



This project was funded by the European Union's COSME Programme.



"NEXT STOP, VIETNAM!"

Opportunities for European Packaged Food & Food Supplements in a Growing Consumer Market

Keynote speaker



DEZAN SHIRA & ASSOCIATES

Your Partner for Growth in Asia



10:00 CET, 12th September



Zoom

@f2f-project

www.f2f-project.eu

F2F Health Matters

F2F HEALTH MATTERS

An **internationalisation accelerator** that aims **to provide** hand-on **support services to European innovative agrifood SMEs**, driven by an alliance of five European Clusters.



European
Program for the
Competitiveness
of Small and
Medium-sized
Enterprises
(COSME)

European
Strategic
Cluster
Partnerships
- Going
International
(ESCP-4i)

SECTORAL AND DEMOGRAPHIC FOCUS

SMEs specialised in:

- Healthy food
- Bio-based techno-functional ingredients and solutions
- Sustainable bio-solutions

Target markets:



Canada



Japan



South Korea



Vietnam

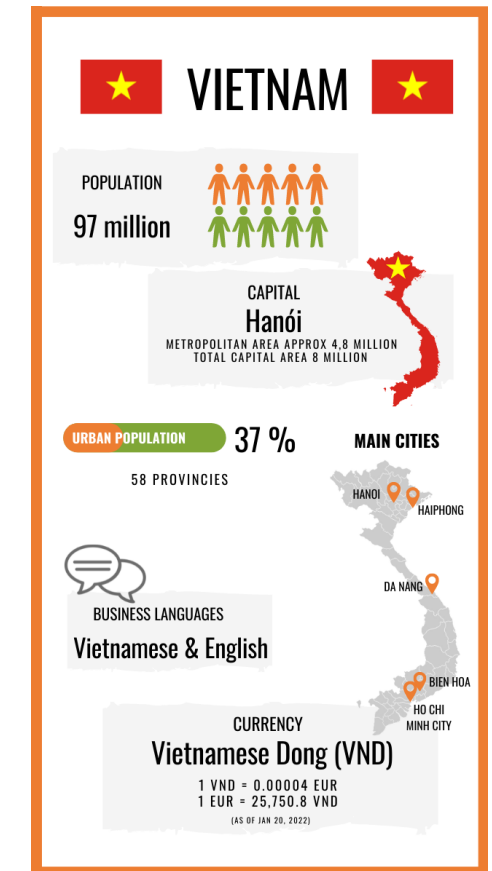
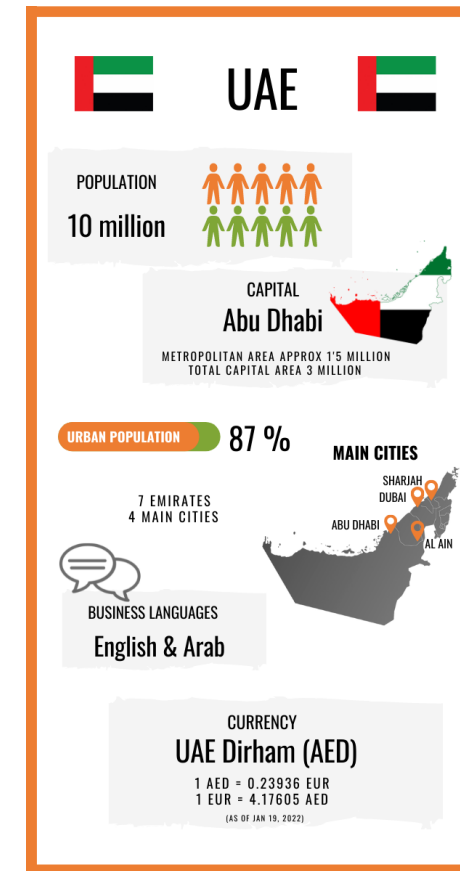
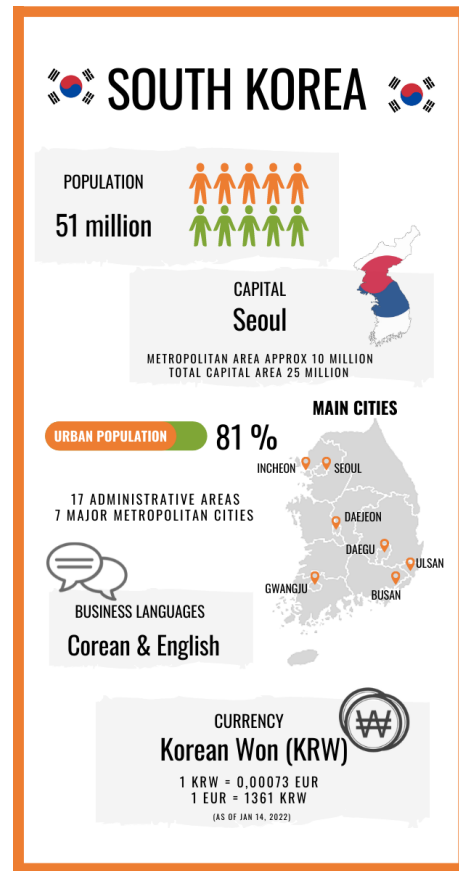
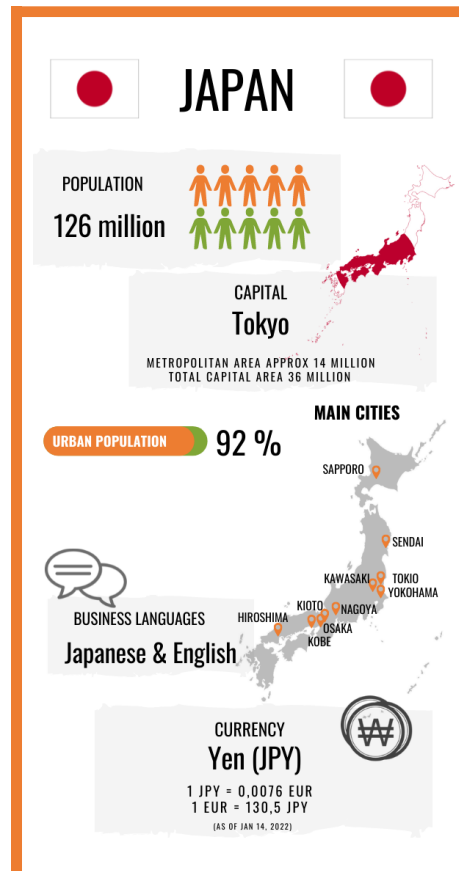
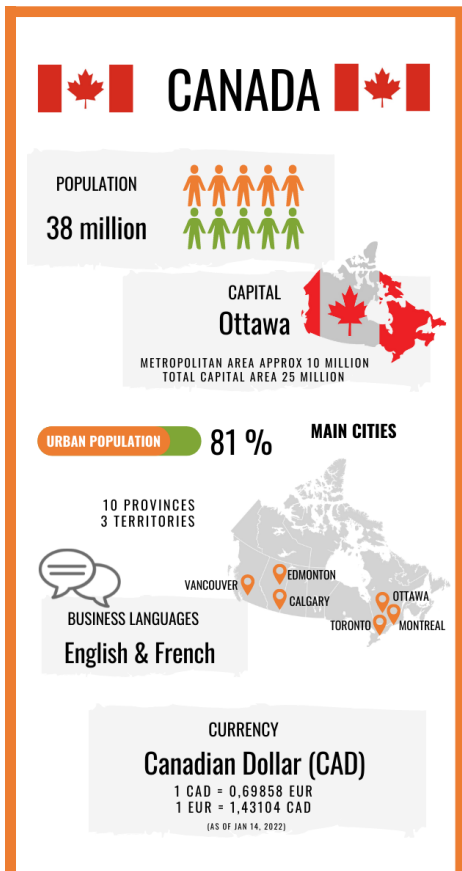


United Arab Emirates



DOCUMENTS

COUNTRY ANALYSIS REPORTS





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Wallonia Export and Investment Agency
(AWEX) @ Wallonia Export and Investment
Agency (AWEX)**

AGENDA

- Trade overview Vietnam - EU, EUVFTA benefits
- Regulations - packaged foods & food supplements
- Distribution channels
- Consumer Trends: Opportunities for European companies/brands



Economic mission to Vietnam for Walloon companies
25th November - 2nd December





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12 September 2023

Opportunities for European Packaged Foods and Food Supplements in a Growing Consumer Market

Today's Speaker



Patricia Aranguren Moliner

Senior Associate
Dezan Shira & Associates
Ho Chi Minh City Office



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1992

Dezan Shira's establishment in Hong Kong

500+

Our **team** of legal, tax, accounting, business intelligence and audit professionals

3,500+

Multinational **clients** that have already chosen us

80+

Countries served by our professional services

Offices across Asia:

