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**Statement by the Vice-Minister of Agriculture
and Rural Development of Vietnam to
the 117th Session of the International Coffee
Council on 22 September 2016**

Sustainable Development of Vietnam's Coffee Sector

Ladies and Gentlemen,

Since 1975, Vietnam's coffee sector has developed remarkably in terms of area, productivity and production. Major coffee cultivation areas have been developed in the Central Highlands for Robusta and in the Northwest for Arabica. With this, a diversified coffee processing industry for domestic consumption and export has been built up. Since 2000, Viet Nam has become the world's second biggest coffee producer and exporter, and the world's leading country in Robusta coffee production. To date we have achieved the following achievements:

Significant year on year growth rates towards commercial production

In 1961, the coffee plantation area in Viet Nam stood at 21.2 thousand hectares and increased remarkably to 645 thousand hectares by 2015 (representing a 30-fold increase). This has significantly contributed to the increase of coffee production and export turnover in recent years.

The Central Highlands favorable terrain and climate for coffee production, the transfer of new varieties and the improvement of farmers' cultivation practices, have resulted in a rapid increase in Vietnam's coffee productivity. While from 1961 to 1986, coffee yields in Viet Nam were lower than the average global yield, over the years, these increased to the global average. By 2015, the global average had been surpassed with a yield of 2.42 tons per hectare, three times higher than the global average. This increased yield has improved the competitiveness of Vietnam's coffee sector compared with other Robusta coffee growing countries in the world market.

Vietnam exports more than 95% of its annual coffee production to 80 countries worldwide, making it the second largest coffee exporter after Brazil.

The quality of exported coffee beans improved

Robusta coffee is mainly grown at altitudes from 500 to 600 meters in areas where the difference in temperature from daytime to nighttime is significant. This gives Vietnamese coffee a neutral and distinctive taste. Therefore, our coffee is considered to be more delicious than that of other origins.

As a result of using improved varieties and expanding GAP-based coffee production, in 2015, nearly 200,000 hectares with an output of around 600,000 tons of coffee beans were GAP certified.

Manufacturing facilities and storage systems are being upgraded with better processing technologies to enhance the quality of exported coffee products.

The proportion of deep-processed coffee (including roasted coffee and instant coffee) with high value added is increasing. Coffee products for companies such as Vinacafe, Trung Nguyen, An Thai have increased market access and have been well accepted by some international distributors.

More employment opportunities for socio-economic development

With an annual export earning 3.2 billion USD, Vietnam's coffee industry creates more jobs and secures stable income for nearly 600 thousand farmers, contributing to socio-economic development and poverty reduction in the Central Highlands, the South Eastern regions and other coffee growing areas. In the specialized coffee production areas, economic conditions in rural areas have changed and farmer livelihoods have clearly been improved.

Notwithstanding the above significant achievements, Vietnam's coffee sector faces a number of challenges, including:

Coffee industry growth rates remain unstable and unsustainable. The challenges include a high risk of extreme weather conditions, climate change and a fluctuating market. Ageing coffee area will increase to somewhere between 140,000 and 160,000 hectares in the next five or ten years, leading to high production cost and reduced competitiveness. The links between the different segments of the coffee value chain need to be strengthened, from production to collection, to processing, storage, and consumption since local coffee production and business operations facing many limitations.

In an attempt to develop Vietnam's coffee sector towards sustainability, high quality, increased competitiveness, providing high value added products and increasing income for farmers and enterprises, we have already implemented several solutions:

- A review of the master plan for efficient and sustainable coffee production, maintaining the total coffee growing area at around 600 thousand hectares nationwide by 2020, including 530 thousand hectares of coffee in four Central Highland provinces.
- Replanting coffee crops with a target of 120,000 hectares nationwide by 2020, using improved coffee varieties with high yields and quality.
- An improvement in irrigation schemes for commercial coffee production areas by building permanent irrigation systems with good management of water supply, planting shade trees and intercropping other plants in coffee farms to protect the environment.
- The application of advanced technologies in sustainable coffee production; training farmers on sustainable coffee production practices; promoting geographical indicators (GIs) for coffee production zones; switching to coffee varieties with high yield and quality which are more resistant to an unfavorable climate.
- An upgrade of coffee drying systems and processes. Encouraging farmers to cooperate in the preliminary processing and the wet processing method for Robusta coffee, to ensure the quality of the raw product for the successive stages in the transformation process.
- Replacement of obsolete technologies and production lines with new ones, adopting international management standard systems such as ISO: 9000, ISO: 14000, HACCP.
- Promotion of Vietnamese coffee brands, developing material zones in order to improve coffee quality.
- Promotion of trade: improving the information system on business environment, distribution channels and pricing; actively using E-commerce in the purchase and sales of coffee in domestic and foreign markets.
- Encouragement of the establishment of coffee farmer groups in various regions in preparation for the establishment of the Viet Nam Association of Coffee Growers.

- Strengthening the capacity of Viet Nam Coffee Coordination Board; restructuring state-owned enterprises to improve the competitiveness of domestic enterprises; testing public-private partnership models in the coffee industry such as in coffee seed production, irrigation development and coffee processing system.
- Strengthening cooperation with other countries and international organizations on science and technology for the coffee sector, especially in seed selection, pest control, efficient use of water, harvest, storage and processing technologies; participating in international exhibitions and trade events to introduce Vietnamese coffee products to global partners.