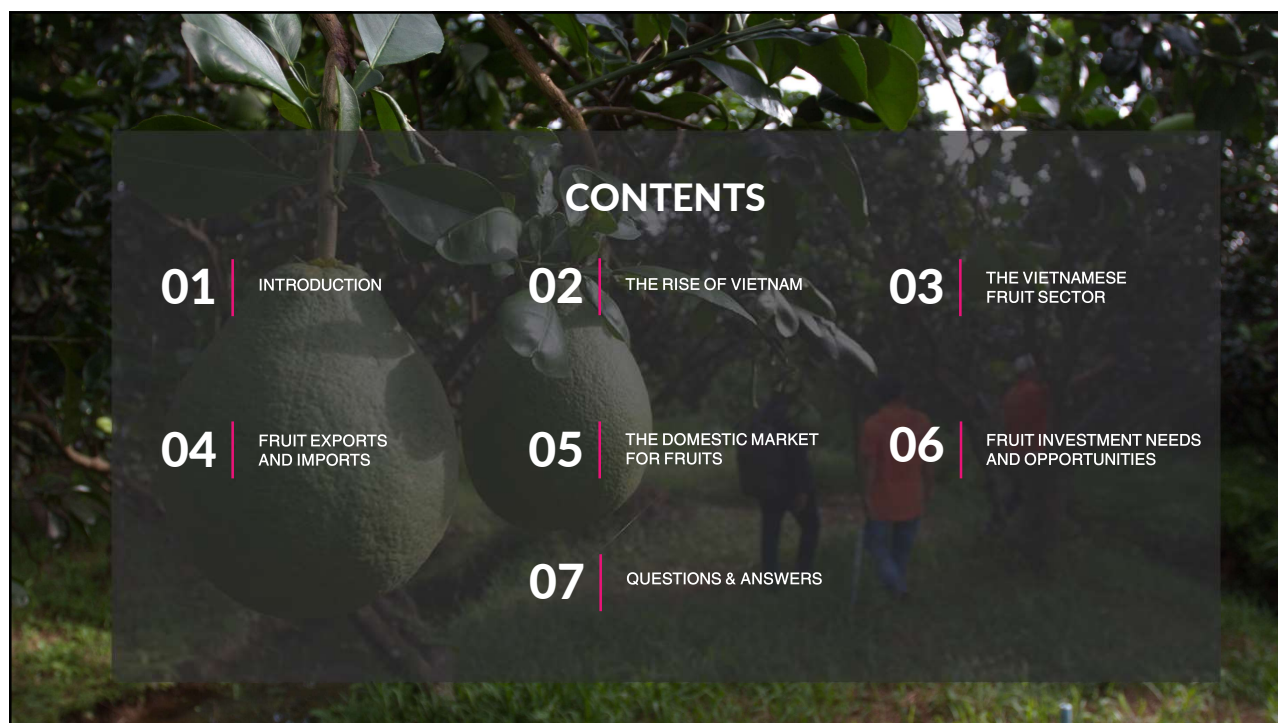




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**fresh studio** **My background**

Siebe is a development economist from Wageningen Agriculture University. He has been working in Vietnam since 2001. Siebe and his wife Irmen Mantingh founded Fresh Studio in Hanoi in 2006. Fresh Studio developed into the leading agri-food consulting and R&D company of Vietnam with 4 offices and one R&D farm in Vietnam and one office in Myanmar. Since 2006 Fresh Studio has developed numerous successful flagship value chains for, its mostly, international corporate clients. Making its clients successful in the sustainable production and marketing of food. As none of the Fresh Studio clients were interested in the Vietnamese fruit sector, Siebe and Irmen founded The Fruit Republic. In the past 10 years, The Fruit Republic developed into the leading fruit company of Vietnam: the largest citrus and exotics exporter from Asia and with the number one fruit brand (Mekostar) in the domestic market.

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## Fresh Studio

### Our mission

Grow better lives from farmers to consumers, by making our clients successful in the production and marketing of sustainable food

