FOOD SUPPLY CHAINS IN VIETNAM
Food Supply Chains In Vietnam

VIETNAM FOOD INDUSTRY OVERVIEW

FOOD SWOT ANALYSIS

MAIN FOOD PRODUCTS
▶ Poultry & Egg
▶ Rice
▶ Fruit & Vegetable
▶ Fishery

FOOD VALUE CHAIN IN VIETNAM

FOOD IMPORT – EXPORT IN VIETNAM

FOOD RETAIL

FOOD SERVICE (HORECA)

SOME SAFETY CERTIFICATE REQUIRED IN FOOD INDUSTRY

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Intelligent storage solutions

Many logistics managers are unaware of the potential for optimisation and streamlining that modern warehouse systems offer. We will show you how to compress your storage and speed up operations. From warehouse systems to complete solutions, we provide everything from a single source.
A. VIETNAM FOOD INDUSTRY OVERVIEW

Vietnam’s food processing industry has expanded rapidly over the last few years, together with the growth of the retail sector. The Post believes the overall food processing industry has enjoyed an average growth rate of over 10% per year. With more transparent regulations and less burdensome paperwork, the Government of Vietnam has successfully attracted not only foreign investors but also local investors into Vietnam’s food processing industry. Vietnam has also tried to protect local food manufacturers by imposing high import tariffs (from 20% to 40%) on selected food imports that compete with locally produced products (confectionery, snack foods, juices, ice cream etc.).

Dairy products (UHT milk, milk powder, ice cream, yoghurt etc.), canned foods (meat, seafood, fruits and vegetable), bakery products, snack foods (potato chips, dried fruits, and wheat-based snacks), juices, confectionery (biscuits, cookies, candy, chocolate etc.) and hot sauces are all produced locally with acceptable quality. Consumer-oriented food products “produced” in Vietnam still rely on imported food ingredients and additives. Most large local manufacturers have good manufacturing practice certificates or the equivalent (ISO 9002, HACCP).

Food Consumption

- Total food consumption compound annual growth (CAGR), 2012 to 2017 (local currency): +9.43%.
- Per capita food consumption compound annual growth, 2012 to 2017 (local currency): +8.39%.

In the 2012-2017 period, we expect a local currency CAGR of 9.43% for overall food sales in Vietnam. This impressive level of growth in food consumption could be attributed to two key factors: rising affluence among Vietnamese consumers and an ongoing expansion of the mass grocery retail industry in the country, although rising prices will also play a part in the increase.
Buoyed by ongoing urbanisation and increasing affluence among Vietnamese consumers, BMI is currently forecasting canned food value sales growth of 11.52% in compound annual terms to 2017, significantly overshadowing 5.17% growth in volume sales. This stronger value growth in the canned food sub-sector reflects an acceleration of a premiumisation momentum, as demand for higher-value products such as canned food picks up strongly on the back of rising disposable incomes.
B. VIETNAM FOOD SWOT ANALYSIS

Strengths:
- The food-processing sector accounts for a sizeable proportion of industrial output and GDP, with the sector attracting significant foreign investment in recent years from Unilever, Nestlé and San Miguel.
- Vietnamese consumers, particularly the young and affluent, are interested in brands. Accordingly, renowned Western products backed by investment in marketing and promotions tend to have highly successful launches.
- The wealthy urban centers of Hanoi and Ho Chi Minh City now provide highly receptive consumer audiences.
- Large and diverse domestic agricultural output aids the stability of ingredient supplies and prices for local producers – a vital strength during this period of global volatility.

Weakness
- There are wide income disparities between urban and rural areas, and local consumption patterns vary significantly according to income.
- The food-processing industry remains largely fragmented, except for a few key sectors, such as dairy and confectionery.
- The country’s agricultural sector has been criticized for being too slow to adapt to new technologies to be globally competitive in the long term, although the government is working hard to address this.
- Vietnam’s infrastructure is still weak. Roads, railways and ports are inadequate to cope with the country’s economic growth and links with the outside world.
- The lack of white goods among large sections of the consumer base slows down the development of the high-potential dairy sector.