35



and Liaison offices in Italy, the United States, and Germany



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2008

Dezan Shira's Vietnam Market Entry

70+

Professionals working for the firm
In Vietnam

3

Offices in Vietnam:
Hanoi, Da Nang, and Ho Chi Minh City

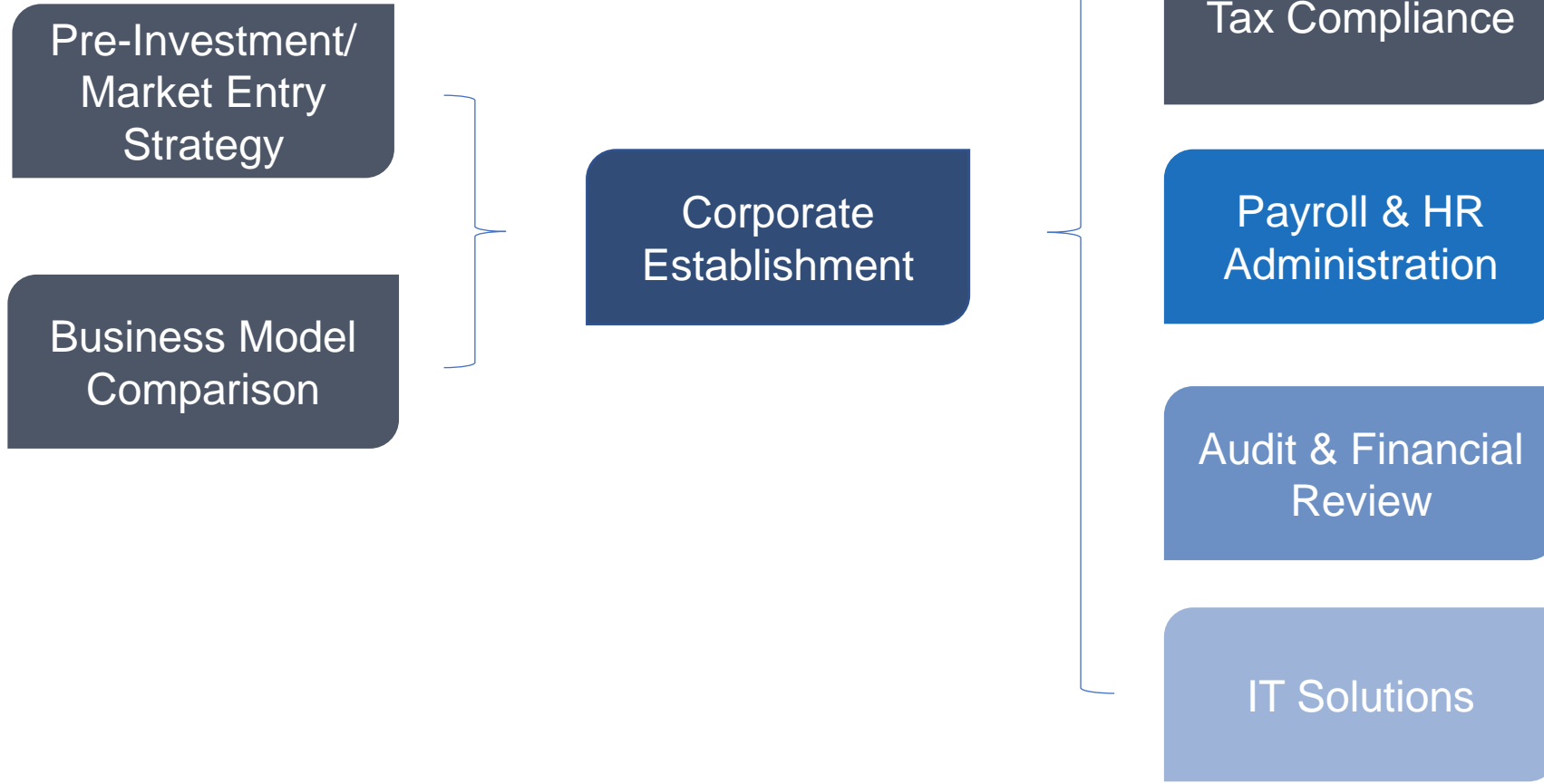
30+

Professionals in Ho Chi Minh City

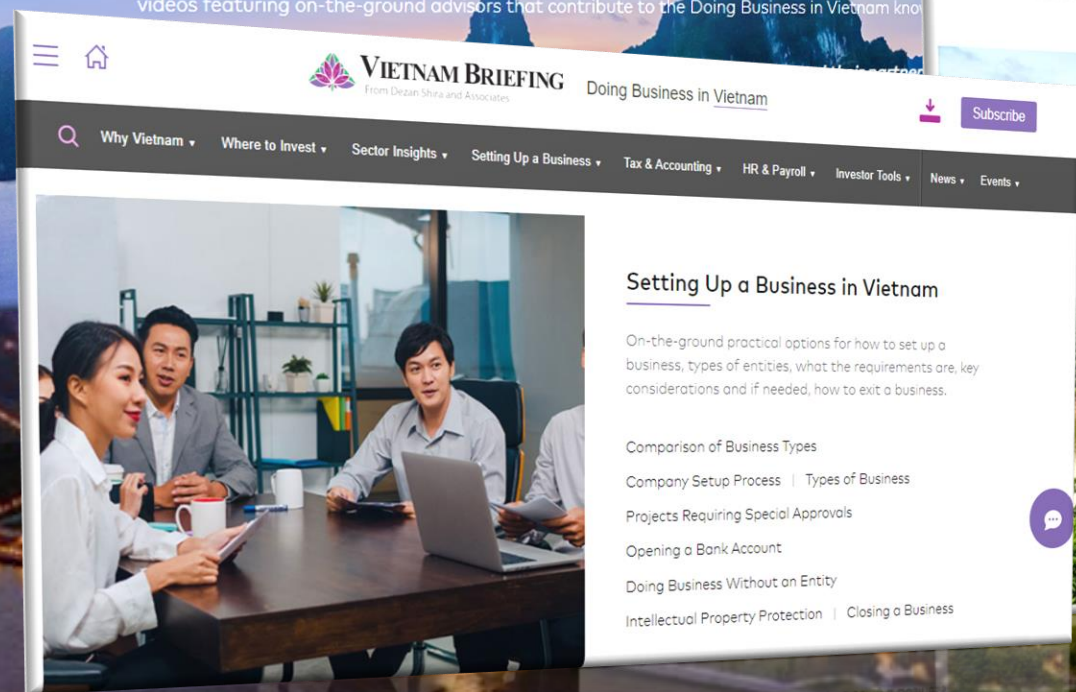
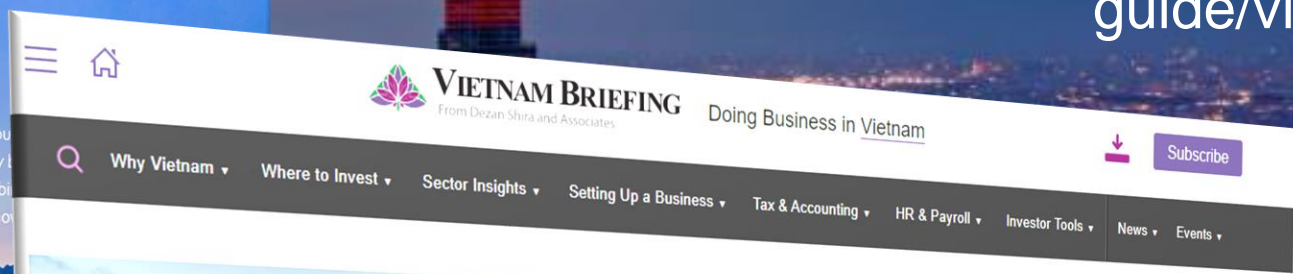
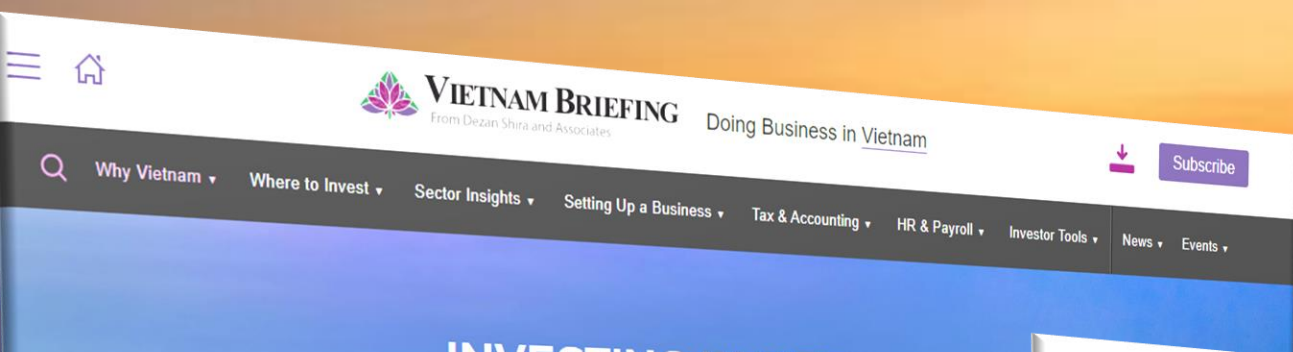
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Service Lines Offered by DSA VN:
Business Intelligence, Legal, Accounting &
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Our Services



Investor Portal
"Doing Business in Vietnam"
<https://www.vietnam-briefing.com/doing-business-guide/vietnam>





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Agenda

1. Vietnam at a glance
2. EU – VN Free Trade Agreement
3. Exporting to VN – Market Overview
4. Regulatory Landscape
5. Market entry Strategy



