

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary _ Public

Date: 11/16/2010

GAIN Report Number: VM0077

Vietnam

Post: Hanoi

Preferential Import Tariffs Increase

Report Categories:

Trade Policy Monitoring

FAIRS Subject Report

Competitor

Approved By:

Jeanne Bailey

Prepared By:

Justin Taylor, Bui Huong, Truong Dao

Report Highlights:

Since early 2010, the Government of Vietnam (GVN) has imposed an array of trade limiting measures to try and reduce its trade deficit. The Ministry of Finance's (MOF) Circular 133, which was published September 9, 2010, and entered into force (EIF) on October 25, 2010, appears to be yet another measure designed to curb imports.

Via Circular 133, Vietnam increased the Preferential Import Tariff Rates (or MFN Tariff rates) on a number of imported products including several agricultural products from Global Harmonized System Chapters 2, 7, 8, 16, 18, 19 and 20. Despite the higher rates, Post does not believe U.S. market share will be negatively impacted because most of the tariff changes are small, and for products with large tariff rate changes the United States is already at an enormous tariff disadvantage relative to its competition within ASEAN.

General Information:

On September 9, 2010, Vietnam’s Ministry of Finance (MOF) issued Circular 133/2010/TT-BTC to revise the levels of Preferential Import Tariffs (i.e. MFN tariff) listed in MOF’s Circular 216/2009/TT-BTC dated November 12, 2009. The increase of MFN tariff rates for specific agricultural products in Global Harmonized System Chapters 2, 7, 8, 16, 18, 19, 20 ranges from 1 to 12 percent. For example, the new MFN tariff rate applied to grapefruit increased to 40 percent from a current rate of 30 percent, while the MFN tariff rate for major fruit juices including orange, pineapple, tomato, and grape juice was revised to 34 percent from the current rate of 25 percent. The new MFN tariffs published in Circular 133/2010/TT-BTC went into effect on October 25, 2010, 45 days after the Circular’s signing date.

Although Post believes Circular 133 is but another GVN measure designed to slow imports, the new rates are ultimately not expected to have a significant impact on the U.S. market share of affected products for the following two reasons:

1. The rise in MFN tariffs are small. This measure effects 130 agricultural tariff lines, of which 114 (88 percent) change 4 percent, or less.
2. The largest MFN changes are applied to products where the United States is not particularly competitive. Of the 16 tariff changes that are greater than 4 percent, 14 are applied to products related to fruits and fruit juices where the United States already faces stiff competition from countries (such as Thailand) that fall under the Common Effective Preferential Tariff (CEPT) Scheme for the ASEAN Free Trade Area (AFTA). AFTA competitors are subject to tariffs of 5 percent on these products instead of 18 percent or 40 percent.

Circular 133’s new MFN tariff rates for agricultural products are listed in the following table:

List of MFN Tariffs on Agricultural/Food Products
(Promulgated together with the Finance Ministry’s Circular No.133/2010/QD-BTC of September 9, 2010)

HS code				Description	New MFN Tariff (%)	Previous MFN Tariff (%)
02.08				Other meat and edible meat of offal, fresh, chilled or frozen		
0208	10	00	00	- of rabbits	10	10
0208	30	00	00	- of primates	14	10
0208	40	00	00	- Of whales, dolphins and porpoises (mammals of the order Cetacea); or manatees and dugons (mammals of the order Sirenia)	14	10
0208	50	00	00	- Of reptiles (including snakes and turtle)	14	10
0208	90	00		- Others:		
HS code				Description	New MFN	Previous

					Tariff (%)	MFN Tariff (%)
0208	90	00	10	- - Frog's leg	10	10
0208	90	00	90	- - Others	5	5
07.03				Onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled		
0703	10			- Onions and shallots:		
				- - Onions:		
0703	10	11	00	- - - Bulbs for propagations	0	0
0703	10	19	00	- - - Others	15	15
				- - Shallots:		
0703	10	21	00	- - - Bulbs for propagations	0	0
0703	10	29	00	- - - Others	20	15
0703	20			- Garlic:		
0703	20	10	00	- - Bulbs for propagations	0	0
0703	20	90	00	- - Others	20	20
0703	90			- Leeks and other alliaceous vegetables:		
0703	90	10	00	- - Bulbs for propagations	0	0
0703	90	90	00	- - Others	20	20
08.05				Citrus fruits, fresh or dried.		
0805	10			- Oranges		
0805	10	10	00	- - Fresh	27	27
0805	10	20	00	- - Dried	27	27
0805	20	00	00	- Mandarins (including tangerines and Satsuma); Clementine, wilking and similar citrus hybrids	30	30
0805	40	00	00	- Grapefruits	40	30
0805	50	00	00	- Lemons (Citrus limon, Citrus limonum) and limes (Citrus aurantifolia, Citrus latifolia)	25	25
0805	90	00	00	- Others	40	40
16.02				Other prepared or preserved meat, meat offal or blood		
1602	10			- Homogenized preparations:		
1602	10	10	00	- - containing pork, canned meat	34	34
1602	10	90	00	- - Other	34	34
1602	20	00	00	- Of any animal liver	34	32
				- Of poultry of heading 01.05:		
1602	31	00	00	- - Of turkey	32	31
1602	32			- - Of fowl of the species Gallus domesticus:		
1602	32	10	00	- - - Of chicken curry, canned food	40	31
1602	32	90	00	- - - Other	29	29
1602	39	00	00	- - Other	29	29
				- Of swine:		
1602	41			- - Ham and cuts thereof:		
1602	41	10	00	- - - Canned	31	31
1602	41	90	00	- - - other	31	31
1602	42			- - Shoulders and cuts thereof:		
HS code				Description	New	

