Achieving a Sustainable Future for Vietnamese Seafood Industry

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World Seafood Market Trends

- poor quality
- antibiotics
- chemicals
- negative press
- price wars
- environmental factors
- poor social responsibility
Requirements in World Market

Consumer market trends

Ecology

Social Aspects

Sustainability Marketing
Consumers’ requirements

- Environment protection
- Social responsibility
- Food safety, quality
- Traceability
- Animal welfare

MSC
Ecological label
EurepGAP
ACC
Sustainable Development Approach

SUSTAINABLE DEVELOPMENT

Economical

Social

Environmental
Major Challenges for Sustainable Development

- Economic sustainable growth
- Environmental stewardship
- Equitable distribution of benefits
Major Approaches for Sustainable Development

- Coherent interplay of private investment
- Stewardship of public goods
- Private-Public Partnership improvement
Vietnam Seafood Sector at a Glance

- Land area: 329,560 sq. km.
- Coast line: 3,260 km (excluding islands)
- Exclusive Economic Zones: 1 million sq. km
- Total Production of Fishery and Aquaculture (2007): 4.160 million tons
- Labour force: more than 4 millions
- Private investments are dominant
- Seafood is important economic sector of the country, the 4th biggest national export item (after crude oil, garment and foot wear)
Total Fishery Production
Fishing Industry

- 90,880 motor fishing vessels
- Total power at 5,317,447 HP
- Almost fishing boats are small and poorly equipped
- 2007 total catch is 2.06 mill. MT, increase of 2.9% compared to 2006
- Catching contributes 49.5% of total fishery production
- Limitations ruled for in-shore fishing
- Offshore fishing prioritized, but not reached the expectation
Aquaculture Industry

- In 2007, total aquaculture production was 2.10 mill. MT, annual increase 23.9% compared to 2006
- Contributes 50.5% of total fishery production
- Main species: In 2007, shrimp – 355,000 MT, Pangasius – 1.0 million MT
- Standards for safety aquaculture areas has been initiated in 2003; Farmers started applying BAP, GAP, SQF-1000 standards in aquaculture
- Modern farming technology applied, such as bio-technologies
- National monitoring programs for bio-toxins and chemical residues in aquaculture areas
More than 520 seafood industrial processing plants
370 freezing factories, daily freezing capacity of 5,500 MT
269 plants qualified for exporting to the EU (compared to 1999: 17 plants)
More than 370 plants are meeting national standards of hygiene and safety, including HACCP, GMP, SSOP
Processed volume (2007) over 950,000 MT
Product diversification enlarged
Ratio of value-added products is increasing, many accepted by supermarket chains in the US, EU & Japan
Shortage of raw materials bigger and bigger
Export / Import

- Nr 6 in the world (after China, Thailand, Norway, USA, Canada)
- Value of export increased 6.84 times during 1995-2007
- Milestones: 1995 – US$ 0.5 billion; 2000 – US$ 1 billion
  2002 – US$ 2 billion; 2006 – US$ 3 billion
  2008 – US$ 4 billion?
- 2007, export 924,947 MT (+14%), value US$ 3.762 billion
  (+12.4% compared to 2006)
- Annual average increase: 19.4% during recent 10 years
- Market diversification: in 2007, Vietnam exported seafood to
  145 countries and territories (compared to only 42 in 1999)
- Good balance in 3 main markets: EU, US, Japan
- Price competition between exporters and anti-dumping.
Vietnam is Nr 6 in Top-10 World Seafood Exporters 2006 (by value)

China: 10%
EU (25): 25%
Thailand: 6%
Norway: 6%
USA: 5%
Canada: 4%
Viet Nam: 4%
Chile: 3%
Taiwan Province of China: 1%
Indonesia: 2%
Seafood Export Value

Million USD

Export value
Growth rate


368 456 550 670 817 971 1,478 2,240 2,401 2,739 3,348 3,762

0 500 1000 1500 2000 2500 3000 3500 4000

0 10 20 30 40 50 60

0 10 20 30 40 50 60
Seafood Export Volume

- Export volume
- Growth rate (%)


- 1998: 201 MT
- 1999: 229 MT
- 2000: 276 MT
- 2001: 359 MT
- 2002: 444 MT
- 2003: 458 MT
- 2004: 519 MT
- 2005: 627 MT
- 2006: 812 MT
- 2007: 925 MT

Growth rate:
- 1998: -3%
- 1999: 14%
- 2000: 21%
- 2001: 30%
- 2002: 24%
- 2003: 3%
- 2004: 13%
- 2005: 21%
- 2006: 29%
- 2007: 14%