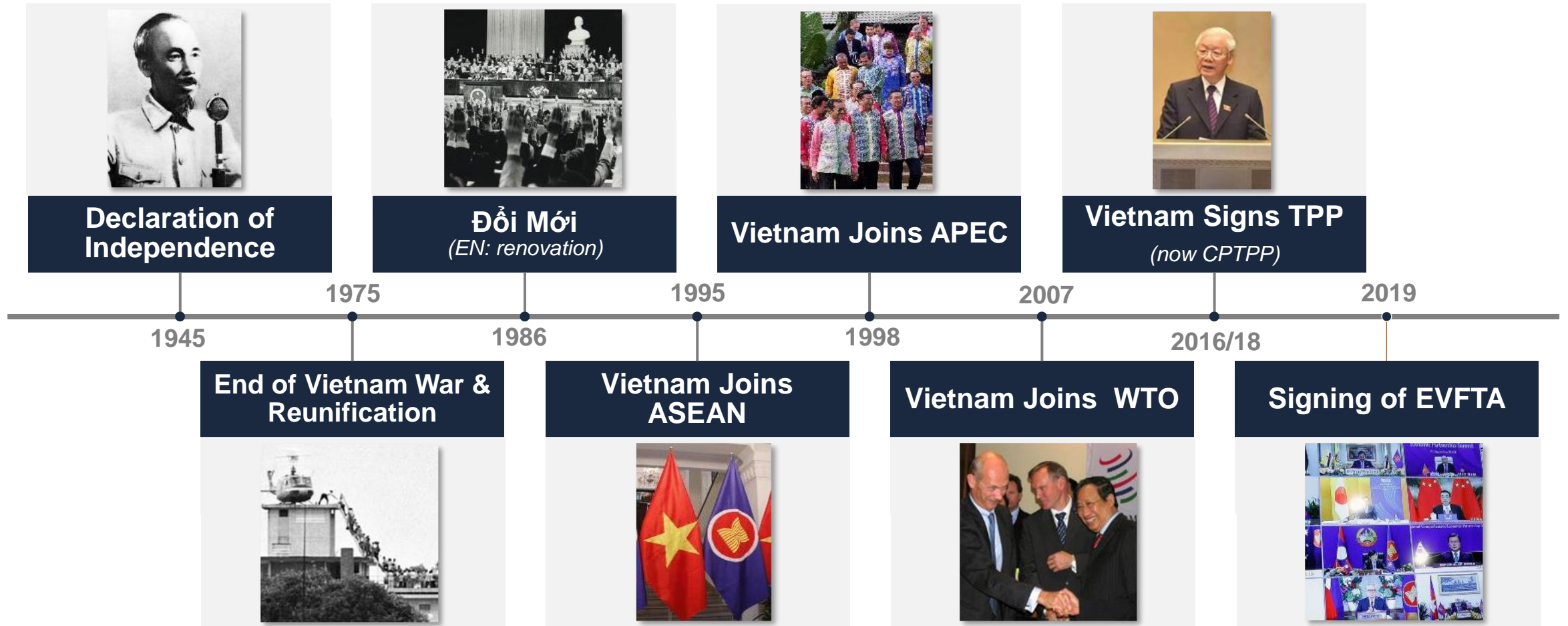
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1. Vietnam at a glance

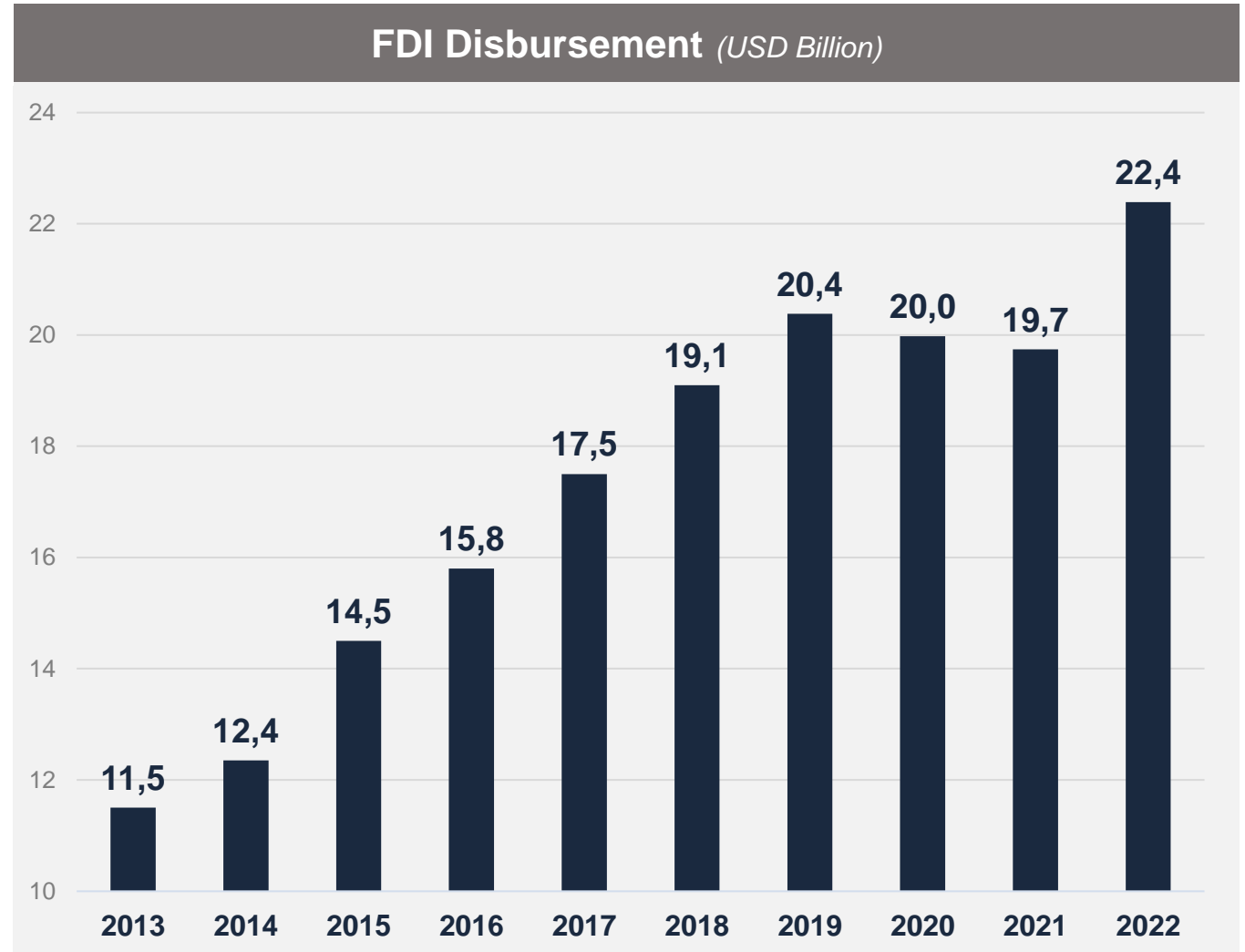


Key Milestones recent Vietnam history



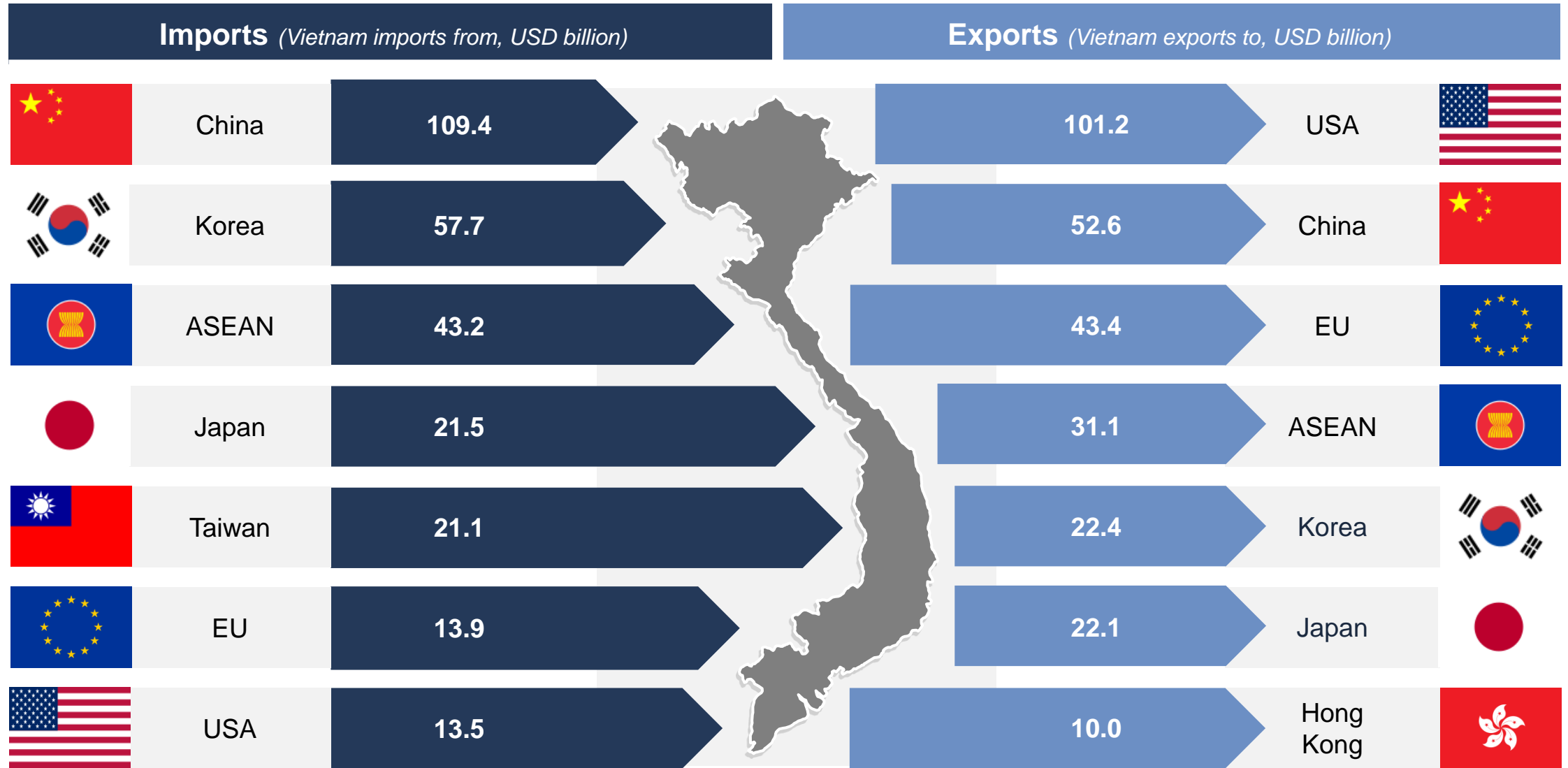
Economy 2022 at a glance

	8.02% <i>Real GDP Growth Rate</i>
	10.6% <i>Export Growth Rate</i>
	19.8% <i>Retail Sales Growth</i>
	USD 22.39 billion <i>FDI Disbursement</i>
	2,036 <i>Granted Investment Certificates</i>
	141 <i>Investor Countries and Territories</i>