### Professional services and R&D firm

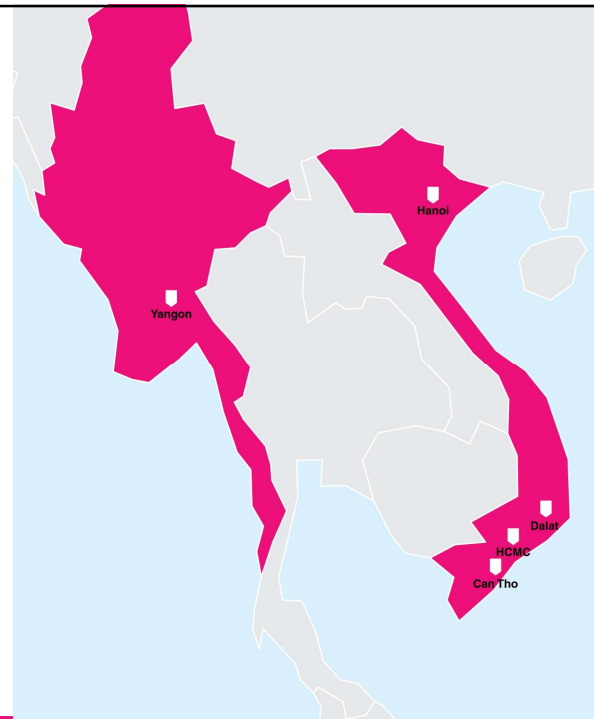
Fresh Studio is the leading agriculture consulting firm in South East Asia, assisting clients with every aspect of their food provision, from farm to fork, from production to marketing

### What we do

- Services from production to marketing
- Multi-disciplinary teams comprised of 40 staff
- Delivering 15+ projects per year between Vietnam, Myanmar and Indonesia.

### Where we are

- Vietnam offices: Hanoi, Dalat, HCMC, Can Tho
- Myanmar office: Yangon



## Acknowledgment: Vietnam Horticulture Competitiveness Project

- Part of the data used in this presentation were collected by Fresh Studio within the framework of the IFC funded assignment titled: Vietnam Horticulture Competitiveness Project
- Main objective of the assignment is to identify business opportunities and companies to invest into the horticulture sector of Vietnam
- The assignment was carried out by a team from Fresh Studio Wageningen University and Research and the IFC Upstream investment team.



#1 agricultural university & research centre in the World. Interdisciplinary knowledge on Horticulture and investment cases



Private investment, creating markets & opportunities. Looking for investment opportunities in Horticulture Vietnam



Local presence in Vietnam, strong network in agriculture and experience in investing in Vietnam





## Compiled horticulture crop data set

100,800  
data points

5 indicators per crop, per year, per province, for 10 years: 100,800 data points

### Step 5

### Step 5

For these 15 fruits and 15 vegetables, obtained provincial level data of cultivated area, production value data for the 63 provinces of Vietnam for the period of 2010-2020.

### Step 4

### Step 4

Determined the top 15 vegetable crops based on value

### Step 3

### Step 3

Determined the top 15 fruit crops based on value,

### Step 2

### Step 2

Obtained **national level** cultivated area, production and yield data for 63 crops for 2010-2020

### Step 1

### Step 1

Together with Government Statistics Office (GSO) of Vietnam compiled a list of 33 key fruits and 30 key vegetables of Vietnam

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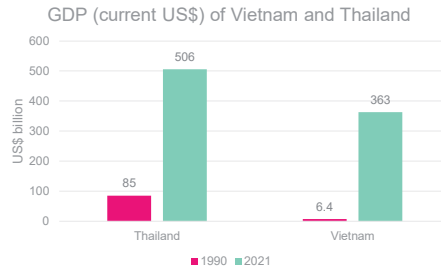
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## Impressive growth

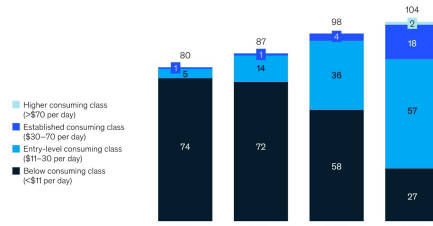
- The Vietnam GDP grew from just US\$ 6.5 billion in 1990 to US\$ 362 billion in 2021 (Worldbank, 2022).
- In 2025 Vietnam will have a population of 100 million people, the 13<sup>th</sup> largest population in the world
- According to HSBC's "Asia consumer market report 2030", Vietnam will become the world's 10<sup>th</sup> largest consumer market by 2030
- McKinsey: Vietnam has been a consistent economic outperformer in Asia
- In 2000, just 6 percent of Vietnam's population were members of the consuming class, in 2020 40 percent, but by 2030, this figure may be close to 75 percent



Source: Worldbank 2022

Vietnam could add 36 million people to the consuming class in the next decade.

