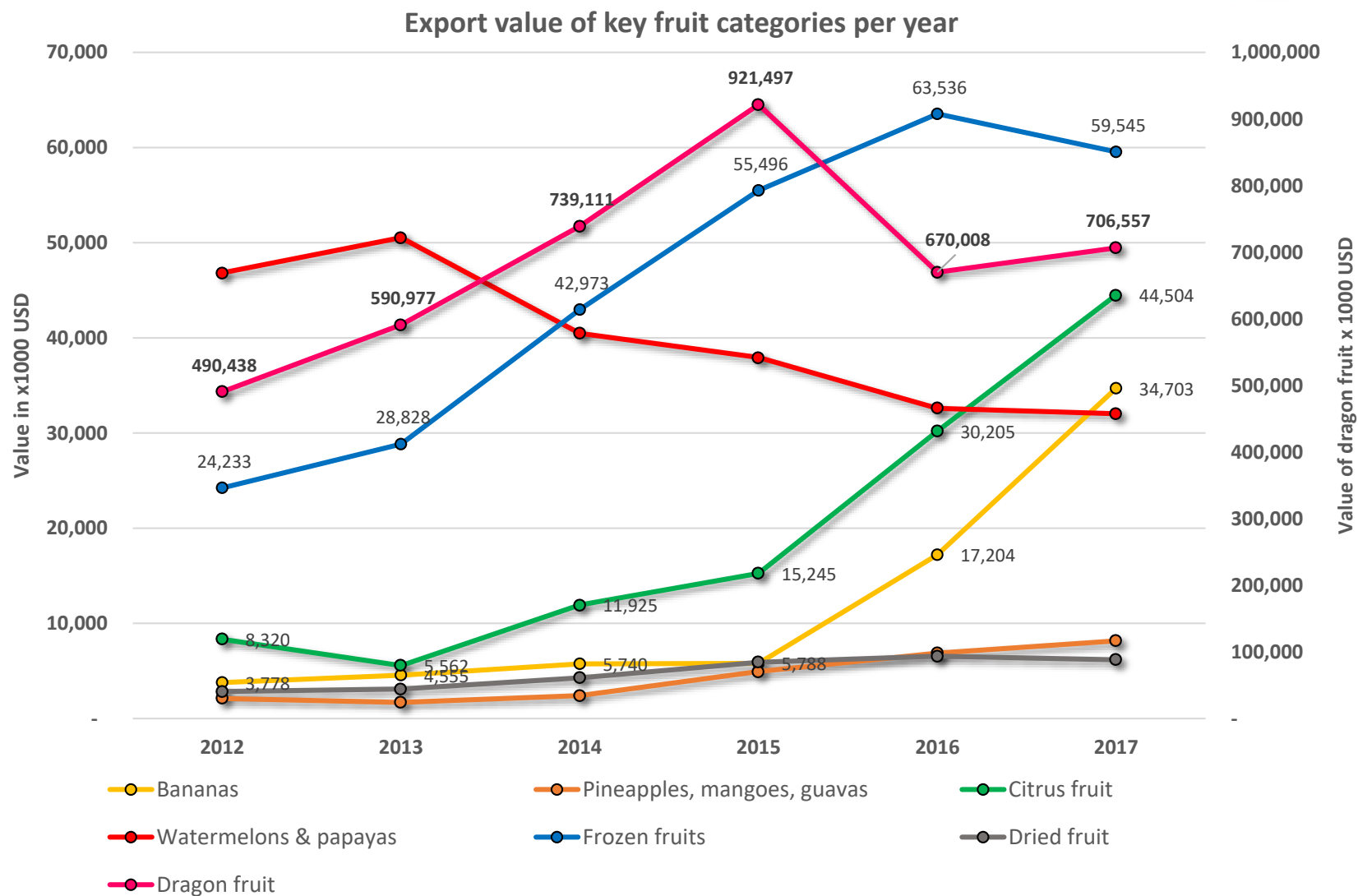


# Which fresh fruits is Vietnam exporting (2017)?



Source: Compiled by Fresh Studio from ITC -Trademap

# Trends in fruit category exports



Source: Compiled by Fresh Studio from ITC -Trademap



# Dragon fruit a commodity?



## Vietnam fruits, vegetables struggle to enter overseas market

By Dang Khoa October 19, 2018 | 06:15 pm GMT+7



A dragon fruit farmer in Vietnam. Photo by VnExpress/Nguyen Khoa

**Vietnamese fruit and vegetable exporters are struggling with many countries increasing quality standards for them.**

Dragon fruit, which accounts for 40 percent of Vietnam's fruit and vegetable exports in value, is facing the biggest challenge as China, which used to buy 80-90 percent of Vietnam's dragon fruit mainly through border gates, has tightened the import through the channel.

