Vietnam Association of Seafood Exporters & Producers

VIETNAM SEAFOOD EXPORT:

OPPORTUNITIES & CHALLENGES

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Deputy General Secretary of VASEP

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1. VASEP INTRODUCTION

- Vietnam Association of Seafood Exporters and Producers (VASEP) is a non-governmental organization, established on **June 12th 1998**, based on the principles of volunteer, autonomy and equality.
- **VASEP** members: **280**, include leading Vietnamese seafood processors, exporters and companies providing service to the seafood sector.
- Seafood exports of VASEP members represent **80%** of the total seafood exports turnover of Vietnam.

VASEP:

VASEP's main role of supporting the development of Vietnam's seafood industry:

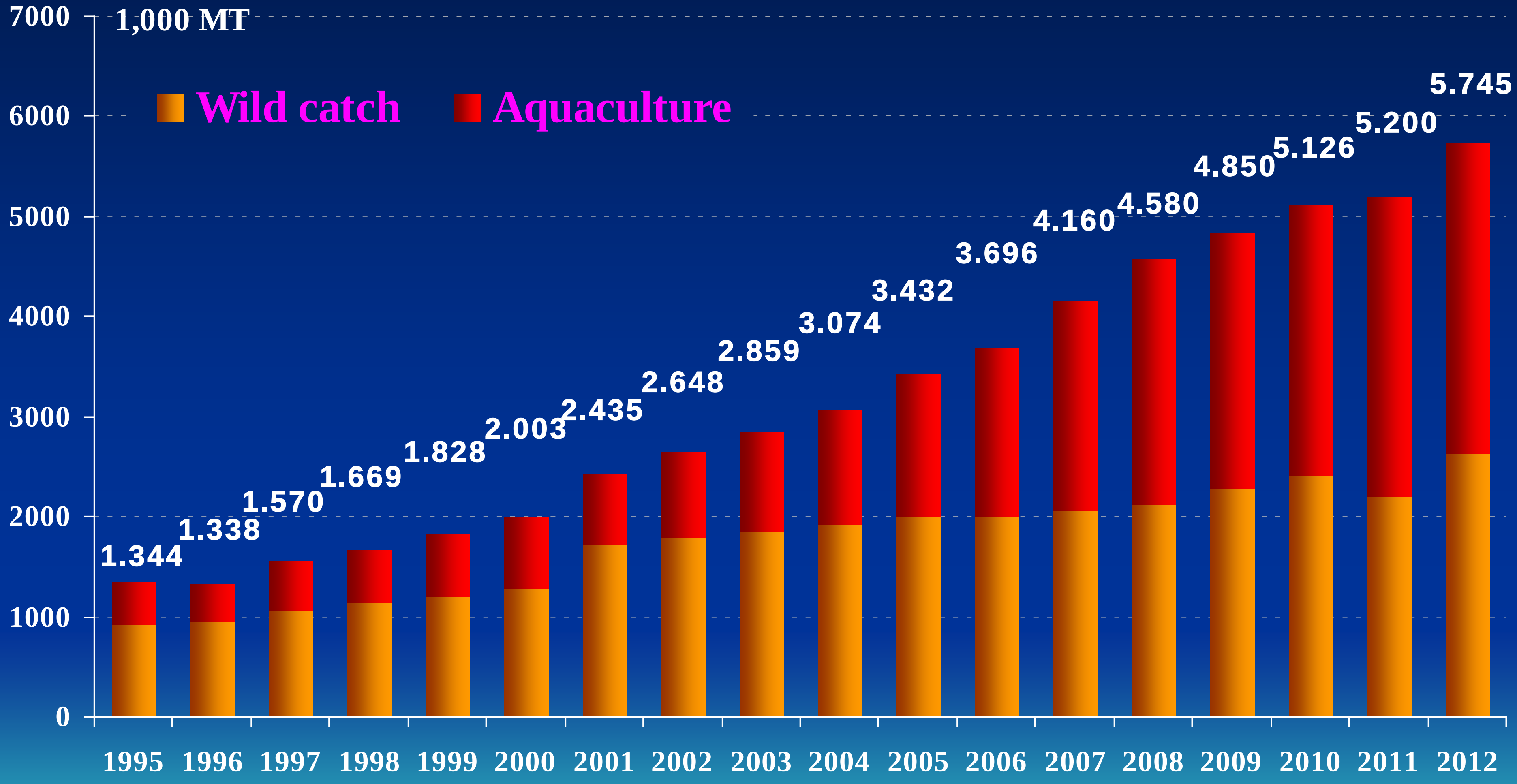
1. Support
2. Promotion
3. Protection
4. Linkage
5. Development

