Vietnam Coffee Sector: Policies and Perspectives

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Policies and Performance

• **Supply and Export:**
  - Cultivated area: 645,000ha; Harvested area: 597,200 ha; Certified area (4C, UTZ, rainforest alliance): 60%
  - Average yield: more than 2.4 ton/ha
  - Quality: appropriate for roasted and soluble coffee
  - Export (2015): 1,341,000 tons

• **Policy:** Vietnam coffee sustainable development strategy, Coffee rejuvenation strategy, Vietnam coffee vision to 2020

• **Institutions:** Coffee Coordination Board, Vietnam Coffee Cocoa Association, Public Private Partnership

• **Project/programs:**
  - Irrigation projects: 90,000ha
  - New Rural Development Program
  - Vietnam Sustainable Agriculture Transformation Project (VnsAT)
  - ISLA
  - Other field-level projects of 4c, UTZ, Nestle…
Challenges

• Small-scale production: 90% coffee area is produced in households of which 65 % having total coffee area under 1ha

• Old age coffee trees: 140,000-160,000ha in the next 5-10 years

• 70% coffee area irrigated from underground water, only 10% area applied water-saving technology

• Heavy negative impacts of climate change: drought, losses of surface and underground water
Challenges

- High rate of post-harvest loss caused by green bean harvesting and low-tech of drying (only 12% coffee farmers harvest their farm with more than 70% of ripen bean)
- Low proportion of coffee processed products (10% of total coffee production) => low value added to share for farmers
- Unstable market and exported price
- Lack of information on both market and production
- Low development of coffee value chain and trademark
Proposal for Cooperation

ICO:
• Information sharing (market, price)
• Sharing experience: sustainable production, post harvest, depth processing technology, market development, climate change response

Development partners:
• Connecting to R&D organizations for new and sustainable technologies
• Technical support for climate change response, coffee farmer organization, start-up business, value chain development, insurance, labelling, coordination
• Financing initiatives of sustainable coffee development
Proposal for Cooperation

Coffee producing countries:
• Sharing models of sustainable coffee production: production consolidation, agro-forestry models, water saving technologies, improved harvesting techniques
• Sharing experience of farmer organizations, start-up business, value chain development, domestic market development, insurance, PPP and association development
• Labelling, standards

Coffee importing countries:
• Market access and investment partnership
• Certification, labelling and standards
• Sharing costs of climate change response
THANK YOU!