



VIETNAM'S PARTICIPATION IN THE GLOBAL COFFEE VALUE CHAIN

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Abstract

Coffee is one of the key agricultural products of Vietnam, with the second-largest coffee export volume in the world. This industry creates many jobs, brings high economic value, creates a stable income for workers and develops the local economy as well as plays a significant part in the development of the country. However, at present, Vietnam is mainly engaged in cultivation - the stage that brings the lowest added value in the global coffee value chain. This is not commensurate with the development potential of Vietnam's coffee industry. Therefore, promoting Vietnam's participation in all stages of the global coffee value chain is always an urgent task for governments, localities as well as coffee businesses. This paper focuses on assessing the status of global value chain participation of Vietnam's coffee industry in the stages of production, processing, consumption and export. From there, the author proposes a number of solutions to improve the participation of Vietnamese coffee in the global value chain.

Keywords: Global coffee value chain, production, processing, consumption, export



INTRODUCTION

Any product created consists of a series of closely linked stages. All stages will create a chain of links between producers and consumers, each activity in the chain will add value to the final product. The global coffee value chain encompasses a range of activities that create and shape the value of coffee from research, cultivation, production, collection, processing, and export. Global value chain analysis is a useful tool in assessing the level of competition, role, and position of each country in the global value chain, thereby providing appropriate trade strategies to enhance the advantages of each country. Today's coffee trade has been liberalized. The value chain management system of coffee products is mainly about branding for products and businesses. The world coffee market has many distinct characteristics compared to other agricultural products due to both objective and subjective reasons on the supply and demand sides. These causes create many market areas. In a stable and high-value market area, transactions are mainly conducted between multinational coffee corporations and consumers in developed countries. In the volatile and low-value market region, transactions are mainly conducted between coffee exporters in developing countries and multinational coffee corporations. As Vietnam is located in an unstable low-value market area, any negative changes in the world coffee market will immediately affect all actors in the coffee industry.

The added value of Vietnamese coffee in the global value chain is mainly in the production of raw coffee, which is the lowest value-added stage. Despite being one of the world's leading coffee exporting countries, Vietnam has not gone into processing to raise the added value of this item. The percentage of deep processed and high value-added coffee in Vietnam accounts for only 10% of total green coffee output, while raw coffee exports account for 90%. Facing this situation, an urgent requirement for Vietnam's coffee industry is to research and find solutions to enhance the added value of Vietnamese coffee in the global coffee value chain. Improving the added value will not only help Vietnamese coffee improve its share in the global coffee value chain, but also bring benefits and effective positive impacts on many aspects of Vietnam's economy.

Purpose of the Study

- The study focused on assessing the level of participation in the global coffee value chain of Vietnam's coffee industry.
- The paper showed the advantages and disadvantages of Vietnam's participation in the global coffee value chain.
- The study proposed solutions to increase the added - value of Vietnamese coffee in all stages of the global coffee value chain.

LITERATURE REVIEW

Coffee is one of the key commodities of many countries in the world. Therefore, researches on coffee industry development as well as global value chains in general and global coffee value chains in particular have been approached and analyzed from many different perspectives.

John Humphrey and Schmitz (2001) with the article "Governance in Global Value Chains" published in the journal *IDS Bulletin* built a theoretical framework to explain governance models in global value chains based on the three factors: economics of transaction costs, production networks, technological capabilities and the nature of global value chain management through specific examples.

Gary Gerrefi (2005) with his book "The governance of global value chains" developed a theoretical framework to explain governance models in global value chains. The author pointed out three main factors that determine the value chain model: the complexity of transactions, the ability to systematize transactions, and the supply ability of the manufacturers. Accordingly, the chain model was divided into 5 categories: market, simple value chain, relational value chain, dependent value chain, and rank.

Denis Seudieu (2011) with the article: "Coffee value chain in selected importing countries" highlighted the global added value of the roasting industry from the coffee consumption in 9 importing countries. The author pointed out that the total added value of these nine importing countries was much higher than that of the exporting countries and higher than all the revenue of the exporting countries in the same period.

Hoang Thi Van Anh (2009) analyzed the global value chain of coffee products and Vietnam's participation. The author built the basic theoretical framework of global value chains and global coffee value chain. From there, the author truly assessed Vietnam's participation and proposed immediate and long-term solutions to promote the process of participating in the global value chain of Vietnamese coffee.

Dinh Van Thanh - Commercial Research Institute (2010) generalized the global agricultural product value chain; studied countries' experiences in participating in the global agricultural value chain for each specific product, including coffee; At the same time, the author assessed the status of participation of Vietnamese agricultural products in the global value chain of agricultural products; Based on that, the author proposed solutions to further strengthen the ability to participate in the global value chain of agricultural products, including coffee.