Population by income group (daily spending), millions, 2011 purchasing power parity (PPP)

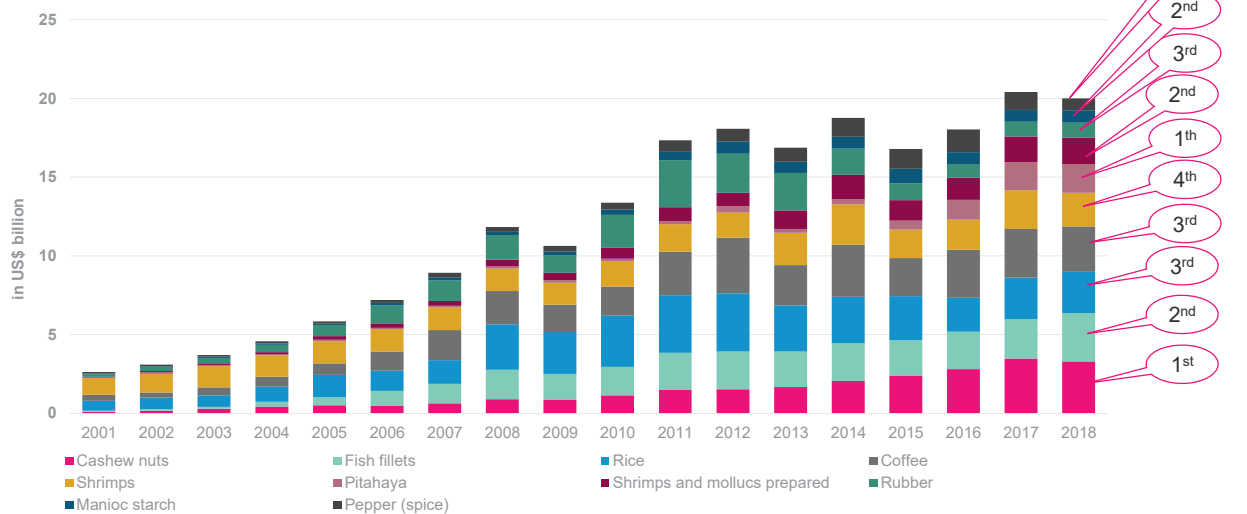


Source: McKinsey, 2020



## The rise of an agriculture powerhouse

Key agriculture export products of Vietnam in US\$ billion

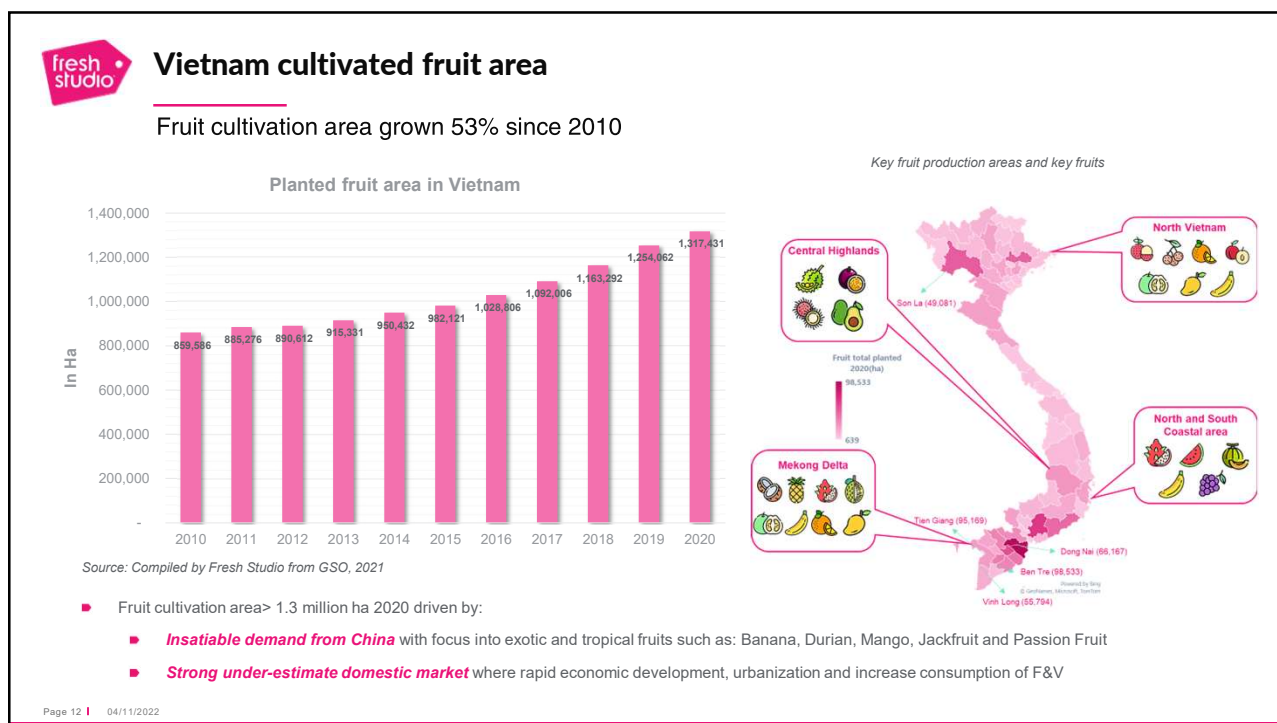


Source: ITC/Trademap, 2020



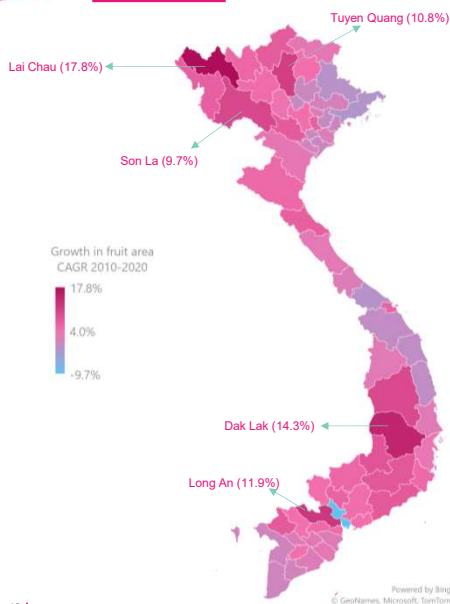
## 2. THE VIETNAMESE HORTICULTURE SECTOR

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## Growth in cultivated fruit area CAGR 2010-2020



- Three of the fastest growing provinces in terms of cultivated fruit area are located in the North. Mostly with mango and pomelo
- Dak Lak province has the 2<sup>nd</sup> fastest growing fruit production area. Driven by the expansion of avocado and durian
- The growth in Long An is driven by the fast growing citrus sector in this province

Province	Region	Growth in fruit area CAGR 2010-2020
