

LITE REVIEW ON VIETNAM LABOR MARKET FOR THE AGRIFOOD SECTOR

1. Driving activities of the agrifood sector

Vietnam produces a large number of food commodities supplied for domestic consumption and exported to the world. Table 1 displays Vietnamese food products over recent years. Milled rice and fishery frozen products are the most important food industries. The production of milled rice is almost constantly remained in the past 3 years from 2016-2018, approximately 40000 thousand tons. Meanwhile, fishery frozen products reached 2133 thousand tons in 2018, increasing by 6.1% compared to 2017. In beverage industry, beer production is a largest sector with 4214.3 million litres, growing by 5.2%. This economic sector may be strongly affected in the next years by Decree 100/2019/NĐ-CP on the alcohol drinking ban when driving.

Table 1. Food of selected commodities in Vietnam

Code		Unit	2010	2011	2012	2013	2014	2015	2016	2017	2018
C1010	Canned meat	ton	4677	5209.2	5520	4568	4086	4384	4314	4092	3946
C10209	Canned fishery products	ton	76.9	86.2	96.6	107.5	103.5	100.6	102.3	105.1	109.2
C10201	Frozen fishery products	1000 ton	1278.3	1362.9	1372.1	1463.4	1586.7	1666	1763.1	1946.2	2133.1
C10203	Fish sauce	million litre	257.1	280.2	306	325.8	334.4	339.5	372.2	373.7	374.2
C10309	Canned vegetable	ton	48411	55680	60423	62371	63062	65096	69132	74262	79058
C10309	Canned grain and fruit	1000 ton	60.1	53.6	50	48.9	47.8	49.2	53.7	56.2	56.9
C10402	Cooking oil	1000 ton	565.9	568.7	631.6	826.5	862.9	966.1	1034.7	1078.6	1166.3
C10500	Fresh milk	million litre	520.6	645.3	701.3	760.7	846.5	1027.9	1105.5	1211.4	1258.4
C10500	Milk powder	1000 ton	58.9	76.1	81.2	87	90.2	99.3	107.7	111.7	121
C10611	Milled rice	1000 ton	33473	38289	39748	41017	42165	40770	38920	39326	41743
C10720	Sugar	1000 ton	1141.5	1306.8	1634.3	1860.3	1863.4	1842.1	1695.3	1747.5	1927.9
C10770	Powder and instance coffee	1000 ton	68.1	80.5	92	91.5	90.7	87.6	95.4	99.4	106.9
C10760	Processed tea	1000 ton	211	207.4	193.3	187.6	179.8	167.8	165.4	170.5	169.4
C11010	Spirit and traditional alcohol	million litre	349.4	337.1	330.9	318.1	312.7	310.3	306.8	309.7	316.3
C11030	Beer	million litre	2420.2	2625.7	2978.7	3004.1	3287.2	3526.8	3845.1	4004.8	4214.3
C11041	Mineral water	million litre	458.5	528	566.4	645.8	763.7	877.3	1016.6	1027.7	1121.8

(Source: GSO)

Total formal Value added (INDSTAT) for food processing grew from USD 1.128 billion in 2006 to USD 4.465 billion in 2016. Value added grew much faster than the average productivity per employee, increasing threefold in the decade 2006- 2016 (table 2).

Table 0. CAGR* per subsector, food processing, 2006-2016 (%)

Food products	Value added	Average size est.	Average productivity
Processing/preserving of meat	9.7%	-6.8%	5.5%
Processing/preserving of fish, etc	14.7%	-2.5%	12.1%
Processing/preserving of fruit, vegetable	22.6%	-10.2%	23.6%
Vegetable/animal oils/fat	28.3%	-8.0%	24.0%
Dairy products	10.6%	-2.9%	-1.6%
Grain mill products	21.2%	3.6%	20.4%
Sugar	1.0%	-4.6%	4.3%
Overall	14.7%	-2.2%	12.7%

