

Seafood Export for 2006 Measures to Remove New Obstacles

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The Ministry of Fisheries has chosen the year 2006 as a breakthrough in administrative reformation and production reorganization and therefore the seafood industry will change the national aquaculture from robust to sustainable growth. To attain this goal, it is required to overcome new obstacles and challenges to maintain its important role in seafood export.

I. ACHIEVEMENTS

In 2005, the Vietnamese seafood export grossed US\$2.74 billion and aquaproducts remain an export staple in the country's export earnings.

Table 1 shows the industry's growth rates are uneven over years, high from 2000 to 2003 but declined in 2004

Table 1: Vietnam's export value of aquaproducts from 1995 to 2005 (US\$ mil.)

| Year | Value | Growth (%) | Total export value of the country | % of the country's total export value |
|------|---------|------------|-----------------------------------|---------------------------------------|
| 1995 | 621.4 | 11.7 | 5,448.9 | 11.4 |
| 1996 | 696.5 | 12.1 | 7,255.9 | 9.6 |
| 1997 | 782.0 | 12.3 | 9,185.0 | 8.5 |
| 1998 | 858.0 | 9.7 | 9,360.3 | 9.2 |
| 1999 | 973.6 | 13.5 | 11,541.4 | 8.4 |
| 2000 | 1,478.5 | 51.9 | 14,482.7 | 10.2 |
| 2001 | 1,816.4 | 22.9 | 15,029.0 | 12.1 |
| 2002 | 2,021.7 | 11.3 | 16,706.1 | 12.1 |
| 2003 | 2,275.6 | 12.6 | 20,176.0 | 11.3 |
| 2004 | 2,400.8 | 5.5 | 26,003.0 | 9.23 |
| 2005 | 2,739.0 | 11.4 | 32,330.0 | 8.47 |

(Source: Statistical Yearbooks 2000 – 2003, www.gso.org.vn, and documents from VASEP)

and 2005. The share of seafood export in the country's total export value ranges from 9 to 10%. Japan, the US, the EU are still major export markets of the Vietnamese seafood industry.

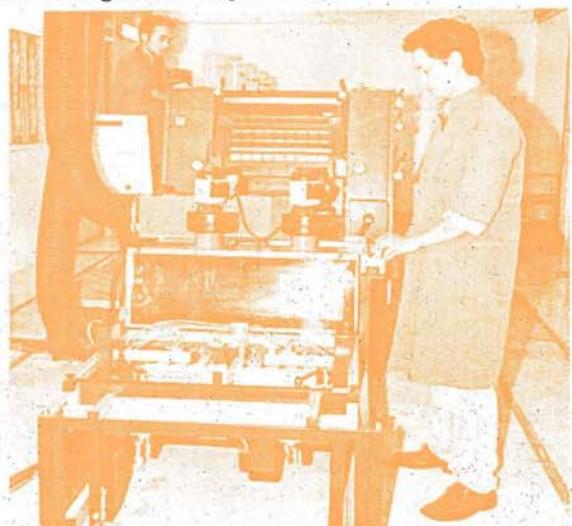
In 2005 the Vietnam's seafood export markets saw a positive change in expansion and diversification. Japan and the US remain leading markets but their shares have dropped. In the meantime, the EU, South Korea, China, Hong Kong and Asian countries become promising markets for Vietnamese enterprises. In addition, new export items are also increasing.

Table 2: Vietnamese seafood export markets in 2005

| Market | Value (US\$) | % |
|-------------|---------------|------|
| Japan | 813,397,592 | 29.7 |
| The US | 633,984,549 | 23.2 |
| EU | 405,612,362 | 14.8 |
| South Korea | 162,335,258 | 5.9 |
| China | 134,401,112 | 4.9 |
| ASEAN | 123,237,000 | 4.5 |
| Taiwan | 121,764,872 | 4.4 |
| Australia | 96,771,843 | 3.6 |
| Canada | 68,724,507 | 2.5 |
| Others | 178,770,905 | 6.5 |
| Total | 2,739,000,000 | 100 |

(Source: VASEP and the author's calculations)

Japan consumes mainly shrimps, mollusks, and frozen fish. The US imports a lot of shrimps and reduces catfish and basa. These two market shares saw a sharp decline as compared to previous years (the value of seafood export to Japan accounted for 48.9% in 1997; to the US 34.4% in 2003). The businesses' efforts to expand export markets have helped them reduce risks due to much concentration on specific markets and tap their comparative advantages. Minh Phu, CAMIMEX, Kim Anh, FIMEX VN, Amanda Foods, Nam Việt, Cafatex ... are leading seafood export companies across the country.