www.vasep.com.vn

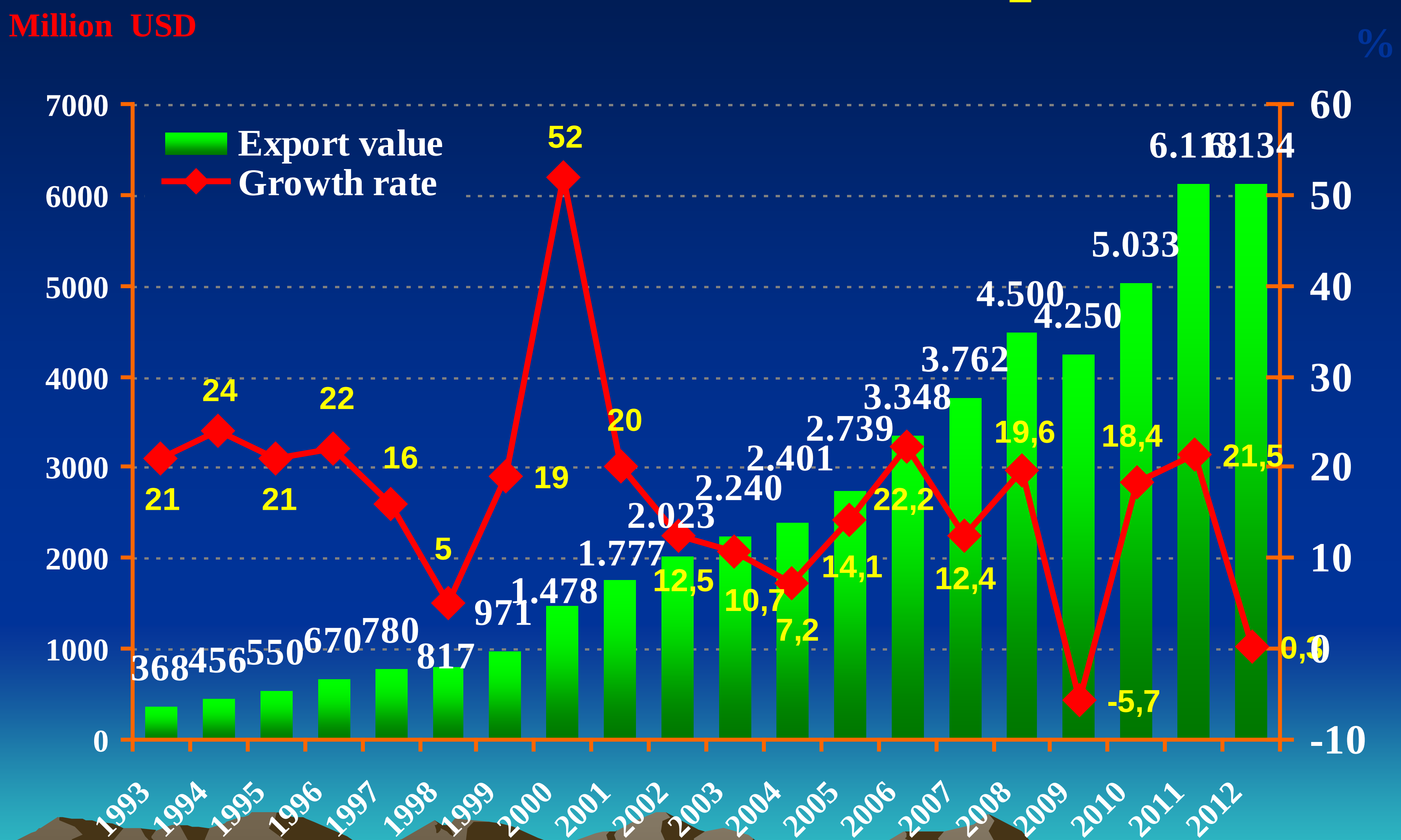
2. VIETNAM FISHERIES & AQUACULTURE INDUSTRY

