

US Fresh Chipping Potato Sales to Vietnam Send Exports Climbing

Trade servicing visits by Potatoes USA in Vietnam convinced a second company in the past twelve months to import US fresh chipping potatoes. After repeated visits by Potatoes USA staff, Sojitz Vietnam, a Japanese Trading Company, decided to import U.S. chip-stock for the first time ever. The shipment is destined for a new local snack manufacturing company for a trial production of two types of potato chips. The purchase consists of about 200 metric tons of US fresh chipping potatoes, to arrive during August-October 2019. The local snack company plans to produce and then export the potato chips manufactured in Vietnam back to the Japanese market.

This achievement comes on the heels of significant net new purchases by PepsiCo Vietnam during the July 2018-June 2019 marketing year. Under the potato chip brand “Poca,” Pepsico Vietnam imported about 1,400 metric tons of US chipping potatoes worth nearly \$700,000 last year. Prior to this purchase, US chip-stock potatoes had not been imported into the market for a number of years, and this was the first sizable purchase ever made. Potatoes USA credits ongoing trade servicing to this company for the company’s decision to turn to US fresh potatoes when its primary sources in China and Europe began having supply issues. This demonstrated how developing and maintaining relationships in a growing market can pay off as the market evolves. MAP funds were utilized to conduct trade visits and provide informational materials regarding US potatoes.

In Vietnam, potato chips are a popular snack, and the food processing sector is undergoing dynamic growth to meet demand. When US fresh potatoes first gained access to Vietnam in 2010, the US potato industry sought to leverage the high quality of US chipping potatoes to create a new market here. However, regional and in-country competition from lower-priced potatoes made this too difficult. US chipping potatoes have a high tariff of 20%, while Chinese potatoes enter duty-free. Vietnam’s processing sector has also been building up local sources for fresh chipping potatoes. The situation has been exacerbated in 2019 due to the implementation of the CPTPP.

The new chip-stock demand during MY 18/19 propelled US fresh potato exports to Vietnam to grow 309% to \$742,750 by value, with volume expanding 522% to 1,461 metric tons. During MY 17/18, Vietnam utilized only 235 metric tons of fresh potatoes, valued at \$181,538, mostly for table consumption.