

GLOBALIZATION ACHIEVEMENTS & CHALLENGES FOR THE VIETNAMESE SEAFOOD INDUSTRY

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- **World Seafood's Trends**
- **Vietnam: Achievements & Challenges**
- **Year 2020: the way to go**

Supply/Demand Trends

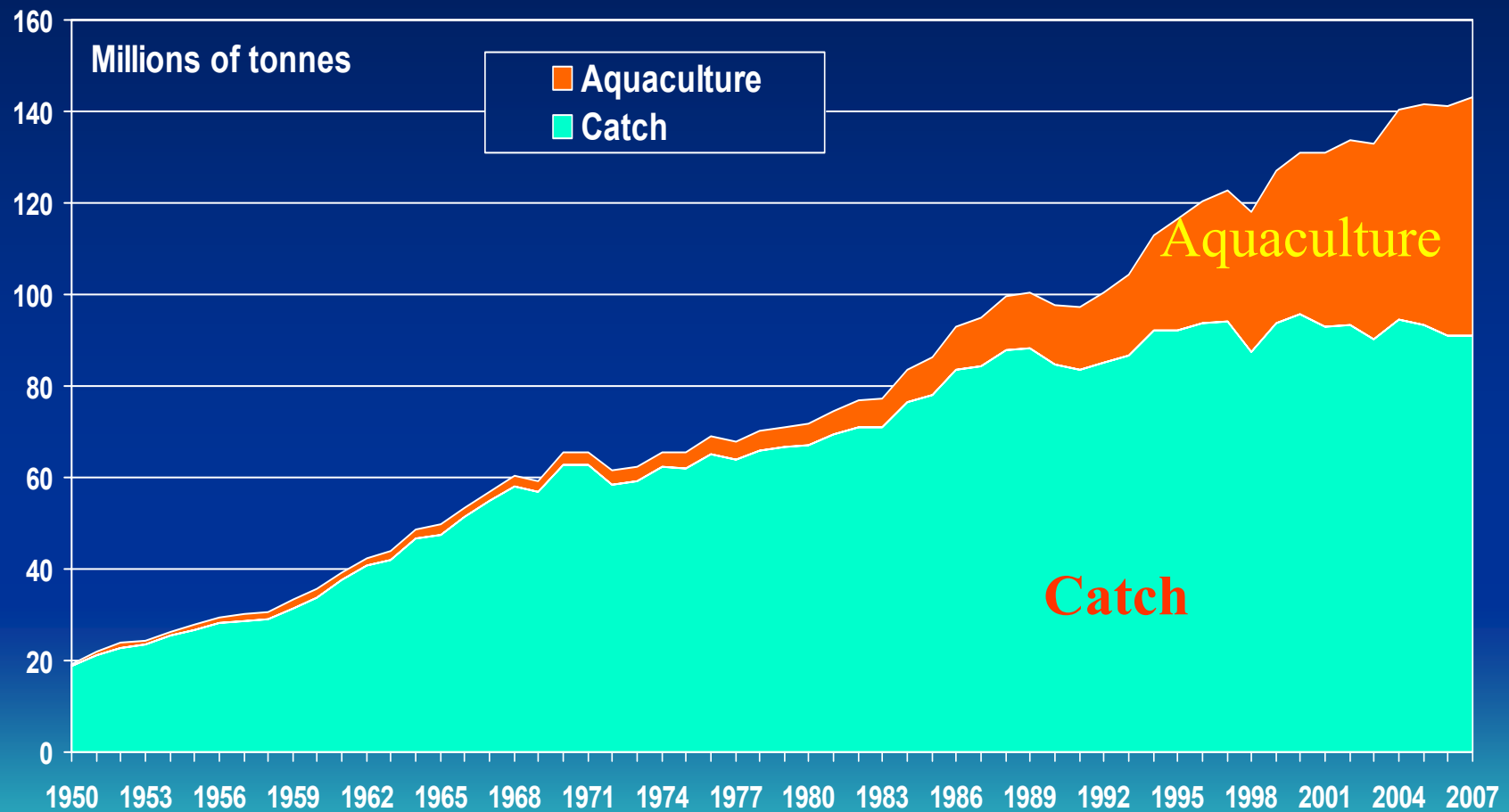
- **Supply:**

- Capture fisheries stagnated, no major increases expected
- Aquaculture is the world fastest-growing food production sector, but growth tempo declining
- Developing countries produce more than 90% aquaculture (China alone: 67% global production)