The importer has also improved standards on quarantine and food safety and origin tracking to Vietnamese fruits, including dragon fruits.

[Viet Nam News](#) > [Economy](#)

## Dragon fruit prices hit rock bottom

Update: October, 05/2018 - 16:17



Binh Thuận province produces more than 500,000 tonnes of dragon fruit each year. — Photo ndh.vn

**Viet Nam News** HÀ NỘI — The price of dragon fruit in the central province of Binh Thuận, the country's largest producer of the crop, has fallen significantly in the last two weeks.

Although prices are low, traders are still unwilling to purchase this kind of fruit.

In Hàm Chính Commune (Hàm Thuận Bắc District), many dragon fruit farmers are looking for buyers.

According to some farmers, the price of dragon fruit declined sharply after the Mid-Autumn festival. It fell from a range of

# Main observations

- Vietnam is importing more fruits then exporting
- 86% of Vietnamese fresh fruit export value is dragon fruit
- 76% of Vietnamese fresh fruit exports is to China
- Vietnam is hardly exporting any significant volume to higher end markets such as USA , EU, Korea, Japan, Australia
- **Vietnamese fresh fruit exports mostly consist out of exporting: dragon fruit at low “cut throat prices” to China**





# How to escape the commodity treadmill?

What needs to be done

# Market access and quality markets

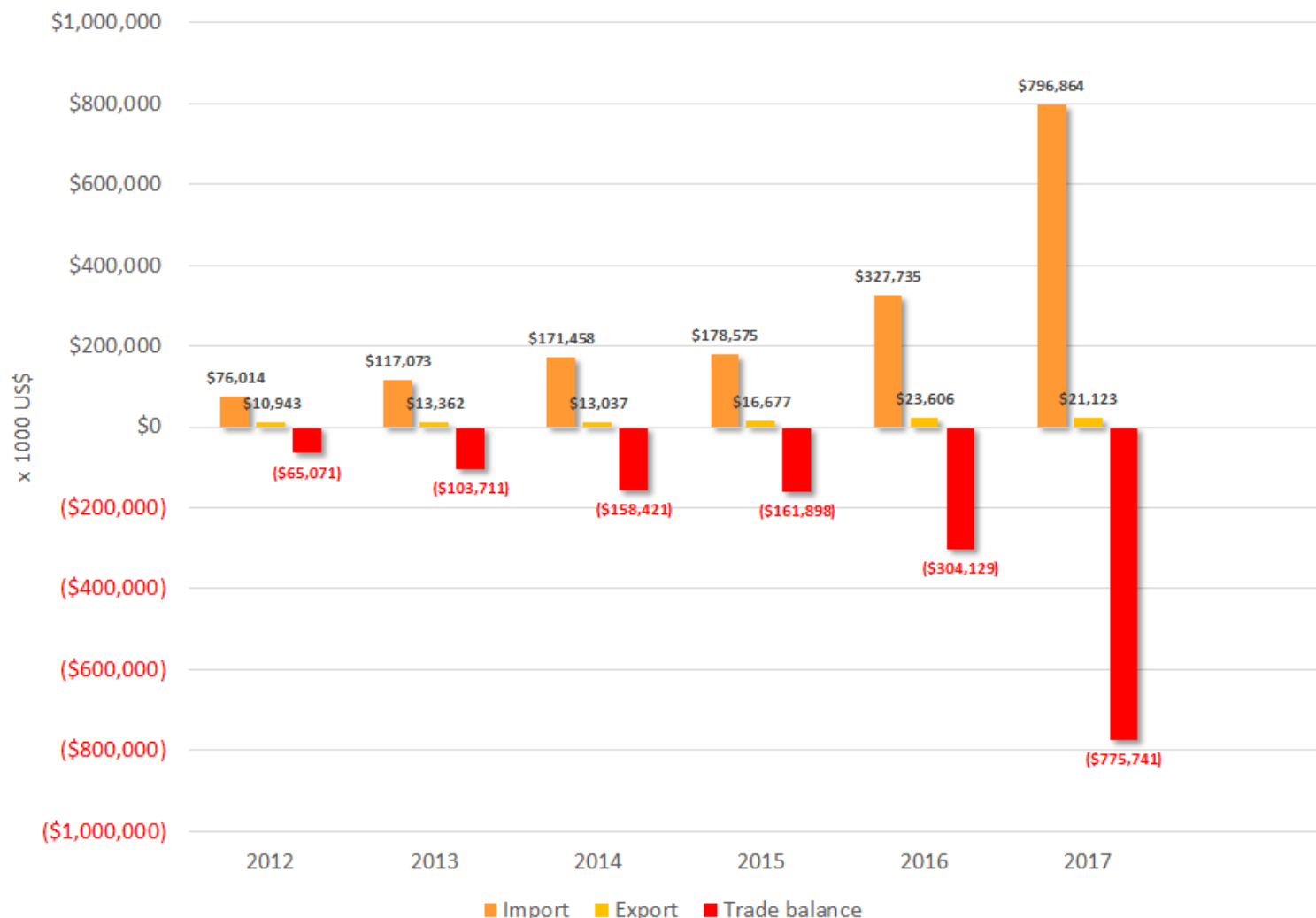
- **Get MARKET ACCESS, especially to neighboring countries**
- **Higher income export markets**
  - EU/Japan/Korea/USA have strict quality requirements
  - Companies who can comply with these requirements can get higher prices
  - Crucial requirements:
    - **Globalgap**
    - HACCP or BRC and social certification
    - EU MRL requirements, with many supermarket chains even demanding 50% of EU MRL levels
    - Well packed and good quality fruits with good shelf life (min 2 weeks) after arrival in EU market
- **Other markets will change**
  - In the future these requirements will also come in place in China and in for example Middle East