Opportunities
- Accession to the WTO, in January 2007, will continue to benefit Vietnamese exporters, with the gradual removal of market barriers and trade restrictions set to increase competition.
- Rising income levels and changing lifestyles, particularly in urban areas, are increasing consumer demand for snacks, convenience and luxury food items.
- Vietnam’s large domestic market, growing export opportunities and low labor costs, as well as the prospect of acquiring newly privatised food companies, offer further investment opportunities.
- The country’s agricultural sector is in need of significant investment, and willing investors can expect assisted entry.
- A growing tourism sector fuels interest in convenience categories.

Threats
- Vietnam’s WTO membership may result in smaller companies unable to cope with the increased competition being forced out of business.
- Elevated agricultural commodity costs will remain a risk for the profitability of processed-food manufacturers; farmers themselves also claim this as a threat, with the primary level reportedly seeing little in the way of these higher prices.
- Rising unemployment levels are taking their toll on consumer confidence.

C. MAIN FOOD PRODUCTS

1. Poultry & egg

Vietnam’s estimated total broiler meat imports for 2012 is forecast to be dramatically higher than 2002 while the country’s broiler meat production is estimated to increase only 4% since 2002. Total domestic consumption for 2012, meanwhile, is estimated to be 102% higher than 2002. Per capita broiler meat consumption for 2012 is forecast to be 7.60 kilograms (kg) person, up from 4.26 kg per person in 2002.

Fresh food supply chain – inevitable trend of Vietnam food industry

Vissan – the journey “Safety Food From Farm to Table”

In the end of 2011, Vissan Co., Ltd. started construction of a food processing complex in the Mekong Delta province of Long An to replace its inner-city facilities that are being shut down. The complex covers 22.4 hectares with total investment capital of US$150 million and Vissan will pour US$100 million into the first phase between now and 2015. The project is believed to be the nation’s largest industrial complex in the sector of food processing with a closed process from purchase, slaughter to processing and packing. It also includes a spice processing factory as well as a warehouse system which meets domestic and international standards on food safety, said Van Duc Muoi, general director of Vissan.

In 2012, Ba Huan Co., Ltd has started building a large-scale chicken farm in Binh Duong Province at a cost of VND180 billion in a bid to better satisfy domestic consumption demand for chickens and eggs. The 18-hectare farm includes 28 coops for production of chicken eggs and one coop for production of breeders. It will supply around 62.5 million eggs and 775,000 chicks annually, said Pham Thanh Hung, deputy director of Ba Huan Co.
Masan Group – value chain “clean breeders – clean food – clean processing – warehousing and distribution”

The move by Masan Consumer, a Vietnamese consumer goods manufacturer, of buying 40% of Proconco, an animal feed manufacturer - is believed to change the face of the Vietnamese animal feed market which is being controlled by foreigners. Masan Consumer would set up a value chain of “clean breeders – clean food – clean processing – warehousing and distribution” by 2013, before it launches a new brand into the market by 2014. Analysts said Masan Consumer is following the model that helped Thailand based Charoen Pokphand Group develop strongly. CP Foods began its development as a livestock feed processor. After that, it jumped into the field of husbandry, then to food processing, and finally, it has successfully developed a clean food brand – the brand of the products made from a closed process.

C.P – Fresh Supply chain with the “3F” model: Feed – Farm – Food

CP wants to focus more on food processing to protect its brand and enhance product quality awareness. More than 90% of CP’s business in Vietnam currently derives from animal feed, farming and aquaculture. The processed food business accounts for only 3% of CPV’s total revenue.