- Land area: 329,560 sq km
- Coast line: **3,260** km
- EEZ area: 1 million sq. km
- Total production (2012): **5.745** million MT
  - *Catching* : 2.633 MT
  - *Aquaculture*: 3.112 MT
- Export turnover (2012): US$ **6.134** billions,
- Labour force: more than **4** millions
- Fishery is a key national economic sector:
  - *take 4-5% GDP;*
  - *5 -6% of total national turn-over.*
  - *Rank 5th for export value (follow: garment, electronics, crude oil, shoes)*

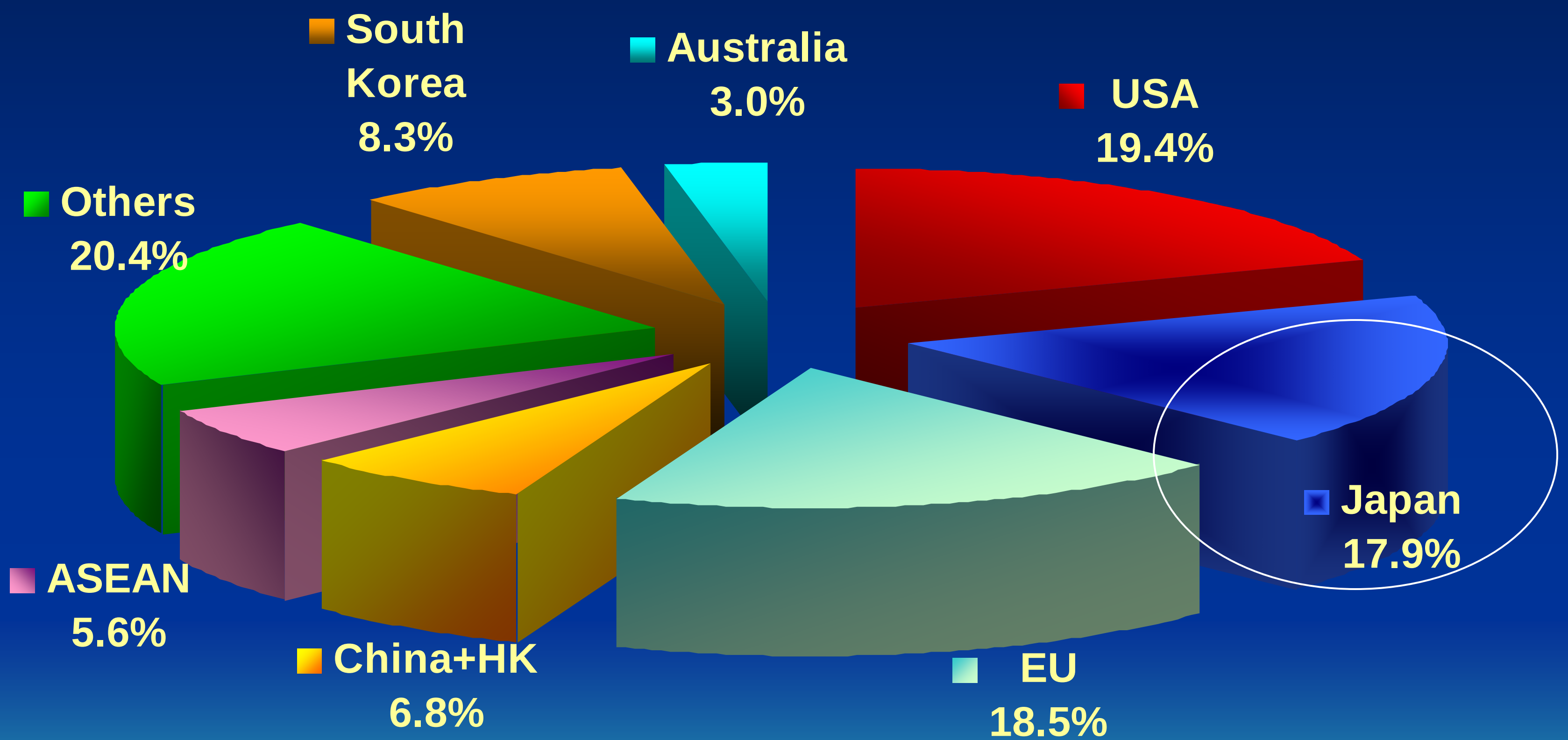
Vietnam Fisheries Production



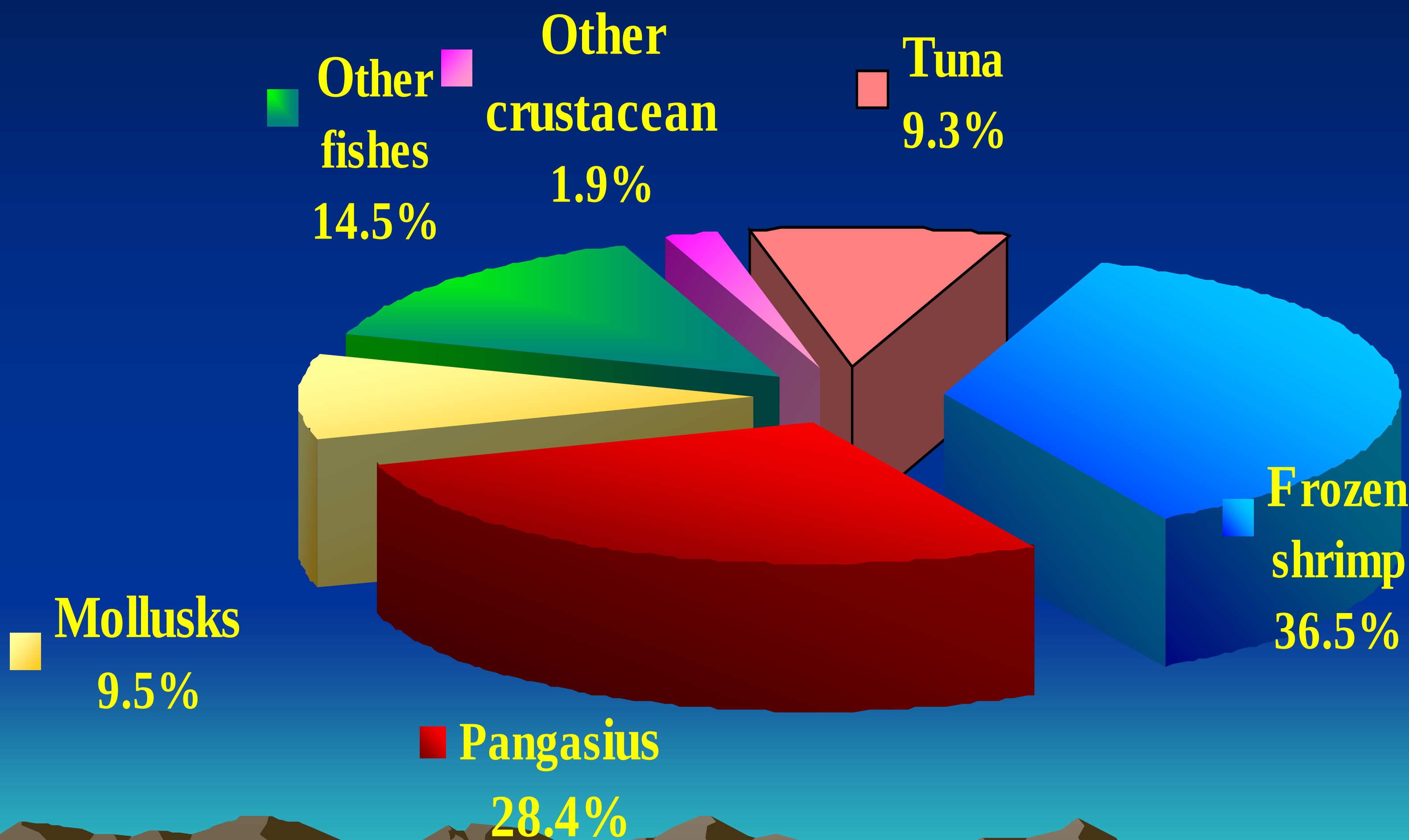
Vietnam Seafood Export



Export Markets Structure 2012
(By Value)