# Market access example: Thailand



Vietnam fresh fruit exports to Thailand and fresh fruit imports from Thailand



# Market access example: Thailand



- **Vietnam only allowed to export to Thailand the following fruits:**
  - Dragon fruit
  - Longan
  - Litchi
- **But Thailand is allowed to export over 20 different kind of fruits to Vietnam**
- **Without market access, lower trade tariffs do not help**
  - Often phyto-sanitary requirements block trade

**CENTRAL** Group  
VIETNAM

**Tuần lễ Việt Nam 2017 tại Thái Lan**

Ngày: 27/07 – 02/08/2017

Địa điểm: Central Plaza Ladprao Bangkok



From: Supavadee Nimmanakait  
Sent: Monday, June 12, 2017 3:26 PM  
To: LE THI THANH TAM |  
Subject: RE: Export

Hello Ms. Tam,

We check with Plant Quarantine Department today (12 June 2017).  
Only 4 items are allowed to be imported into Thailand.

- Dragon fruit
- Sweet potato
- Lynchee
- Longan

FYI, thank you.  
Supavadee



# Example of how difficult it is for Vietnam



## Summary of results of pesticide residue tests of fruit and vegetables 1/1/2015-31/12/2016

by the Dutch Food and Consumer Product Safety Authority (NVWA)

Country	Number of samples	% above MRL	Average no of AIs found per sample
Thailand	220	26.4	1.5
Turkey	115	22.6	5.1
Suriname	162	19.1	1.5
China	298	16.1	3.8
<b>Vietnam</b>	<b>336</b>	<b>15.8</b>	<b>1.6</b>
Colombia	54	13	2
Egypt	291	12.7	2.8
Dominican Republic	214	11.7	2.1
Unknown	149	10.1	2.1
United States	40	10	2.9
Kenya	854	6.8	2.3
Mexico	51	5.9	2.3
Morocco	191	5.2	2.8
Israel	80	3.8	2.4
India	189	3.7	4
Brazil	244	3.3	2.6
South Africa	232	3	3
Italy	112	2.7	2.2
Peru	360	2.5	3.4
France	41	2.4	1.8
Zimbabwe	44	2.3	1.6
Belgium	54	1.9	3.2
Spain	659	1.4	2.3
Netherlands	1,296	1.1	1.7
Costa Rica	96	1	1.4
Chili	115	0.9	3.4
<b>Total named countries</b>	<b>6,497</b>	<b>6.8</b>	<b>2.4</b>
<b>Total all countries</b>	<b>6,974</b>	<b>7.0</b>	<b>2.4</b>



