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# Pangasius prices flat as new glazing rules delayed

With new rules on moisture content still unsettled, an expected uptick in prices hasn't materialized, but market demand holds steady.

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The Vietnamese government has missed its deadline for implementing new glazing and water content requirements on the country's pangasius industry, one source in the pangasius industry told **IntraFish**, and the failure to reach an accord is preventing an expected price recovery.

According to the source, current pangasius prices are fluctuating between \$2.55 and \$2.70/kg FOB HCM for well-trimmed fillets with stable volumes.

“Prices are still stable, although everybody expected an increase some months ago,” said the source. “The main reason is that Vietnam is still working on the new [glazing]decree.”

During the Seafood Expo Global 2014 in Brussels, Vietnam’s Ministry of Agriculture and Rural Development (MARD) **issued a decree** ruling that as of June 2014, the moisture content in exported frozen pangasius fillets must not exceed 83 percent, and limits glazing to 10 percent.

The decree was supposed to be effective from June 20, but Vietnam did not make that deadline.

“There are too much specific topics to discuss and to work out before they really can settle the new decree,” the source said.

In general, though, the expectation is prices will remain at a low level during the coming months, because the summer holidays in Europe are coming and that means a “low season” for pangasius.

Over the past year, the export price for pangasius out of Vietnam has been volatile, but it is not difficult to interpret and anticipate these fluctuations, Jean-Charles Diener, director at seafood inspection and market intelligence company OFCO told **IntraFish**.

Last year, the export price for pangasius was too low to allow farmers and processors to develop good products and to make “an honest and correct margin out of it,” said Diener.

As a result several farmers reduced or stopped production in line with a reduction of the demand. However, in February and March, the demand for pangasius suddenly increased because of the coming Easter and many farmers wanted to believe the temporary increase was a sustainable one.

“The increase of demand at Easter was no stronger than previous years but because the market was especially quiet, the effect was stronger,” said Diener.

Farmers started to hold their stock waiting for higher prices, and this also came on top of anticipation that the United States Department of Commerce (DOC) would lower the antidumping import tax on pangasius at the end of March.

“As the USA is the biggest market for pangasius we could logically expect that a reduction of the import tax could increase the demand for pangasius to the USA and therefore help to increase the global export price,” said Diener.

As expected, on March 31, DOC released lower antidumping import tax for pangasius which immediately boosted the confidence of the farmers and the processors.

“But the market wasn’t ready for a prompt increase in price,” said Diener. “The pangasius price 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 sales dropped and farmers couldn’t keep their stock long enough to wait for the market to fully accept this price increase.”

In the middle of May, farmers were starting to be more flexible on their sales terms and at the beginning of June they had to sell and were forced to bring down prices, according to Diener.

“In the second week of June, some factories were already offering prices as low as the bottom price reached last year,” he said.

Having a range of price is still important but it will not take long before the majority of exporters follow the same trend, said Diener.

“The market should start recovery in the best case not before end of September or beginning of October 2014,” he said.

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