Lai Chau	Midlands and Northern Mountains	17.8%
Dak Lak	Highlands	14.3%
Long An	Mekong River Delta	11.9%
Tuyen Quang	Midlands and Northern Mountains	10.8%
Son La	Midlands and Northern Mountains	9.7%

## Top fruits of Vietnam based on production value

Top 15 fruits based on production value (in million US\$)

Rank	Crop	2010	2020	CAGR
1	Orange	354	1,097	11%
2	Mango	486	1,007	7%
3	Dragon Fruit	197	937	15%
4	Durian	186	752	14%
5	Banana	314	623	6%
6	Pomelo	201	598	10%
7	Coconut	201	405	7%
8	Watermelon	222	362	5%
9	Longan	213	319	4%
10	Lime	91	236	9%
11	Litchi	120	202	5%
12	Jackfruit	45	189	14%
13	Mandarin	110	187	5%
14	Pineapple	88	168	6%
15	Rambutan	78	161	7%
Grand Total		2,905	7,242	9%

Source: Compiled by Fresh Studio from GSO, 2021

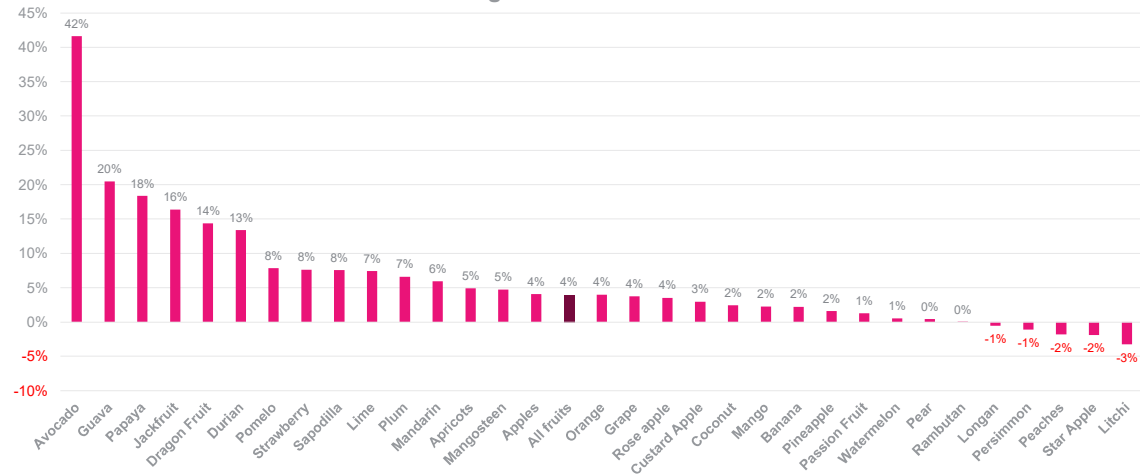
- Top 5 fruits are: Orange, mango, dragon fruit, durian and banana
- Together they account for 60% of the total fruit production value





