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**Statement by Mr Luong Van Tu,
Chairman of the Vietnam Coffee and Cocoa
Association to the 111th Session of the
International Coffee Council
on 9 September 2013**

Mr. Chairman,
Ladies and gentlemen,

It is my great pleasure to deliver these remarks at the 111th Session of the International Coffee Council in Belo Horizonte. On this occasion, the 50th anniversary of the ICO, on behalf of the Ministry of Agriculture and Rural Development of the Socialist Republic of Vietnam, I would like to express our sincere thanks to the International Coffee Organization (ICO) for inviting me and my delegation to attend this event.

Mr. Chairman,
Ladies and Gentlemen,

Coffee was discovered in the XV century but it was introduced later, in 1857, in Vietnam and has now grown there for more than 150 years. With the advantage of its tropical climate and fertile red soil, Vietnam is very favourable for growing Robusta and Arabica high in the northern mountains. The establishment of the ICO 50 years ago is a memorable event. It is an important organization in the world coffee community with its goal to exchange information, technical cooperation and experience between producers and consumers in the fields of production, processing and trading of coffee worldwide.

The total area of coffee cultivation in Vietnam is currently about 550.000 ha. of which over 93% is for Robusta and 7% for Arabica. Production is between 1.2 and 1.3 million metric tons per year, of which 90% is for export. Vietnam has become the second largest coffee exporter in the world.

Vietnam's Robusta has a special sweet flavour and a sweet aroma because it is cultivated in the highlands at more than 500m above sea level. It has been exported to 93 countries and territories: including the USA, Germany, France, Spain, Italy, Belgium, Japan, China, Russia, South Korea, the ASEAN member countries such as Malaysia, Philippines, Singapore, Indonesia and Thailand. The coffee sector has created jobs for more than 2 million people and contributed more than 2% of GDP in 2012.

Meanwhile, Vietnam's coffee industry has been faced with challenges: old areas of coffee plantation need replacement; replacement is needed very quickly, and currently 30% of the old coffee plantation is being replaced, rising to 50% within two years.

To solve these problems, the Vietnamese Government has launched a policy to implement fundamental measures for the sustainable development of the coffee industry in the immediate future, including the following:

- Restructuring of the Vietnamese coffee sector;
- Organizing coffee farmers into associations and cooperatives;
- Improving quality management: expanding certificated coffee planting areas including VIETGAP, UTZ, 4C, R.F.A. certifications;
- Increasing investment in instant coffee and roasted coffee for added value;
- Maintaining the coffee growing area of about 500.000 ha. The implementation of effective breeding programmes, research and the rapid transfer of new varieties with high yield and high quality.

However, the industry has been hit by higher production costs: higher wages, constantly increasing water and electricity prices, and higher costs for fuel, fertilizers, and plant protection products. Coffee prices have changed constantly and caused huge losses to coffee producers, so that coffee farmers have planted rubber trees which is more cost effective than coffee.

Vietnam is one of 10 states in which the impact of climate change is felt most heavily. This is clear for the second year: the rains arrived early, and prolonged drought has caused coffee production to decrease for two years in a row. Production in 2012/2013 decreased 20% compared with 2011/2012. Production in 2013/2014 is expected to fall 15%. In the light of this situation, the Government of Vietnam asks the ICO, other international organizations, and investors to increase investment in Vietnam's coffee industry to help develop sustainable development through the medium of grants and cooperative investment.

Mr. Chairman,
Ladies and gentlemen,

I believe in this conference. We will focus on discussions and the exchange of information and propose appropriate measures to promote the coffee industry which will be sustainable in the future and to develop a roadmap for the development of the international coffee market.

Thank you for your kind attention!