

VIETNAM'S PANGASIUUS INDUSTRY

# Why there is no fundamental improvement?

Several actions have been taken in Vietnam to improve the quality of Pangasius and restore its image. But those actions are weak or/and not adapted.

## Three steps that essential

VASEP already tried to impose a minimum price but without conviction and proper tools and without the power to oblige exporters to respect it. Other actions has been taken by Vietnamese authorities as imposing a maximum glazing of 20% (maybe 10% tomorrow?) or more recently by controlling the level of moisture and Phosphate. But without important means, it is not possible to control glazing, moisture or Phosphate level. Therefore, only documents reflect those regulations and it add to the confusion.

Because of the sustainability of its farming, Pangasius is the best way to feed the increasing world population that needs more and more protein. Pangasius fillet is also good, inexpensive and can easily be adapted to any cooking. Species like Pangasius can be the solution to many worldwide problems but Pangasius fillet's quality is slowly decreasing year after year and is becoming unpopular. It is urgent to face the problem and find real solutions to restore the image of this wonderful product.

There are three steps that I believe essential to restore the image of Pangasius industry: Fix a minimum export price; Be more confident with Pangasius product and develop efficient marketing strategy; And increase the nutritional quality.

Vasep is right; the first step is to impose a minimum price. But acting on the price is not easy: Vietnamese official authorities must be involved and prices must be established to reflect the reality in Vietnam and on the main markets for Pangasius. Market requesting cheap product should be allowed to buy with any glazing they want as long as the prices are on accordance

with the glazing rate indicating on documents and packaging... and this is very easy to control. At the opposite, imposing a maximum glazing rate without controlling the price... and exporters/importers do not have other choice but to under evaluate the glazing rate on document and packaging.

With a minimum price respected, importers and distributors will be more confident and could develop some marketing and sale strategy. Increasing step by step the prices in accordance with the market acceptance and it will even help to increase the volume of export and everybody will be on the



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winning side. A minimum price should be fixed for the 4 main kinds of trimming possible with interleaved packing (untrimmed, semi-trimmed, half trimmed and well trimmed), anticipate some minimum extra cost for more expensive packing (IQF, IVP, etc...). The glazing rate indicated on packaging and document could help to reduce the price accordingly and this will offer a fair and healthy competition.

Once the minimum price is followed, then only we could start to develop efficiently some marketing strategies and increase the quality of Pangasius. Vietnamese farmers, processors and exporters could finally stop to be victim of the strong and wrong propaganda against Pangasius and also stop being played by worldwide organization imposing with plus or less integrity their certificate which most of the time do not bring any good to the Pangasius industry.

### **Some more info about the market price**

Export price for Pangasius changed a lot recently but it is not difficult to interpret and anticipate those fluctuations. The export price for Pangasius was too low last

year to allowed farmers and processors to develop good products and make honest and correct margin out of it. Therefore, several farmers have reduced or stop their production last year which was in accordance to the reduction of the demand. But last February and March, the demand for Pangasius suddenly increased because of the coming Easter and many farmers wanted to believe that this temporary increase was a sustainable one. The increase of demand for Easter wasn't stronger than the previous years but because the market was specially quiet; the felling of the effect has been stronger. Consecutively to this feeling, the farmers started to hold their stock and this feeling has been reinforced by the expected coming updated antidumping import tax for Pangasius released end of March by the DOC (Department of Commerce) in USA. USA being the biggest market for Pangasius we could effectively logically expect that a reduction of the import tax could increase the demand for Pangasius to USA and therefore help to increase the global export price.

On March 31<sup>st</sup>, DOC released lower antidumping import tax for Pangasius which had for immediate effect to reinforce again the confidence of the farmers and processors. But the market wasn't ready for a prompt increase. Pangasius price has been increased too early and too fast and there was no way that it could maintain so quickly at such high level. Several markets followed the price but the volume of sale drop and farmers couldn't keep their stock long enough to wait for the market to fully accept this price increase. Middle of May, farmers were starting to be more flexible on their term for selling and beginning of June they had to sell and start to break down prices.

The adjustment of the antidumping tax released by the DOC on May 9<sup>th</sup> contributed also to increase concerns of exporters but I consider its effects as minor to explain the price evolution. Second week of June, some factories were already offering price as low as the bottom price reached last year. The range of price is still important but it won't take long before the majority of exporters follow the same trend. The market should start recovery in the best case not before end of September or beginning of October 2014.

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■ **Pangasius is not the best fish in the world and most of the seawater fishes are tastier and more appreciated by gourmets. But Pangasius species is probably one of the best or even maybe the best farmed species on earth.**



*Photo: Le Hoang Vu*