

In export-dependent Vietnam, Covid-19 is eating into the food and agriculture sector

- **Logistical difficulties amid extended lockdowns mean second-half shipments in the sector are predicted to fall 30 per cent year on year**
- **The agriculture ministry is looking to prioritise the inoculation of all workers in the sector to ensure domestic food security and help ramp up some exports**

Sen Nguyen

Twice a week, farmer Nguyen Quang Tuyen would ship 2,000kg of cantaloupe from his farm to the southern economic hub of Ho Chi Minh City during harvest season.

But a lockdown since early June to stem surging Covid-19 cases has seen transport costs almost triple for each box of vegetables, along with an increase in administrative requirements, such as the government regulation that he and the truck driver each need to test negative before the journey.

The 40-year-old owner of HT Hitech Farm has resorted to selling produce to residents in his commune of some 143,000 people to get by, offering a 25 per cent discount to attract customers.

“At the moment I can sell around 10-20kg a day,” said Tuyen, estimating that the amount could increase fivefold if he could expand sales to the wider district.

“But if I can go to the city, sales would be 10 times what I’m selling now,” he added. The farmer, who estimated that his earnings were previously around US\$2,060 a week after deducting costs, has also had to set aside plans to diversify into cucumbers and cherry tomatoes, as well as potential exports to China, Russia and India.

Indeed, export-dependent Vietnam’s ongoing crisis is beginning to hit its sector after weighing heavily on manufacturing, with factories that churn out products for global giants forced to suspend work because of infection clusters and movement restrictions.

Most agricultural production for local consumption and export to key markets such as China, South Korea, Thailand and the United States is concentrated in the country’s southern region, which covers Ho Chi Minh City and the entire Mekong Delta – known as the rice bowl of Vietnam.

But extended lockdowns mean farmers face challenges in dispatching produce for sale, and merchants cannot travel to their farms.

As a result, fruit and vegetable exports in the second half of the year are predicted to fall 30 per cent year on year, according to a report from the agriculture ministry, which surveyed food and farm production in 19 southern localities.

“Crops are not being cared for, there is a lack of agricultural materials and the mental health of the farmers is not good, which has led to a lack of high-quality products for export,” the government said in an August 5 article on its website about the report.

Seafood production capacity in the southern region, which accounts for 65 per cent of national exports, has also dropped to between 30 and 40 per cent, according to the report.

Crops with nowhere to go

The disruptions to Vietnam's agriculture sector mirror the trying conditions farmers in the US and Europe experienced last year at the height of their Covid-19 outbreaks. The closure of restaurants, hotels and schools has depressed demand for produce, forcing farmers to destroy milk, crops and even livestock – even as consumers face shortages of packaged goods in grocery stores.

In Vietnam, as coronavirus cases continue to climb – the caseload was more than 240,000 on Thursday, up from fewer than 3,000 in late April – public Facebook groups with thousands of members have been overwhelmed with posts selling various kinds of fruits and vegetables at significantly diminished prices.

“My parents' chilli garden is entering the harvesting season, but no merchants have bought from us,” a user posted on Tuesday in a group called “Rescuing Vietnam farming produce”.

“Please help support my parents. It's 15,000 dong (65 US cents) a kilo,” she said, accompanying the post with pictures of the chillies spread out on a mat.

The term “rescuing farming produce” in Vietnamese has trended on social media, as well as making multiple appearances in local media reports, since the beginning of the outbreak. Last Friday, the Ho Chi Minh City Communist Youth Union collaborated with celebrities and a few private companies to organise a Facebook Live stream to encourage more people to buy produce from farmers in the south.

Vietnam's Covid-19 inoculation campaign has been sluggish, partly due to vaccine supply shortages.

In recent weeks, the country has ramped up its inoculation efforts, going from less than 5 per cent of the population who had received at least one shot by late last month to 11 per cent on Thursday, according to Our World in Data. However, as only around 30 to 40 per cent of agricultural and food workers have been vaccinated, the agriculture ministry has proposed that the government prioritise inoculating all workers in the region to ensure domestic food security and help ramp up some exports.

In 2020, the agriculture, forestry, and fishing sector accounts for 14.8 per cent of the country's GDP. As of last year, at least 180 countries and territories have bought Vietnamese agricultural products, with China, Asean, the US and the European Union among the largest importers.

Exports of fruits and vegetables from the sector were worth US\$3.3 billion last year, though China accounted for about half that figure. Southeast Asia accounted for 8.8 per cent of agricultural exports, followed by the US at 5 per cent.

In the same year, seafood exports brought in over US\$8.4 billion. Shrimp was one of the highly sought-after items – the US was the biggest shrimp buyer, accounting for 23.5 per cent of Vietnam's exports, followed by Japan, China and the EU in descending order.

The seafood industry makes up between 4 per cent and 5 per cent of the country's GDP, capitalising on the nation's 3,260km coastline, according to the Vietnam Association of Seafood Exporters and Producers.

Overdependence on China

Vietnam's agricultural exports are easily affected by external factors due to its overdependence on the Chinese market, and the fact its agricultural products have yet to meet strict global standards, according to a March paper published by the Singapore-based ISEAS-Yusof Ishak Institute think tank.

The pandemic has highlighted the importance of market diversification to the agricultural export sector, the authors of the paper said.

One of the authors, Lam Thanh Ha, told *This Week in Asia* that the current situation has become "one of the largest difficulties for Vietnamese agricultural producers during the Covid-19 pandemic".

On one hand, domestic food security has been deemed sufficient following professional assessment, according to Ha, who is also the vice dean of international economics at the Diplomatic Academy of Vietnam under the Ministry of Foreign Affairs.

On the other hand, she said, there were mounting challenges in feeding the world, including increasingly high shipping costs to the US and EU compared with the value of the exports.

"While the profits decline, businesses are under great pressure of costs, fees, and taxes, especially the cost of cold storage that helps preserve agricultural products," Ha said, adding that the government should implement credit packages that supported businesses, co-operatives, and farmers.

This includes exempting and reducing loan interest; providing loans with preferential rates to recover agricultural production affected by the epidemic; facilitating customs clearance procedures for export items; and preventing backlogs.

Among other suggested solutions, Ha said the government should also consider implementing a practical platform to gather information from farmers one to two months before harvesting, and updating specific seasonal data to create a distribution plan with businesses and supermarkets nationwide to prevent waste.

"Simultaneously, [they should] create a production plan that is suitable for real situations to [cut down on] agricultural waste," she said