Source: Ministry of Planning and Investment (MPI)

Trade Partners with Vietnam, 2022



Source: Ministry of Planning and Investment (MPI)

Free Trade Agreements

ASEAN

Association of Southeast Asian Nations

*ASEAN has multilateral trade agreements with India, China, New Zealand, Australia, Japan, South Korea, and Hong Kong

CPTPP

Comprehensive and Progressive Agreement for Trans-Pacific Partnership

EVFTA

Vietnam – European Union FTA

UKVFTA

UK – Vietnam FTA

RCEP

Regional Comprehensive Economic Partnership

VJEPA

Vietnam – Japan FTA

VKFTA

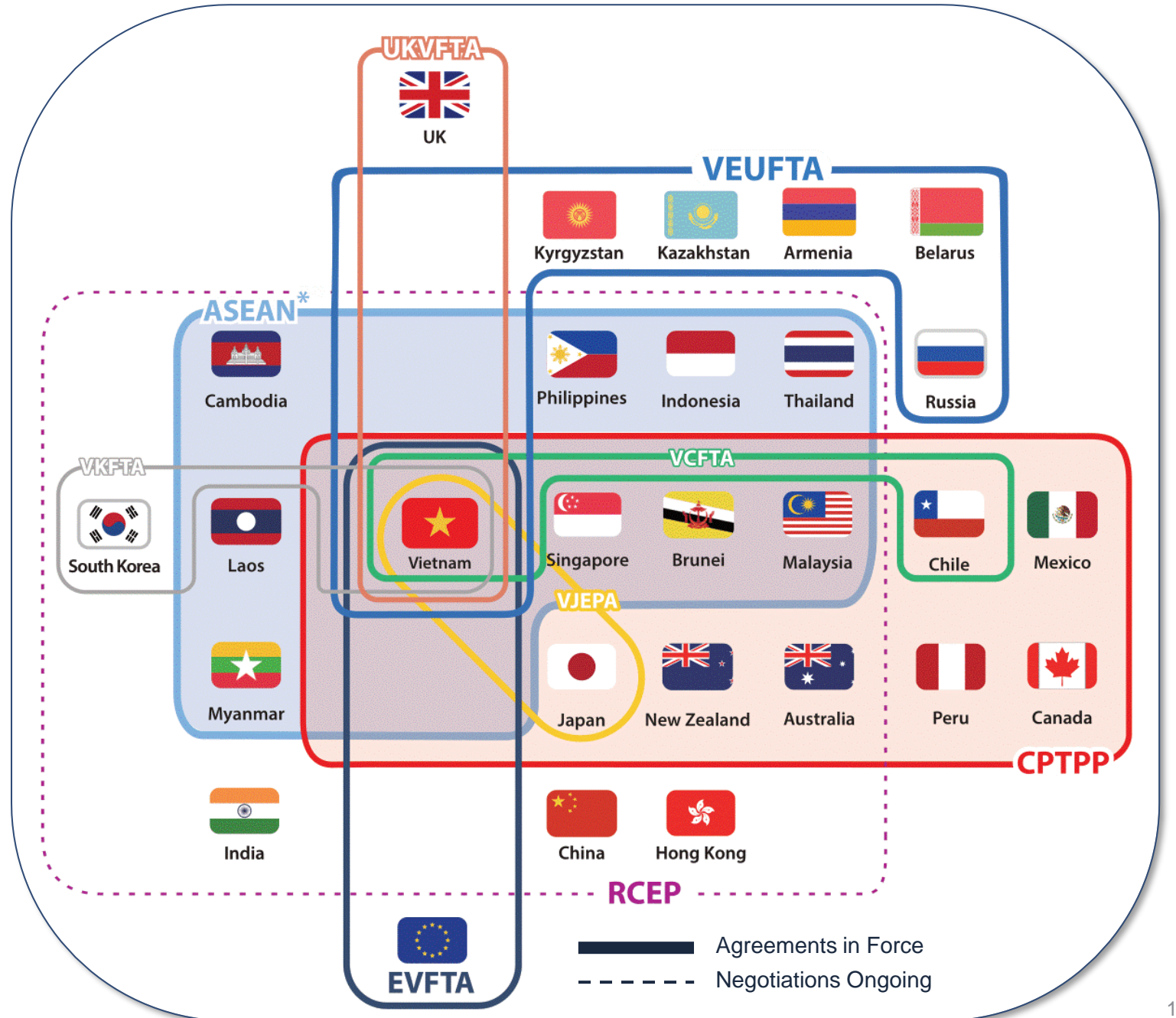
Vietnam – South Korea FTA

VCFTA

Vietnam – Chile FTA

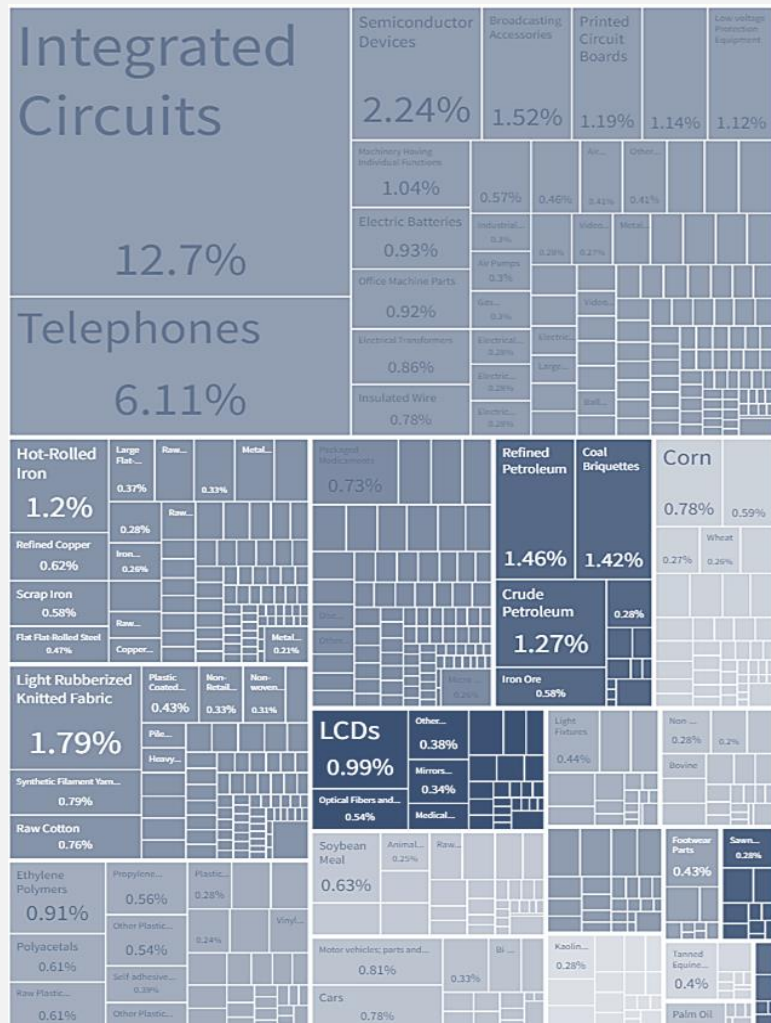
VEUFTA

Vietnam Eurasian Economic Union FTA

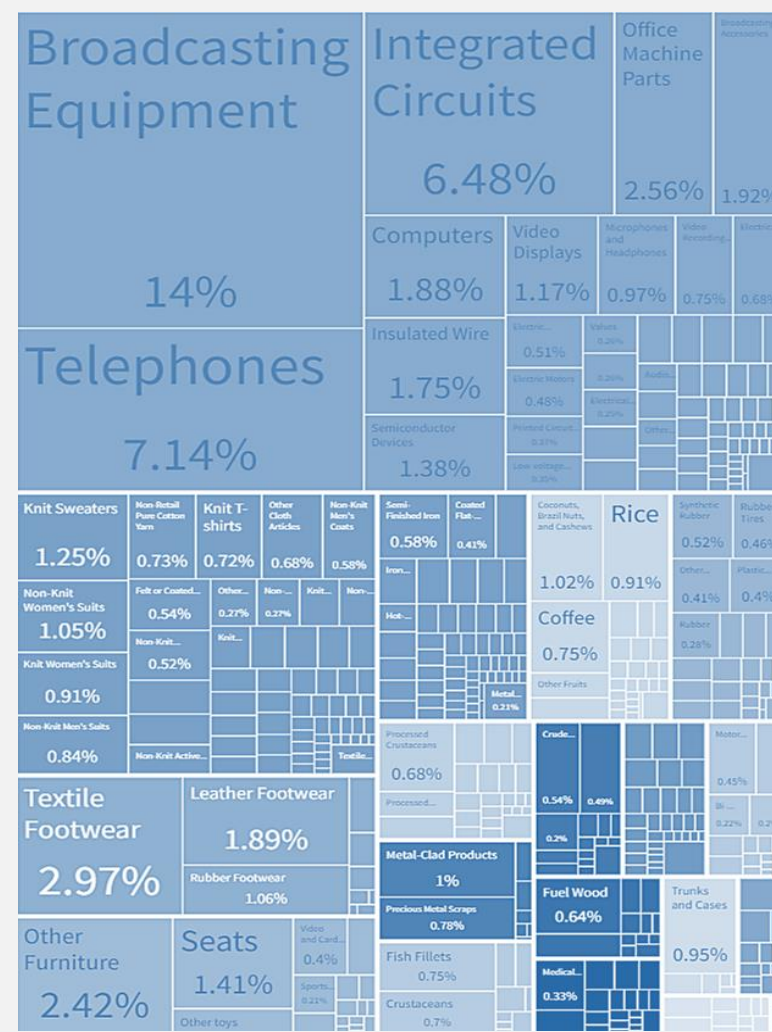


Trade Composition of Vietnam, 2022

Imports (Vietnam imports from, USD billion)