					MFN Tariff (%)	Previous MFN Tariff (%)
1602	42	10	00	- - - Canned	31	31
1602	42	90	00	- - - Others	31	31
1602	49			- -Others, including mixtures:		
				- - - Canned meat:		
1602	49	11	00	- - - - Canned meat	29	29
1602	49	19	00	- - - - other	29	29
				- - - Others:		
1602	49	91	00	- - - - canned food	29	29
1602	49	99	00	- - - - Others	29	29
1602	50	00	00	- Of bovine animals	37	34
1602	90			- Others, including animal origin processed products		
1602	90	10	00	- - Canned mutton curry	37	34
1602	90	90	00	- - Others	37	34
18.06				Chocolate and other food preparations containing cocoa		
1806	10	00	00	- Cocoa powder, containing added sugar or other sweetening matter	20	20
1806	20			- Other preparations in blocks, slabs or bars weighing more than 2 kg or in liquid, paste, powder, granular or other bulk form in containers or immediate packing, of a content exceeding 2 kg		
1806	20	10	00	- - Chocolate confectionery in blocks, slabs or bars	20	18
1806	20	90	00	- - Other	18	17
				- Other, in blocks, slabs or bars:		
1806	31			- - Filled:		
1806	31	10	00	- - - Chocolate confectionery in blocks, slabs or bars	24	20
1806	31	90	00	- - - Other	24	20
1806	32			- - Unfilled:		
1806	32	10	00	- - - Chocolate confectionery in blocks, slabs or bars	24	20
1806	32	90	00	- - - Other	24	20
1806	90			- Other:		
1806	90	10	00	- - Chocolate confectionery in tablets or pastilles	24	20
1806	90	20	00	- - Food preparations of flour, meal, starch or malt extract, containing 40% or more but less than 50% by weight of cocoa; food preparations of goods of heading 04.02 or 04.04, containing 5% or more but less than 10% by weight of cocoa, specially prepared for infant use, not put up for retail sale	24	20
1806	90	90	00	- - Other	25	25
19.02				Pasta, whether or not cooked or stuffed (with meat or other substances) or otherwise prepared, such as Spaghetti, macaroni, noodles, lasagna, gnocchi, ravioli, cannelloni; couscous, whether or not prepared		
				- Uncooked pasta, not stuffed or otherwise prepared:		
1902	11	00	00	- - Containing eggs	38	34
1902	19			- - Other:		
HS code				Description	New	

					MFN Tariff (%)	Previous MFN Tariff (%)
1902	19	20	00	- - - <i>Rice vermicelli (bee hoon)</i>	38	34
1902	19	90		- - - Other:		
1902	19	90	10	- - - - <i>Bean vermicelli</i>	38	34
1902	19	90	90	- - - - Other	27	27
1902	20			- Stuffed pasta, whether or not cooked or otherwise prepared:		
1902	20	10	00	- - <i>Stuffed with meat or meat offal</i>	38	34
1902	20	90	00	- - <i>Other</i>	38	34
1902	30			- Other pasta:		
1902	30	10	00	- - Instant noodle	34	34
1902	30	20	00	- - Instant rice vermicelli	34	34
1902	30	90	00	- - Other	34	34
1902	40	00	00	- <i>Cut-cut (couscous)</i>	38	34
19.04				Prepared food obtained by the swelling or roasting of cereals or cereal products (for example corn flakes); cereals ((other than maize (corn)), in grain form or in the form of flakes or other worked grains (except flour, groats and meal), prepared, not elsewhere specified or included.		
1904	10	00	00	- Prepared food obtained by the swelling or roasting of cereals or cereal products	27	27
1904	20	00	00	- <i>Prepared foods obtained from unroasted cereal flakes or from mixtures of unroasted cereal flakes and roasted cereal flakes or swelled cereals</i>	34	31
1904	30	00	00	- <i>Bulgur wheat</i>	34	31
1904	90			- Other:		
1904	90	10	00	- - <i>Rice preparations, including pre-cooked rice</i>	34	31
1904	90	90	00	- - Other	30	30
20.02				Tomatoes prepared or preserved otherwise than by vinegar or acetic acid.		
2002	10			- Tomatoes, whole or pieces:		
2002	10	10	00	- - <i>Cooked otherwise than by steaming or boiling in water</i>	34	30
2002	10	90	00	- - <i>Other</i>	34	30
2002	90			- Other:		
2002	90	10	00	- - Tomato paste	27	27
2002	90	90	00	- - Other	27	27
20.05				Other vegetables prepared or preserved otherwise than vinegar or acetic acid, not frozen, other than products of heading 20.06		
2005	10	00	00	- Homogenized vegetables	40	40
2005	20			- Potatoes:		
2005	20	10	00	- - <i>Chips and sticks</i>	27	25
2005	20	90	00	- - Other	34	34
2005	40	00	00	- Peas (<i>Pisum sativum</i>)	34	34
				- Beans (<i>Vigna</i> spp., <i>Phaseolus</i> spp.):		