To build the processed food business, the company plans to expand sales and distribution approaches targeting both domestic customers and foreign leisure and business travellers. Its main distribution channels are CP Fresh Mart and CP Shop outlets that sell ready-to-eat and frozen food, and its Five Star grilled chicken street stalls. The company currently has 55 CP Fresh Mart shops in Vietnam with a plan for at least 20% expansion per year, 530 CP Shop outlets and 110 Five Star kiosks. With meat products, CP takes 50% of chicken egg market share, 30% of chicken meat market share, and 7% of pork market share in Vietnam.

Metro Cash & Carry - Three hundred farming households were supported in terms of the clean aquaculture techniques, 70 of them were certified by Metro GAP, and 20 distributors and suppliers in Mekong Delta benefited from the fresh fish supply chain development project implemented by Metro Cash & Carry Viet Nam and financed by the Viet Nam Challenge Fund. Those were the figures provided during a seminar summing up the project in Viet Nam. The main output of the project is the fish entrepôt in Can Tho, which has capacity of 4,500 MT/year and storage capacity of 15 MT. Fresh and processed fish caught in the Mekong Delta are gathered at the entrepôt before being delivered to Metro.
## 2. Rice

Vietnam's Production, Supply and Demand for Rice

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USDA Official</td>
<td>New Post</td>
<td>USDA Official</td>
</tr>
<tr>
<td>Area Harvested</td>
<td>7,607</td>
<td>7,607</td>
<td>7,600</td>
</tr>
<tr>
<td>Beginning Stocks</td>
<td>1,470</td>
<td>1,470</td>
<td>1,941</td>
</tr>
<tr>
<td>Milled Production</td>
<td>26,371</td>
<td>26,371</td>
<td>26,750</td>
</tr>
<tr>
<td>Rough Production</td>
<td>42,194</td>
<td>42,194</td>
<td>42,800</td>
</tr>
<tr>
<td>Milling Rate (.9999)</td>
<td>6,250</td>
<td>6,250</td>
<td>6,250</td>
</tr>
<tr>
<td>MY Imports</td>
<td>500</td>
<td>500</td>
<td>400</td>
</tr>
<tr>
<td>TY Imports</td>
<td>500</td>
<td>500</td>
<td>400</td>
</tr>
<tr>
<td>TY Imp. from U.S</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Supply</td>
<td>28,341</td>
<td>28,341</td>
<td>29,091</td>
</tr>
<tr>
<td>MY Exports</td>
<td>7,000</td>
<td>7,000</td>
<td>7,000</td>
</tr>
<tr>
<td>TY Exports</td>
<td>7,000</td>
<td>7,000</td>
<td>7,000</td>
</tr>
<tr>
<td>Consumption and Residual</td>
<td>19,400</td>
<td>19,400</td>
<td>19,850</td>
</tr>
<tr>
<td>Ending Stocks</td>
<td>1,941</td>
<td>1,941</td>
<td>2,241</td>
</tr>
<tr>
<td>Total Distribution</td>
<td>28,341</td>
<td>28,341</td>
<td>29,091</td>
</tr>
</tbody>
</table>

1000 HA, 1000 MT, MT/HA

(According to GAIN Report “Vietnam Grain and Feed Update Rice Production Update, May 2012”)
In Vietnam, rice losses at 10 to 25 percent under typical conditions and 40 to 80 percent under more extreme conditions. (According to FAO Statistics)

<table>
<thead>
<tr>
<th>Harvest</th>
<th>Handling</th>
<th>Threshing</th>
<th>Drying</th>
<th>Storage</th>
<th>Transport</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1%</td>
<td>3%</td>
<td>2%</td>
<td>2%</td>
<td>1%</td>
<td>2%</td>
<td>10%</td>
</tr>
<tr>
<td>37%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>10%</td>
</tr>
</tbody>
</table>

3. Fruit and vegetable

Fruit and vegetable exports are estimated at US$770 million in 2012, a year-on-year increase of 30 per cent. The country sold fruits and vegetables to more than 50 nations and territories, with China being the biggest importer. The main export items are fresh fruit like dragon fruit, watermelon, litchi, longan and mango; fresh vegetables like cabbage and cauliflower; processed fruits and vegetables like canned vegetables, dried fruit, and juice concentrates; and frozen products. Based on the export results of last year, Vinfruit has set an ambitious export target of $1 billion for 2013. Vinfruit also reports that the country spent $304 million on importing fruits and vegetables in the first 11 months of 2012, an increase of 15.9 per cent over 2011, mainly from China, Thailand, the US and Australia.

