

THE DIFFICULTIES AND SOLUTIONS FOR ENHANCING FRUIT EXPORT IN VIETNAM

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Potential Conditions

In Production:

- Diversified & fertile soil
- Suitable climate & abundant water resources
- Labour is available and intensive
- Availability of high quality cultivars
- Easy for Agro-Ecological spread to exploit seasonal advantage
- High profit for commercial fruit growers

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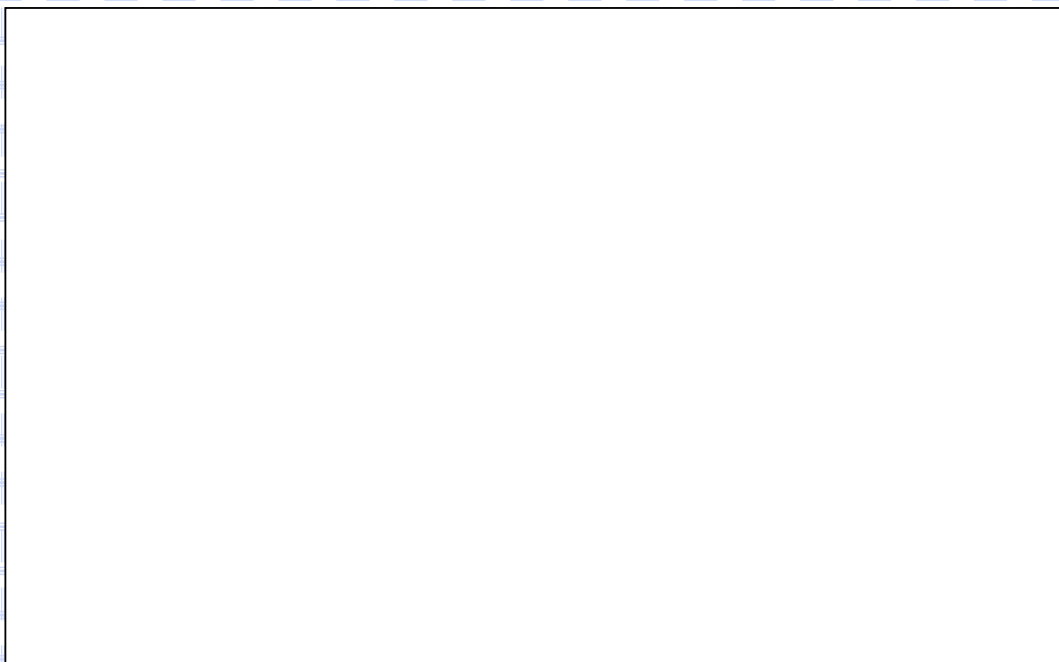
Potential Conditions *continued...*

In Trading and Exporting:

- Demand for fruit in the world will increase at 3.6%, while fruit production increase at 2.8% only
- Increasingly high demand of fresh fruit in local market
- Short distance for export to North East Asia market, esp. to China

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Increased Fruit Production



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Situation of VN Fruit Export

- ◆ In the last five years, there has been a significant shift in attention toward fruit production and export.
- ◆ The main reason was rapidly expanded market, especially in China.
- ◆ Last year, total export of fruit was 235 million USD, increasing by 31.3% compared with 2004.
- ◆ In 2006, MARD expects to get fruit export value at US\$ 330 million.

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Situation of VN Fruit Export *continued...*

- ◆ Government Program on Fruit up to 2010: The plan to export US\$ 1 billion fruits by 2010 is both promising and worrisome.
- ◆ Promising: Greater attention to expand rural income through diversification into high-value agricultural commodities.
- ◆ Worrisome: Appears to resemble centralized management of the agricultural sector, in which provinces and districts will be given responsibility for reaching targets.
- ◆ It is also worrisome: Not clear if this is a plan to expand the role of state enterprises in fresh fruit exports, an area in which international experience suggests that state enterprises are not well suited.

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Situation of VN Fruit Export *continued...*

- ◆ Achievements of the Program are in future, while difficulties are being to face in 2006.
- ◆ In 2006, VN fruit is still inferior with fruit of other regional countries, especially of Thailand.
- ◆ Vietnam Fruit Producers Association (Vinafruit) showed: VN fruit has been low score evaluated.
- ◆ In details, VN fruit has many weaknesses (damaged, infested, contaminated, quick perishable, uninformed, bad appearance, bad packaging without label, too much SO₂ content).
- ◆ VN fruit can enter to only Chinese South border provinces. They cannot enter to Central China.