Export Products Structure 2012
(By Value)



SEAFOOD PROCESSING (2013)

1. Over **567** seafood processing plants.
2. With **415** plants qualified for exporting to the EU (compared to 2000: **17** plants only), and added **32** plants qualified will be announced by 20th Sept. 2013 by EU, gets total: **447** plants.
3. **567** plants are meeting national standards of hygiene, including HACCP, GMP, SSOP.
4. Product diversification enlarged very much.
5. Ratio of value-added products is **45%** and still increasing, many accepted by big supermarket chains in the US, EU, Switzerland & Japan.

Structure of VN seafood products exported to Japan, (Jan – Jun 2013)

Proportion	Exported Value (US$)	Val, perce, (%)
Shrimp	293,912,893	58.1
Other finfish	112,288,063	22.2
Cephalopod	55,371,146	10.9
Tuna	31,639,245	6.3
Crab, swimming crab and other crustacean	6,401,157	1.3
Bivalve mollusk	4,042,465	0.8
Pangasius	1,828,800	0.4
Total	**505,798,591**	**100.0**

OVERVIEW ON EXPORT TO JAPAN IN 2012-2013

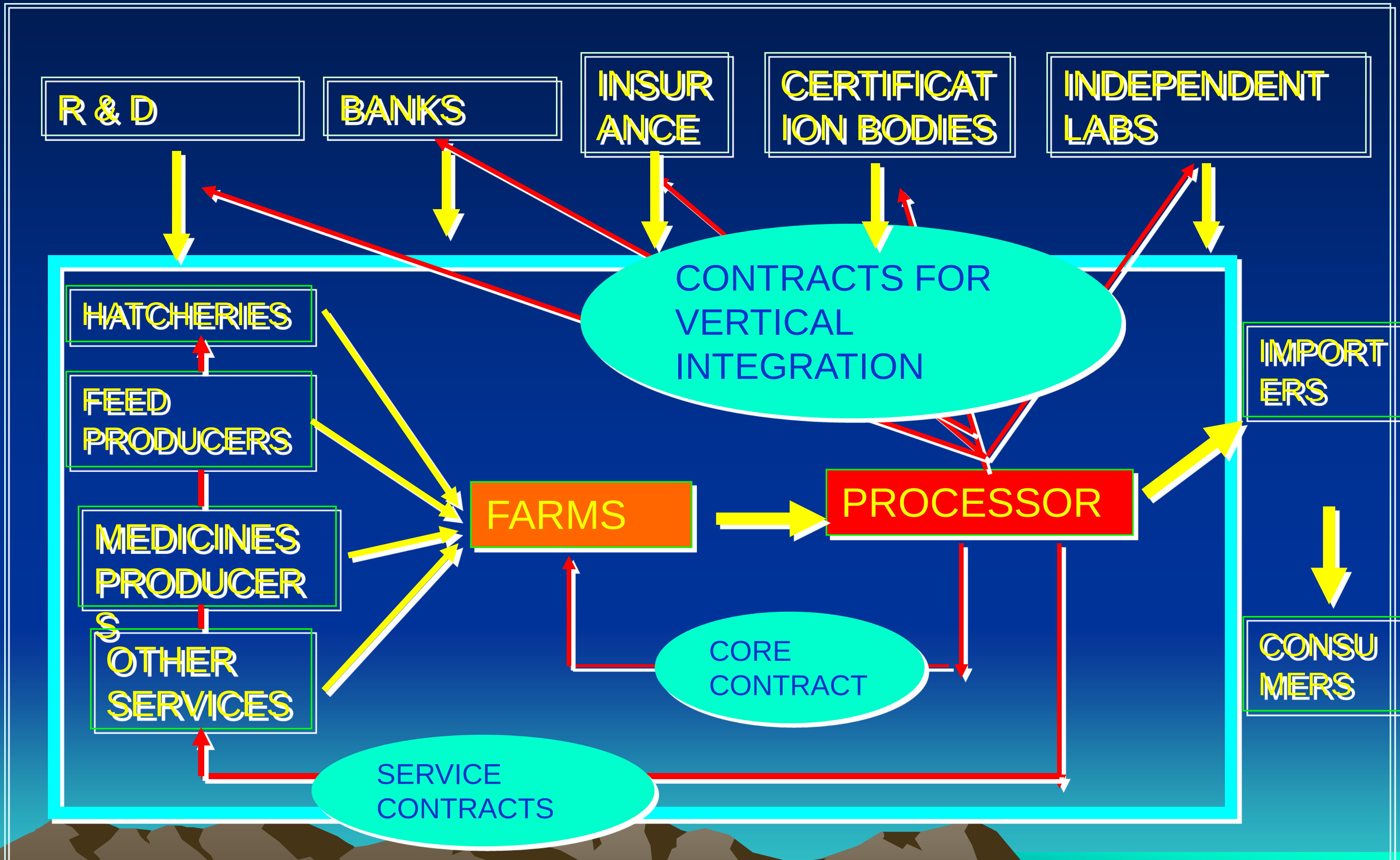
- In 2012, Vietnam seafood exports to the Japan generated US$1.10 billion, up **9.3%** against 2011.
- Japan is the largest importer of Vietnam shrimp, but in 2012, the market imposed **Ethoxyquin** inspection on shrimp originated from the country => seafood exports to the market fell down in the late year.
- Shrimp shipment to Japan in the full 2012 reached US$618 million, up **1.7%** over that of the previous year because exports in the first half of the year always showed the growth of over 20 percent.
- Exports of other main items (cephalopod, tuna, fish paste & surimi) retained the upbeat growth of 13 – 33%.

