GLOBALIZATION
ACHIEVEMENTS & CHALLENGES
FOR THE VIETNAMESE
SEAFOOD INDUSTRY

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CONTENTS

• World Seafood’s Trends
• Vietnam: Achievements & Challenges
• Year 2020: the way to go
Supply/Demand Trends

• Supply:
  - Capture fisheries stagnated, no major increases expected
  - Aquaculture is the world fastest-growing food production sector, but growth tempo declining
  - Developing countries produce more than 90% aquaculture (China alone: 67% global production)

• Demand:
  - Slowly rising because population growth
  - Fish is required as the lowest-cost animal protein
  - Small underlying increase in per kaput consumption
  - Aquaculture takes 15% of global animal protein consumption
  - Aquaculture will cover more than half of food fish supply
## World Fish Production 2005-2007

Unit: Million tons

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capture</td>
<td>93</td>
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<tr>
<td>Aquaculture</td>
<td>48</td>
<td>50</td>
<td>52</td>
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<tr>
<td>Total</td>
<td>141</td>
<td>141</td>
<td>143</td>
</tr>
</tbody>
</table>

Resource: FAO
World Fish Utilization 1996 - 2007

- Food uses
- Feed
- Other

World Aquaculture Trend

Source: FAO - Fishstat Plus
Production by Main Regions

Source: FAO - Fishstat Plus
Aquaculture Development Trends

- Intensification of production
- Diversification of species
- Diversification of farming systems/practices
- Globalization of markets and consumer requirements
- More regulations and focus on governance of the sector
- Focus on better management
Aquaculture Main Producers

China

India
VietNam
Indonesia
Thailand
Bangladesh
Japan
Chile
Norway
Rest
World Seafood Trade Trends

• Seafood trade is growing faster than production
  - Seafood trade is growing 8 - 10% a year
  - Seafood export turnover is US$ 93 billions in 2007

• Role of seafood import for developed nations
  - Seafood import increased
  - Many countries heavily depend on import
  - 3 big markets took 73.5% in 2006: EU (42.7%), Japan (15.6%) and US (15.2%) of total world seafood import (US$ 89 bill.)

• Role of seafood export for developing countries
  - Shares 50% of world seafood export
  - Seafood export revenues crucial for many countries
  - Provide livelihood, jobs for millions people in sector
World Fish Export Value 1976-2006
(in 1000 US$)

- Developing countries or areas
- Developed countries or areas

Developing

developed

World Fish Export Value 1976-2006
(in 1000 US$)

- Developing countries or areas
- Developed countries or areas

Developing

developed
Major Seafood Exporters 2006 (in value)

- China: 10%
- EU (25): 25%
- Thailand: 6%
- Norway: 6%
- USA: 5%
- Canada: 4%
- Vietnam: 4%
- Chile: 3%
- Indonesia: 2%
- Taiwan of China: 2%
Future Fish Prices Trends

• Wild caught fish prices slightly higher but not much
• Farmed fish prices will be declining
• Price cycles in commodity markets
• Profitability through product development, technological innovation and cost reduction
Aquaculture Future in Fish Demand

![Graph showing the per capita supply of fish from capture fisheries and aquaculture from 1970 to 2035. The graph indicates a significant increase in aquaculture supply compared to capture fisheries, with projections for 2005, 2015, and 2030.]
Sustainability Improvement

- Reduced reliance on fishmeal in feed
- Efficiency in feed formulation
- Food conversion ratio (FCR) reduced
- Containment and recycling of waste
- Increased land and water use efficiency
- Improvement to health management
- Reduction of chemical and veterinary drug use
- Domestication, genetic improvements and better biodiversity

But challenges remain
VIETNAM SEAFOOD INDUSTRY Achievements & Challenges
Vietnam Seafood 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: 4 millions
- Contribution of Agriculture to GDP: 23.6%
- Fishery and aquaculture is an important economic sector of the country
- Seafood is the 4th biggest national export item (after crude oil, garment and foot wear)
Vietnam in Global scale in 2007

- Farmed *Pangasius* 1.0 million MT - Nr 1 in the world
- Aquaculture annual growth 23.9% - Nr 1 in the world (?)
- Export an. growth in 10 ys 19.4% - Nr 1 in the world (?)
- Aquaculture production 2.10 mill. MT - Nr 3 in the world
- Farmed shrimp 355,000 MT - Nr 3 in the world
- EU-coded factory 269/520 - Nr 5 in the world (?)
- Export revenue US$ 3.762 billion – Nr 5 in the world (?)
- Export to 145 countries – Nr 7 in the world (?)
- Total production 4.1 mill. MT - Nr. 9 in the world (?)
Total Fish Production