Exports (Vietnam exports to)



Source: OEC



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2. EU – Vietnam Free Trade Agreement



EU-Vietnam Free Trade Agreement (EVFTA)

Facts

- Eliminates **99% of import tariffs** within 7-10 years
- Partnership and Cooperation Agreement (**PCA**) governs the overall relationship between the EU and Vietnam
- Entered into force on August 1st,2020



Advantages

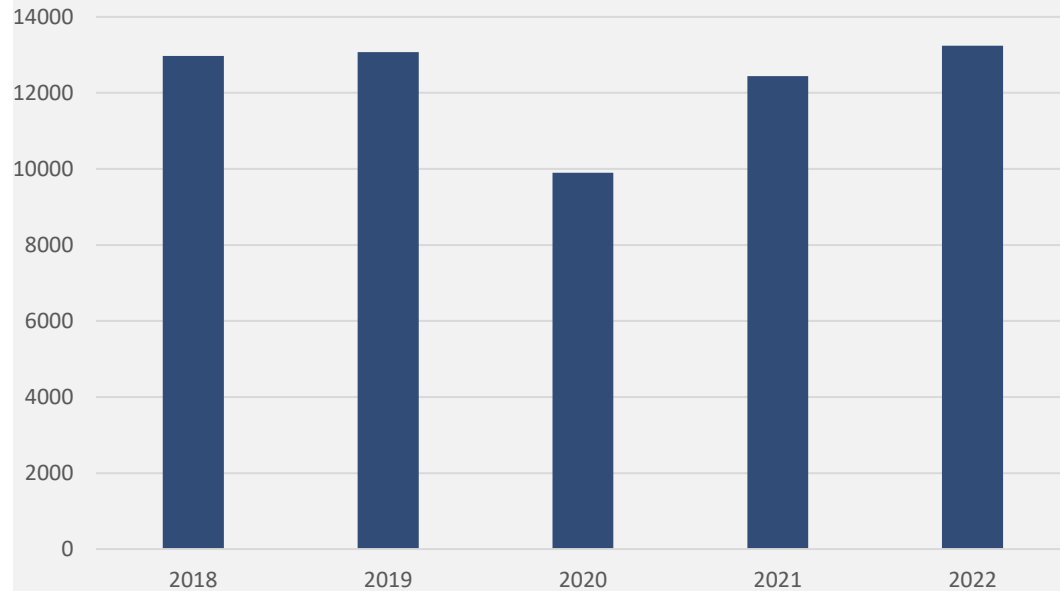
- EU is the third most important **export market** for Vietnam
- Besides Singapore, Vietnam is the **only** ASEAN country with an EU FTA
- Levels playing field between SOE's and private firms

Tariff Dismantling under the EVFTA

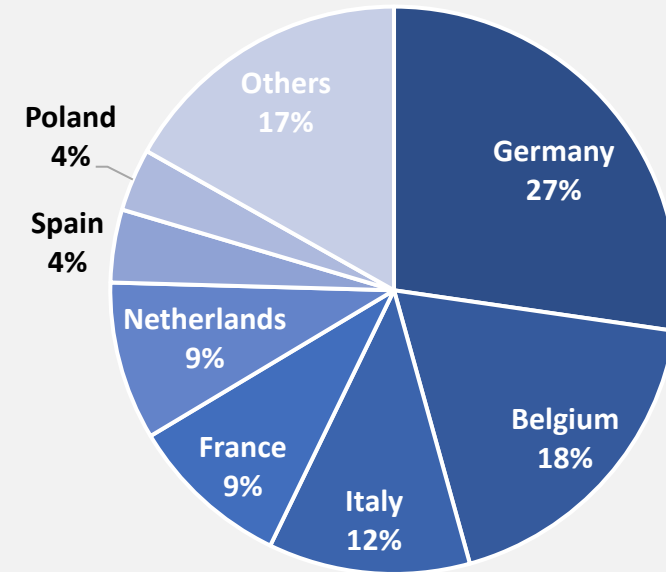
	Before EVFTA	2020	2021	2022	2023	2024	2025	2026	2027
Food Supplements – B5 21069070	15%	12.5%	10%	7.5%	5%	2.5%	0%	0%	0%
Processed Fruits – B7 20089970	30%	26.25%	22.5%	18.75%	15%	11,25%	7.5%	3.75%	0%
Wine – B7 2204	50%	43.75%	37.5%	31.25%	25%	18.75%	12.5%	6.25%	0%

Exports EU - Vietnam

Total exports from EU to Vietnam (USD Million)



Exports from EU to Vietnam by origin (2022)



Tax duties

Value Added Tax (VAT) – 10%*: still applicable under EVFTA

Special Consumption Tax (SCT) – only for alcohol products: still applicable under EVFTA

Import tax: substantially reduced or fully liberalized under EVFTA

Tariffs on Imported products:

Import Tax = Import tax rate x import price*

SCT = SCT rate x (Import price* + Import tax)

VAT = VAT rate x (Import price* + import tax + SCT)

**: Including package value*

Tariffs on Inbound manufactured products/local manufactured products:

SCT = SCT rate x Selling price before VAT*

VAT = VAT rate x (Selling price before VAT* + SCT)

*Reduced to 8% until Dec 31st, 2023



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3. Exporting to Vietnam – Market Overview



Vietnam Consumer Market



99m+
people



33 years old
Median age



37.1%
Urban population



3.5
Average household size



US\$761
Household expenditure on F&B
per capita

Population Distribution by Province/ City



Hanoi
US\$46b Total GDP
8.3m+ Population



Hai Phong
US\$12.4b Total GDP
2m+ Population



Da Nang
US\$4.6b Total GDP
1.2m+ Population



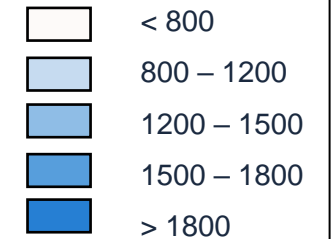
Can Tho
US\$4b Total GDP
1.3m Population



Ho Chi Minh City
US\$58.7b Total GDP
9m Population



Provincial population
(thousand people)



Packaged Food Market



US\$18.4 bn
Revenue (2023)

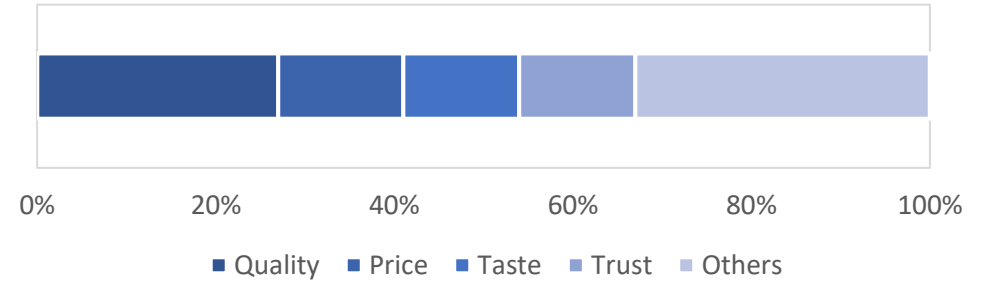


7.7%
Market size CAGR (2020 – 2024)