HS code				Description	New MFN Tariff (%)	Previous MFN Tariff (%)
2005	51	00	00	- - Beans, shelled	34	34
2005	59	00	00	- - Other	34	34
2005	60	00	00	- Asparagus	34	34
2005	70	00	00	- Olives	25	25
2005	80	00	00	- Sweet corn (<i>Zea mays</i> var. <i>saccharata</i>)	40	40
				- Other vegetables and mixture of vegetables:		
2005	91	00	00	- - <i>Bamboo shoots</i>	32	31
2005	99	00	00	- - <i>Others</i>	32	31
20.08				Fruits, nuts and other edible parts of plants or plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included		
				- Nuts, ground-nuts and other seeds, whether or not mixed together:		
2008	11			- - Ground nut:		
2008	11	10	00	- - - Roasted	34	34
2008	11	20	00	- - - <i>Peanut butter</i>	27	25
2008	11	90	00	- - - Other	27	27
2008	19			- - Other, including mixture:		
2008	19	10	00	- - - Cashew nuts	37	37
2008	19	90	00	- - - <i>Other</i>	27	25
2008	20	00	00	- Pineapples	40	40
2008	30			- Citrus fruits:		
2008	30	10	00	- - Containing added sugar or other sweetening matter or spirit	40	40
2008	30	90	00	- - Other	40	40
2008	40			- Pears:		
2008	40	10	00	- - Containing added sugar or other sweetening matter or spirit	37	37
2008	40	90	00	- - Other	37	37
2008	50			- Apricots:		
2008	50	10	00	- - Containing added sugar or other sweetening matter or spirit	40	40
2008	50	90	00	- - Other	40	40
2008	60			- Cherries:		
2008	60	10	00	- - Containing added sugar or other sweetening matter or spirit	40	40
2008	60	90	00	- - Other	40	40
2008	70			- Peaches, including nectarines:		
2008	70	10	00	- - Containing added sugar or other sweetening matter or spirit	37	37
2008	70	90	00	- - Other	37	37
2008	80			- Strawberries:		
2008	80	10	00	- - Containing added sugar or other sweetening matter or spirit	37	37

2008	80	90	00	- - Other	37	37
HS code				Description	New MFN Tariff (%)	Previous MFN Tariff (%)
				- Other, including mixtures other than those of sub- heading 2009.19:		
2008	91	00	00	- - Palm hearts	40	40
2008	92			- - Mixtures:		
2008	92	10	00	- - - Of stems, roots and other edible plant parts	30	30
2008	92	20	00	- - - Containing added sugar or other sweetening matter or spirit	30	30
2008	92	90	00	- - - Other	30	30
2008	99			- - Other:		
2008	99	10	00	- - - Lychee	40	40
2008	99	20	00	- - - Longans	40	40
2008	99	30	00	- - - Of stems, roots and other edible plant parts	40	40
2008	99	40	00	- - - Containing added sugar or other sweetening matter or spirit	30	30
2008	99	90	00	- - - Other	30	30
20.09				Fruit juices (including grape must) and vegetable juice, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter.		
				- Orange juice:		
2009	11	00	00	- - Frozen	25	25
2009	12	00	00	- - <i>Not frozen, of Brix value not exceeding 20</i>	30	25
2009	19	00	00	- - <i>Other</i>	32	25
				- Grape fruit (including pomelo) juice :		
2009	21	00	00	- - <i>of Brix value not exceeding 20</i>	35	25
2009	29	00	00	- - <i>Other</i>	35	25
				- Juice of any other single citrus fruit:		
2009	31	00	00	- - <i>of Brix value not exceeding 20</i>	37	25
2009	39	00	00	- - <i>Other</i>	37	25
				- Pineapple juice:		
2009	41	00	00	- - <i>of Brix value not exceeding 20</i>	35	25
2009	49	00	00	- - <i>Other</i>	35	25
2009	50	00	00	- <i>Tomato juice</i>	37	25
				- Grape juice (including grape must):		
2009	61	00	00	- - <i>of Brix value not exceeding 20</i>	35	25
2009	69	00	00	- - <i>Other</i>	30	25
				- Apple juice:		
2009	71	00	00	- - <i>of Brix value not exceeding 20</i>	34	25
2009	79	00	00	- - <i>Other</i>	31	25
2009	80			- Juice of any other single fruit or vegetable:		
2009	80	10	00	- - <i>Blackcurrant juice</i>	29	25
2009	80	90	00	- - <i>Other</i>	29	25
2009	90	00	00	- <i>Mixtures of juices</i>	29	25