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Difficulties for Fruit Exports

In Production:

- Small economic scale
- Lack of well-planned strategy for fruit sustainable development
- Short history of fruit research & development
- Weakness in agro-mechanization
- Weakness in post-harvest handling
- The VN fruit sector is not yet became an industry, while has planted area at 3 time larger than Thailand.

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Difficulties for Fruit Exports *continued...*

In Trading and Exporting:

- ◆ Export prices have become increasingly less competitive because the fruit production sector has recently focused on cultivating high value fruit
- ◆ Fruit crops are of low and fluctuating quality, and losses during harvest season tend to be costly
- ◆ Lack of a VN fruit trademark and an inability to adjust to market changes

Difficulties for Fruit Exports *continued...*

- ◆ Exporting is risky because most of it (80%) goes to China, which is an unstable market.
- ◆ VN competes directly with neighboring Thailand. China signed a tariff preference agreement with Thailand in 6/2005.
- ◆ Price fluctuations and unstable consumption market demands.
- ◆ Consequently, fruit planters are in shortage of information about market demands both domestically and abroad.

Weakness in Agro-Mechanization

- ◆ Outdated and poorly manufactured and maintained pesticide application equipment
- ◆ Not follow quality standards and testing procedures for pesticide equipment
- ◆ Low investment for using machinery and equipment (land making, water-save irrigation, green house...)

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Constraint and Weakness in Post-harvest Handling: Harvesting

- Many cultivars planted making uniform fruit quality
- Traditional picking up practices causing damage and getting disease infestation
- Fruits is kept long time under sunlight after picking up
- Harvesting time mostly based on duration of high price, very little concerning on mature indices
- Not good linkage between pre- and post-harvest

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Constraint and Weakness in post-harvest handling

- Most fruits are tropical fruits with short shelf life
- Lack of packing house, fruit labeling...
- Post-harvest disease treatment is not concerned
- Insufficiency of facilities for post-harvest handling and distribution (Cold storage is newly introduced, small scale, high cost...)
- Fruit distribution chain is complicated and through a lot of steps
- Transport is in low progress; Cool transportation is still limited

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SOLUTION FOR ENHANCING EXPORT

- Supporting by Government policies
- Planning for fruit-specialized area
- Market expanding
- Institutional development
- Development of trade mark for VN fruit
- Fruit quality assurance: sanitary-phytosanitary issues
- Research and extension services
 - ◆ Fruit seed and planting materials
 - ◆ Post-harvest handling

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Supporting by Government Policies

- ◆ Need to readjust investment and credit policies
- ◆ Encourage direct investment for producers, exporters
- ◆ Amend policies in agricultural extension and technology transferring
- ◆ Should focus on soft infrastructure, such as research and institutional development, rather than production targets and hard infrastructure, such as storage facilities and processing plants
- ◆ Public investment in this type of infrastructure will often lead to excess capacity and implicit subsidies for state-owned enterprises (but not for private sector).

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Planning for Fruit-Specialized Area

- ◆ Vietnam needs shift its focus to the development of its staple fruit, including pineapple, dragon fruit, pomelo, mangosteen, longan, litchi and milk fruit
- ◆ Have selected 27 fruit-specialized areas with a total area of 242,000 ha, including 100,000 ha for export, mainly in the MRD. But not yet concentrate production on those areas

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Market Expanding

Avoid loss in the existing markets: China has become the most important market. VN should focus on the Chinese market by the following measures:

- ◆ Establishing wholesale markets at the border with postharvest handling system
- ◆ Boosting official exports and promoting market research in order to export fruit to the Central and North-East areas
- ◆ Paying more attention on fruit quality for competition of similar produces from other country like Thailand
- ◆ Enter to Chinese market through cooperation with great international supermarket companies (Wallmark - US, Parkson - Malaysia, Itoyokado - Japan, Metro - Germany have a supermarket network in China)

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Market Expanding *continued...*

- ◆ **The expanding to other potential markets** such as EU, US, Taiwan, Korea, Hong Kong, Japan, Russia is very necessary in order to avoid the closed dependence on Chinese market. Need to improve quality control and development of e-commerce.
- ◆ **Meeting of quality requirements**, packaging, and sanitary and phytosanitary requirements are the main impediment.
- ◆ Need to **sign soon the SPS agreement** with other countries.

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Institutional Development

- ◆ Market information services must focus on key products and markets to avoid over-extension. Furthermore, must incorporate regular feed-back from users to ensure that they remain useful and relevant.
- ◆ Establishment of a number of associations and collectives for fruit production and for export is necessary important at this moment. By facilitating the creation of professional associations, the government would make fruit markets more efficient.