1,000 MT vs Growth rate (%) for the years 1998 to 2007.
Export Markets Structure 2007 (By Volume)

- Russia: 6.2%
- South Korea: 9.9%
- USA: 10.8%
- Japan: 12.9%
- EU: 30.2%
- ASEAN: 7.2%
- China+HK: 4.9%
- Others: 17.8%
Export Markets Structure 2007 (By Value)

- Russia: 3.4%
- USA: 20.4%
- EU: 25.7%
- Japan: 21.1%
- China+HK: 4.3%
- ASEAN: 5.0%
- Others: 12.3%
- South Korea: 7.7%
Export Value To 3 Main Markets (1997-2007)

Million USD


JAPAN: Blue
USA: Yellow
EU: Red
Export Products Structure 2007
(By Volume)

- Pangasius 41.8%
- Frozen shrimp 17.4%
- Frozen cephalopod 8.8%
- Others 9.6%
- Dried seafood 3.8%
- Tuna 5.7%
- Other seafish 12.6%
Export Products Structure 2007 (By Value)

- Frozen shrimp: 40.1%
- Pangasius: 26%
- Cephalopod: 7.5%
- Other seafood: 3.9%
- Tuna: 4%
- Other fishes: 9%
- Other: 9.5%
Vietnam Shrimp Farming & Export
Shrimp Export Value 2003 - 2007

US$ Millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (US$ Millions)</th>
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<tbody>
<tr>
<td>2003</td>
<td>1,058</td>
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<tr>
<td>2004</td>
<td>1,261</td>
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<td>2005</td>
<td>1,372</td>
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<td>2006</td>
<td>1,461</td>
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<tr>
<td>2007</td>
<td>1,509</td>
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Export Volume to 3 main markets

1,000 T

JAPAN
USA
EU

Organic Shrimp & Pangasius Farming in Vietnam

- 1999: First introduction of Organic Aquaculture by VASEP
- 2000: Start VASEP-SIPPO Cooperation in organic aquaculture
- 2001: First Organic Shrimp Project certified by Naturland
- 2002: First shipments of organic shrimp to Europe
- 2003: SIPPO-MOFI Shrimp Hatchery Improvement Project started
- 2004: First International Conference on Organic Farming and Sea-farming organized in Vietnam (Infofish, Globefish, VASEP)
- 2005: Areas for organic farming enlarged in Ca Mau province and new farms established in other provinces
- 2006: First organic Pangasius exported by Binca & NTACO (An Giang Province)
Diversified Shrimp Products
Breaded Shrimp Products
2010 Bright Predicts

- Production: growth continues, 460,000 MT
- Species diversification: black tiger, white & freshwater
- Export value: growth continues, US$ 2.0 billion
- Quality: value-added products 60%
- Safety: no antibiotics, farms Vietnam GAP-certified
- Traceability: nationwide implemented
- Environmental: mangrove forests rehabilitated
- Branding: Vietnam Shrimp known worldwide
- Antidumping: sunset admin. review, zero tariff
- Domestic demand: competitive with export
Vietnam Pangasius Farming & Export
Species of farmed *Pangasius*

*Pangasius bocourti* - Basa

*Pangasius hypophthalmus* - Tra
Pangasius Export 2001-2007

- Volume (1,000 MT)
- Value (Million USD)

Year:
- 2001
- 2002
- 2003
- 2004
- 2005
- 2006
- 2007

Value:
- 0
- 50
- 100
- 150
- 200
- 250
- 300
- 350
- 400
- 450
- 500
- 550
- 600
- 650
- 700
- 750
- 800
- 850
- 900
- 950
- 1000
- 1050

Volume:
- 100
- 200
- 300
- 400
- 500
- 600
- 700
- 800
- 900
- 1000

Legend:
- Red: Volume
- Green: Value
Vietnam Pangasius Success Story

In 10 years 1997-2007, Vietnam Pangasius:

- Farming areas increased only 8 times, reached 9,000 ha
- Annual commercial production of raw fish increased 45 times, from 22,500 MT to more than 1,000,000 MT
- Volume of exported Pangasius fillets jumped-up more than 55 times, from 7,000 MT to 386,870 MT.
- Export revenue increased 50 times, from US$ 19.7 mill. to US$ 979,036 mil.
- Number of export markets increased to more than 80 countries and territories, in all continents.
External challenges

