

VIETRADE – Despite being one of the five largest tea exporters in the world, Viet Nam needs to build up a national tea brandname based on quality enhancement in order to boost exports and increase added value.

Vietnamese tea products now have presence in more than 100 markets with an abundance of types and designs. However, the tea export revenue of Viet Nam remains modest, estimated at around US\$230 million per cent, compared to other agricultural products such as coffee and pepper.

There is around 124,000 hectare tea plantation area throughout the country with more than 500 processing plants with a total capacity of 500,000 tonnes per year. Viet Nam has areas advantageous for tea cultivation with high yield and quality, such as Tan Cuong in Thai Nguyen Province, Moc Chau in Son La Province and Bao Loc in Lam Dong Province with a variety of tea to meet consumer tastes.

However, roughly 90 per cent of tea is exported in the form of raw materials and to not-very-highly-demanding market. Thus, added value in tea exports remains low.

Amid rapid integration, besides opportunities arising from tariff liberalisation, tea exports will also face challenges from technical barriers, especially food hygiene and safety.

According to Mr. Nguyen Huu Tai, President of Viet Nam Tea Association, quality is the biggest challenge in tea export.

Tai says that to improve tea quality as a part of efforts to enhance tea competitiveness, it is important to mark off tea cultivation zones for processing factories and promote the link with farmers to provide them with modern farming techniques and control of use of pesticides and fertilisers.

A planning and tea cultivation area associated with processing and distribution is needed for the sustainable development of Viet Nam tea industry, he says.

Only by improving quality, could Vietnamese tea industry take advantage of opportunities from new-generation free trade agreements (FTAs) like Trans-Pacific Partnership and Viet Nam-EU FTA to expand exports and penetrate new markets.

The association stresses that Vietnamese tea brand must be built on quality.

This will require enhanced cooperation of processing plants and farmers to build up a value chain to ensure quality requirements and sustainable development of the tea industry.

According to Ngo Hong Thai, Deputy Director General of Viet Nam Tea Corporation, tea companies must be professional in brand design, applying technologies to produce quality products and promote exports of finished products rather than products in the form of raw materials.

In addition, firms should actively participate in trade promotion programs in order to introduce Vietnamese tea products and seek for trade partners.

Promoting tea brand became urgent amid drops in tea exports in recent years.

Efforts have been made towards enhancing the recognition of Vietnamese tea in the global market.

Thái Nguyên Province, the second largest tea growing provinces in Việt Nam, has regularly organised tea festivals during the past five years which attract the participation of many domestic tea companies and international tea delegations to promote tea products and tea culture.

In another effort, the programme of improving export competitiveness of small and medium - sized enterprises aims to support tea companies in seeking for new export markets and in developing export plans towards global quality standards and in consolidating the position of Vietnamese tea in the world market during 2016-17.

Statistics of the Ministry of Agriculture and Rural Development show that tea export in the first four months of this year reached 32,000 tones, worth US\$47 million, representing decreases by 2.7 per cent in volume and 12.2 per cent in value over the same period last year.

Tea export prices averaged US\$1,529 per tones in the first three months of this year, dropping by 5.38 per cent against last year.

In 2015, Viet Nam shipped more than 124,000 tonnes of tea abroad, worth \$213 million, declining by 5.8 per cent and 6.6 per cent respectively. Pakistan remains the biggest importer of Vietnamese tea, holding a share of 38 per cent, followed by Taiwan and Russia./.