

China, Vietnam to strengthen billion dollar trade partnership through opening market for VN fruits

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As China is opening its market for some Vietnamese fruits, it will bring billions of dollars in exports next year and help Vietnam's fruit and vegetable industry to set new records.

Phan Ngọc Phúc, general secretary of the Vietnam Vegetable and Fruit Association, forecast that the export revenue would surpass \$6 billion and even reach \$7 billion in 2024, providing a significant momentum for Vietnam to become a global food powerhouse.

The industry is on track to hit a milestone of \$5.5 billion this year, after posting an increase of 70 per cent in the first 11 months to reach \$5.2 billion. This means that the industry finishes two years earlier than the target set by the Ministry of Agriculture and Rural Development, at a \$5 billion export value by 2025.

China remains the largest importer of Vietnam's fruits and vegetables with a value of \$3.4 billion in January to November, a dramatic increase of 149 per cent over the same period last year and accounting for 65.4% of Vietnam's total fruits and vegetables export value.

The increase is largely driven by the soar in the durian export after China approved the official export of this fruit in July 2022. Exporters are expecting a durian export value of \$2.3 billion this year after earning \$2.1 billion in the first 11 months, from a modest value of \$300 million last year. Following the recent visit to Hanoi by Party General Secretary and President Xi Jinping, China is set to import more fruits from Vietnam, as part of the effort to boost bilateral trade. During the visit, the

two countries established a protocol to officially import fresh watermelon, bringing the total number of farm produce approved for official export to China to 14, which also include dragon fruit, longan, rambutan, mango, jackfruit, banana, mangosteen, lychee, black jelly, passion fruit, durian, sweet potato, and bird's nest.

Bilateral Trade Cooperation:

The two countries are actively promoting the signing of protocols for official exports of more Vietnamese fruits, such as coconuts, avocado, custard apple and frozen fruits, which are expected to bring billions of dollars to Vietnam's exports.

According to Nguyễn Văn Lâm, Vietnam's export of watermelon to China might double to \$50-60 million in 2024, thanks to the protocol. Statistics of the Plant Protection Department showed that to date, 162 watermelon growing areas and more than 1,000 packaging facilities in 38 provinces has been granted codes for official export to China. Nguyễn Văn Lâm said that when China opens markets for other farm products, Vietnam's fruits and vegetables export could increase by billions of dollars, forecasting a new record high export value next year. Nguyễn Văn Lâm said Vietnam has advantages to increase the export of fruits and vegetables to China which spends around \$15 billion every year buying fruits and vegetables from other countries, including Thailand, Chile and Vietnam. Exporters hope that more protocols for official exports of farm produce will be signed after the Chinese leader's visit to Hanoi.

Nguyễn Văn Minh Tiến, director of the Trade Promotion Centre for Agriculture, said there is untapped potential for Vietnamese fruits and vegetables export to China, given this market's enormous demand for fresh fruits such as durian and mango. Deputy Minister of Agriculture and Rural Development Phùng Xuân Nhạ said that Vietnam's agro-forestry-fishery export to China increased by 18 per cent this year thanks to the signing of protocols in 2022, which opened the door for official exports of many types of farm produces, coupled with China's removal of Zero-COVID policies which unleashed this market's enormous consumption demand.

With a population of more than 1.4 billion and a rising middle class, China is a huge market for high-quality farm products of Vietnam.

Vietnam's export of farm produces to China currently accounts for less than 5 per cent of China's import, meaning that the room to increase exports remains huge. The Chinese leader's visit to Hanoi is expected to give a boost to the bilateral trade of agricultural products between the two countries. To tap the potential, Vietnam must focus on improving the quality of farm produce, meeting requirements and establishing trust, Tiến said.

Tiến said that the ministry would increase negotiations with China for official exports of more agricultural products with standardised quality, packaging, ensure food hygiene and safety and traceability, and put under Vietnamese brands. There are changes in the way Chinese enterprises do trade with Vietnamese enterprises, switching away from unofficial trade, Nguyễn Thị Thu Hằng, general director of food exporter Asej Vietnam said. She said that Chinese importers have higher requirements for not only product quality and origin traceability but also governance and financial capacity of trade partners, urging Vietnamese exporters to make preparations for the changes.