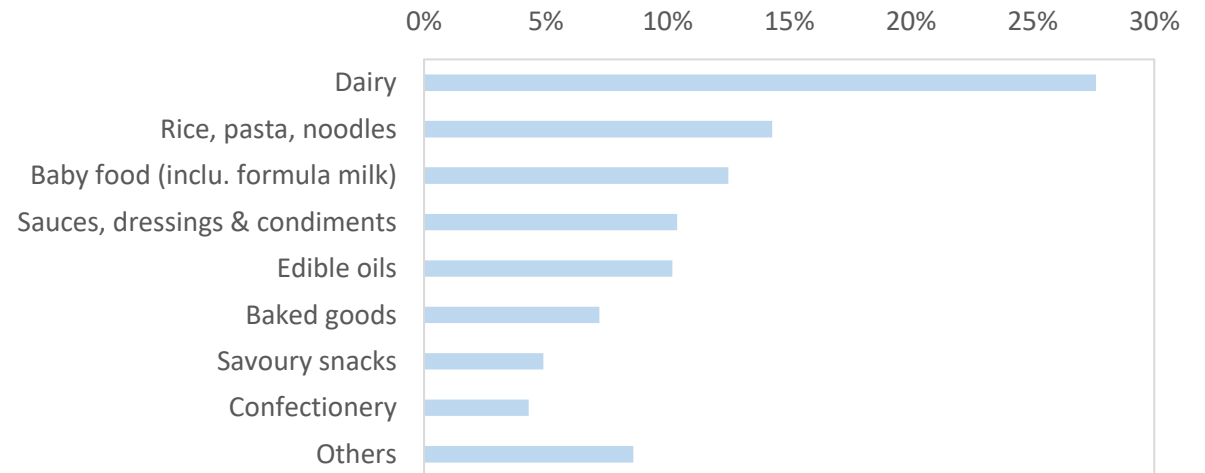


61% people
Prefer **modern** grocery retail channels

Top purchasing criteria

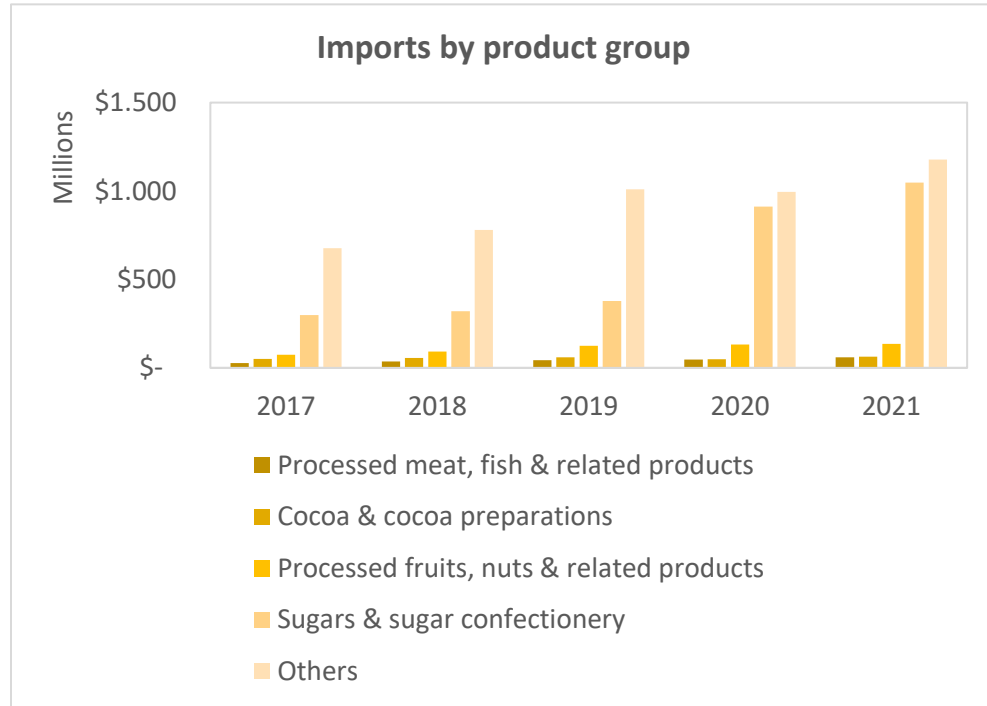


Packaged food retail sales by category



Source: Statista

Imported Packaged Food



Consumer Profile – Packaged foods

Location



Urban citizens

- Higher income
- Better access to modern retail channels and imported packaged food

Age group



Millennials

- Highest income among age groups
- Focus on quality than value for money
- Interested in ecological or ethically conscious goods

Generation Z

- Willing to try new products
- Embrace the concepts of individuality and the right to indulge more than previous generations

Behaviors

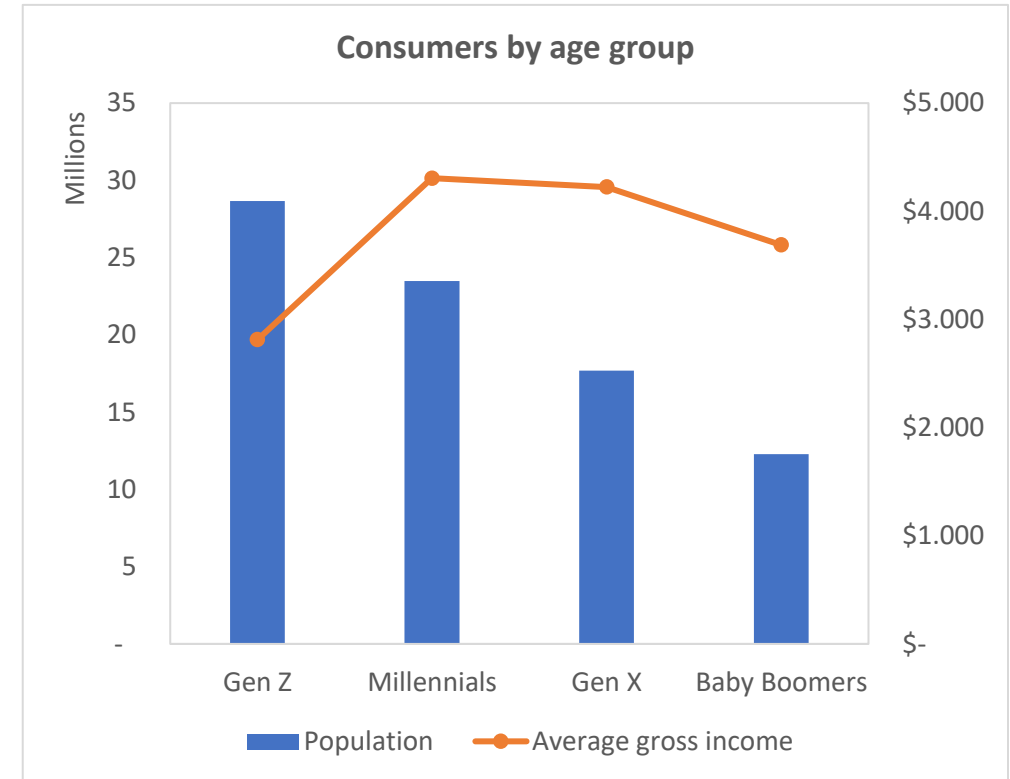


Impulsive spenders

- Appreciates premium and luxury products
- Focus on prices, sensitive to sales and discount
- Open to trying new products if the price is right
- Ease of purchase is an important criterion

Undaunted strivers

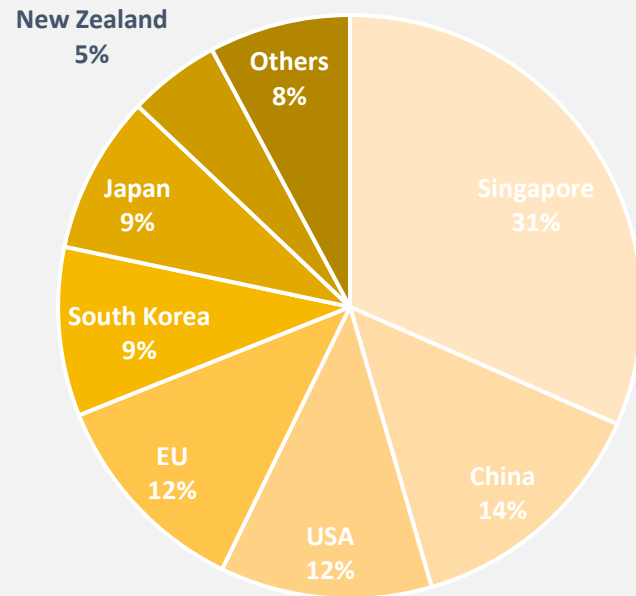
- Sensitive to the latest trends
- Branding is key
- Open to trying new products
- Celebrity endorsement and social media promotion



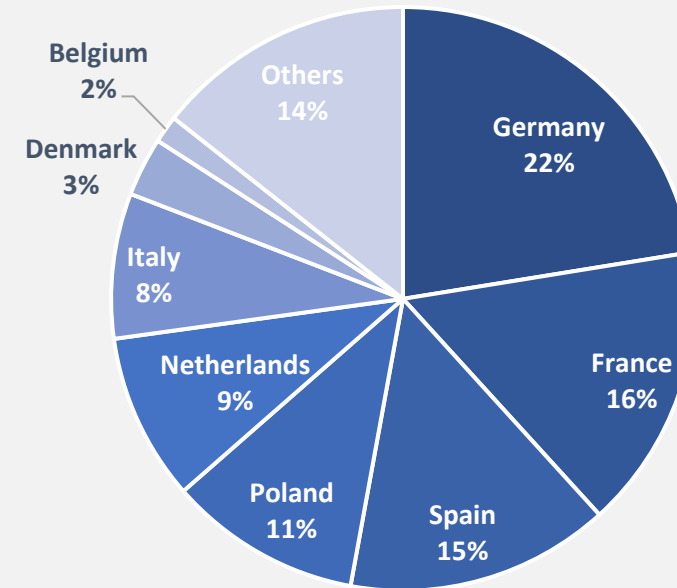
Source: DSA analysis

Imported Food Supplements







Food Supplement Exports to Vietnam by origin (2022)





Food Supplement Exports from EU to Vietnam by origin (2022)



Consumer Profile – Food supplements

Consumer Preferences	Women 18-50 <ul style="list-style-type: none"> • Anti-aging • Weight control • Multivitamins and detox 	
	Athletes <ul style="list-style-type: none"> • Proteins • Vitamins and trace elements 	
	Children <ul style="list-style-type: none"> • Calcium • Growth supplements 	
	Pregnant Women <ul style="list-style-type: none"> • Minerals • Iron • Pregnancy supplements 	
	Elderly <ul style="list-style-type: none"> • Immune system • Multivitamins 	
	Students <ul style="list-style-type: none"> • Memory enhancement • Eyesight 	

Location 	Urban citizens <ul style="list-style-type: none"> • Higher income • Better access to modern retail channels
Behaviors 	<ul style="list-style-type: none"> • Preference for herbal origin • Value quality and security over price • Country of origin is important deciding factor • EU, USA, Japan and Korean are more desirable • Self medication trends