- **Demand:**

- Slowly rising because population growth
- Fish is required as the lowest-cost animal protein
- Small underlying increase in per kaput consumption
- Aquaculture takes 15% of global animal protein consumption
- Aquaculture will cover more than half of food fish supply

World Fish Production 1950-2007



FISHSTAT 2007

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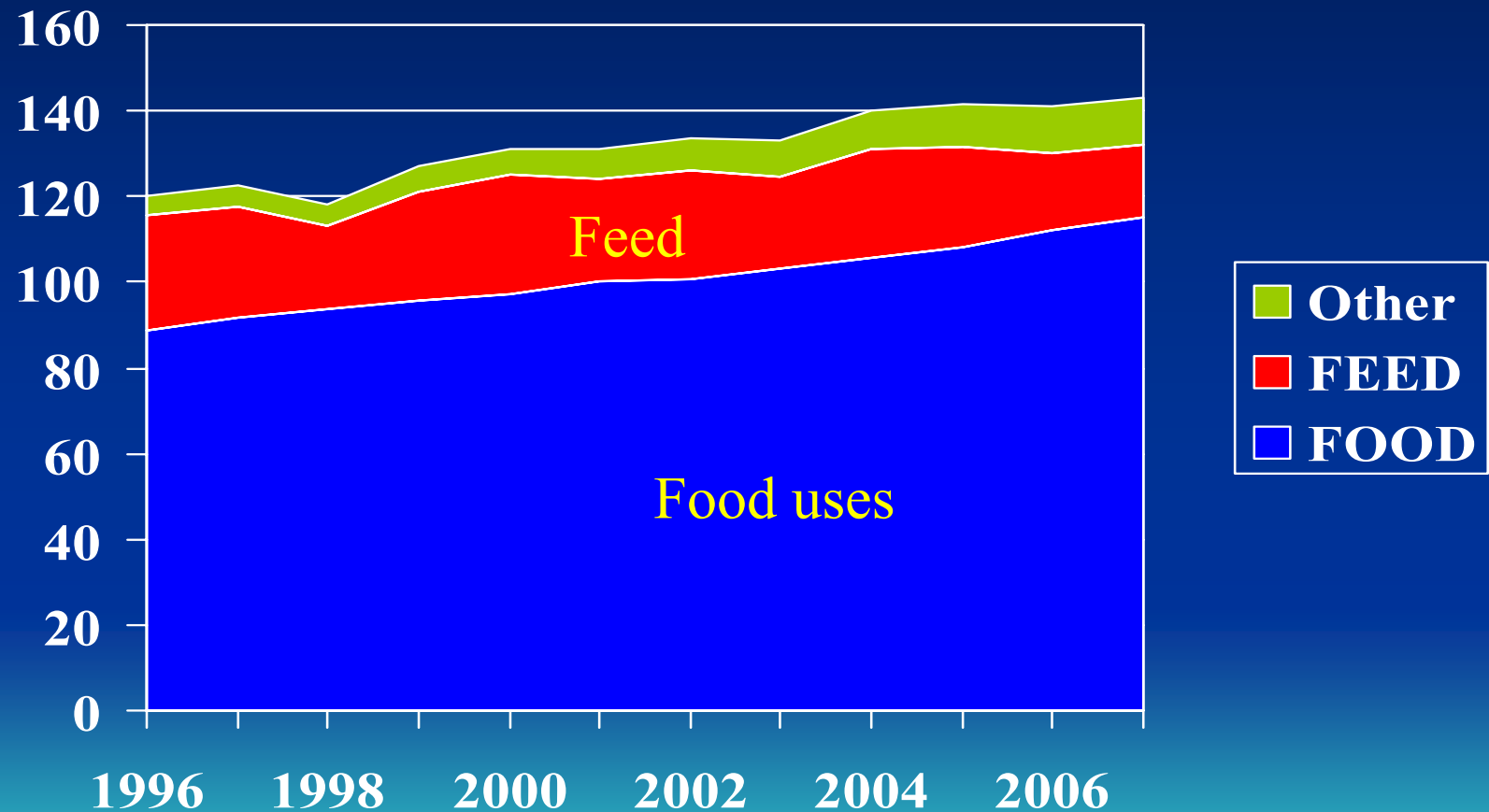
World Fish Production 2005-2007