Phung Thi Hong Ha (2010) proposed solutions to develop coffee production in A Luoi District (Thua Thien Hue Province - Vietnam). The organization of coffee production here was quite diverse: state-owned enterprises, joint-stock companies, farms and farmer households. However, the organization of production has still many shortcomings. Therefore, according to

the author, in order to sustainably develop the coffee industry in A Luoi district, it is necessary to objectively assess the coffee development status here as well as analyze the factors affecting the efficiency of investment and production.

Phan Thi Thanh Truc and Nguyen Thi Thuy Hanh (2016) analyzed the linkages between actors in the value chain of coffee products in Tay Nguyen area. The paper focused on assessing horizontal and vertical linkages in the coffee value chain in the Central Highlands region and pointed out solutions to increase trust among actors, which helps to reduce costs and increase capacity competition for chains

RESEARCH METHODOLOGY

Descriptive research design was adopted. The author collected secondary data and documents on the state of Vietnam's participation in the global coffee value chain through reports on the operational practices of Vietnam's coffee industry of the Ministry of Agriculture and Rural Development, Ministry of Industry and Trade, Department of Crop Production, research projects, and relevant documents. Since then, the author had a database and information for analyzing the current situation of coffee market in Vietnam and Vietnam's participation in global coffee value chain.

Research period was Vietnam's participation in the global coffee value chain during 2014-2018.

The author used analytical, comparing and summarizing methods: The analytical method was used to find out the basics of Vietnam's coffee value chain; The comparative method shown the differences in the participation of Vietnam and other countries in the world in different stages of bringing added value in a chain; The aggregate methodology offered solutions on the part of the State and businesses to promote added value and Vietnam's participation in the global coffee value chain.

Besides, the author also used descriptive statistical methods to describe the socioeconomic characteristics and natural conditions of Vietnam. Since then the author pointed out the prudence, difficulties, limitations, and challenges of Vietnam when participating in the global coffee value chain.

ANALYSIS

Describe the global coffee value chain model

Countries will participate in the global value chain of coffee products in three levels: low added value, average added value, and high added value.

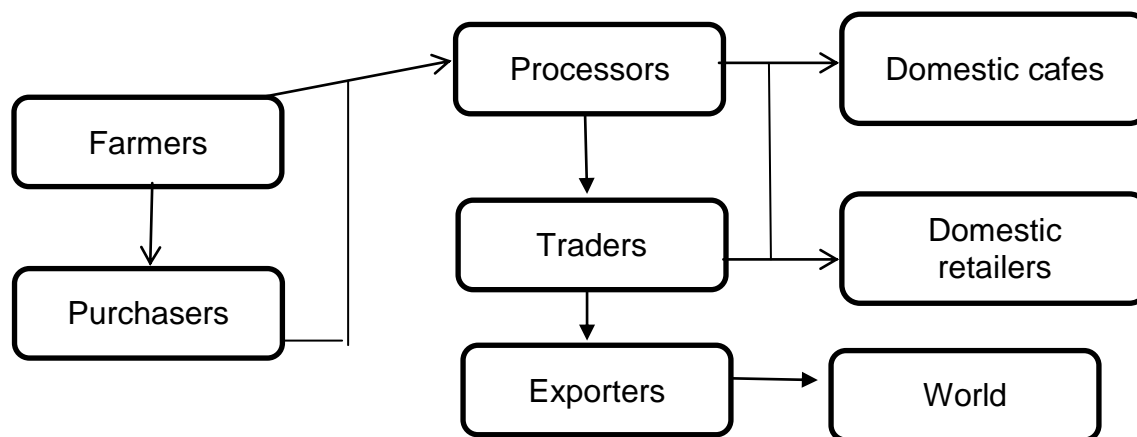
Low added value- Cultivation: Coffee production begins at the coffee-harvesting farm. On small farms, coffee is collected by hand, while on large farms, coffee harvesting is often mechanically assisted.

Average added value - Processing: On small-scale farms, coffee growers often sell coffee to large owners so that they can handle processing and marketing. In some cases, small farms sell their produce before harvesting to collectors to obtain credit.

High added value - Research, development, distribution, and marketing: Researching varieties, fertilizers, techniques of planting and tending coffee is necessary to respond promptly to changes in market demand and develop a sustainable coffee industry. Major processors usually distribute their blended coffee through wholesale channels and supply coffee to restaurants, hotels, airports, and supermarkets. Coffee roasters and processors have distribution systems that ensure their products are always available in the consumer market. Processing firms can send finished coffee to branches or warehouses in production facilities for sale, or sell products through a multi-level distribution system. Besides, there are also trading companies selling finished-products with their trademarks.