## Fastest growing fruits in cultivated area in past 10 years

CAGR 2010-2020 of growth in cultivated area of fruits in Vietnam



Source: Compiled by Fresh Studio from GSO, 2021

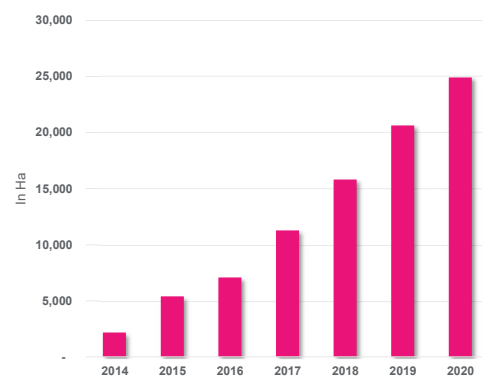
## Remember AFC 2007 in Bangkok?

- In September 2007, we presented the Fresh Studio managed avocado value chain development project. Since then the avocado sector developed from just few hundred hectares to 25,000 hectares



Asia Fruit Congress, 5-7 September 2007, Bangkok

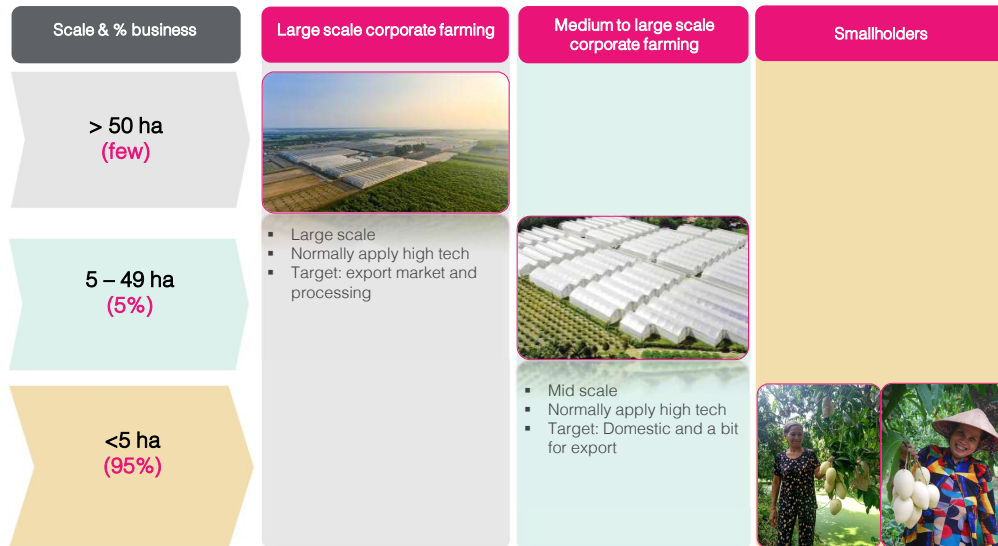
Cultivated avocado area in Vietnam



Source: Compiled by Fresh Studio from GSO, 2021

## Horticulture farms typology

Majority of farms in Vietnam are still Micro to small enterprises

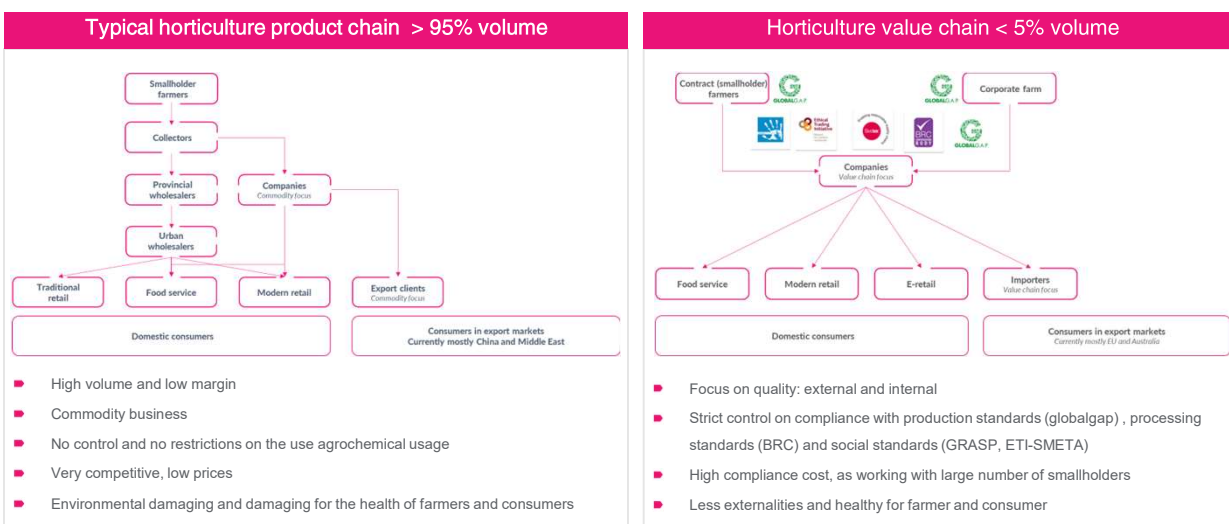


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## Vietnam fruit sector – Product & Value chain