Deputy Minister of the Agriculture and Rural Development Nguyen Thi Xuan Thu has announced a raft of new measures to ensure food safety at a conference on agricultural product distribution. Under the plans, four food types will soon be sold with green labels to inform consumers that they meet the standards of the Good Aquaculture Practices (VietGAP) and were produced under the Food and Agricultural Products Quality Development and Control Project (FAQDC). The four categories will be: vegetables, fruit, pork and chicken. The labels would also help ensure the food origins and hygiene, while preventing the appearance of fake VietGAP products, she said. The green labelled goods will be supplied to schools and retail distributors such as Big C and Co-op Mart, accompanied by a large advertising campaign covering mass media, transportation means and retailers.

4. Fish

In 2012, Vietnam seafood exports failed to fulfill the target of US$6.5 billion set in the early year.

Despite experiencing a lot of efforts, exports of two key items (shrimp and pangasius) saw decline from those of the same period of 2011. Strong growth in exports of other finfish (particular tuna) cannot compensate for the decline.

Ten highlights of Vietnam fisheries industry in 2012:

1. Seafood exports hit US$6.2 billion

2. Increase in marine product exports

In 2012, marine product exports estimated to record US$2.2 billion, up 14.5 percent from that of the same period of 2011

3. Nylon bags for packing exported goods are not subjected to environmental protection tax

Following a series of recommendations from VASEP and other associations on environment protection tax exemption and refund on plastic bags for packing exported products, the Government issued the Decree No. 69/2012/NĐ-CP on 14th September 2012 regulating that PE bags for packaging exported products enjoy free environment protection tax.

4. Exporters continued to enjoy imported tax payment grace in 275 days if they can satisfy four conditions.

5. Pangasius industry reached the sustainability target under ASC

Till the end of November 2012, Vietnam pangasius sector completed the 2012 target that 10 percent of its farmed pangasius was certified under the Aquaculture Stewardship Council (ASC) and it is striving to have 100 percent of its farmed pangasius certified by 2015, with 50 percent of this under ASC. ASC confirmed that pangasius is farmed responsibly. Farming fish under ASC standards will minimize bad effects to environment, workers and nearby communities.

6. Shrimp exports to Japan deeply declined due to Ethoxyquin

On May 18th 2012, Japan decided to inspect 30 percent of Vietnam shrimp consignments imported into the market with maximum residue limits of 0.01 ppm. Since August 31st 2012, 100 percent of Vietnam shrimp consignments were tested Ethoxyquin.
by Japan authorities. Therefore, in six consecutive months (starting from July 2012), shrimp exports to the market sank by 1.4 – 16.6 percent over the same period of 2011. Despite efforts of Ministry of Agriculture and Rural Development, VASEP and seafood enterprises to solve the problem but the result was not as expected.

7. Shrimp farming was badly affected by Early Mortality Syndrome (EMS)
In 2012, brackishwater shrimp farming on the large scale was heavily hit when up to 100,766 hectares of shrimp farming were lost by EMS. According to Directorate of Fisheries (D-Fish), mainly loss occurred in industrial shrimp farming and 45.7 percent of shrimp farming area was attacked by Acute Hepatopancreatic Necrosis Syndrome – AHPNS. The others was due to White Spot Syndrome virus or Yellowhead virus. D-Fish is striving to find out solutions for shrimp diseases and EMS is expected to be removed in 2013.