Although large companies have often the advantage of purchasing power, distribution, processing, and marketing, small businesses can compete on specialty products or meet the needs of each market. Vietnam's participation in the global coffee value chain is shown in Figure 1.

Figure 1: Vietnam's participation in the global coffee value chain



Source: Author's Synthesis

Vietnam's participation in production in the global coffee value chain

According to statistics of the Western Highlands Agriculture & Forestry Science Institute (WASI), there are currently about 75 coffee-growing countries in the world, mostly concentrated in South

America, Africa, and Asia. The total world coffee area is about 10 million hectares, with an annual output of fewer than 8 million tons and bringing income to about 100 million people. For major coffee producing countries, this product accounts for about 25% of the country's export turnover. By the end of 2018, there were 56 countries exporting coffee. Coffee growing countries in the world are divided into 3 groups according to the harvest season:

Table 1: The harvest season of coffee exporting countries

| Harvest season | Coffee exporting countries |
|----------------|---|
| April | Brazil, Angola, Indonesia, Bolivia, Paraguay, Peru,... |
| July | Philippines, Cuba, Zambia, Tanzania, Haiti, Congo, Dominica |
| October | Vietnam, Venezuela, Costa Rica, Mexico, Thailand, Srilanka, Kenya, Laos,... |

Source: WASI, Area of world coffee production, 2018

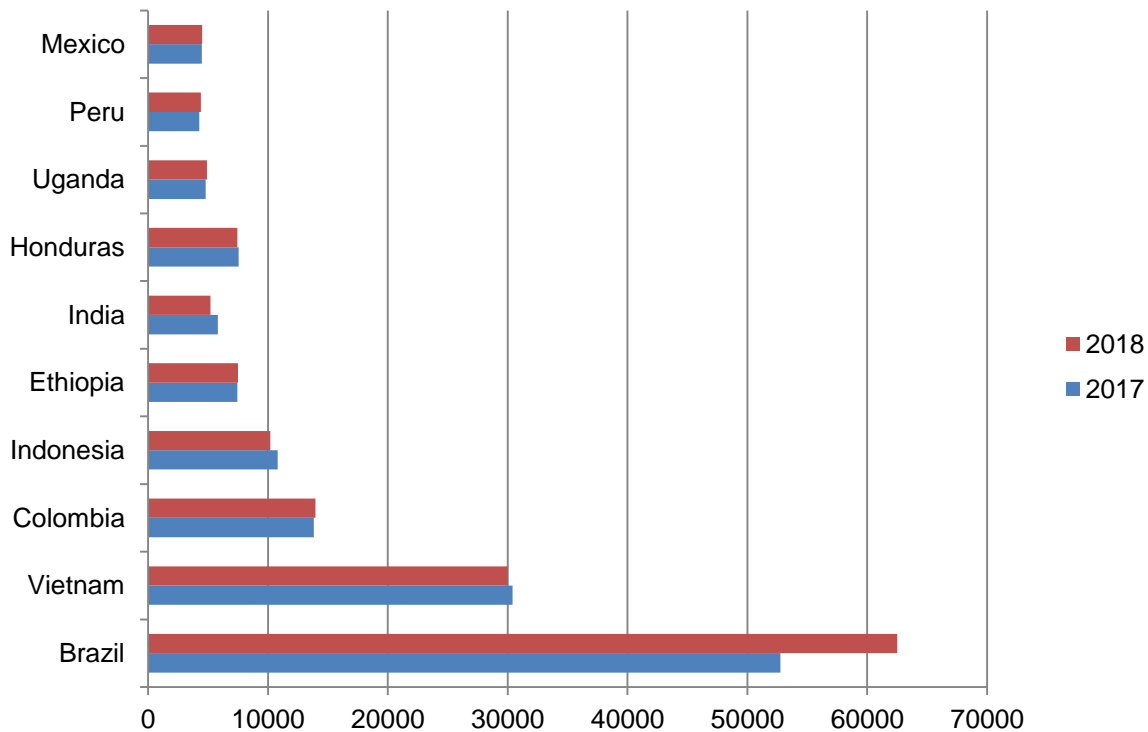
According to International Coffee Organization (ICO), from 1998 to 2018, coffee production in countries with the harvest season in July is usually the lowest and less volatile, because only 7 countries produce coffee with not much area and low productivity. The group of countries having the harvest season in April has the second coffee output, in which Brazil is the country with the largest coffee area and the highest output, accounting for about 72-75% of the total coffee output of a group of countries. The group of countries with the harvest season in October has the highest coffee output and increases gradually over the seasons. Vietnam is a country with 30 million bags of coffee output in 2018, ranked second in the world in total coffee production, just behind Brazil.