POTENTIALS & CHALLENGES

Potentials:

1. High commitment and participation from Government, Industry and companies for: Food safety, environment & social responsibility.
2. Able to supply the big volume and safe stable quality seafood products;
3. Meet all the customers' requirements, incl. the vertical linkage (intergration) for each species sector.
4. It was 1 of 3 countries in the World which has the good and stable labor resource.
5. Has Agreement / FTA with many countries and territories → advantages both in product quality and im-ex tax

VERTICAL INTEGRATION



Sustainable Standard: VietG.A.P

- **VietG.A.P** is regulated and mandatory implemented for responsible and sustainable farming.
- **VietG.A.P** is designed to be equivalent to GlobalG.A.P standard.
- VietG.A.P is set standards for:
  - Location, design & construction of farms
  - Good Farming Practices
  - Food safety & quality assurance
  - Traceability of product
  - Proper fish health & fish welfare management
  - Environmental monitoring & management
  - Social responsibility
- Cooperation Agreement with Global G.A.P

CHALLENGES:

1. Increase for high and strict markets' regulations in food safety, traceability, environment-socila reponsibility and IUU. Especially, the **Ethoxyquin** (not antibiotic, just anti-oxydant in feed) in Japan testing procedure in imported shrimp since May 2012.

2. Increase the private certifications (*GlobalGAP, ASC, BAP, BRC, IFS, FOS* ...). Besides the promotion, the private certifications make not only increase the production costs, but also sometimes make the confutions from consumers due to the diffirent messages.

CHALLENGES:

3. Increase the unfair Media in some countries due to the unfair competitions from other / local producers.
4. Diseases (*ext: EMS on shrimp…)* are big affect on production and consumtions.
5. Increase productions costs (*labour salary, electric power, water, package material, testing….),* while the keeping of export prices in trend.

CHALLENGES:

6. Anti-dumping cases, CVD from US market with fish/shrimp imported.
7. Limited the marine resources.
8. The competition from the countries which have the same species production & export.
9. Climate change affects the development conditions of main aquaculture species directly.

Certifications ….

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CERTIFIED

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FishWatch
U.S. Seafood Facts

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Dolphin Safe

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sustainable fisheries & aquaculture
fish 4 future
fish4future.org

WHOLE FOODS MARKET
RESPONSIBLY FARMED
3rd PARTY VERIFIED

SEAFOOD FOR THE FUTURE

WORLD CONSUMERS REQUIREMENTS

?