8. Pangasius farming faced difficulties in capital
In 2012, capital shortage caused troubles for fish farmers and processors. Fish farming areas were narrowed, many processors must suspend production, leading bad effects on life of many workers. 
Pangasius exports in the year expected to reach US$1.8 billion, equally to the result of the previous year.

9. Nearly 300 seafood exporters suspended operation
The number of Vietnam seafood exporters in 2012 reduced by 300 ones from over 900 to over 600. Enterprises which were out of business are mainly commercial companies and exporters facing hardship in capital and import markets. This reflected bottlenecks in enterprises’ seafood trade and exports and it is necessary for them to restructure to overcome difficulties.

10. The U.S. becomes the largest importer of Vietnam seafood
In 2012, the U.S. outstripped EU to become the largest importer of Vietnam seafood with the growth of 5.4 percent in export value from the same period of 2011. Seafood exports to EU sharply reduced since the early year.
**Figure 1.3**: The Vietnamese pangasius value chain and its main bottlenecks

**SUPPORTERS and INFLUENCERS**
- SME ass
- VCCI
- VASEP
- MOIT
- An Giang Fisheries Association
- AGIFISH Pure Pangasius Union (APPU)
- VINAFIS
- MARD / DARD
- Universities and Research Institutes
- Financial Institutions

**OPERATORS**
- Hatcheries
- Feedmills
- Mod&Chem
- Equipments
- Household pangasius farms
- Traders
- Long-scale commercial pangasius farms
- Shrimp processors and exporters
- Domestic Consumers (+ - 10%)
- Export markets (+ - 90%)

**Bottlenecks**
- Lack of quality fingerlings
- Lack of investment in infrastructure
- Expensive feeds
- Lack of cooperation between value-chain actors
- Lack of cooperation with BSO's
- Lack of vertical integration and contract farming
- A lack of development strategy
- The complexity and diversity of international standards

Source: Eurostat, processed by LEI.

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**c. Fruit Value chain**

**Figure 1.3**: Pomelo value chain in Ben Tre

- Tools & Machinery Agents
- Agriculture Chemical Suppliers
- Local Vendors
- Retailers
- Super Market Airport
- Restaurant, Hotels, Tourist Resorts
- Local Vendors
- Collectors
- Local Packing Agents
- Exterior Wholesalers
- Urban Vendors
- Domestic Consumers
- Export markets (+ - 90%)

Source: Axis Research

**Figure 1.5**: Dragon Fruit Value Chain in Binh Thuan

- Cooperative
- Export
- Farmers
- Traders
- Whole-salers
- Retailers
- Consumers
- Small traders
- Small retailers

Source: Southern Fruit Research Institute
E. FOOD EXPORT – IMPORT IN VIETNAM

Food export category (11 months of 2012)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Commodity</th>
<th>Quantity (tons)</th>
<th>Value (USD)</th>
<th>TOP country export</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fishery</td>
<td>5,605,870</td>
<td>US, Japan, Korea</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Rice</td>
<td>7,497,143</td>
<td>3,427,190</td>
<td>China, Philippine, Malaysia</td>
</tr>
<tr>
<td>3</td>
<td>Coffee</td>
<td>1,563,650</td>
<td>3,342,105</td>
<td>US, German, Italia</td>
</tr>
<tr>
<td>4</td>
<td>Cashew Nut</td>
<td>203,132</td>
<td>1,357,229</td>
<td>US, China, Netherland</td>
</tr>
<tr>
<td>5</td>
<td>Pepper</td>
<td>110,588</td>
<td>751,155</td>
<td>US, German, Arab Saudi</td>
</tr>
<tr>
<td>6</td>
<td>Fruits</td>
<td>NA</td>
<td>729,042</td>
<td>China, Japan, US</td>
</tr>
<tr>
<td>7</td>
<td>Tea</td>
<td>134,798</td>
<td>205,797</td>
<td>Pakistan, Taiwan, Russia</td>
</tr>
</tbody>
</table>