Although there are 75 countries growing coffee in the world, the production is mainly concentrated in 10 countries with an estimated output of 150 million bags achieved in 2018, accounting for 90% of global coffee production. According to Figure 2, Brazil has a coffee output of 62,5 million bags; the second is Vietnam with 30 million bags; Colombia with 13,95 million bags; Indonesia with 10,2 million bags... On average during the last 6 crops, Brazil has the highest annual coffee production, accounting for 35,3% of total global coffee production; followed by Vietnam with a rate of 17.6%, followed by the countries of Colombia, Indonesia, Guatemala, Mexico ...

Production of coffee produced in 10 countries depends on weather and climate conditions, especially in the two countries Brazil and Vietnam. Conilon coffee growing areas in Brazil are suffering from the effects of drought, low rainfall over the past 3 years, leading to

reduced coffee acreage. Coffee production in other countries such as Colombia and Indonesia tends to increase due to the coffee area being restored.

Figure 1: Ten countries with the world's largest coffee production in 2017/2018
(Unit: thousand bags)



Source: Author's synthesis

It can be seen that, in the production stage, Vietnam's coffee has a high position in the global coffee production value chain. Vietnam is currently the world's leading country in producing Robusta coffee and 2nd in total coffee production in the world, just behind Brazil.

Vietnam's participation in collection and processing on global coffee value chain

Harvesting is one of the important stages and affects the quality of the coffee. Harvesting and drying methods directly affect the final quality of the beans. Besides, coffee processing methods such as wet and semi-dry processing also have different impacts on coffee quality. Each processing method will bring different flavors of coffee. Each country will have different processing methods but the final quality of the coffee will follow a standard: where is the coffee grown, how high is above sea level, how big is the grain and how coffee is made and classified.

In Vietnam, the main collection and processing of coffee is the collection and processing of green coffee. Processing activities are carried out at households, private collection facilities, and enterprises.

Processing at home: Households after harvesting fresh coffee will dry them. This method results in low and uneven product quality. This method is easy to implement but low cost. In Dak Lak province, over 90% of households use the method of drying or selling fresh fruits. In Vietnam, machinery and equipment for processing in small processing facilities and within households are still lacking and sketchy, so the mostly harvested coffee will be dried in the yard. However, due to inadequate drying yard area, the coffee beans were exposed to be too thick or piled, leading to insecurity in drying and preliminary processing of coffee within 24 hours after harvest. In addition, the level of labor for processing is low, mainly based on experience so the final coffee quality is not guaranteed.

Processing at private collectors: The role of private collectors is to mediate the transport of goods from coffee growers to coffee processing and exporting businesses. A few private collectors are also involved in processing, but only in the form of simple dry processing such as impurity cleaning, dry rubbing, and polishing.

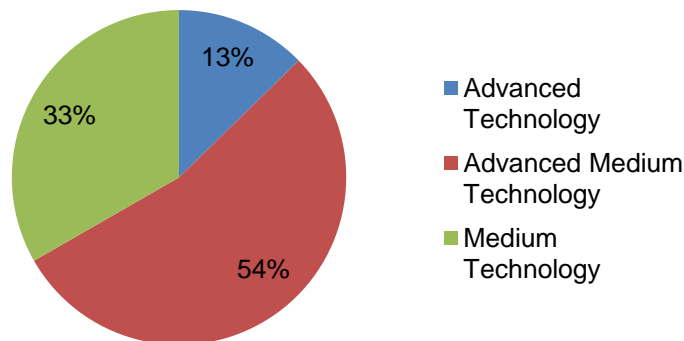
Processing at enterprises: Processing enterprises mainly follow the method of dry processing. Post-harvest processing is still simple for export coffee beans, mainly for additional drying, sorting, blending and polishing beans. In particular, the number of green coffee beans is not much, only about 6-7% of exported coffee.

In recent years, the most commonly applied processing technology in Vietnam is dry processing. Most farmers dry their coffee after harvesting outdoors and sell it to collectors. The level of mechanization in the households is very low. Few farmers can dry coffee by machine. Meanwhile, domestic enterprises have started to pay more attention to the use of wet processing technology, thereby importing new technology equipment to better color and taste of coffee. Most businesses think that Vietnam's coffee processing cost is lower than other countries in the world from the advantage of labor and raw material prices.

