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Sugar and Sweeteners in Vietnam

PROSPECTS

Popularity of Sugar and Sweeteners Ensures Stable Demand Over the Review Period

Sugar is a popular cooking ingredient in Vietnam, especially in the Southern area where it is just as popular as salt, monosodium glutamate (MSG), and fish sauces. It is also a popular ingredient in drinks. Due to increased health concerns in line with the rising health and wellness trend and the rising number of people with diabetes, people are using less sugar and sweeteners (however, this has not yet made a significant change to the market as the number of consumers truly changing their consumption behavior is quite limited) or switching to organic sugar. TTC – BH Jsc has restructured its factories to switch to producing organic sugar instead of refined sugar.

Domestic Production and Domestic Sugar Products Face Challenges

Domestic sugar products continue to face challenges, including crop productivity being less competitive than in other countries, making production costs higher. Also, the ASEAN Trade

in Goods Agreement (ATIGA) in 2020 threatens the industry - under the ATIGA commitment, Vietnam must eliminate import quotas on sugar from ASEAN countries. In addition, the loose control of sugar imports over the borders distorts the market supply-demand and sugar pricing.

However, on a positive note, the main players have concentrated on widening their distribution networks in all supermarkets, convenience stores, and traditional grocery retailers, where many unbranded or illegal products used to be available. Certainly, this helped manufacturers to gain coverage and brought better-quality products to consumers and the market in general.

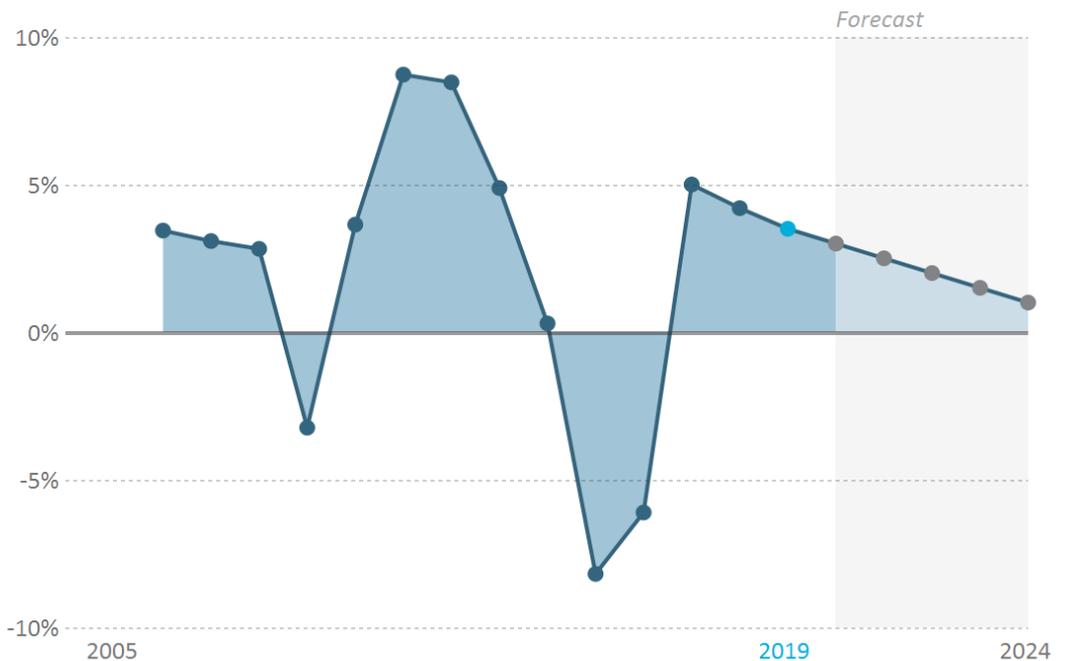
Strong Competition Pushes Players to Reinforce their Competitive Advantages

Over the review period, the increasing competition in sugar and sweeteners motivated players to improve. They found various ways to strengthen their competitive capability. Mergers and acquisitions was one method players used to rapidly increase their business scale. This not only helps them to respond to market fluctuations but also to increase their influence in the market.

Sales Performance of Sugar and Sweeteners in Vietnam

% Y-O-Y Total Volume Growth 2005-2024

3.5%



In addition, upgrading production technology is used by manufacturers to reduce production costs and thus prices. In a context in which imported sugar and sweeteners is finding it easier to enter the market and offer much better prices, production technology is vital for all the current players in sugar and sweeteners in Vietnam.

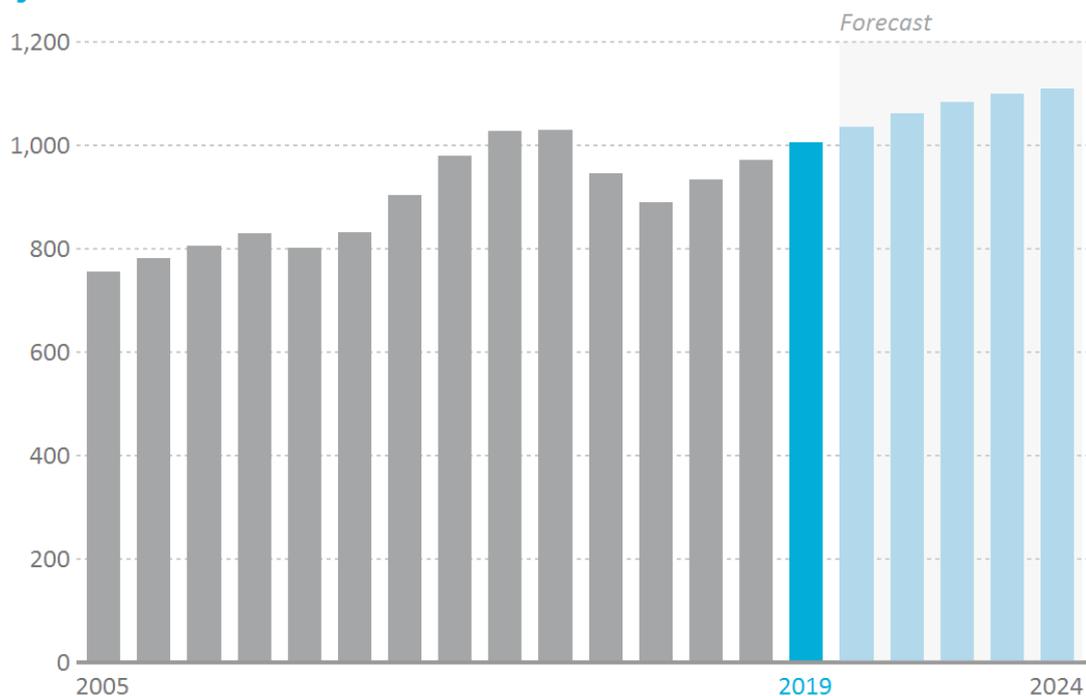
Also, building strong relationships with distribution partners or farmers is a strategic plan by players. In particular, as consumers

have low loyalty to particular products in sugar and sweeteners, distributor support is very important for players to keep their products available and reach the target consumers. Meanwhile, strong cooperation with farmers supports manufacturers to stabilize their raw materials supply and production activities. In general, the strong competition helped players to enhance their capability in the review period. ■

Sales of Sugar and Sweeteners in Vietnam

Total Volume - '000 tonnes - 2005-2024

1,002



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