Food import category

<table>
<thead>
<tr>
<th>Rank</th>
<th>Commodity</th>
<th>Quantity (tons)</th>
<th>Value (USD)</th>
<th>TOP country export</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Dairy</td>
<td>NA</td>
<td>771,532</td>
<td>New Zealand, US, Singapore</td>
</tr>
<tr>
<td>2</td>
<td>Wheat</td>
<td>2,272,469</td>
<td>712,517</td>
<td>Australia, US, Canada</td>
</tr>
<tr>
<td>3</td>
<td>Fishery</td>
<td>NA</td>
<td>602,252</td>
<td>Taiwan, India, Japan</td>
</tr>
<tr>
<td>4</td>
<td>Corn</td>
<td>1,509,150</td>
<td>464,818</td>
<td>India, Argentina, Thailand</td>
</tr>
<tr>
<td>5</td>
<td>Fruits</td>
<td>NA</td>
<td>302,650</td>
<td>China, Thailand, US</td>
</tr>
</tbody>
</table>

F. FOOD RETAIL

Traditional is still the dominant channel in Vietnam while Modern trade speeds up opening stores especially in Hanoi. Convenience stores have the fastest growth rate.

• Consumers are moving from wet markets to supermarkets. Statistics from Nielsen (2010-2011) shown that average frequency of visits per month of Wet markets decrease from 25.6% to 24.2%, meanwhile Supermarkets increase 0.9% from 2.3 to 3.2.

• Retailers of all types are implementing their expansion plans. From 1/1 to 31/9/2012 more than 12 new stores open each month.

Modern Trade Store No, by Format in Asia-Pacific (% annual growth)
Vietnam Government attempts to invest in improving wet markets and supports small traders. Market system development scheme 2011-2015: Investment of 2,782 bil. VND with 150.6 haon developing 319 traditional market (Upgrading 110 markets, Building 153 markets). Ministry of Industry and Trade cooperate with University of Economics to organize “Sales skill training for small traders in wet markets” and “Wet market management skill training for the market's management boards”.

Rising food retail sales propelling Vietnam retail market
Food retail sales are projected to grow at a CAGR of 25.7% during 2012-2015, says RNCOS in its latest research report. Food retail sales have been increasing continuously in the country from the past few years. The market is witnessing tremendous growth on the back of rising demand for western foods, dried processed food, and packaged convenience foods. In addition, the rising purchasing power and infrastructure developments are also helping food retail sales to grow. The modern retail formats, such as hypermarkets, air conditioned minimarts, supermarkets, and small shopping complexes are also changing consumption patterns and attracting many consumers in this regard.

Further, growing middle class and changing lifestyle will propel its demand in the country. Therefore, considering all the factors, it is anticipated that the food retail sales will grow at a CAGR of 25.7% during 2012-2015.

Japanese convenience store giant to expand in China, Southeast Asian countries
Leading Japanese convenience store chain Lawson Inc. aimed to expand the number of stores in China and extend its business to other Asian countries, especially the Southeast ones. Considering China as a focus of its expansion, the company will also export its Japanese convenience store model to countries including Malaysia, Vietnam and India.

Higher living standards make Vietnam a vast market for foreign food suppliers
The foreign food imports have been increasing steadily in recent years, even though imports are always expensive and Vietnamese now suffer from the economic downturn. Previously, distributors mostly imported food products from Europe or the US. Meanwhile, they now seek food supplies from any possible sources and tend to import more luxurious products. At Metro, Lotte, Co-op Mart and Maximark, the biggest retail chains in HCM City, foreign food products, from meat, fish to dairy and fruits with high sale prices have been displayed on the most advantageous positions.

Convenience stores: the 1-against-30 competition
Convenience stores and mini supermarkets have been struggling to survive over the last 10 years. Contrary to all predictions, they could not grow up because traditional markets remained the preferable choice by consumers. Meanwhile, the market conditions are not good enough for convenience stores to develop: the retail premises have become too expensive, while the logistics service fees have been increasing rapidly. There are some 1000 convenience stores and mini supermarkets nationwide, a modest amount if noting that there are 300,000 groceries and 2000 traditional markets.

