DEVELOPMENT OF THE VIETNAM’S AGRICULTURAL PRODUCT MARKET

1. Vietnam’s agricultural product exports

Vietnamese agricultural products have been exported to 180 countries and territories in the world, especially in the fastidious markets such as USA, Japan, EU and Canada. Vietnam’s agricultural product exports continue to grow and surplus, contribute to the improvement of trade balance. The export turnover value of agriculture, forestry and fishery reached 32,1 billion USD in 2016 and 2017 estimated at 36,4 billion USD, with 10 main export commodities of over 1 billion USD: rice, coffee, vegetables, wood and wooden products, cassava, pepper, cashew, rubber, shrimp and pangasius.

In addition to the successes, the export of Vietnam’s agricultural products has encountered the following limitations:

- Nearly 90 % of Vietnam’s agricultural products are exported in raw, semi-processed, foreign-branded form, with low marginal value and vulnerable to export;
- Our agricultural exporting product prices are always lower than other countries (for example, export prices of rice, coffee, rubber, pepper, cashew nuts,... are always lower than the prices of the competitors);
- Although Vietnam’s agricultural products have recently shifted to new markets such as the Middle East, the EU, ASEAN, Australia and South Korea, the percentage is still low, depending on main markets (such as China, the United States, Japan...), majority of Vietnamese enterprises are small and medium, obsolete production technologies, only 25–30 % enterprises are using the modern processing line (about average compare to ASEAN);
- Main agricultural products are not highly competitive; either strong brands in the international market;
- Technological barriers are difficult for Vietnamese enterprises when Vietnam’s agricultural product exports reach only 5 % of international standards).
Viet Nam's agricultural product exports have been affected by the following reasons:

- The agricultural business environment in Vietnam is still unstable and unattractive. It is difficult to attract domestic and foreign investors into the agricultural sector;
- Investments from the national budget and economic sectors in agriculture, farmers and rural areas are low, not meeting the development requirements of the sector;
- Extreme weather conditions due to climate change and environmental pollution are predicted to continue to affect our agricultural production;
- Although agricultural exports are showing signs of recovery, they are not strong yet because prices of many agricultural products have not really recovered, while markets have gradually saturated protection with non-taxed protection measures;
- Most of the enterprises and production units in the agricultural and foodstuffs sector are mainly small and medium enterprises with limited capital and technology;
- The increasing trend of applying technical barriers to import restrictions in most countries makes it difficult for exporters to produce agricultural products that cause legal risks affecting directly exports.

2. Some issues for Vietnam's agricultural product exports

- Multidisciplinary is co-operating together to identify the balance of major agricultural growth drivers: land, labor, water, total factor productivity (TFP), to overcome the agriculture sector limitation;
- The problem of positioning and branding of Vietnamese agricultural products through the issue of intellectual property recognition and protection in agriculture are weak;
- Food hygiene and safety are continuously occurring serious problem in the market, that ruins the market recovery and beliefs of domestic consumers in domestic agricultural products;
- The problem of positioning and restructuring of each agricultural product in the global market to prioritize development resources to meet the needs of export markets are limited;
- Standards and new trends in global food safety are a big problem for Vietnam’s agricultural exports. The ability to overcome trade barriers for export agricultural products in the context of implementation of commitments to international integration and participation in the FTAs of enterprises are more difficult;
- The export of agricultural products has reached the limit volume, the difficulty will increase, but solutions to improve the quality and increasing the marginal value for export agricultural products are still a problem.

3. Recommendations and solutions to Vietnam’s agricultural product export

3.1. World agricultural market trends

- Population growth is a major challenge for the world economy and for global food security in particular;
The world agricultural market is still moving towards developing countries, especially in Asia;

The world agricultural market is rapidly increasing the export value of agricultural products such as processed meat, oil and milk of the developing countries;

The development trend of the world agricultural market will be affected by the international trade negotiations;

The price fluctuation of agricultural products on the world market is frequently high, mainly because of the instability of agricultural production (dependence into nature).

3.2. Recommendations and solutions

Considering and studying the formation of research and monitoring sections separately for some major agricultural export markets such as China, the United States, Japan, etc;

Increasing investment in market research and forecasts to provide timely solutions; To set up an early warning system on the market and trade barriers for export agricultural products to help enterprises minimize the risks and losses;

To promote propaganda and dissemination to trade associations, enterprises, production households on free trade agreements which Vietnam has signed, regulations on food safety, quality management as well as the technical and commercial barriers of the import market to make the most of incentives or timely response to barriers;

Priority is given to enterprises signing contracts for the production and consumption of farm production for farmers who are involved in commercial contracts of the Government and trade promotion programs;

Continue to focus on enhancing and furthering trade promotion activities, innovating the model as well as modalities and enhancing the quality of trade promotion;

To study the establishment of a coordinating board for a number of major agricultural export commodities. Directly invite enterprises, trade promotion agencies and experts from importing countries to help farmers and enterprises organize the production of goods according to the quality standards they request;

The business should actively expand the forms of business activities such as temporary import for re-export, border gate, bonded warehouse enhance the ability to penetrate the market through different forms of access;

Co-operate with import and export businesses that have the strength, should actively cooperate with the enterprises of the import to sign long-term import and export contracts, build stable export plans;

Develop a direct distribution system of Vietnam exporting agricultural products into other importing markets. Penetrate the wholesale distribution channel through setting up a joint venture with the business of the importing country.