Currently, Vietnam has about 113 coffee processing and exporting enterprises, including 13 FDI enterprises. Only one-third of enterprises have export coffee processing factories, the rest still have to buy coffee through the system of traders and agents. For processing green coffee, the whole country has 100 processing coffee establishments with a total designed capacity of 1.5 million tons / year. For powdered coffee, there are about 600 establishments with a total capacity of over 73,000 tons / year. In particular, up to 50% of the base is small scale. The whole country has 7 instant coffee processing plants with a capacity of 52 tons / year.

Figure 2 reflects the level of coffee processing technology in Vietnam. For advanced technology group, it accounts for 12.7%, equivalent to 8 enterprises. Advanced medium technology accounts for 54% on average, equivalent to 34 enterprises, mainly state-owned and limited liability companies. There are about 21 small-scale enterprises using medium technology. Thus, it can be seen that our country's coffee processing technology is still mainly using advanced medium technology and medium technology.

Figure 2: The level of technology used in coffee processing in Vietnam in 2019



Source: Vietnambiz, Coffee Market Report Quarter I, 2019

In Vietnam, some businesses invest in the deep processing industry such as Vinacafe, Trung Nguyen and Nestcafe. The roasted ground coffee products have a number of brands such as Dac Ha (Kon Tum), Thu Ha (Gia Lai), Vinacafe and Trung Nguyen. However, processing technology is still at a low level due to a large investment capital and financial conditions of Vietnamese enterprises are still not high. Machinery and equipment in factories are mainly produced domestically. Most factories only process green coffee, and use little technology for processing high quality coffee and exported coffee.

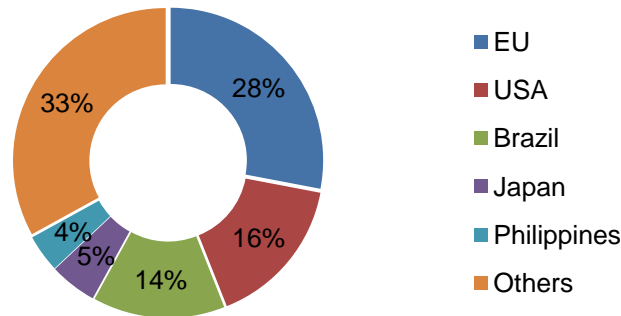
Thus, Vietnam's participation in collection and processing in the global coffee value chain is still very limited. The deep processing methods to increase the added value of the product have not been applied much, the processing capacity of instant coffee and roasted coffee remains low.

Vietnam's participation in consumption in the global coffee value chain

According to the United States Department of Agriculture, global coffee consumption reached a record of 161,381 million bags (60kg) in the 2017/2018 season, an increase of 2.1% compared

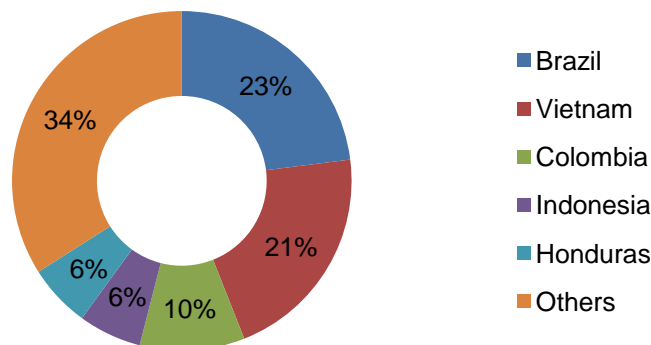
to the previous crop. The largest markets for coffee consumption were the European Union, USA, Brazil, Japan, and the Philippines. Figure 3 shows that the EU consumed the largest coffee with 28% of global coffee demand, followed by the USA with 16%, followed by Brazil, Japan, and the Philippines. Brazil was the country with the largest coffee export market share, accounting for 23% of the consumption market. Vietnam ranked second with a 21% market share (Figure 4).

Figure 3: The largest coffee consuming countries in the world



Source: Vietnambiz, Coffee Market Report 2018

Figure 4: Coffee export market share of the world's largest coffee producing countries



