

Obstacles to Vietnam's Seafood Export to the EU

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Abstract: The EU is one of demanding markets due to consumers' high requirements for product quality, food hygiene and safety, environmental protection...The EU is also a place where the trade laws are nearly consistent but it is a potential market with huge demand for seafood. Therefore, Vietnam's seafood exporters which want to enter and increase their shipments to the EU must recognize major obstacles to their export with a view to implementing suitable measures to remove those obstacles.

Vietnam's seafood has been legally accepted on the EU market since November 1999. This helps to cause a steady growth in seafood export value to the EU from some US\$100 million in 1999 to above US\$300 million in 2005. The EU has been so far the third biggest export market for Vietnam seafood behind Japan and the US since 2000.

It is said that the EU's increasing seafood import is attributed to its policies on restriction over fish catching and its growing demand. This region's natural catching output is steadily dropping due to its exhausted seafood resources. The EU coun-

tries' seafood needs show an upward trend because their people highly appreciate health safety in food consumption. Seafood is considered as a highly nutritive food providing less calories, high protein, vitamins and minerals, less poison and no bad effects on the environment. Moreover, there are a lot of widespread outbreaks of animal diseases in recent years, so the EU consumers tend to replace meat with seafood. Until 2006, the EU became a leading seafood market over the world. This is a golden opportunity for foreign seafood exporters. However, to penetrate into this market, exporters have to surpass strict and extremely difficult barriers, especially for exporters from developing countries like Vietnam.

First, although the market is unified technically, each EU country still holds its own identity and characteristics which exporters from developing countries often fail to notice. For example, the seafood consumption and taste of the EU members are quite different: South European countries have higher consumption rate than the rest, for instance, Portugal 42kg/year and Spain 22 kg/year. Fresh seafood including fish and cuttlefish are favorite

food in meals of Spanish and Portuguese people. Germany and the Netherlands consume less seafood than the region's average and they mainly eat seafood imported from Turkey and Morocco. France buys seafood from its former colonies in Africa. The UK imports seafood from India and Pakistan. The EU's instructions on food hygiene and safety are generally valid all over its members such as Directives 91/493/EFC; 91/492/EEC; 96/23/EC and 96/22/EC. Nevertheless, due to long execution, some members like France and Italy impose additional regulations, which are not identical to the European Committee's. The UK also places seafood imports under strict control following the European latest and highest criteria. This has led to the dilemma that some developing countries have been approved in compliance with the EU's regulations but their imports are rejected by these choosy markets. To avoid this trouble, exporters have to study information about the EU market carefully, regularly, exactly and on time with the aim to export their goods to the EU countries. This is also a shortcoming of Vietnam's seafood exporter. Most of Viet-

nam's seafood exporters have not yet invested appropriate efforts and time in market research such as equipping with research tools, recruiting, training and employing researchers and research organizations. As a result, they are too submissive to bear risks in seafood export to the EU.

Second, the EU market is symbolized by fierce competition. It imports seafood from more than 180 countries, most of which are developing ones, including Vietnam. Generally, their exports are mainly tuna, shrimps, hake fish, crabs...that are not similar to the species caught by the EU fishermen. So, foreign seafood exporters need not confront the EU suppliers. Nevertheless, there is a harsh competition between foreign exporters. In terms of volume, Argentina is the biggest seafood supplier to the EU; in addition, there are other potential seafood exporters from Latin American countries like Chile, Peru and Ecuador. In terms of export value, Thailand tops the list of developing countries selling seafood to the EU. The seafood export items of Thailand are very similar to those of Vietnam; thus, it became the first competitor of Vietnam not only in the EU market but

also in major markets like Japan and the US. Thailand has a lot of categories which are able to dominate the world's seafood market including shrimps, canned tuna, cuttlefish, octopus...and this country is orienting their production to high value-added seafood to avoid tax.

The EU's tax reduction for Thailand's shrimps from 20% to 4.5% since August 1, 2005 has caused more disadvantages to Vietnam's seafood exports. India and China are main seafood suppliers in Asia (the EU has recognized China's 130 seafood processing plants, 19 processing ships, and 118 freezing ships as meeting the standard for export to the EU since February 2000), so they are more competitive in prices than Vietnam. In addition, African suppliers including Morocco, have more comparative advantages in geographical location because they are nearer to the EU countries. As a result, prices and product quality are two most important factors in the EU seafood market. Regrettably, the competitiveness of Vietnam's seafood exports remains weak. They are still raw materials, their categories not diverse, quality unstable and prices high. The habits of consuming Vietnam's seafood in the EU market is unpromising. In the future, if Vietnam becomes a WTO member, the tariff barriers will be completely removed. Then, Vietnam's seafood must face an equal

competition with that from other developing countries and developed countries. This means the quality of Vietnam's products must be improved regularly, designs and packages fast renewed prices cheaper and services better.

Third, the product quality is a key to all doors for access to the EU market because the consumers require a lot for product quality. Since 1993, the EU has issued laws and regulations on all seafood imports into its member countries. Standards of hygiene, health and environment have generated international standards of product quality, processing procedure, and packaging method, coding, brand, and certificate...For example:

The EU's environmental standards include: applying HACCP system in producing seafood, regulating biological brands for seafood and respecting environment management system in compliance with ISO 14000, the ecological management and inspection system.

The excessively high levels of antibiotics and additives are strictly controlled: The EU's food law bans wholly 26 kinds of antibiotics because they cause cancer, spinal injury, acute blood shortage, medicine invalidity and identifies what antibiotics can be used and the limited amount. For additives, the EU also issued a lot of different regulations on odorants, colors, sweeteners used for processing food. In early 2006, the EU issued

new regulations on animal feed hygiene; accordingly, the producers shall provide information about production, stockpiling, and distribution.

The European Committee will take measures of punishment: destroying goods, returning goods, restricting export and inspecting 100% of import batches if something is detected not to meet the food safety standard. The evidence shows many countries are banned from exporting seafood to the EU because they do not satisfy requirements for product quality. For example, recently many batches of Thailand were banned from importing into Europe because excessively high levels of chloramphenicol are discovered or some seafood is infected with Malachite Green. This became hot news last year. A series of large importers including the EU have rejected importing fish from India, Bangladesh, Indonesia and China when they detected signs of a prohibited chemical - Malachite Green.

Although Vietnam has some 100 businesses which have been qualified to export seafood to the EU, so far, Vietnam's seafood conditions of food hygiene and safety and creditworthiness are low on the world market in general and the EU market in particular due to its excessively high levels of antibiotics and miscellaneous things. Since 2001, after excessively high levels of antibiotics were discov-

ered in 17 batches of seafood exports from Vietnam, the EU issued Decision 699/EC to inspect all batches imported from Vietnam. This event not only happened in the EU but also in the US market. In late August 2005, three US states ordered to stop selling Vietnam's basa fish and some other seafood due to their excessively high levels of antibiotics. Therefore, food hygiene and safety is extremely important condition of seafood for demanding markets like the EU. Local businesses must learn carefully lessons and meet fully this condition to enter this market successfully. ■

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