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4. Regulatory Landscape



Import Regulations for Packaged Food



Product Self-Declaration OR Registration of Product Declaration

	Registration of Product Declaration	Product Self-Declaration
 Applicable products	Health protective foods, medical nutrition foods, foods for special diet, nutritious products for under-36-month children; and certain food additives	Other packaged food
 Documentations	<ul style="list-style-type: none"> Declaration form Certificate of Free Sale, Certificate of Exportation or Health Certificate A food safety evaluation report. <p>The report must be no more than 12 months old and have been issued by an ISO 17025 accredited laboratory.</p> <ul style="list-style-type: none"> Scientific evidence of the effects of the product or ingredients The certificate of food safety (only if required) The certificate of Good Manufacturing Practice or an equivalent certificate (for dietary supplements) 	<ul style="list-style-type: none"> Self declaration form A food safety evaluation report. <p>The report must be no more than 12 months old and have been issued by an ISO 17025 accredited laboratory.</p>
 Application	<p>The registration shall be submitted to the authority for verification.</p> <p>A certificate of registered product declaration shall be issued and the information of producer and product shall be posted on the authority's website</p>	<p>The self-declaration shall be posted through mass media/ producer's website or premises.</p> <p>1 copy shall be submitted to and posted on the authority's website</p>
 Fee	<p>Application document inspection fee</p> <ul style="list-style-type: none"> Health protective foods, medical nutrition foods, foods for special diet, nutritious products for under-36-month children: VND1,500,000/time/ product (60€) Certain food additives: VND500,000/time/product (20€) 	None

Certificate of Compliance with Food Import Requirements

Products imported in Vietnam are divided into three categories for inspection: **simplified, ordinary and tightened inspection.**

Simplified inspection

- A certificate of food safety issued by the competent authority of a country that has entered a mutual recognition agreement regarding food safety inspection to which Vietnam is also a signatory and the inspection result is satisfactory.
- The results of **3 consecutive normal inspections** within 12 months are satisfactory
- The manufacturer applies either **GMP, HACCP, ISO 22000, IFS, BRC, FSSC 22000** or an equivalent system

Ordinary inspection

- Ordinary inspection will be carried out for the remaining cases.

Tighten inspection

- The result of the previous inspection is not satisfactory
- A shipment or commodity fails to meet requirements during the inspections (if any)
- A warning is issued by the authorities of the province or a competent authority of a foreign country or the manufacturer's home country.

Only goods subject to **ordinary and tighten inspection** need **Certificate of Compliance with Food Import Requirements** for customs clearance.

Documentations:

- Registration form
- Product Self-Declaration
- Packing list
- 3 copies of notices of satisfactory results of consecutive tightened inspections (to switch over from tightened inspection to normal inspection)

Fee:

- Ordinary inspection: **VND300,000/lot (12.8 €)**
- Tighten inspection: **VND1,000,000/lot (38.75€) + number of products x VND100,000 (3.87€) (Number of products in case there are more than 1 product). Maximum VND10,000,000/ lot (387.5€).**

Before the shipment arrives at the border checkpoint, the application shall be submitted to the inspecting authority appointed by the State or through National Single-window Information Portal of the relevant Ministry.

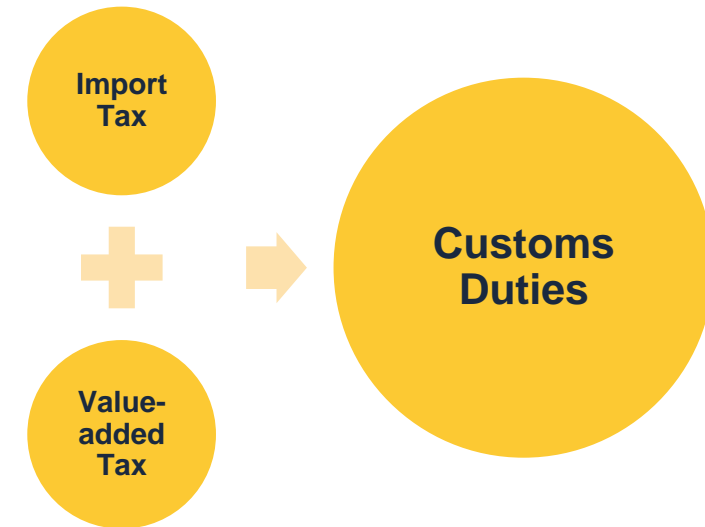


Custom Clearance and Payment of Customs Duties

Documents to be prepared

To be prepared by	Document	Language
Exporter	Certificate of Non-Preferential Origin/ Proof of Preferential Origin	Usually EN
	Commercial Invoice	EN
	Packing List	EN/VIE
	Certificate of Free Sale	EN
Importer	Customs Import Declaration	VIE
	Registration of Product Declaration OR Certificate of Compliance with Food Import Requirements	VIE
	Declaration of Dutiable Value	VIE
Carrier (or his agent)	Airway Bill/ Railway Bill	Usually EN
	Bill of Lading	Usually EN
Insurance company of the importer/exporter	Insurance Certificate	EN/VIE
Freight forwarder (or his agent)	Manifest	EN/VIE

Customs Duties & Clearance Cost



Other fees:

- Customs Import Declaration Form: **VND 20,000/form (0.77€)**
- Customs Inspection Fee for Products requiring Intellectual Property Protection: **VND/200,000/form (7.75€)**

Labelling requirements

General requirements

The following information must be included:

1. Product name
2. Ingredients or ingredient quantities
3. Product quantity
4. Production date (DD-MM-YY format)
5. Expiration or use by date (DD-MM-YY format)
6. Instructions for use and storage
7. Name of the person and the organization responsible for the product (both manufacturer and importer for imported goods)
8. Country of origin
9. Number of receipt of conformity to food safety or declaration of conformity
10. Recommendations or warnings on food safety, if applicable.

Products can bear two labels (in the original language and Vietnamese). The foreign label should present the same content and have the same dimension or smaller than the Vietnamese label.



Thực phẩm bổ sung vi chất dinh dưỡng	
1 ←	Bánh kem xốp phô mai Richeese Nabati Cheese Cream Wafer
2 ←	Thành phần cấu tạo : Bột mì, đường, dầu thực vật (có chứa chất chống oxy hóa: Tert-butylhydroquinon (TBHQ)), maltodextrin, bột whey, bột phô mai (3,07%) [chứa chất điều vị (Mononatri L-glutamat, Dinatri 5'-ribonucleotid), màu thực phẩm tổng hợp (Ponceau 4R, Sunset yellow FCF)], chất nhũ hóa: Lecithin (đậu nành), muối, chất tạo xốp: Natri hydro carbonat, vitamin (A, B1, B2, B6, B12).
	Khối lượng tịnh : 300 g (20 x 15 g)/ hộp → 3
	Công dụng : Bổ sung vi chất dinh dưỡng cho cơ thể
	Đối tượng sử dụng : Dùng cho mọi đối tượng (trẻ em trên 3 tuổi trở lên).
4 ←	Hướng dẫn sử dụng : Dùng trực tiếp.
	Hướng dẫn bảo quản : Bảo quản sản phẩm nơi khô ráo, thoáng mát. Tránh ánh nắng trực tiếp.
5 ←	Thời hạn sử dụng : 01 năm kể từ ngày sản xuất.
	Ngày sản xuất "MFG" (ngày/tháng/năm) và hạn sử dụng "EXP" (ngày/tháng/năm) xem trên bao bì sản phẩm.
	Xuất xứ : Indonesia → 8
	Thương nhân chịu trách nhiệm sản phẩm:
7 ←	Nhà sản xuất : PT. Kaldu Sari Nabati Indonesia
	Địa chỉ : Jl. Raya Bandung-Garut Km. 25,5, Desa Sukadana Kecamatan Cimanggung, Kabupaten Sumedang, Indonesia.
7 ←	Nhà nhập khẩu : Công ty TNHH Nabati Việt Nam
	Địa chỉ : Số 8 Phùng Khắc Khoan, Phường Đakao, Quận 1, Thành phố Hồ Chí Minh.
	Điện thoại : 028.35210878 Fax : 028.35210879
	Hot-line : 028.35210878-Ext :103
	Email : dichvukhachhang.nbt@gmail.com
10 ←	Thông tin cảnh báo : Sản phẩm có chứa: bột mì, bột whey, bột phô mai và đậu nành
	Sản phẩm có thể chứa: trứng, hạt phỉ và đậu phộng
	Số TCB : 2608/NBTVN/2020 → 9

Labelling requirements

Specific requirements

- **Functional food** must contain the phrase “functional food” and must not imply in any way that the food can replace medicine;
- **Food additives** must contain the phrase “food additive” and contain information on scope, dosage, and use; the phrase “Use for food” (“Dùng cho thực phẩm” in Vietnamese) must be written after the additive name in bold letters of 2mm height minimum.
- **Irradiated food** must contain the phrase “irradiated food”
- **Genetically modified food** must contain the phrase “genetically modified food” (“biến đổi gen” in Vietnamese) and the phrase must be written on the product label next to the names of the genetically modified ingredients.



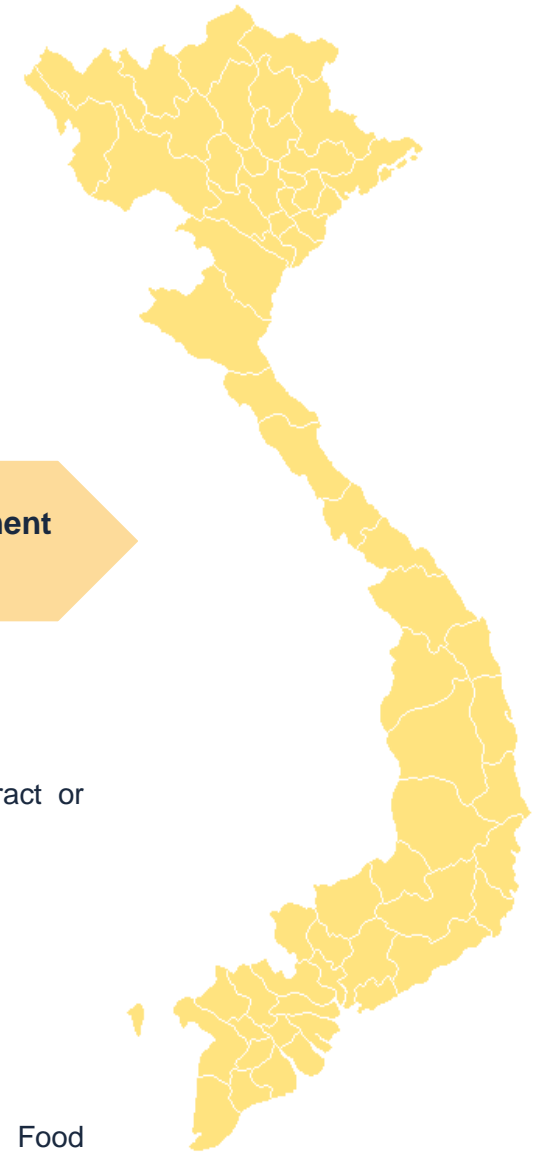
Importing Wafers to Vietnam



Product: Richeese Nabati Cheese Wafers

HS Code: 19053220

The goods is subject to **product self-declaration** and **ordinary inspection**



Documentation

Product Self-Declaration

- Self-declaration form
- A food safety evaluation report.