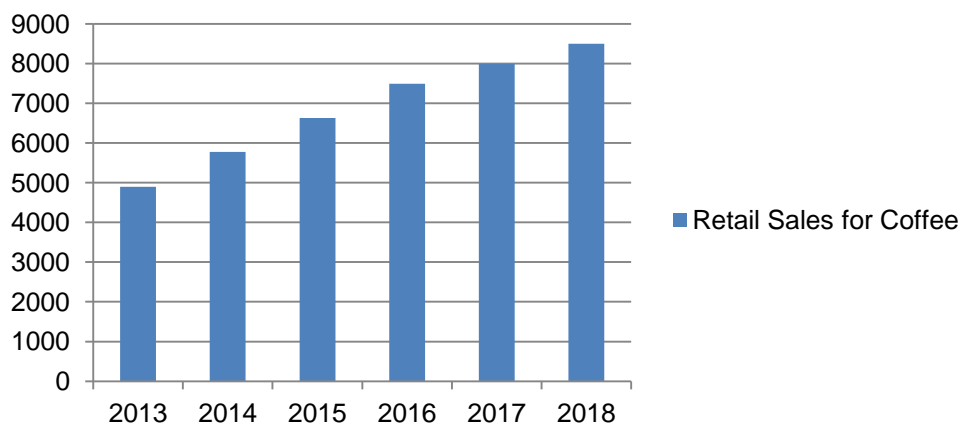
Source: Vietnambiz, Coffee Market Report 2018

Although Vietnam is the second-largest coffee producing country in the world after Brazil, domestic consumption only accounts for a small proportion of the total production. In the domestic market, the trend of using instant coffee is also increasing. According to a report by the Ministry of Agriculture, the consumption of instant coffee is on the rise, due to the increasing

number of foreigners living in big cities in Vietnam. The chain of coffee shops is growing rapidly, with annual sales increasing by 32%. The reason for this high growth is the expansion of existing coffee shop brands and the entry of new brands into the market. The domestic consumption of coffee is expected to continue to grow, reflected in the strong development of coffee chains and cafes in Vietnam. The expansion of the number of coffee shops will contribute to the strong consumption of coffee output in the future. Coffee consumption in the Vietnamese market will increase due to GDP and population growth, leading to an increase in spending on food and beverages such as coffee.

In 2018, the retail value of the coffee market in Vietnam reached nearly 8500 billion VND with an increase of about 6% compared to 2017. The growth rate of this market is slowing down compared to the past, averaging only 6.5% in the last 3 years compared to the hot growth rate of 18% in 2013.

Figure 5: Scale of Vietnam's coffee market



Unit: billion VND

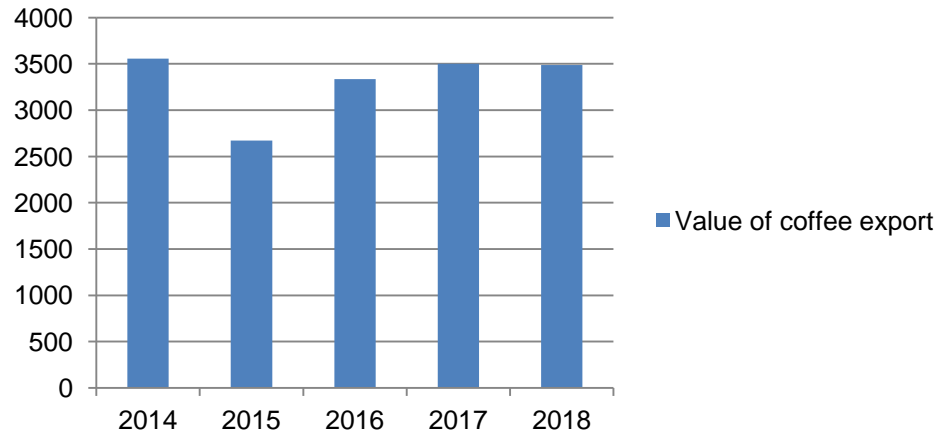
Source: Ministry of Agriculture and Rural Development, Vietnam coffee market, 2019

Vietnam's participation in exports in the global coffee value chain

Vietnam's coffee exports play an important role in the well-being of the people. Vietnam has only participated in the coffee export market since the 1990s. According to the General Department of Customs, although Vietnam's coffee export in 1995 was only 3.53 million bags, by 2000 Vietnam has become the second-largest coffee exporter in the world. In 2007, Vietnam participated actively in the world coffee market with an export of 18.87 million bags, 17.05 million bags in 2010, and ending the 2017/2018 season, exporting Vietnam's coffee gained nearly 30 million bags of coffee, an increase of 12.27% compared to 2016/2017. In 2018, the

value of Vietnam's exported coffee reached 3487 million USD. Looking at the Figure 6, it can be seen that the value of Vietnam's coffee export value is quite stable.