1. Food safety higher requirements
2. Anti-dumping and trade remedies
3. Labeling and trade frauds
4. Stable quality assurance
5. Traceability
6. International competition
7. Declining trend for price of farmed seafood
8. Higher requirements of importing countries on environment protection and social responsibility
Internal challenges

1. Balance in full production chain
2. Food quality assurance
3. Food safety assurance
4. Competitiveness of production
5. Environment and biodiversity protection
6. Labour resources: capacity and availability
7. Community agreement and welfare
8. Social security
Evidences of non-sustainable development

1. Cyclical price-production fluctuation and crisis
2. Un-stable quality, trade fraud and bad practices
3. Price competition – anti-dumping cases
4. Diseases – use of prohibited substances
5. Increase of inputs expenses
6. Degradation of brood-stocks, low quality seeds
7. Pollution of water environment
8. Contradiction between farmers and processors
9. Hot transactions, deficit, bankruptcy
Role Division of Partners for Sustainable Development

- Public Sector: Good governance, creation of enabling environment, steward and servant of Private Sector for development
- Private Sector: Engine of growth, investment, innovation and changes
- PPP: Social agreement, Equitable distribution of benefits and Balance guardian
Responsibilities of Public Sector

1. Clear vision for sustainable development
2. National strategy and roadmap to realize that vision
3. Effective policies and regulations
4. Division of Development policy from Pro-Poor policy
5. National standards development
6. Assure implementing capacity of public agency.
7. R/D Invest to solve main technological, technical, environmental and social difficulties
8. Training and education systems and activities
Vertical Integration: PRINCIPLES

1. Voluntary: Commitment and contract.
2. Clearance: Value chain Co-management
3. Win-win: no interest conflict between stakeholders.
4. Fair: Bigger risk, higher profit share
5. Organization:
6. Financial: shares
Vertical Integration: MAIN ACTORS

1. Processor/Exporter: Leading actor, key organizer of the Union and acting on behalf of the Union
2. Farmers: contract with Processor in selling fish, receiving feeds, fingerling, service and insurance.
3. Suppliers: Supply seeds, feeds and other service to Farmers by contracting with Processor.
4. Banks/Insurance : Supply credits, finance investment and/or insurance to Union by contract with Processor.
5. Third independent inspection and certification body: Supply inspection to the Union Members, by contracting with Processor
6. Independent laboratory and research institutes: Supply R/D and testing to Union members by contracting with Processor
Vertical Integration: MAIN CONTRACTS

1. Core Contract: Between Farmers and Processor – key actors
2. Supply Contract: Between Processor (on behalf of the Union) and feed, seed, medicine and service suppliers.
3. Finance Contract: Between Processor (on behalf of Union) and the Banks and Credit facilities.
4. Insurance Contract: Between Processor (on behalf of Union) and the Insurance Company.
5. Inspection Contract: Between Processor (on behalf of Union) and the 3-Party independent Inspection/Certification body
6. Analysis Contract: Between Processor (on behalf of Union) and the 3-Party independent laboratory
7. R/D Contract: Between Processor (on behalf of Union) and the R/D Institutes
Main Solutions for 2008-2010

1. Planning for main concentrated production areas
2. Farm standards development
3. Product standards for specific market groups
4. Development of co-management organizations
5. Vertical Integration helped to be set-up
6. Horizontal integration help to be set-up
7. Massive shift into modern management
8. National brand and distribution systems development
9. Manpower development and improvement
Vietnam Strategy

- Sustainable & responsible development
- Environmental-friendly farming and processing
- Natural pharmaceutics & pre-biotics use
- Technology & infrastructure modernization
- Vertical integration improvement
- Community-based safety and quality management
- Market diversification and value-added products
- 4-Parties Strategic Alliance Set-up
- Branding & country image building
New Standard: VietnamGAP

- VietnamGAP will be voluntarily implemented for responsible & sustainable *Pangasius* farming
- VietnamGAP is designed to be equivalent to EurepGAP & BAP-ACC standards
- VietnamGAP will set standards for:
  - Design & construction of farms
  - Good Farming Practices
  - Traceability of product
  - Proper fish health management
  - Environmental monitoring & management
  - Social responsibility
  - Food safety & quality assurance
Vietnam Association of Seafood Exporters and Producers (VASEP)

- VASEP is non-governmental business organization
- Strongest and well organized association in Vietnam
- Established in 12 June 1998, 10 year celebration
- 265 members, 80% of national total seafood export
- **Headquarter:** #71, D5, Binh Thanh Dist., Ho Chi Minh City
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Thank You and See You again in Vietnam!

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