Mostly product chains with many involved actors, focused on domestic and Chinese export market



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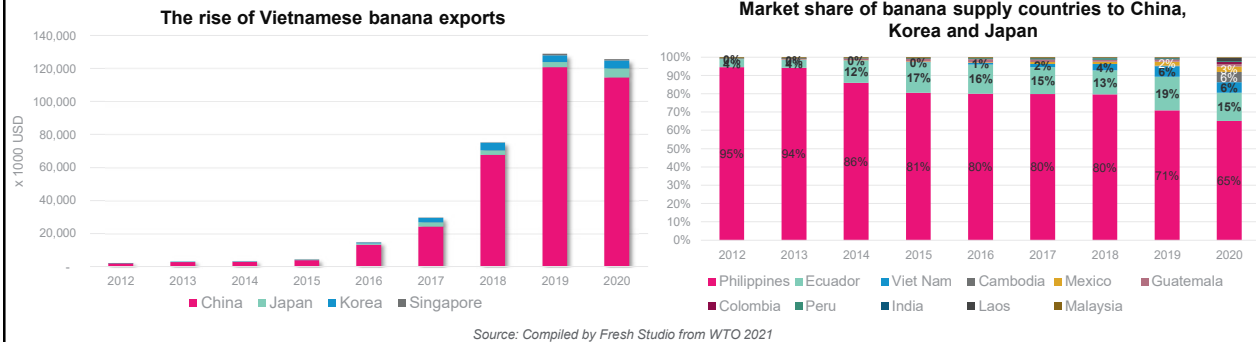
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## The rise of Vietnam in banana exports



- In the past 8 years the value of banana imports by China/Japan/Korea has increased from US\$ 1.5 billion to US\$ 2.2 billion. Mainly driven by the growth of the Chinese market (tripled!)
- Vietnam is the 3<sup>rd</sup> supplier, with rapid growth, the same accounts for Cambodia (no 4), and Mexico
- The Vietnamese market share is around 6%, still far behind the 65% of the Philippines and 15% of Ecuador.
- Vietnam exports 91% of its banana's to the Chinese market, where it sells for the lowest price, US\$ 0.41 compared with US\$ 0.55 for the banana from the Philippines and US\$ 0.62 per kg from Ecuador

## The risk to depend on one export market



Source: <https://tuoitrenews.vn/news/business/20211219/thousands-of-fruitcarrying-trucks-stranded-at-vietnamchina-border-gates-over-sluggish-produce-clearance/64798.html>



## Fruit export vs import and the trade balance

Significant difference between direct and mirror data and the resulting Vietnamese fruit trade balance



Value of Vietnam Fresh Fruit trade (direct data) in thousands US\$



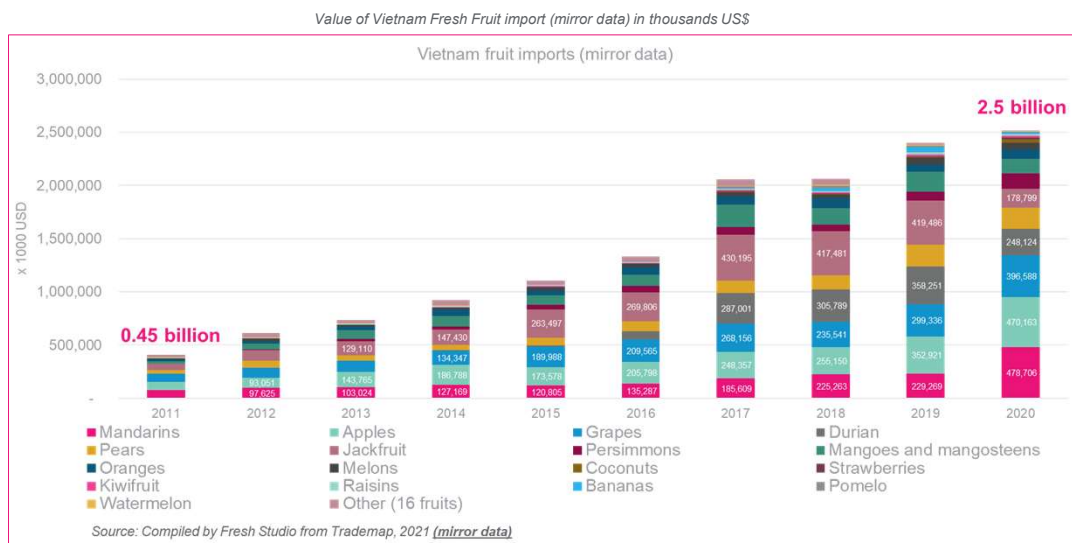
Value of Vietnam Fresh Fruit trade (mirror data) in thousands US\$