Figure 6: Vietnam's export value of coffee



Unit: billion VND

Source: Ministry of Agriculture and Rural Development, Vietnam coffee market, 2019

SOLUTIONS TO PROMOTE VIETNAM'S PARTICIPATION IN THE GLOBAL COFFEE VALUE CHAIN

Solutions to upgrade factors in the coffee value chain

Although Vietnam has strengths in coffee production, the added value of Vietnam's coffee industry is extremely low compared to its position. Coffee growers - the subjects that create the fundamental value for the coffee industry, have an unstable life. Facing this situation, it is necessary to increase the add value in the stages in which we have participated, especially increasing the participation in the stages that we have not been able to participate or only participate at a very low level, such as : research and development, roasting, distribution, and marketing.

The current situation of added value in the stages of production, collection, processing, export, distribution and marketing of Vietnam's coffee value chain currently reflects the unstable and unsustainable development. Therefore, it is necessary to have long-term synchronized policies to increase the added value of Vietnamese coffee in the coming time.

In the long term, Vietnam needs to restructure the participants in the value chain of coffee in the direction of forming many financially capable coffee businesses. These enterprises will play the driving role of the whole coffee industry and focus on performing such tasks as specialization, export and marketing, seed research, and processing of specialty coffee

products of Vietnam. The state, businesses and coffee farmers need to work together to overcome the constraints and promote the better performance of Vietnam's coffee value chain.

Research and development

Firstly, Vietnam needs to invest in scientific research on coffee varieties, enhance scientific and technological potentials in coffee production, combined with information technology. Besides, it is necessary to focus on creating and using coffee varieties with high yield, quality and value. It is necessary to quickly bring new technologies into production, harvest, preservation, processing, transportation and consumption of products. For coffee growers, it is very important to choose quality coffee varieties that are tested before planting.

Secondly, Vietnam needs to consolidate and increase investment in some modern research centers, especially in biotechnology. It is necessary to create a breakthrough in varieties, production, storage, and processing processes to increase productivity, quality and competitiveness of Vietnamese coffee. Annually, the Government must set aside an adequate proportion of the budget for research and application of technologies, processing technologies, and post-harvest technologies. Coffee growers and businesses also need to promote mechanization of coffee caring and harvesting, prioritizing the application of gene technology and cell technology, researching water-saving irrigation solutions. ... to overcome the low and uneven quality of products.

Production

Firstly, it is necessary to exploit and promote the advantages of climate and soil to specialize in coffee cultivation. In order to improve the capacity and efficiency of participating in the global coffee value chain, Vietnamese coffee farmers need to solve the following basic issues: production scale must be large, process and farming technology operative must be advanced; coffee products have good quality seeds. Therefore, first of all, it is necessary to promote the tendency of land accumulation and concentration on good farm owners, thereby forming large farms. Vietnamese coffee farm owners are encouraged to sign product consumption contracts directly with the world's processors and trading corporations. Besides, Vietnamese coffee farmers will step by step upgrade product quality, stabilize the product consumption market, expand production scale, raise coffee selling price and raise the added-value of coffee cultivation. Local businesses need to review and classify quality on the existing area, thereby determining the coffee area to be replanted or converted soon. With proper investment and long-term strategy, Vietnam can rise to become one of the world's centers of seed supply and

coffee farming technology, creating a new comparative advantage in the global competition on the coffee industry.

Secondly, Vietnamese coffee production and business enterprises are encouraged to set up a Trade Promotion Fund, a Commodity Insurance Fund to implement advertising programs to stimulate domestic coffee demand and overcome risks in production - business, especially before the negative fluctuations of the world coffee market. In addition, enhancing the added value of Vietnamese coffee must focus on developing a sustainable coffee development strategy. Vietnam needs to eliminate inefficient coffee areas with inadequate ecological natural conditions, lack of irrigation water ... In addition, it is necessary to consolidate and plant new coffee, promote intensive coffee farming on areas which are effective in the ecological direction and towards sustainable production methods.

Collection and processing

Firstly, it is necessary to expand the function and strengthen joint ventures with the world's leading coffee companies to build large-scale coffee processing plants, promote marketing activities to build own brands , wide direct distribution network of coffee products in the world market. Accordingly, Vietnamese coffee processing plants need to develop the model of coffee brands with their brands, closely associated with coffee farm owners to build a stable material area. At the same time, these factories need to expand business cooperation with trading companies to expand the distribution network of processed coffee products.

Secondly, the quality of processed products must meet domestic and export demand. Businesses need to choose input materials more carefully. In processing, it is necessary to promote proper investment in technology to improve the quality of finished coffee, build a management model to link actors from the manufacturing and processing processes until the product is completed and marketed. Simple technology can be used in small production areas. In medium-sized production areas, it is necessary to equip chains with relatively large capacity. In large and concentrated areas, equipment should be invested synchronously and modernly.