Vietnamese seafood has won the trust of foreign customers because of increased quality and secured hygienic standards.

Table 3: Seafood exported to Japan in 2005

| Item | Value (US\$) | % |
|------------------------------------|--------------------|------------|
| Frozen shrimps | 278,406,945 | 34.2 |
| Tiger prawns | 200,782,199 | 24.7 |
| Frozen cuttlefish | 52,233,807 | 6.4 |
| Processed tiger prawn | 30,095,974 | 3.7 |
| Frozen octopus | 28,901,662 | 3.6 |
| Processed seafood | 26,881,510 | 3.3 |
| Frozen seafood | 22,520,754 | 2.8 |
| Frozen fish | 22,189,492 | 2.7 |
| Dried cuttlefish, baked cuttlefish | 18,666,864 | 2.3 |
| Processed shrimps | 16,922,868 | 2.1 |
| Salmon | 13,656,159 | 1.7 |
| Frozen white shrimps | 11,068,081 | 1.4 |
| Others | 91,071,277 | 11.1 |
| Total | 813,397,592 | 100 |

(Sources: VASEP and the author's calculations)

In spite of their efforts of product diversification, shrimps remain a major item exported to Japan. The revenues of shrimps exported to Japan reached US\$550,068,492, accounting for 67.6% of total Vietnamese earnings from this potential market. The same facts are also seen in the US market.

Table 4: Seafood exported to the US in 2005

| Items | Value (US\$) | % |
|-----------------------|--------------------|--------------|
| Frozen shrimps | 266,714,042 | 42.1 |
| Tiger prawns | 131,801,622 | 20.8 |
| Frozen fish | 44,600,659 | 7.0 |
| Processed crabs | 36,930,689 | 5.9 |
| Catfish | 25,283,562 | 4.0 |
| Frozen white shrimps | 18,468,906 | 2.9 |
| Processed tuna | 17,895,990 | 2.8 |
| Tuna | 15,425,532 | 2.5 |
| Processed tiger prawn | 13,936,184 | 2.1 |
| Others | 62,927,363 | 9.9 |
| Total | 633,984,549 | 100.0 |

(Sources: VASEP and the author's calculations)

Total revenues of various shrimp products reached US\$434,664,567, accounting for 68.6% of the total seafood earnings from the US. It is noteworthy that processed crabs, catfish, tuna and others have also entered this potential market.

Tiger prawns, catfish, basa fish and tuna are of promising exports, the industry should promote their export sales in the coming time. Major export markets include Japan, the US, Taiwan, Canada, Australia. Spain, Germany, Hong Kong, and Sweden are the biggest importers of Vietnamese catfish.

Table 5: Major export markets of tiger prawns in 2005

| Markets | Volume (tonnes) | Value (US\$) |
|--------------|------------------|--------------------|
| Japan | 20,124.50 | 200,782,199 |
| The US | 12,669.46 | 131,801,622 |
| Taiwan | 5,302.18 | 36,690,999 |
| Canada | 2,339.02 | 22,220,209 |
| Australia | 2,682.41 | 20,850,779 |
| Others | 11,908.53 | 94,811,391 |
| Total | 55,026.10 | 507,157,199 |

(Sources: VASEP and the author's calculations)

Table 6: Major export markets of catfish in 2005

| Markets | Volume (tonnes) | Value (US\$) |
|--------------|-------------------|--------------------|
| Spain | 10,792.86 | 29,474,198 |
| Germany | 10,698.63 | 28,459,613 |
| Hong Kong | 13,354.28 | 25,462,795 |
| The US | 10,074.68 | 25,283,562 |
| Sweden | 8,743.22 | 23,815,726 |
| Others | 68,146.23 | 153,723,095 |
| Total | 121,809.90 | 286,218,989 |