Netherlands Food and Consumer  
Product Safety Authority  
Ministry of Economic Affairs

Source: NVWA, 2017



## How to control agro-chemical use?

Who is most efficient to control

# Government aims

- Prime Minister Nguyen Xuan Phuc targets Vietnam's agriculture sector to reach the top 15 globally in just ten years.
- Control of agro-chemicals a crucial factor to make the Vietnamese agriculture more sustainable and competitive
- **Circular number 21/2015/TT-BNNPTNT**
  - Aimed towards food safety and more sustainable agriculture
  - Aimed towards reducing pesticide registrations with 30%
- **Restricting and not permitting registration of crop production products for:**
  - Fruits, vegetables and tea
  - if acute toxicity of active ingredients or finished products of type III, IV according to GHS"
  - or "there is a PHI in Vietnam over 07 days ".



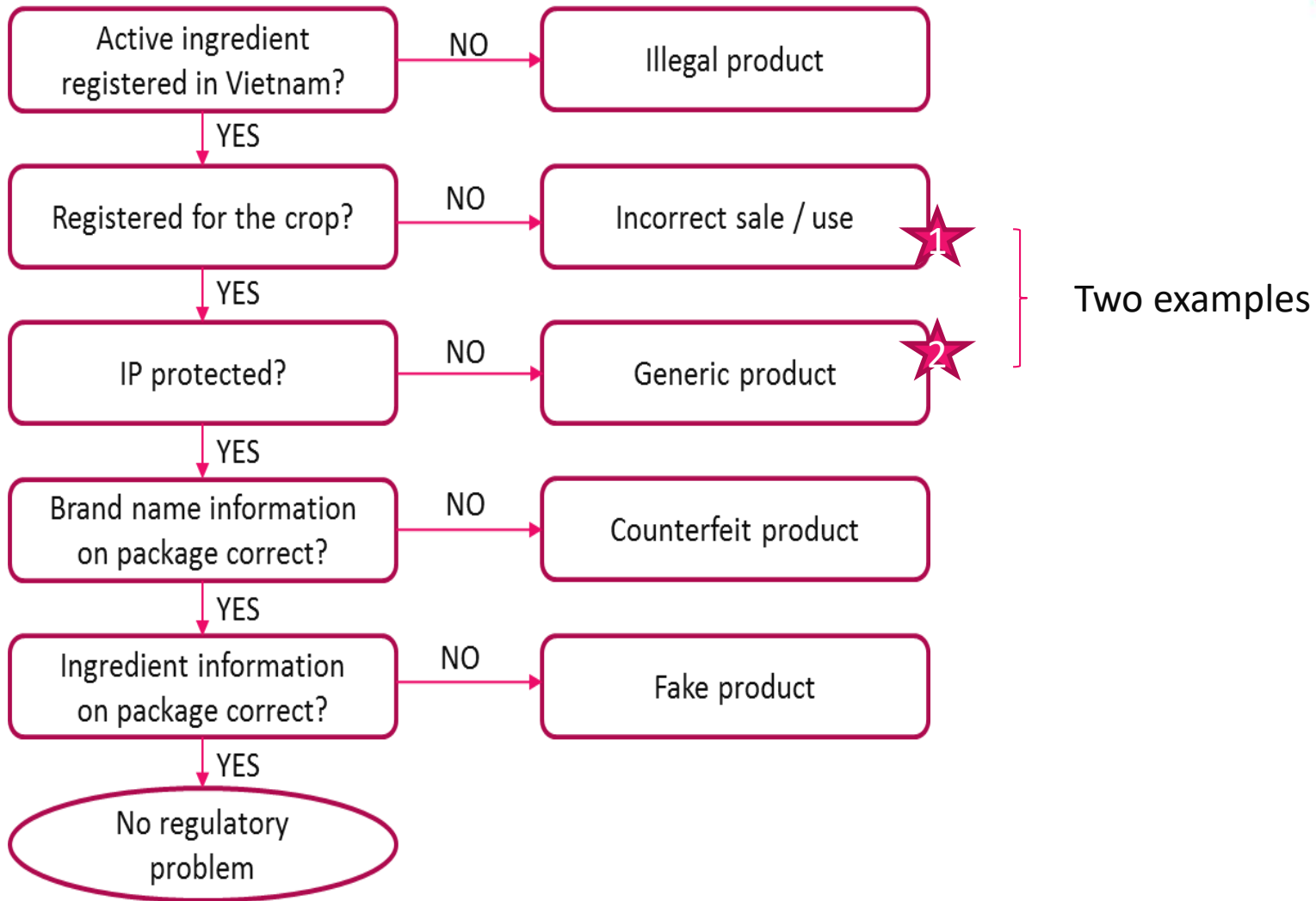
# Pesticide registration situation (2016)