Export

Firstly, Vietnam needs to participate in the coffee market chain as independent exporters, purchasing green coffee in the country and selling to independent buyers (roasters or trading companies).

Secondly, businesses need to participate in the dependent chain, purchase domestic coffee beans, link with foreign partners through investment, joint ventures, franchisees to export

directly to foreign customers, have long-term close cooperation to strengthen the position of their businesses as a reputable supplier of coffee, with stable import partners.

Thirdly, it is necessary to build and develop a system of coffee logistics services (coffee beans, transport, and insurance warehouses). In fact, the export of green coffee, transportation and insurance accounted for 14% of the added value of coffee retail. If these stages of global coffee value chain are well implemented, Vietnamese coffee export trading companies will have a significant position and be an important contributor to the global coffee value chain.

Fourth, Vietnamese coffee farmers should be instructed to set up mechanisms alongside associations to speak to international coffee institutions about fair practices for coffee farmers and the national coffee industry. In addition, the State needs to consider coffee as a key industry in agriculture. The Vietnamese coffee industry with the guidance and support of the State can build alliances with coffee-growing countries, and require the implementation of fair trade for domestic coffee enterprises

Fifthly, businesses need to improve the quality of exported coffee products and focus on increasing the proportion of high added value coffee such as roasted coffee, organic coffee, instant coffee ... Because these products are the trend of the world coffee market. High-quality coffee, processed coffee is usually much higher value than green coffee, but the volume of this product in our country is too little. Coffee exporters must pay attention to the requirements of importers. For example, in the case of the Nestle UK Group, tested coffee exports may still be subject to complaints about quality. In this case, the seller will suffer from a price squeeze.

Sixth, Vietnam needs to increase the localization rate to deepen its participation in the supply chain. The potential for investing in manufacturing products in Vietnam and participating in the global value chain for sustainable development is enormous. However, domestic enterprises have not yet taken advantage of opportunities due to the low localization rate. Few businesses are eligible to participate in the end-to-end supply chain. Only when localization increases to international standards will Vietnam be able to fully enjoy the benefits of FDI. Since then, new export turnover has increased.

Distribution and marketing

Promoting trade promotion and branding will enhance the added value of exported coffee; businesses will sell coffee directly to international roasters, without intermediaries. Some specific solutions to enhance distribution and marketing activities are as follows:

Firstly, it is necessary to increase investment in activities to promote and develop the domestic market for coffee in order to dominate the market and improve the competitiveness of foreign competitors. Enterprises must build image and brand, focusing on improving product

quality, bringing maximum satisfaction to customers. In addition, businesses should also focus on strengthening the management of the system of product distribution channels. Enterprises need to have a strategy to access the market, distribute management appropriately. The distribution network should be rapidly developed based on the system of distributors, agents, and stores available in the market; A strong management and logistics system will help to operate the system well and promote the operational capacity of each distributor.

Second, coffee businesses need to build and develop their brands. The enterprise will be the one who determines the success or failure in building the brand for itself in particular and for Vietnamese coffee exports in general. In the context of the current integration, Vietnamese enterprises must take a strategic view of branding right from the domestic market.

First of all, businesses must create a product that is good enough to meet the world's quality standards. Only a good product can build a brand and develop a long-term brand. The next step is to choose a suitable brand model and form an overall strategy for branding. Choosing a brand model and strategy plays an important role in the success of businesses in the building and developing brands for coffee. Unreasonable model selection with a far-off practical strategy can lead to business failure. The ultimate goal of a brand strategy is to make the brand accessible to consumers and to be accepted and loved by consumers. Therefore, raising the awareness of businesses in building and affirming Vietnam's coffee brand in the world market is extremely important.

CONCLUSION

Over the years, Vietnam has affirmed its position as the second largest coffee exporter and the largest Robusta coffee exporter in the world. However, the ability of Vietnamese coffee to participate in the global coffee value chain is very limited and the added value of Vietnamese coffee in the current stages is still low compared to other countries. This is not commensurate with Vietnam's potential and advantages. Currently, Vietnam is only involved mainly in low value-added stages such as production, collection and preliminary processing, which negatively affects the sustainable development of the commodity industry in the future. Therefore, it is necessary to have comprehensive solutions from the State, Vietnam Coffee Association and businesses to increase Vietnam's market share in the global coffee value chain such as promoting distribution and marketing, applying advanced technology in product processing.

If Vietnam can successfully implement the proposed solutions, Vietnam's coffee industry will have a voice in the global coffee value chain. This is also a lesson for the coffee producing and exporting countries in Southeast Asia in particular and the world in general. Other

agricultural industries can learn from the practical lessons of the coffee industry so that they can increase added-value in the global value chain.

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