- There are always **differences between "direct" and "mirror" data**. But Vietnam clearly **over-report its export value** and **under-report its import value**.
  - In 2020 the direct reporting data, show a positive fruit trade balance of **US\$ 1.5 billion** vs a negative trade balance of **US\$1.3 billion** based on the mirror data.
- Two very different conclusions:
- The Vietnamese fruit sector is struggling to compete and losing its domestic market
  - The Vietnamese fruit sector is developing well and able to export more than it imports



## Vietnamese fresh fruit imports

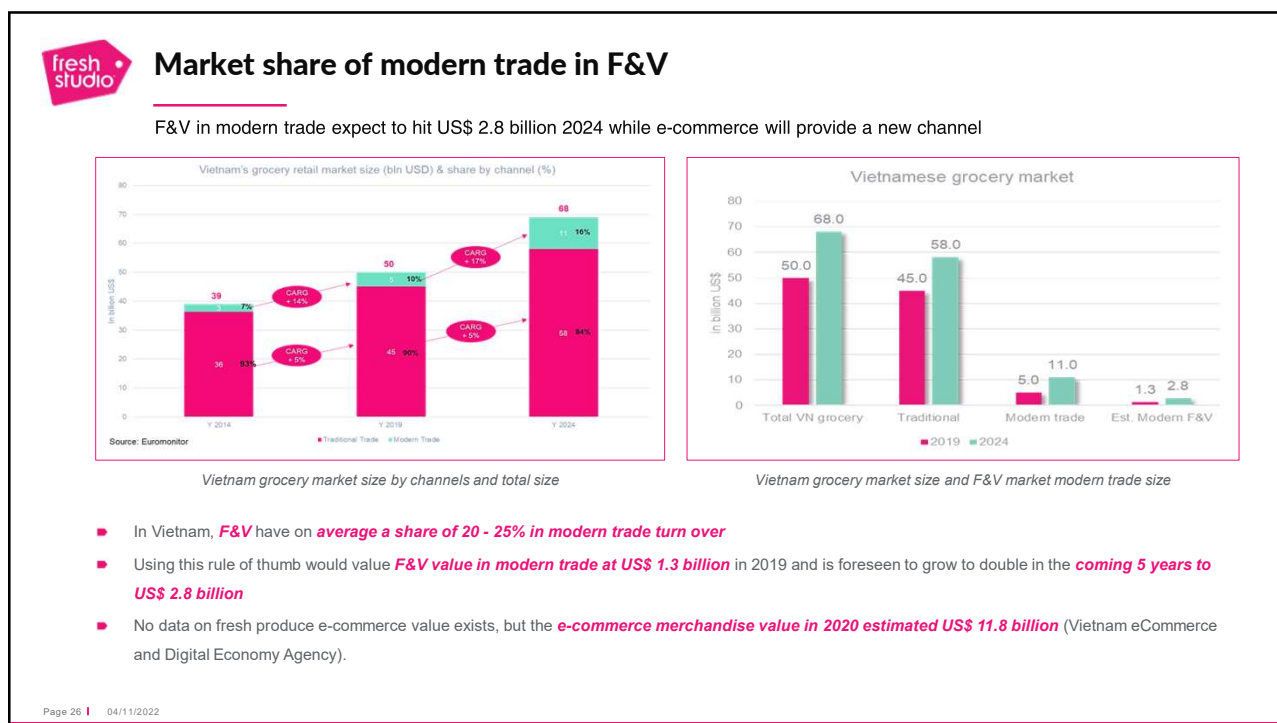
Vietnam fruit import from 0.45 billion to 2.5 billion US\$ in 2020. Vietnam the number 4 apple importer in the world





## 5. DOMESTIC MARKET

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## Estimated consumer market value of Vietnamese F&V

Value of fresh F&V in domestic supermarkets is higher than the value of fresh F&V for exports