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Development of Trademark for VN Fruit

- ◆ Trademark for fruit specialties is new to Vietnam; as a result, the number of registered fruits is small regardless of having a variety of famous agricultural specialties.
- ◆ The Vietnam Agricultural Trademark Club was set up late last year to help farmers develop effective trademarks for their products. It is expected that Vietnam will have more fruits to be registered for origin protection in the coming time.

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The Fruit QA and SPS Issues

- ◆ Should devote more attention and resources to sanitary and phytosanitary (SPS) issues in fresh fruit exports.
- ◆ Prepare a strategy for controlling the use of pesticides. This strategy should include: supply (import) control, research on aspects of pesticide use, farmer education campaigns, and more systematic testing of fruits and vegetables in the market place.
- ◆ Building Quality Assurance system for key fruits: only few standards just have been issued recently. But they are not systematic and uncompleted.

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Research and Extension Services: Approach on fruit seed and planting materials

- ◆ Need more supports from the Government management in fruit seed and other planting materials.
- ◆ The Government needs to have good policy, seedling production network and their distribution system. The supporting policy needs reach farmers, i.e. they have not to purchase seedlings at higher price.

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Research and Extension Services: Approach on fruit seed and planting materials

The technical approaches on fruit plant breeding:

- ◆ Identify good domestic fruit varieties for their development and conservation.
- ◆ Import new good varieties from other countries (as have been done with Cayen pineapple, Thai specialties: durian, mangosteen and rambutan...).
- ◆ Industrialization in seedling production (Application of biotechnology, Utilization of machinery for substratum preparation).
- ◆ Seedling and cuttings production using the tissue culture and green house.
- ◆ Establishing network of seedling production units with support from government and scientific institution.

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Research and Extension Services: Post-harvest handling

- ◆ Researchers should give the guidance on key indicators of fruit quality to the farmers, traders. The main indicators of harvest maturity of some fruits. But need more and find the way for application in production.
- ◆ And, producers have to follow proper care technique during the pre-harvest period (irrigation; fertilization; pruning; thinning; insect, pest and disease control) to ensure the produce quality.
- ◆ Research work needs to introduce the proper harvest methods and tools or equipment to the farmers (for example, lychee fruits must be harvest early in the morning, when it is not rainy etc).

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Research and Extension services: Post-harvest handling *continued...*

- ◆ At present, there is no packinghouse system across the country. Need to establish this system with domestic equipment.
- ◆ Vietnam can design and manufacture the machinery for the system.
- ◆ But first work is finding the appropriate technologies (washing, grading, packaging, preservation, storage...) and defining the investment scale and where packinghouse will be installed and what fruit will be handled.

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Research and Extension services: Post-harvest handling *continued...*

- ◆ Packaging: Lack of knowledge of packaging technique leads to high losses. Need to provide to farmers, traders and exporters the proper packaging technique for specific fruits.
- ◆ Needs to develop different transportation equipments including those with and without cooling machines. Refrigerated trucks are considered to be essential facilities for fresh fruit and vegetable transportation.
- ◆ The railway network should be used for North-South transportation. Ship and air cargo also need to be considered for using in fruit export

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Thank you for your attention!

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Using paper to create additional spaces for packaging

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Produce overloading in truck

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Mango 'Cat Hoa Loc' known as the best among various varieties

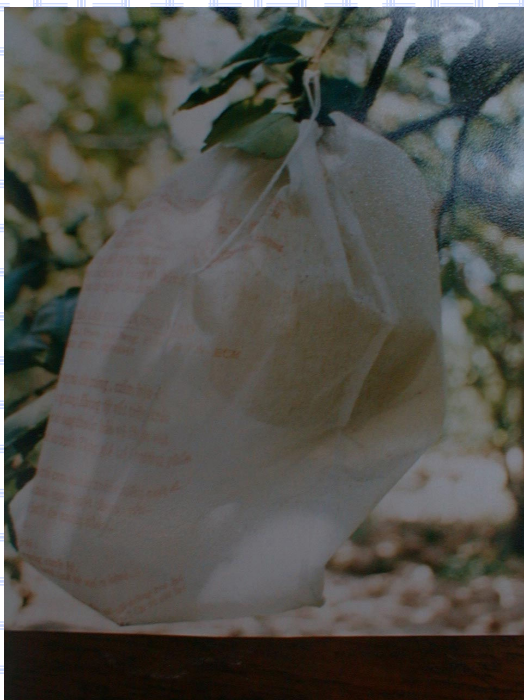
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'Nam Roi' Pomelo



'Da Xanh' Pomelo



**Preharvest bagging for pomelo
and mango**