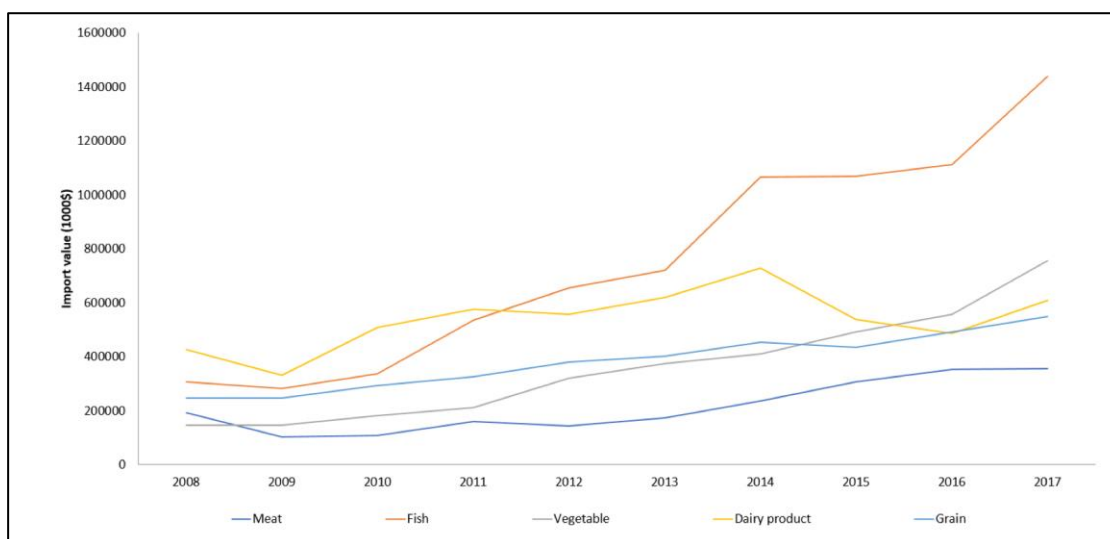
CAGR: Compound Annual Growth Rate

Source: UNIDO INDSTAT

In 2017, Viet Nam's food processing industry was worth more than USD 8.8 billion in terms of export values, the highest figure since 2007. However, the exceptional growth rate of 22.8 per cent in the period 2007-2011 was followed by a significant contraction in the subsequent period (2011- 2017), nonetheless avoiding negative figures and remaining positive at 1.73 per cent.

Fish processing has been the fastest growing subsector in all periods, with a growth rate of 13.3 per cent in the period 2007-2011, and 4.66 per cent in the subsequent period. Total export value peaked at USD 6.6 billion in 2017, followed by the processing of vegetables with an export value of roughly USD 1 million in 2017, and growing steadily at 2 per cent in the period 2012-2017.

In terms of import value, fish processing was the leading industry with over USD 1.4 billion in 2017, and this trend has continued to grow sharply. The processing of fruits and vegetables as well as dairy products follow, although the import value for dairy products decreased considerably between 2014 and 2017.



Source: UNCOMTRADE

Figure 1. Food processing export values, 2007-2017 (million USD)

2. Driving geographical areas

In the industry and construction including food and beverage manufacture, the manufacturing continued to be the main contributor to the economic growth, with a drastic increase of 12.98%, lower than the figure of the same period in 2017 but much higher than the growth rates in the years from 2012 to 2016, contributing 2.55 percentage points to the overall growth. The above-mentioned results showed that the economy escaped from its dependence on the mineral and resource exploitation as mining and quarrying endured a negative growth for the third consecutive years in 2018 (a decline of 3.11%), reducing 0.23 percentage points of the economy's total added value (Statistical Yearbook of Vietnam, GSO, 2018).

In Hanoi, in 2018 some manufacturing industries achieved a higher growth rate than the general growth rate of the whole industry such as: Beverage increased by 12.2% over the same period last year. Industrial production index of food production and processing increased by 3.3% over the same period last year (Statistical Yearbook of Hanoi, 2018). The main food products in Hanoi is presented in Table 2.3.

Table 3. Main food production in Hanoi

Code	Unit	2010	2015	2016	2017	2018
C10203	Fish sauce	1000 litres	2885	388	216	182
C11030		Million				
	Beer	litre	375	455	462	453
	Cake and Candy	1000 tons	55	53	54	55
	Feed	Ton	369851	385116	391107	438112
						450216

(Source: Statistical Yearbook of Hanoi, 2018)

The table 3 shows that fish sauce production in Hanoi have steadily decreased over the years. In 2018, the number of fish sauce volume decreased by 93% compared to 2016. Meanwhile beer, cake and candy production have been constantly maintained in recent years.