

## Vietnam's pepper exports drop in first two months of 2024

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The Ministry of Agriculture and Rural Development reported that Vietnam exported 35,000 tonnes of pepper worth \$143 million during the period under consideration. This represents a decrease of 12.3 per cent in quantity but a 12.9 per cent increase in value. The United States is the largest market for Vietnamese pepper, accounting for 29 per cent of consumption, followed by India at 8 per cent and Germany at 6 per cent. The average export price of Vietnamese pepper in the first two months of 2024 was estimated at \$4,041 per ton, a 28.7 per cent increase from the same period in 2023.

The increase in export prices has led to a continuous rise in domestic pepper prices. Since the 2024 Lunar New Year, pepper prices in the domestic market have been consistently increasing. As of March 5th, in some places, the domestic pepper market saw an increase of 500 VND/kg compared to the previous day, trading between 93,000 and 96,000 VND/kg, depending on the locality.

Hoang Phuoc Binh, the Deputy Permanent Vice Chairman, and Secretary-General of the Chu Se Pepper Association (Gia Lai), stated that the main reason for the significant increase in pepper prices is the supply-demand factor. The beginning of the harvest season has led to limited quantities, increasing in demand from domestic speculators who anticipate a prolonged upward price trend for pepper, which typically lasts for about ten years.

Pepper growers are not under pressure to sell large quantities as many have diversified their crops, including durian, coffee, or other sources of income. Additionally, the increased demand from various markets such as the United States, the European Union, Asia, and Africa for immediate deliveries in the first quarter of 2024 is also a driving force behind the sharp increase in pepper prices. The Vietnam Pepper and Spice Association (VPSA) predicts that Vietnam's pepper production in 2024 will decrease by approximately 10-15 per cent, reaching 160,000-170,000 tonnes.