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Tuesday, June 15, 2021

Attn: Mr. Nguyễn Quốc Hưng
Director General
Department of Tax Policy, Ministry of Finance

Re: Benefits of wheat tariff reduction

Mr. Nguyễn Quốc Hưng,

The Vietnamese flour and feed milling industries are some of the fastest growing in the world. We value our partnership with mills and are proud of the role that US-grown wheat plays in providing consistent and reliable inputs for Vietnamese companies and consumers. In the interest of further growing our trading relationship, and to increase the competitiveness of Vietnamese millers, we write today to request your consideration of a reduction in the MFN tariff on wheat.

Milling and feed wheat exports from the United States to Vietnam currently face a costly tariff ranging from 3% - 5%. While not a prohibitive tariff, it does substantially increase costs paid by Vietnamese flour and feed millers – leading to higher prices for Vietnamese consumers and livestock sector. Those costs have increased substantially over the past year as global commodities and ocean freight have reached levels not seen in more than a decade. These high prices are a major contributor to the food inflation being felt across many markets.

We understand that food inflation has been discussed at the highest levels of your government, with the Prime Minister having directed the Ministry of Agriculture and Rural Development to explore options for reducing the impact of such inflation on Vietnamese consumers. A reduction in the MFN tariffs on milling and feed wheat would provide an instant reduction in the cost of key ingredients to both the feed and flour sectors as listed below.

Cereal Grains	HS Code	Current MFN rate (%)	Tariff reduction proposed by United States
Milling Wheat	10019911, 10019912, 10019919	3	0
Durum Wheat	10011100, 10011900, 10019100	5	0
Feed Wheat	10019999, 1001999	3	0

In addition to increasing costs being borne by Vietnamese consumers, your domestic flour milling industry has noted that the high input prices are reducing their opportunities for flour and finished product exports to the larger SE Asia region. Those flour and finished product exports support jobs in Vietnam and are important to your continued economic growth. Vietnam is one of only a handful of countries in the region levying tariffs on imported wheat, which produces a major headwind in regional competition.

Our mission is to enhance the profitability of U.S. wheat farmers and their customers around the globe. We are standing by, ready to assist Vietnamese feed and flour millers continue the track record of bullish growth they have built. While COVID restrictions have impacted our ability to travel and had forced changes in much of our programming, we are able to provide a great deal of market information, technical assistance and miller training virtually.

Thank you for the consideration of this request to reduce costs to Vietnamese millers and consumers during this unusual time of high prices.

Sincerely,



Dalton Henry
US Wheat Associates

CC: Ms. Nguyễn Thị Thanh Hằng, Deputy Director General - Department of Tax Policy, MOF
Ms. Trần Thị Bích Ngọc, Head of Import-Export Tax Division-Department of Tax Policy, MOF
Dr. Nguyễn Đỗ Anh Tuấn, Director General - International Cooperation Department, MARD
Mr. Dương Tất Thắng, Acting Director General - Department of Livestock Production, MARD
Mr. Robert Hanson, Agricultural Minister Counselor – USDA/FAS, U.S. Embassy, Vietnam