

Overview of Oils and Fats

With a population approaching 87 million, the Vietnam market seems to be impressive from a marketer point of view, more so when the country is not self-sufficient in oils and fats.

The main domestic sources of vegetable oils and fats in Vietnam are lard, groundnut oil, soybean oil, coconut oil and sesame seed oil. Lard currently accounts for about 30% of the total oils and fats production.

The consumption of oils and fats in Vietnam picked up substantially over the past few years, reaching 880,000 tonnes in 2008. This implies that the country's consumption of oils and fats has been growing at an average compounded rate of 12.87 per cent per year between 2000 and 2008.

Due to the production growth which has not kept in pace with the demand, importation has played a vital role in meeting the domestic oils and fats requirement. The import of oils and fats amounted to 553,000 tonnes in 2008, with the palm oil share being nearly 80 per cent. Malaysia and Indonesia are the major suppliers, although some amounts are also being imported from Thailand.

Palm oil is the predominant oil being consumed, accounting for about 53 per cent of the total oils and fats usage or about 463,000 tonnes in 2008. From a mere 170,000 tonnes in 2000, palm oil consumption has registered a tremendous growth of approximately 16 per cent per year during 2000-2008 period. Being the most competitively priced vegetable oil and the proximity between Malaysia and Vietnam, palm oil imports have increased significantly during the recent years.

Lard is still the second preferred oil, particularly from the low income or rural population. Acquired taste and aroma are the main reasons for the still high lard consumption. While palm oil and lard remain the major oils and fats being consumed, soybean oil is also catching up very fast. Its consumption has shown significant growth recently, surpassing the 100,000 tonnes level after 2006.

	2008	Jan-Sep 09
Imports of Palm Oil from Malaysia (tonnes)		
Crude Palm Oil	14,149	8,698
RBD Palm Olein	173,102	146,893
RBD Palm Stearin	8,193	7,356
Others	6,910	4,212
Total	202,354	167,159

Source: MPOB

Cooking oil is the main edible oil used in Vietnam, constituting close to 70 per cent of the total edible oils consumption. The other driver of Vietnamese oils and fats market is the instant noodle production sector. It is estimated that the instant noodle sector consume no less than 120,000

Statistics

	2000	2002	2004	2006	2008
Production of Oils/Fats ('000 tonnes)					
Lard	85	99	121	147	167
Groundnut	35	33	43	62	69
Soybean	13	22	27	35	48
Others	30	35	33	44	67
Total	163	189	224	288	351

	2000	2002	2004	2006	2008
Imports of Oils/Fats ('000 tonnes)					
Palm Oil	170	143	209	381	441
Soybean	22	53	11	87	88
Coconut	14	8	13	13	6
Others	40	16	12	14	18
Total	246	220	245	495	553

	2000	2002	2004	2006	2008
Domestic Requirement ('000 tonnes)					
Palm Oil	133	140	202	339	463
Lard	85	99	121	147	167
Soybean	34	75	38	99	129
Groundnut	35	33	43	62	69
Coconut	20	34	41	42	36
Others	27	18	14	18	16
Total	334	399	459	707	880

	2004	2005	2006	2007	2008
Palm Oil Imports ('000 tonnes)					
Indonesia	62	50	101	147	196
Malaysia	144	148	268	257	196
Others	3	5	11	51	49
Total	209	203	381	456	441
Soybean Oil Imports ('000 tonnes)					
Argentina	-	-	60	55	57
Others	11	3	27	19	31
Total	11	3	87	74	88

Source: Oil World

VIETNAM

OILS & FATS BRIEF PROFILE

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tonnes of RBD palm olein and shortening during 2007 (*Source: MPOC*). It is estimated that the oils and fats consumption in various food segments will reach 909,610 tonnes by 2010, with cooking oil segment accounting for 665,500 tonnes or 73 per cent, followed by the instant noodle segment anticipated to use at least 140,000 tonnes.

	2007	2010F	CAGR (%)
Oils & Fats Consumption in Various Food Uses ('000 tonnes)			
Cooking oils	500,000	665,500	10.0
Instant Noodles	120,000	140,000	5.3
Fast Food	800	1,800	21.6
Confectionery & Snacks	72,000	99,270	11.3
Other Food Services and Processing	2,000	3,040	15.0

Source: Extracted from Malaysian Palm Oil Fortune Vol 12, 2008

The country's policy is drawn to protect domestic processing industry from cheaper imported oils. Higher import duties are imposed on refined or finished products vis-à-vis crude oils. While there is a policy to support the local industry over imported products, the Vietnamese Government is committed to reduce its tariff under the ASEAN Free Trade Agreement (AFTA) commitments. Therefore palm oil products can be imported at preferential rates of between 3 - 5 per cent.

Import Tariff of Major Imported Oils and Fats

HS Code	Description	Import Duties (%)	
		MFN Rates	CEPT 2008
1507.10.00	Crude Soybean oil	5	3
1507.90.10	Refined Soybean oil	50	5
1507.90.20	Fractions of unrefined soybean oil	5	3
1511.10.00	Crude Palm oil	5	3
1511.90.10	Palm Stearin	30	5
1511.90.90	Others	50	5
1513.21.00	Crude Palm Kernel oil	5	0
1513.29.10	Refined Palm Kernel oil	40	5
1513.29.20	Fractions of unrefined Palm Kernel oil	5	0
1516.00.00	Animal and vegetable fats and oil and fractions, partly or wholly chemically modified	50	5
1517.10.00	Margarine, excluding liquid margarine	40	5
1517.90.10	Imitation ghee	50	5
1517.90.20	Liquid margarine	50	5
1517.90.43	Shortening	30	5

Source: Extracted from ASEAN Secretariat

References:

1. Malaysian Palm Oil Board (MPOB)
2. Malaysian Palm Oil Council (MPOC)
3. Oil World
4. USDA/FAS

COUNTRY AT A GLANCE



Basic Statistics

Area: 331,210 km²

Capital: Hanoi

Largest city:

Ho Chi Minh City

Ports/Terminals:

Danang,

Hai Phong,

Ho Chi Minh City

Population:

86.96 mil (Jul 2009 est)

Urban

population:

28% of total population

Population Growth:

0.977% (2009 est)



GDP: US\$ 89.83 billion (2008 est)

GDP per capita (PPP): US\$2,800 (2008 est)

GDP Real Growth: 6.2% (2008 est)

Total Exports: US\$61.6 billion (2008 est)

Commodities: crude oil, marine products, rice, coffee, rubber, tea, garments, shoes.

Total Imports: US\$77.61 billion (2008 est)

Commodities: Machinery & equipment, petroleum products, fertilizer, steel products, raw cotton, grain, cement

Currency: Dong (VND)

Exchange Rate: 17,860VND per US\$1 (4 Nov '09)

Source: World Factbook www.cia.gov