G. FOOD SERVICE
(HORECA: HOTEL, RESTAURANT, CATERING)
Efforts by the Government of Vietnam and media has risen the public’s awareness of food hygiene and safety, and Vietnamese consumers, especially those in urban areas, prefer to visit foodservice outlets that can offer both convenience and assured food hygiene and safety. In fact, food safety and hygiene has become one of Vietnamese consumer's most important concerns when making food purchase decisions.

Vietnam’s HORECA food service sector consists of over 540,000 outlets including over 430,000 street stalls/kiosks; 7,000 fast-food restaurants; 80,000 full-service restaurants; 22,000 cafeterias/bars; and more than 12,500 hotels and resorts. The total consumer food service sales in Viet Nam achieved an average growth of 8.8 percent per year during 2005-2011, and are forecast to grow at a slower, but still strong, rate of 5 percent during the next five years. Despite the recent worldwide economic slowdown and Vietnam economic slowdown, the outlook for high-value food and beverage exports to Vietnam is still very promising. (According to GAIN Report, Vietnam Food Service - Hotel Restaurant Institutional, December 14, 2012) Philippine food major Jollibee Worldwide, the wholly owned subsidiary of Jollibee Foods, in early 2012 acquired a 50% stake in SuperFoods Group. The stake will include a 49% share in SF Vung Tau Joint Stock Company in Vietnam and a 60% share in Hong Kong-based Blue Sky Holdings. Jollibee Worldwide has paid US$5mn in an advance payment to the SuperFoods Group and also invested US$25mn for 50% of the SuperFoods business and a US$35mn loan to its partner Viet Thai International Joint Stock Company.

Japanese confectioner Ezaki Glico announced in early 2012 that it would acquire a 10% stake in Vietnam-based sweets maker Kinh Do Corp, reports Reuters. The company will purchase 14mn newly issued shares in the sweets maker. The company aims to expand its business presence in South East Asia through the expansion.

Starbucks, McDonald’s go Vietnam
The world’s largest coffee-shop chain, Starbucks, will open its first Vietnam cafe in early February 2013 in Ho Chi Minh City as part of its strategy to expand across Asia, the company said in a release on January 3. Stagnating growth in the US and Europe has prompted Starbucks to open thousands of stores in China and Asia-Pacific in the recent past, with Asia-Pacific being the biggest growth market for the company. Starbucks said it operates more than 3,300 stores across 11 countries in China and the Asia-Pacific region.

The company has previously said that by the end of 2013 it plans to have 1,000 stores in China, 1,000 in Japan and 500 in Korea. By 2014, China will become Starbucks’ largest market outside the US. In October, Starbucks opened its first store in India in partnership with Tata Global Beverages.

As of end-2012, Starbucks had nearly 18,000 coffee shops in 60 countries worldwide.
McDonald’s to capitalise on the Vietnamese population’s rapid acceptance of fast food
US fast food chain McDonald’s has also said it aims to roll out the Vietnam market and plans to open up to 100 restaurants in the country with the first to launch in Ho Chi Minh City in 2014.
McDonald’s senior officials have already visited Vietnam in August 2012 to talk to prospective franchisees, and planning is now under way for the first stores, the company said. The opening date will depend on McDonald’s ability to ensure a reliable and secure supply chain of fresh ingredients and complete its complex training programme of franchisees and staff.
McDonald’s has had a notable absence in the Vietnam fast food market which is dominated by KFC, Pizza Hut, Korea’s Lotteria and Filipino chain Jollibee. The latest addition was Burger King with trial stores in Ho Chi Minh City and Hanoi opened in 2012. McDonald’s strongest competitor is now planning new restaurants in 11 districts of Ho Chi Minh City and six in Hanoi, along with the provincial centres of Da Nang and Hoi An.
Another fast food chain, Johnny Rocks, is also on track to make its debut in Vietnam within months.