(Sources: VASEP and the author's calculations)

Table 7: Major export markets of basa fish in 2005

| Markets | Volume (tonnes) | Value US\$ |
|--------------|------------------|-------------------|
| The US | 4,689.19 | 9,974,615 |
| Spain | 1,597.73 | 3,913,436 |
| Mexico | 1,453.59 | 3,641,896 |
| Australia | 1,133.52 | 3,143,150 |
| Hong Kong | 1,209.98 | 3,092,976 |
| Others | 8,812.64 | 18,167,869 |
| Total | 18,896.65 | 41,933,942 |

(Sources: VASEP and the author's calculations)

Table 8: Major export markets of tuna in 2005

| Markets | Volume (tonnes) | Value US\$ |
|-----------------|-----------------|------------|
| The US | 2,317.51 | 15,425,532 |
| Japan | 1,680.12 | 7,599,202 |
| The Netherlands | 1,320.85 | 7,387,377 |
| Israel | 1,242.00 | 3,432,162 |
| Spain | 1,084.35 | 1,817,486 |
| Others | 2,776.98 | 9,869,419 |
| Total | 10,421.81 | 45,531,178 |

(Sources: VASEP and the author's calculations)

II. LIMITATIONS AND CHALLENGES

In spite of significant achievements, the Vietnamese seafood export has also revealed a lot of shortcomings as follows:

- The input materials are not stable, quality hardly controlled, links between suppliers and producers loose and there are no financial punishment for contract violations;
- Epidemic shows complicated changes;
- The state management is not updated, especially in planning and controlling the use of chemicals and antibiotic;
- The industry has not exploited the autonomy of seafood breeders and catchers and the partnership of businesses in tough times;
- Export promotion still lacks professionalism and good impacts;
- Management agencies, institutions and associations have not made good plans for seafood export.

At the same time, the country's seafood export has to encounter many emerging challenges as follows:

- Several markets begin to pay attention to the origin of exported seafood;

- Biological seafood are favorites in potential markets and sold at high prices;

- Seafood must be safe and hygienic "from the raising pond to the eating table";

- Trade barriers by administrative measures become effective protective tools.

Vietnam's major markets including Japan and the US issued new regulations which may cause obstacles to Vietnamese seafood exporters. Japan, for example, inserts product quality control into the Law on Food Hygiene and Safety; and the US rules that the labels of eight products including seafood must state processing proteins so that those customers who are allergic to these substances may avoid them, effective from January 1, 2006.

III. MAJOR MEASURES

In such a circumstance, the industry should focus its efforts on major strategic measures as follows:

- First, to improve the quality of seafood exports by:
 - Building and developing safe and epidemic-free raising areas,
 - Improving and controlling the quality of breeds,
 - Controlling the use of growth stimulants and antibiotics,
 - Upgrading processing and quality controlling technologies,
 - Initially applying standards such as SQF 1000 and SQF 2000,
 - Avoiding buying materials having vague origins,
 - Establishing seafood trading centers,
 - Transferring new techniques to those who raise, catch, buy, preserve and process seafood to meet requirements for food safety.

Second, boosting seafood export promotion and enhancing the industry's capability of entering foreign markets by:

- Building the national program of seafood exports promotion in foreign markets,
- Encouraging businesses to establish and advertise their brand names,
- Well implementing the important role of Vietnamese Association of Seafood Exporters and Producers (VASEP)
- Building the national information system for seafood export,
- Expanding distribution channels for foreign markets,
- Learning carefully importing countries' regulations to avoid adverse impacts of their trade barriers.

Third, to secure sustainable development for the seafood export industry by:

- Reviewing the plan of raising and catching aquaproducts and building an irrigation network appropriate to features of the aquaculture,
- Rectifying the implementation of the offshore catching program;
- Maintaining the breeding in natural environment and limiting or banning the seafood catching in a specific time or area.

Fourth, building and institutionalizing horizontal and vertical links in the seafood export industry in the trend of improving the government role, entrepreneurship and the autonomy of farmers in seafood production. ■

REFERENCES

- Ministry of Fisheries, Report of performance in 2005, orientations and tasks for 2006, Har Nô, January 9, 2006.
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