HIGHLIGHTS OF VIETNAM COFFEE SECTOR

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Content of the presentation

• Overview of Vietnam’s coffee sector
• Impact of economic depression on coffee sector in Vietnam
• Organizational structure of coffee sector in Vietnam
• Next steps for Vietnam’s coffee sector
Overview of Vietnam’s Coffee Sector

Area structure of coffee by age:
- >20 years: 9%
- 0-4 years: 5%
- 5-9 years: 15%
- 10-15 years: 24%
- 15-20 years: 22%
- 20-25 years: 4%

Production and area of coffee in Vietnam

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<tr>
<th>Year</th>
<th>Production (000 tons)</th>
<th>Area (000 ha)</th>
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<td>100</td>
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<tr>
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<tr>
<td>2019</td>
<td>1200</td>
<td>600</td>
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</table>
Overview of Vietnam’s Coffee Sector 2007

Coffee production cost in some countries (USD/ton)
(Source: PI, IPSARD)

Vietnam  India  Indonesia
485  673  644
100  83  178

Production cost  Intermediary cost for export

Overview of Vietnam’s Coffee Sector

VN coffee exports

Value (mil USD)  Quantity (000 tons)
Overview of Vietnam’s Coffee Sector

Impact of economic depression on Vietnam enterprises

- In 2008, high interest rates created difficulties to many enterprises. The state bank had to adjust basic interest rates 18 times, up to 14%/year in 4 successive months, compared to 8.25% in 2007 → limited access to credits for investment.

- In 2009, despite of better exchange rate and lower interest rates, limited access to USD of coffee enterprises → difficulties to export traders.
Obstacles against VN coffee sector sustainable development

- Poor marketing
- Inadequate & low quality information
- Weak & disconnected R&D
- Limited finance & credit service
- Low value added for poor processing
- Weak participation of stakeholders in policy formulation & implementation

Production, Business:
- Small scale
- Separation
- Low quality

Organization of coffee sector in Vietnam

Number of coffee households by land scale

(Source: GSO)
Farmers  Small Traders  Trading Company  Consumers

Ministry of Agriculture

Policy research  Technical research  National Extension

Not demand oriented

Dislinkage, no feedback

Recommendation for institutional arrangement

Farmer Asso  Small Traders Asso  Trading Comp Asso  Consumers Asso

Coffee board

Rep of ministries  Policy research  Technical research  National Extension
Recommendation:
Setting up the coffee board with the following functions:

- Formulate and propose sector **policies and strategies**
- Conduct **research, development and education**
- Provide and disseminate **market information**
- Support **marketing and market promotion**
- **Institutional** set up for the sector

Recommendations

**Public investment & public services**
- Develop the coffee domestic market promotion program
- Develop market information system
- Set up supply and demand monitoring system

**Policy**
- Improve coffee quality to add value
- Develop sustainable coffee sector (water management, environment pollution…)
- Improve high and environmental friendly used technology
Recommendations

International cooperation:
• Attain sustainable resource management
• Develop domestic market promotion
• Improve value added and apply risk management for poverty reduction
• Set up demand and supply monitoring system and develop information sharing
• Set up sector institutional arrangement
• Apply effective technology

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