No	Kind of Crop protection product	Number of AI	Number of trade names
1	Insecticides	700	3705
2	Fungicides	581	1238
3	Herbicides	232	681
4	Rodenticides	11	27
5	Growth regulators	45	136
6	Molluscicides	25	140
7	Others	58	77
<b>Total</b>		<b>1,652</b>	<b>6,004</b>

■ Source: Vietnam Pesticide Association, 2016

# What can go wrong with pesticides?



# Example 1: Incorrect sale/use



- Product registered only for use on potatoes



## Example 2: Generic products



- Confusing for farmers: same product, different packaging

# Example 3: Product not registered



Brand Name	Manufacturer	Active Ingredients on label	Lab Netherlands		Approved in EU
			Active ingredient	Concentration mg/kg	
XXX	YYYY	Non	Atrazin	0.084	No
		Bio Herbicide	Carbofuran	0.010	No
			Imidacloprid	0.015	Yes
			Diuron	0.011	Yes

Product sold as a “**bio organic herbicide**”

- Source: LC-MSMS and GC-MSMS, Lab test, the Netherlands

# Example 4: AIs not declared on label



Brand Name	Manufacturer	Active Ingredients on label	Lab Netherlands		Approved in EU
			Active ingredient	Concentration	
XXX	YYYY	Chlorpyrifos Ethyl	Chlorpyrifos Ethyl	190000	Approved
		Cypermethrin	Cyfluthrin	33	Approved
			Cypermethrin	24000	Approved
			Difenoconazole	22	Approved
			Propiconazole	43	Approved
			Pyridaben	30	Approved
			Quinalfos	630	<b>NOT APPROVED</b>
			Sulfotep	460	<b>NOT APPROVED</b>
			2,4-D	3.7	Approved
			Abamectin	15	Approved
			Acetamiprid	11	Approved
			Chlorfluazuron	15	<b>NOT APPROVED</b>
			Imidacloprid	2	Approved
			Isoprothiolane	14	<b>NOT APPROVED</b>
			Thiamethoxam (som)	13	Approved

■ Source: LC MS and GC MS, Lab test, the Netherlands



## Example Citrus registration: Europe vs Vietnam



Crop	Number of AI registered in the EU for this crop	Number of AI registered VN for this crop
Citrus	247	24
Lime	266	3
Pomelo	266	13
Orange	266	69
Dragon fruit	265	29

- Only registered AIs for a specific crop can be used
- **GlobalGAP follows the national law**
- **Very hard for VN agriculture to compete internationally**

# Impact of circular 21/2015/TT-BNNPTNT



- **If for a current tradename registrations expires**
  - For fruit, vegetable and tea
  - If in toxicity class 1,2,3 or 4.
  - Then this tradename can not be registered anymore
  
- **But,** these Als can still be registered on rice and will be available all over Vietnam
  
- **Impact for professional fruit, vegetables and tea farmers**
  - The very limited choice of official registered pesticides will become even more limited
  - Making GLOBALGAP certification in the future very hard for any Vietnamese company
  
- **Impact on food safety and environment**
  - If law not enforced, then all Als still available and used

