

SERVICIOS AL
EXPORTADOR

DEPARTAMENTO DE
INTELIGENCIA DE MERCADOS

Trade Opportunities

Vietnam



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Vietnam

1. Background Data

Official Name	Socialist Republic of Vietnam
Capital	Hanoi
Language	Vietnamese
Currency	Vietnamese Dong
Population (2016)	92 Million

Source: World FactBook. Prepared by: Promperú.

2. Macroeconomic Indicators

Year	2014	2015	2016*
GDP Growth (%)	6.0%	6.5%	6.4%
Per Capita GDP (US\$)	5,656	6,020	6,414
Inflation Rate (%)	4.1%	2.2%	3.1%

Source: IMF. Prepared by: Promperú. Note: *Projected

3. Exports Peru - Vietnam (FOB US\$ million)

Sector	2011	2012	2013	2014	2015	Var. % 15/14	TCP % 15/11
Traditional	1	3	3	8	14	72.7	81.9
Nontraditional	17	23	20	22	23	1.2	7.0
Total	19	26	23	31	37	20.2	18.5

Source: SUNAT. Prepared by: Promperú.

4. Preferences Obtained in Trade Agreements

- Trans-Pacific Partnership Agreement (TPP) (About to become effective): To date, Peru does not have an existing Bilateral Trade Agreement with Vietnam. However, both parties are signatories to the Trans-Pacific Partnership Agreement (TPP), which will allow preferential relations between twelve economies of the Pacific Rim.

It is in this context that products of interest to Peru, such as frozen giant squid, trout fillets, shrimps and prawns, fresh asparagus, copper wire, veterinary medicines, among others, will enter the Vietnamese market on a duty-free basis as of the entry into force of the agreement.

For more information about the tariff reduction applied by Vietnam to products originating in TPP members see: [List of products for export to Vietnam](#)

5. Trade Opportunities¹

¹Through ECLAC (Economic Commission for Latin America) methodology, it has been possible to identify opportunities for products classified into two main groups: "Star" and "Promising". The "Star" products are those that have shown strong dynamism in their respective sales volumes during the last five years and have a significant share of total imports. In other words, they are the products that have the greatest potential for success in the destination market today. On the other hand, the "Promising" products are those whose imports are growing at above-average rates but do not yet have a significant share of the total sales volume. These products are the ones with the best prospects for success in the future should the trend continue, and could be exploited by domestic exporters.

Foods						
RK	Tariff Item	Description	Class	Imports 2014 Million US\$	Tariff Peru - TPP	Participation Supplier
1	'030617	Shrimp and prawns, frozen, other	Star	436	0%	India - 79% Ecuador - 5%
2	'080450	Mango, fresh	Star	125	18.7%	Thailand - 99% China - 1%
3	'080610	Grapes, fresh	Star	41	10%	USA - 43% Australia - 25%
4	'030749	Giant squid, frozen	Star	34	0%	Indonesia - 20% Taiwan - 18%
5	'030482	Trout fillets, frozen	Promising	9	0%	Norway - 71% Chile - 16%
6	'081340	Dry fruits several (Mango, dehydrated)	Promising	8	0%	Thailand - 77% Indonesia - 11%

Source: Trademap. Prepared by: Promperú.

Miscellaneous Manufactured Articles						
RK	Tariff Item	Description	Class	Imports 2014 Million US\$	Tariff Peru - TPP	Participation Supplier
1	'300490	Prepared medicines, other (Veterinary medicines)	Star	1 338	0%	France - 13% Germany - 12%
2	'392690	Plastic manufactures, other	Star	828	0% - 15%	China - 30% Korea - 26%
3	'732690	Manufactures of iron or steel, other	Star	694	0% - 11.2%	Korea - 36% China - 25%
4	'741300	Copper cables, braids and similar	Star	128	0%	Indonesia - 90% China - 4%
5	'841370	Centrifugal pumps, other	Star	106	0% - 15%	China - 30% Taiwan - 15%
6	'841381	Pumps for liquids, other	Promising	78	0% - 6,6%	China - 20% Korea - 16%
7	'740829	Copper wires, other	Promising	51	0%	China - 24% Malaysia - 22%

Source: Trademap. Prepared by: Promperú.

6. Consumer Trends

- ✓ **THE REBIRTH AFTER THE WAR.** April 30, 2015 marked the 40th anniversary of the Vietnam War. However there are few remnants from this fateful event; the country has a young population -two thirds of its inhabitants were born after the war- with rising incomes, which has turned it into an attractive consumer market for multinational corporations.
- ✓ **CONSUMPTION POTENTIAL.** With a population of almost 92 million people, Vietnam has a larger consumer market than Germany. Also, consumer spending amounts to US\$118 billion and is expected to expand to US\$264 billion by 2030. In addition, it is expected that all categories of consumer spending will double in real terms over the period 2015 to 2030, with the most dynamic being communications, healthful products and medical services.
- ✓ **OPPORTUNITIES IN THE SOUTHEAST.** The highest levels of spending in Vietnam are in the cities of the Southeast, a region characterized by its economic development and high degree of urbanization. In addition, Ho Chi Minh, the most populous city and financial center of the country, is generating the main opportunities in this region if one considers that it is home to many major companies. By 2030 it is expected that consumer spending in the Southeast region will rise to US\$152 million as a result of the increased corporate presence and the high domestic migration flows.
- ✓ **THE PRODUCT LINE OF HEALTH AND WELLNESS BECOMING MORE POPULAR.** The improved economic situation of the country has led the sales of health and wellness products to expand at double-digit rates. The growing interest of consumers in these products has led the major manufacturers to organize marketing campaigns and introduce new inputs into their preparations. Moreover, this market presents significant opportunities for small companies focused on high-end consumers provided that strategic alliances with supermarkets and specialty shops are established.
- ✓ **PROCESSED FRUITS AND VEGETABLES ARE BOOSTED.** In 2015, the sales of processed fruits and vegetables broke the record and increased 17% over the previous year. While it is true that the rise in prices due to inflation was a key factor in boosting the increases in sales values, the popularity of the Western lifestyle among millennials and the ease of consumption expanded the sales volume. However, it should be noted that Vietnam, having a tropical climate, has a wide range of domestic fruits so the prices of the fresh supply of fruits are lower than those of their processed alternatives.
- ✓ **FROZEN FISH AND SHELLFISH PRICES ARE RISING.** Product sales of frozen seafood reached their fastest growth in 2015, increasing by 18% over the previous year as a result of the increased demand for food solutions easy to prepare, especially in big cities like Ho Chi Minh and Hanoi. The millennials have largely supported the demand for these products because of their more active and modern lifestyles.
- ✓ **GREATER VARIETY OF PRODUCTS IN THE MID-TERM.** It is expected that in the next few years the tariffs will tend to decrease due to the preferences extended to the members of the TPP and ASEAN. This will encourage the entry of new brands, in addition to the development of new products, thus causing a gradual change in tastes and preferences among Vietnamese consumers.