

Vietnam Potato Chip Manufacturer Imports US Chipping Potatoes

Through ongoing trade servicing in Vietnam, Potatoes USA was able to take advantage of European and Chinese supplier issues to prompt new sales of US chipping potatoes. PepsiCo Vietnam, under the potato chip brand "Poca," has imported about 1,400 metric tons of US chipping potatoes worth nearly \$700,000, so far this year. US chip-stock potatoes have not been imported into the market for a number of years, and this is the first sizable purchase that has been made. It demonstrates how developing and maintaining relationships in a growing market can pay off as the market evolves.

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.

Two companies, Pepsico and Orion Vina, are currently manufacturing potato chips in-country. A third company, Liwayway, had been producing chips, and had been convinced to utilize small amounts of US chipping potatoes in previous years. However, Liwayway stopped production last year due to cost and supply problems. Nonetheless, Potatoes USA continued to carry out trade education and servicing with the remaining two manufacturers in case rising expectations of quality and safety could improve the US position.

Normally, Vietnam processors source their imported chipping potatoes from the EU and China. However, drought affected EU potato yields this year, and quality problems with Chinese potatoes are causing processors to switch. Vietnam consumers and others have expressed strong concern about the safety and quality of Chinese potatoes and other produce, resulting in a reduction in Chinese potato imports. Pepsico thus turned to US chipping potatoes to make up the shortfall for this year's production. Trade statistics show that during the first six months of MY 18/19, Vietnam imported 1,415 metric tons, valued at \$706,000, of US fresh potatoes. During all of MY 17/18, Vietnam utilized only 235 metric tons of fresh potatoes, valued at \$181,538, mostly for table consumption.