Environment and ecology protection

Social responsibility

BAP
GlobalG.A.P
ASC.......

Food safety assurance

Fish health& welfare

Traceability

Certification for aquatic products: shrimp & pangasius

Hatcheries --- Feed --- Farms ---Processing Plants

Govements

Hatcheries	Feed	Farms	Processing Plants
GAP	GAP	GAP	GMP/SSOP HACCP
		BAP/ACC GlobalGAP ASC	BAP/ACC Global GAP IFS BRC ISO 22000 /14000 Halal Food Std.

Customes

Production efficiency with Challenges of Sustainability

Production Cost (technical complexity)

Market Price

High price/ high Sustainability Buyer ? Processor √ Production √	High price/ Low Sustainability Buyer X Processor √ Production √
Low price/ high Sustainability Buyer √ Processor X Production X	Low price/ Low Sustainability Buyer ? Processor ? Production X

Market Volumes

Thank you for your attention!

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Supplemental Materials

VASEP:

1. To **develop** national strategies for the seafood industry;
2. To **promote** the growth of Vietnam's seafood industry;
3. To **help** members better determine its orientation for development;
4. To **support** members to improve productivity, quality and proficiencies in production and business
5. To **build up** raw material resource, expand markets and improve the competitive power of members and their products.
6. To **facilitate** the smooth import - export of VN seafood products internationally;

VASEP:

7. To be a **bridge** that connects VN seafood producers to customers all over the world;
8. To **provide** updated & essential seafood market information and database;
9. To **organizes and implements** trade-promotion and training activities;
10. To **assists** its members in seeking raw materials, financial and technical assistance from various sources to upgrade quality standards and add value to their seafood products.
11. To **represent and protect** its members' legitimate rights and interests in regards to governmental authorities and third-party bodies etc...

SEAFOOD EXPORT PRODUCTS, 2012

Products	2012	Compared with the same period of 2011 (%)
	Value (1000$)	In Value
Shrimp (HS 03 and 16)	2.237.435	-6.6
Pangasius (HS 03 and 16)	1744.769	-3.4
Tuna (HS 03 and 16)	569.406	+50.1
Other fish (HS 0301 to 0305 and 1604, except tuna and Pangasius)	886.660	+21.1
Mollusk (HS 0307 and 16)	579.899	-3.7
Crustacean (HS 03 and 16)	116.158	+5.9
Total	**6134.328**	**+0.3**

Vietnam Seafood export markets, 2012

Markets	Year 2012 (Val (US$ mil))	Comp. 2011 (%)
EU	1135.315	-14.8
USA	1192.210	+1.2
Japan	**1097.109**	**+9.3**
Korea	508.759	+6.5
China	419.177	+20.5
ASEAN	344.534	+11.6
Australia	183.765	+14.2
Canada	132.811	-7.8
Mexico	110.201	-1.3
Russia	100.489	-4.9
Others	909.959	-3.9
Total	**6.134.328**	**+0.3**

Seafood export markets, first 7 months 2013

Markets	**First 7 months 2013** (Val (US$ mill)	**Compared with the same period of 2012 (%)**
The U.S.	**745.118**	**+7.9**
EU	**618.122**	**-5.3**
Germany	*109.422*	*-1.4*
Italy	*81.676*	*-4.6*
Spain	*72.071*	*-10.6*
The Netherlands	*71.337*	*-13.0*
The U.K.	*69.630*	*+14.7*
Japan	**613.821**	**+1.5**
China & Hong Kong	**281.917**	**+29.3**
Hong Kong	69.928	-10.7
South Korea	**227.435**	**-18.2**
ASEAN	**208.366**	**+10.9**
Australia	**96.583**	**-1.2**
Mexico	**66.141**	**+15.0**
Brazil	**61.167**	**+76.9**
Russia	**34.329**	**-30.8**
Others	**545.435**	**-0.9**
Total	**3,498.433**	**+2.2**