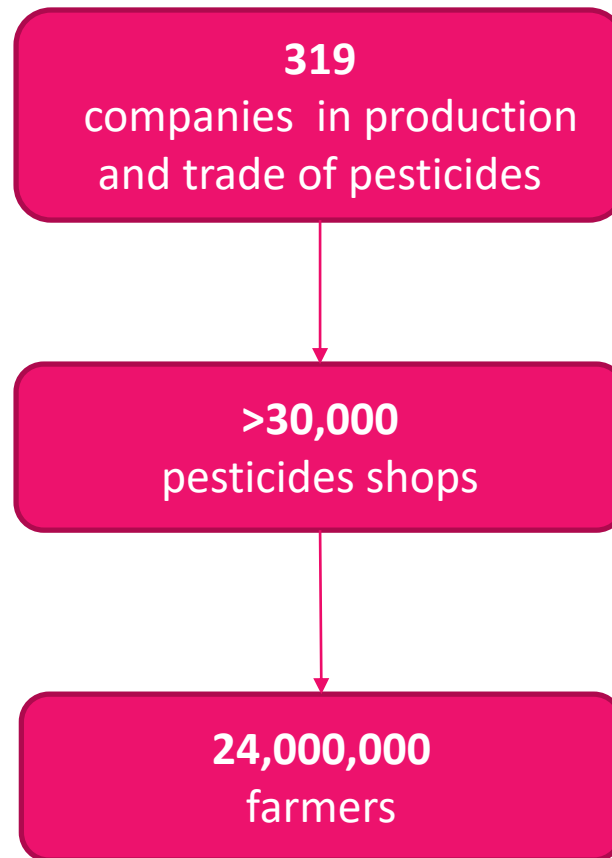
# Example



AI for citrus	Citrus registered in VN	Approved in the EU for citrus	EU MRL (m/kg)	GHS toxicity class	Remarks
Abamectin	Yes	Yes	0.015	1, 2	'Will be banned by VN on vegetables, fruit, tea
Imidacloprid	No	Yes	1	4	Will be banned by VN on vegetables, fruit, tea



# What is easiest to control?



# Different ways to control pesticide registration

- **Focus on the 319 pesticide companies**
  - Enforce government laws on pesticide labelling
  - Enforce government laws on pesticide manufacturing and trade
  - Test every year, in an international accredited lab, the contents of the pesticides and compare with the label
  - Products which don't comply with one of above, remove from list
  
- **At provincial level annual audits of 25% of pesticide shops**
  - F.e. Lam Dong Province, 1000 shops
  - One audit per shop costs about 3-4 hours for 2 people
  - 125 days per person, or in total just 1 FTE per province
  - Efficiency can be increased, develop/use a smartphone-based application for scanning and linking with MARD pesticide database



# How to make Vietnam fruit exports successful?

A successful fruit export case from Vietnam



# Cases: Creating a pomelo value chain



## CLIENT



## PRODUCT CHAIN



## VALUE CHAIN





- GlobalGAP, EU-Organic, TESCO nurture, ETI, GRASP and BRC certified
- Facilities:
  - **Can Tho:** 4,000 m<sup>2</sup> temperature controlled pack house with 700 m<sup>2</sup> high care fresh cut facility
  - **Dalat:** 1,500 m<sup>2</sup> temperature controlled pack house
  - **Mekong Delta:** 250 ha globalgap certified fruit farms
  - **Lam Dong:** 10 ha high tech greenhouse farm
  - **Hanoi** and **HCMC:** distribution centres
- 420 high qualified staff: Vietnamese and international staff
- Only exporter from Vietnam with year-round 52 weeks programs to Europe
- Leading fresh company in domestic market: all supermarkets and all leading HORECA.





# Contract farming, extension and QA system





# Traceability system



- Harvesting in numbered crates



- In the pack-house every batch kept separate in coded bins



- Every box stamped with traceability code



- Each farmer has its own ID to trace back



# Professionally packed



# Value added products





# In store marketing campaigns







## Public Private Partnerships for change

Creating sustainable food value chains in Vietnam

fresh  
studio

# Roles and responsibilities



Farmers	Companies	VN Government	Input companies
Join contract farming systems	Invest in professional pack-house	<b>Negotiate market access to neighboring countries</b>	<b>Register AIs for specific fruit crops</b>
Follow agreed agro-chemical production protocols	Setup contract farming system	<b>Enforce the Vietnamese pesticide laws</b>	Comply with VN government rules
Implement required GLOBALGAP and Social compliance SOPs	Invest in GLOBALGAP, HACCP/BRC and social standard	Require annual independent test of pesticides of all >319 pesticide companies in VN	Ensure that label information regarding AIs in product are correct
Crucial: record keeping, observing PHIs	Setup professional extension services	Lobbying EU/Japan/USA about MRL levels various tropical fruits	Invest in embedded services: extension
Join applied R&D programs	Develop production protocols	Make MARD pesticide list better available in a database instead of word document	Support export companies in PHI determination and MRL compliance
	Make lists which inputs farmers are allowed to use	Invest in applied R&D and extension	Invest in applied R&D
	Train farmers		
	Monitoring and controlling farmers		



# Thank you!



Questions

Your challenges

Ideas

Next steps



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