Table 6.1 Compare the domestic market estimates

Indicator in US\$ billion	Adelaide University (2017)	25% rule (2019)	FS calculations based on GSO/Trademap/Price data (2020)
Total market value: fruits	6.3		7.8
Total market value: vegetables	9.1		8.8
<b>Total market F&amp;V</b>	<b>15.4</b>		<b>16.6</b>
Modern trade value: fruits			0.78
Modern trade value: vegetables			0.75
Modern trade value: F&V HCMC& Hanoi	0.4		
<b>Modern trade value: F&amp;V</b>	<b>1.1</b>	<b>1.3</b>	<b>1.5</b>

- Comparing the different calculation methods to estimate the domestic market value for F&V vegetables, shows they are quite well in line.
- It is crucial for the private sector to realize that there is a **F&V market of US\$ 16 billion and a modern trade F&V market of US\$ 1.5, which will double in coming 4 years**
- The **value of F&V in domestic modern trade 1.5 billion US\$ (modern trade alone) which is more than the Vietnamese export value of F&V 1.3 billion US\$**

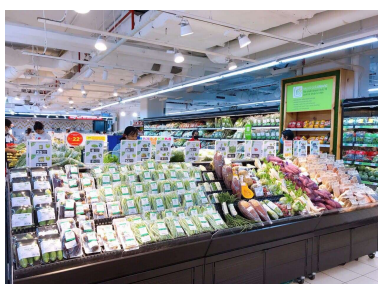
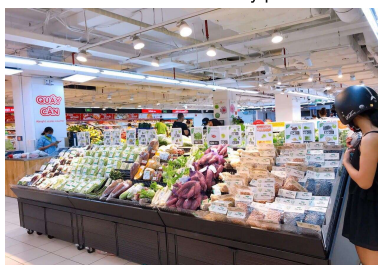
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## Professional high quality fresh produce in Vietnamese supermarkets

Food safe and healthy products show strong growth with rapid growth for Organic F&V for Urban citizens

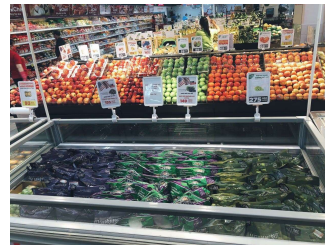


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## Imported fruit getting more and more shelf space



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## 6. FRUIT SECTOR INVESTMENT OPPORTUNITIES

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## The need for professional fruit farms

- Pomelo orchard in Vietnam



10-20 ton/ha

- Pomelo orchard in China



50-60 ton/ha

## The need for applied R&D and extension

*Wrong orchard setup and improper pruning*

*Typical citrus farm in Mekong Delta*



Results in low yields and low economic life span of the orchard

*How spacing on a citrus farm should be*





## Arial shot of a citrus farming area



Many of the citrus trees already died not even reaching an age of 3-4 years

## The need for professional fruit nurseries

- Fruit farmers buy their seedlings from "backyard" nurseries
- Two years after planting, on average 30-40% of the trees die:
  - Farmers waste 2-3 years of land, fertilizers and labour
  - Risk to spread the diseases to other farms
- Current nursery situation
  - Not clear which rootstocks are used
  - Not clear which "mother tree" is used to make the seedlings from
  - No guarantee of disease-free seedlings
  - No genetic improvement programs
- For a sector with 1.3 million hectare of fruit trees , without hardly any professional fruit nurseries, this is missed opportunity



Vietnam



South Africa

## Rapid development is possible: example bell pepper

- Example of the very fast development of bell pepper production technologies in Central Vietnam from 2005 - 2020



2005 standard: outdoor production in the soil



2010 standard: Nethouse production in the soil



2015 standard: Greenhouse production in the soil



2020 standard: Greenhouse production on a substrate

## Temperate vegetables: well developed nursery sector

- All vegetables are planted as a seedling: even spinach is planted as seedling and all tomato plants are grafted



## What needs to be done to develop the Vietnamese fruit sector?

### Professional nurseries



- Nurseries that provide contract farmers with strong plant materials and free of diseases
- Support private sector to professionalize: training!
- Applied R&D for rootstock and varieties
- Independent (international certification) for virus free nurseries

### Apply R&D and extension



- Undertake systematic (variety) screening program in different agro-eco regions of Vietnam
- Develop applied research program for horticulture crops
- Extension for horticulture crops

### Professional farms



- Well designed orchards
- Water and labour saving irrigation systems
- Professional pruning
- Rational use of agro-chemicals
- Well balanced soil nutrient management

### Phyto sanitary market access



- Phyto-sanitary market access to neighboring countries
- Ex: Citrus to Japan, Korea, Thailand, China
- Ex: Bell pepper to Japan and Thailand
- Stimulate intra-Asian trade by removing phyto-sanitary barriers

## Who is next?

Creating sustainable food value chains in Asia

E-mail

siebe.van.wijk@freshstudio.vn

[www.freshstudio.vn](http://www.freshstudio.vn)



featuring foods