Seafood export products, first 7 months 2013

Products	**First 7 months 2013** (Val (US$ mil))	**Comp to the same priod of. 2012(%)**
Shrimps (HS code 03 and16)	**1,394.215**	**+14.7**
- Whiteleg shrimp	609.254	+51.5
- Black tiger shrimp	679.712	+1.30
Pangasius (HS code 03 and 16)	**985.090**	**-0.6**
Tuna (HS code 03 and 16)	**336.329**	**-2.1**
- Tuna (HS code 16)	138.092	+19.0
- Tuna (HS code 03)	198.237	-12.8
Other fishes (HS code 0301 to 0305 and 1604, ex. tuna and pangasius)	**458.003**	**-4.8**
Mollusks (HS code 0307 and 16)	**277.170**	**-17.3**
- Cephalopod	232.070	-19.9
- Bivalve mollusk	44.182	-3.1
Crab, swimming crab & other crustaceans (HS code 03 and 16)	**47.627**	**-14.3**
TOTAL	**3,498.433**	**+2.2**

3. SEAFOOD IM-EXPORT BETWEEN VIETNAM - JAPAN

SEAFOOD EXPORT OF VIETNAM TO JAPAN

Year	Volum (tonnes)	Val (US$ mil)	Comp, percentage % vol,	Comp, percentage % val,
2007	**119,194**	**745.951**	**-3.8**	**-11.5**
2008	**134,943**	**828.350**	**+13.2**	**+11.0**
2009	**114,234**	**757.915**	**-15.3**	**-8.5**
2010	**135,136**	**896.980**	**19.6**	**+19.1**
2011		**1,003.905**		**+11.9**
2012		**1,097.109**		**+9.3**
Jan-Jun 2013		**505.799**		**-1.3**

Structure of seafood materials imported from Japan (Jan – Jun 2013)

Proportion	Imported Value (US$)	Val, perce, (%)
Other fish	21,899,521	85.5
Tuna	2,924,135	11.4
Cephalopod	359,197	1.4
Bivalve mollusk	169,140	0.7
Crab, swimming crab and other crustacean	7,638	0.03
Shrimp	218,086	0.9
Total	**25,615,617**	**100.0**

4. TREND OF VIETNAM SEAFOOD EXPORT IN 2013

1. Continuous short supply of raw material for processing

- Lack of capital for farming and processing and higher input costs in 2012/2013 will have impact on trend of farming and fishing in 2013. Areas of pangasius farming are forecasted to be lower and supply for processing and export will be unsufficial.
- Shrimp supply mostly depend on issues such as EMS, seed, feed…. Vietnamese shrimp industry will face more difficulties in 2013/2014.

2. Rise of 20% in fish import for processing

- To deal with low supply of raw material - particularly marine fish - in domestic market, Vietnamese seafood processing companies keep purchasing more fish from other countries to realize contract with foreign partners or further process to export.

- In 2013, import of fish into Vietnam for processing is expected to increase by **20%** compared to 2012 with average value of US$65 – 70 million per month to reach about US$850 million for all year.

TREND OF…….

3. Recovery in demand from main importing markets

- In 2013, economical situation is forecasted to be a bit lighter with modest growth of main economies, especially EU, Japan, US, China, India, ASEAN. This trend will create some opportunities for Vietnam seafood export.
- Demand for seafood in **EU** will recover after second quarter, when the economy of this region has better sign. *Seafood export* to the EU may back to the level of 2011 with about US$1.2 billion, up 5.3% over 2012.
- **The U.S***: F*orecasted total revenue of more than **US$ 1.3 billion**, up about 9% over 2011.
- **Japan***:* If the unfair barrier of ***Ethoxyquin*** testing will not lifted, it will continue put negative impacts on Japanese imports of shrimp from Vietnam in 2013-2014.
- *Consumption demands from other* ***Asian markets*** *like China, South Korea and ASEAN* are forecasted to get higher.

TREND OF ……

4. Outlook

- Besides some negative factors such as unstable supply of raw seafood, increasing input costs and “Ethoxyquin”, with positive outlook for economies of consuming markets in 2013, total seafood exports 2013 are hoped to recover to over **US$6.5 billion**, increase by 5% over 2012.

- In 2013, shrimp exports is expected to obtain US$2.4 billion, equal to that of 2012; pangasius sales US$1.8 billion, up 5.5%; marine product sales reached nearly US$2.4 billion, up nearly 10 percent from 2012.