The report must be no more than 12 months old and have been issued by an ISO 17025 accredited laboratory.

Certificate of Compliance with Food Import Requirements

- Registration form
- Product Self-Declaration
- Packing list

Customs Clearance and Payment of Customs Duties

- Customs declaration form
- Commercial invoice
- Copy of: Purchase and sale contract or equivalent documents
- Copy of: Bill of lading
- Detailed packing list
- Certificate of origin
- Insurance certificate
- Manifest
- Certificate of Compliance with Food Import Requirements

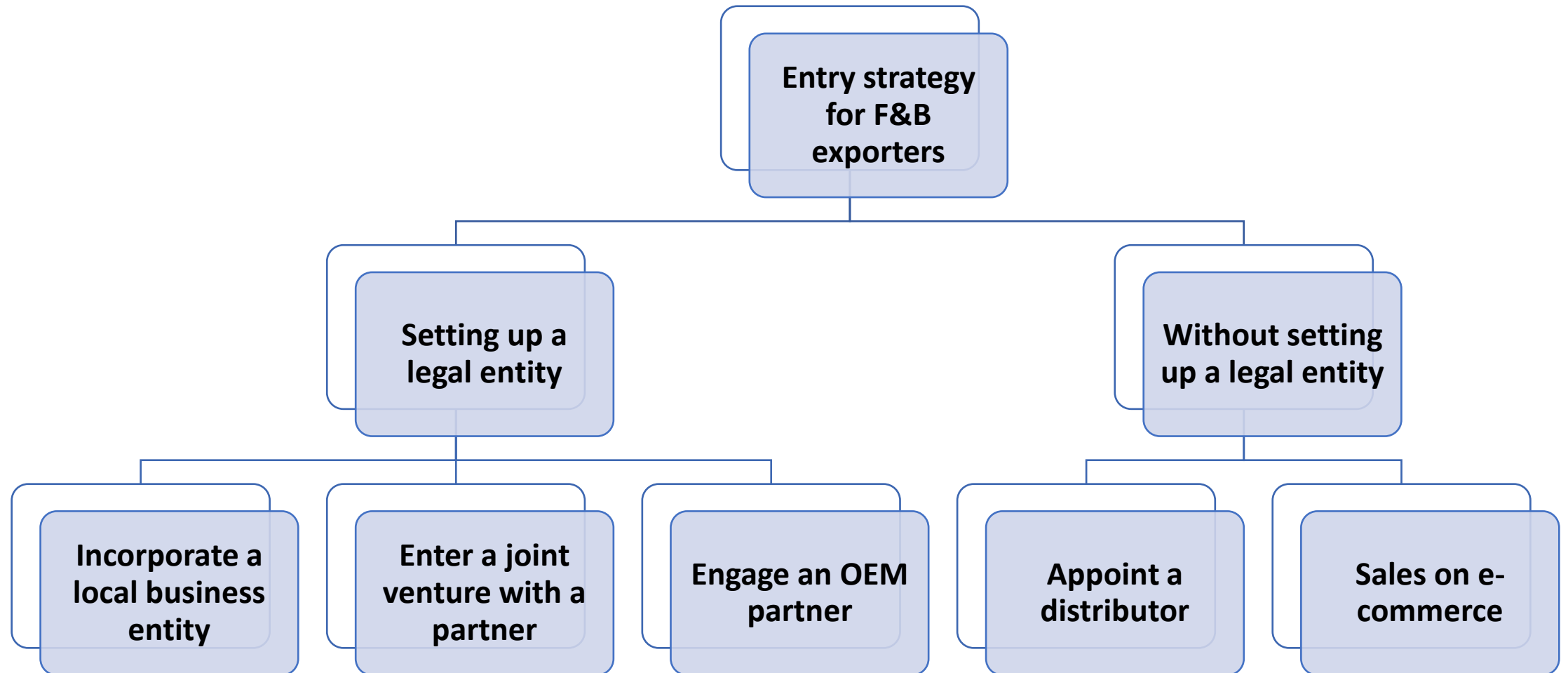


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5. Market entry Strategy



Market entry strategy



Identify a reliable partner



Suggested criteria

- Strength and experience in the relevant sector
- Suitable geographical reach (nation-wide or focus on a particular region/ city)
- Network with other stakeholders and customers
- Frequent update on relevant regulations

Potential partners



Key tips when approaching potential partners

- Understanding needs and specificities in the initial phase can help
- Care needs to be taken with the terms of agreement, while respecting the constraints that local partners face
- Find out about the partner's other business activities
- Match the strength of the potential partner's network to your product and target market(s)
- Once in the market, keep an eye on changes to relevant policies and import regulations

Vietnamese Business Etiquette | DOs and DON'Ts



Be punctual for business as being late is perceived as rude.



- **Face to face meetings** are preferred.
- **Negotiations can be slow** since they must go through lots of red tape and group consultation.



'Around the table' introductions must start from the **highest-ranking** person and go in order of importance.



Business documents should be translated into Vietnamese and a **translator** should be presented at the meetings for better communication.



- Allow a few moments of **social conversation** to pass before discussing any business matter. **Building relationships is important.**
- **Gifts, such as fruit or flowers** to meetings in Vietnam as a token of appreciation.



- Regarding **posture**, you should not cross your arms or stand with your hands on your hips.
- The whole hand should be used to point instead of one finger.

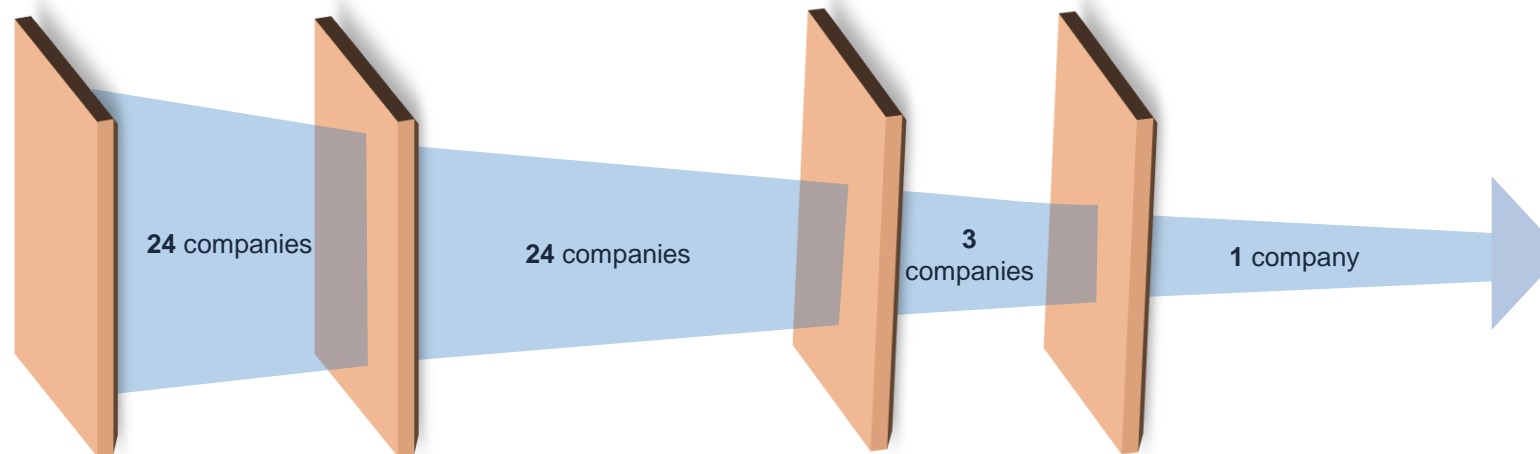
Case Study – Distributor Search for Collagen

APPROACH & OUTCOME



Criteria

- Eligibility to import food supplements products;
- Experiences in functional food marketing and distribution;
- Extensive distribution channels in the Vietnam market.



- **Group I:** 8 distributors having strong focus on Supplements
- **Group II:** 6 distributors using low Profile importation sources for the supply of their products
- **Group III:** 10 distributors with diversified portfolio that would include a mix of pharmaceuticals, supplements, medical equipment, etc.

One Exclusive Distributor

A local company based in the South, with strong experience in Functional Food.

Agreement term: 3 years

Responsibilities of Distributor:

- Local legal compliance (Registration of Product Declaration, Registration of Trademarks).
- Sales and marketing for Vietnam market.
- Associated cost (local taxes, customs duties, customs clearance, local transportation, and storage) born by Distributor.

Responsibilities of Producer:

- Provides documents for registration
- Allocate free products for sales and marketing purpose
- Training if necessary



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THANK YOU FOR YOUR ATTENTION!

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