The Johnny Rocks Group from the U.S. is looking for opportunities to develop the fast food chain in Vietnam as part of its strategy to expand its brand to potential markets in Southeast Asia.
Steve Devine, President of International Development at The Johnny Rocks Group, said that the firm was seeking partners to franchise its fast food restaurant chain in Vietnam. Hamburgers, French fries and beverages are what will be served at The Johnny Rocks restaurants in the coming time. Hamburgers, French fries and beverages are what will be served at The Johnny Rocks restaurants in the coming time.

H. SOME SAFETY CERTIFICATE REQUIRED IN FOOD INDUSTRY
The certificates are important to both suppliers of foods and ingredients and to their customers, whether the customer is a supermarket buying consumer goods, a processor buying ingredients or a chain restaurant. The certificates demonstrate that the processor has established a food safety management system that has defined elements. ISO 22000 is the only true food safety certificate, but the four food safety audit schemes approved by the Global Food Safety Initiative (GFSI) are useful tools for demonstrating compliance. These certificates must be issued by a reputable certifying unit.

<table>
<thead>
<tr>
<th>No.</th>
<th>Certificate</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ISO 22000</td>
<td>ISO 22000 certification covers all the processes in the food chain that impact the safety of the end product. It specifies the requirements for a comprehensive food safety management systems as well as incorporating the elements of Good Manufacturing Practices (GMP) and Hazard Analysis Critical Control Points (HACCP).</td>
</tr>
<tr>
<td>2</td>
<td>FSSC 22000 (Food Safety Systems Certification)</td>
<td>FSSC 22000 is a GFSI recognized food safety scheme. It represents one of the most comprehensive approaches to a food safety management system, accepted by many major retailers and branded food companies.</td>
</tr>
<tr>
<td>3</td>
<td>SQF (Food Safety Systems Certification)</td>
<td>The SQF program is recognized by the Global Food Safety Initiative (GFSI) as a scheme that can offer a seamless ‘field to fork’ food safety and quality certification solution. It provides supply chain management for both primary production and food manufacturing and distribution.</td>
</tr>
<tr>
<td>4</td>
<td>BRC (British Retail Consortium)</td>
<td>SGS is accredited by the British Retail Consortium (BRC) to offer certification on the BRC Global Standard for Food Safety. Achieving compliance with our BRC certification program demonstrates your level of competence in hygiene, food safety and quality systems.</td>
</tr>
<tr>
<td>5</td>
<td>IFS Food Certification (International Food Standard)</td>
<td>The International Featured Standard regulations applying to food processors and packers. IFS certification can improve your operational efficiency and product quality – saving your money and reducing your liability risks.</td>
</tr>
</tbody>
</table>
If you are food exporters to Vietnam, you have to follow some instructions. All food imports must obtain a Food Quality Registration Certificate issued by Vietnam Food Administration under the Ministry of Health.

- **All Processed Food:** Must have (1) Certificate of Good Manufacturing Practice (GMP) and HACCP; (2) Certificate of Analysis (CA)

- **Meat & Seafood:** Health Certificate & HACCP. Meat & seafood exporters must be approved and listed by National Agro Forestry & Fisheries Quality Assurance Department (NAFIQAD) prior to export products to Vietnam. Please also note that there is an offal temporary ban from the Ministry of Industry & Trade (MOIT) as the port facilities were not capable to handle strong inflow of offal arrival.

- **Plant & Plant Products:** Phytosanitary Certificate

- **Dairy Products:** (1) Certificate of GMP & HACCP; (2) Health Certificate; (3) Certificate of Free Sale; (4) CA.

- **Wine & Spirit:** Customs clearance is only made at 3 ports Hai Phong, Da Nang and HCMC. Must have an Authorisation letter from the manufacturer for the local importer/distributor to be their official importer/distributor of the goods in Vietnam.
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