![Graph showing total fish production from 1995 to 2007. The graph includes data for wild catch and aquaculture. The years and corresponding production values are as follows:

- 1995: 1,344 MT (Wild catch), 1,338 MT (Aquaculture)
- 1996: 1,570 MT (Wild catch), 1,338 MT (Aquaculture)
- 1997: 1,669 MT (Wild catch), 1,338 MT (Aquaculture)
- 1998: 1,828 MT (Wild catch), 1,338 MT (Aquaculture)
- 1999: 2,003 MT (Wild catch), 1,338 MT (Aquaculture)
- 2000: 2,435 MT (Wild catch), 1,338 MT (Aquaculture)
- 2001: 2,648 MT (Wild catch), 1,338 MT (Aquaculture)
- 2002: 2,859 MT (Wild catch), 1,338 MT (Aquaculture)
- 2003: 3,074 MT (Wild catch), 1,338 MT (Aquaculture)
- 2004: 3,432 MT (Wild catch), 1,338 MT (Aquaculture)
- 2005: 3,696 MT (Wild catch), 1,338 MT (Aquaculture)
- 2006: 4,160 MT (Wild catch), 1,338 MT (Aquaculture)

The graph shows an increasing trend in total fish production from 1995 to 2007, with a significant rise in aquaculture production from 2001 onwards.]
Seafood Export Value

Million USD

Export value
Growth rate

0 500 1000 1500 2000 2500 3000 3500 4000


368 456 550 670 780 817 971 1,478 2,023 2,240 2,401 2,739 3,348 3,762

0 10 20 30 40 50 60

%
Export Value To 3 Main Markets (1997-2007)
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%
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 mil.**
• Number of export markets increased to more than **80 countries** and territories, in all continents.
Pangasius Export, 2001-2007

The graph illustrates the export volume and value of Pangasius from 2001 to 2007. The export volume shows a steady increase each year, with a sharp rise in 2006 and 2007. The value, measured in Million USD, also shows a significant increase, starting from a low in 2001 and reaching a peak in 2007.
YEAR 2020: THE WAY TO GO
Context is changing

- The environmental, economic and social landscape is changing
- Consumer demands:
  - environmental sustainability
  - safety & quality of products
  - social equity and company responsibility
- Negative environmental and social impacts increase public scrutiny and criticism to seafood production
- Country and industry position change
- Labour force’s education and income change
- Natural resources and climate change
Major Challenges

- Economic sustainable growth
- Environmental stewardship
- Equitable distribution of benefits
Sustainable development

- **International guidelines**: FAO
- **National regulatory frameworks**
  - Compliance to international environmental standards
  - Solutions for small farmers and processors
  - Inadequate enforcement of law at local levels
  - Inspection and certification fees and cost
  - Investor protection and limitation
Export Development Challenges

- Low price for famed fish trend
- Bigger international competition
- Anti-dumping cases for catfish frozen fillets and shrimp
- Safety assurance legislation strengthened
- Product quality uniformity
- Traceability
- Value-addition practices in entire value chain
- Distribution channels building for Vietnam seafood
- Branding & image building
Aquaculture Challenges

• Structural Change
  - Change aquaculture from cottage to corporation
  - Change aquaculture to a dynamic, capital-intensive business

• Knowledge-based industry
  - Change aquaculture from an art to a science
  - Modern fish farms - intensive knowledge-based enterprise
  - Intensification and diversification of business models

• Consolidation and vertical integration
  - Acquisitions, alliances, contracting of supply chains
  - Cost savings and product quality improvement
  - Value addition along the whole chain forces small producers to be organized
Vietnam Development Strategy

- Sustainable & responsible development
- Environmental-friendly farming and processing
- Consolidation and vertical integration
- Technology & infrastructure modernization
- Community-based co-management
- Market diversification
- Products diversification and value-addition
- 4-Parties Strategic Alliance Set-up
- Branding & country image building
2020’s High Targets

- Total fish production over 6 mill. MT
- Import raw seafood for re-processing US$ 2 bill.
- Export value: US$ 8 billions
- Value-added products 60-70%
- Safety: no antibiotics, 100% farms GAP certified
- Trade disputes: no more anti-dumping
- Traceability: nationwide 100% implemented
- Environment and natural resources recovered
- Branding: Vietnam Seafood known worldwide