Unit: Million tons

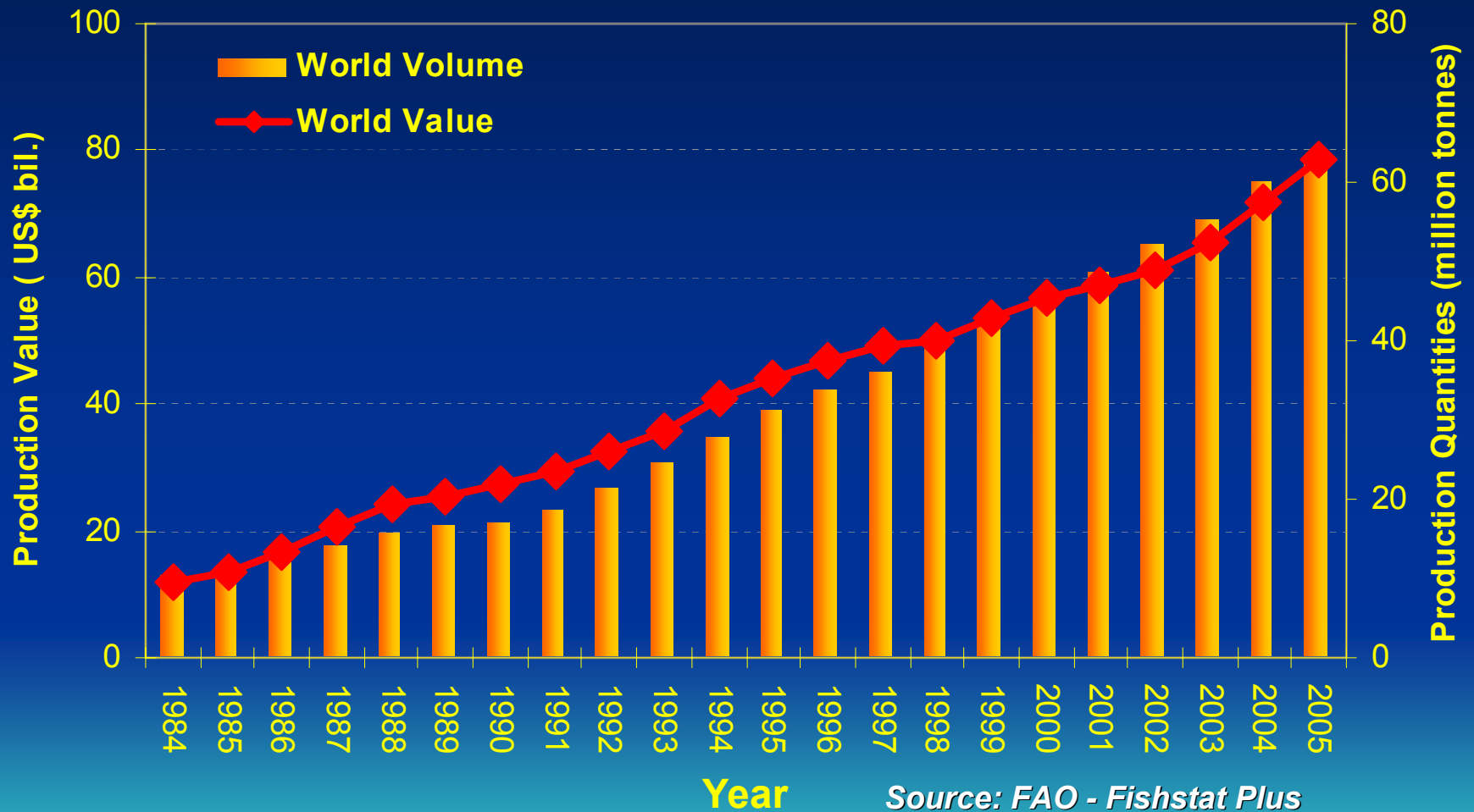
Year	2005	2006	2007
Capture	93	91	91
Aquaculture	48	50	52
Total	141	141	143

Resource: **FAO**

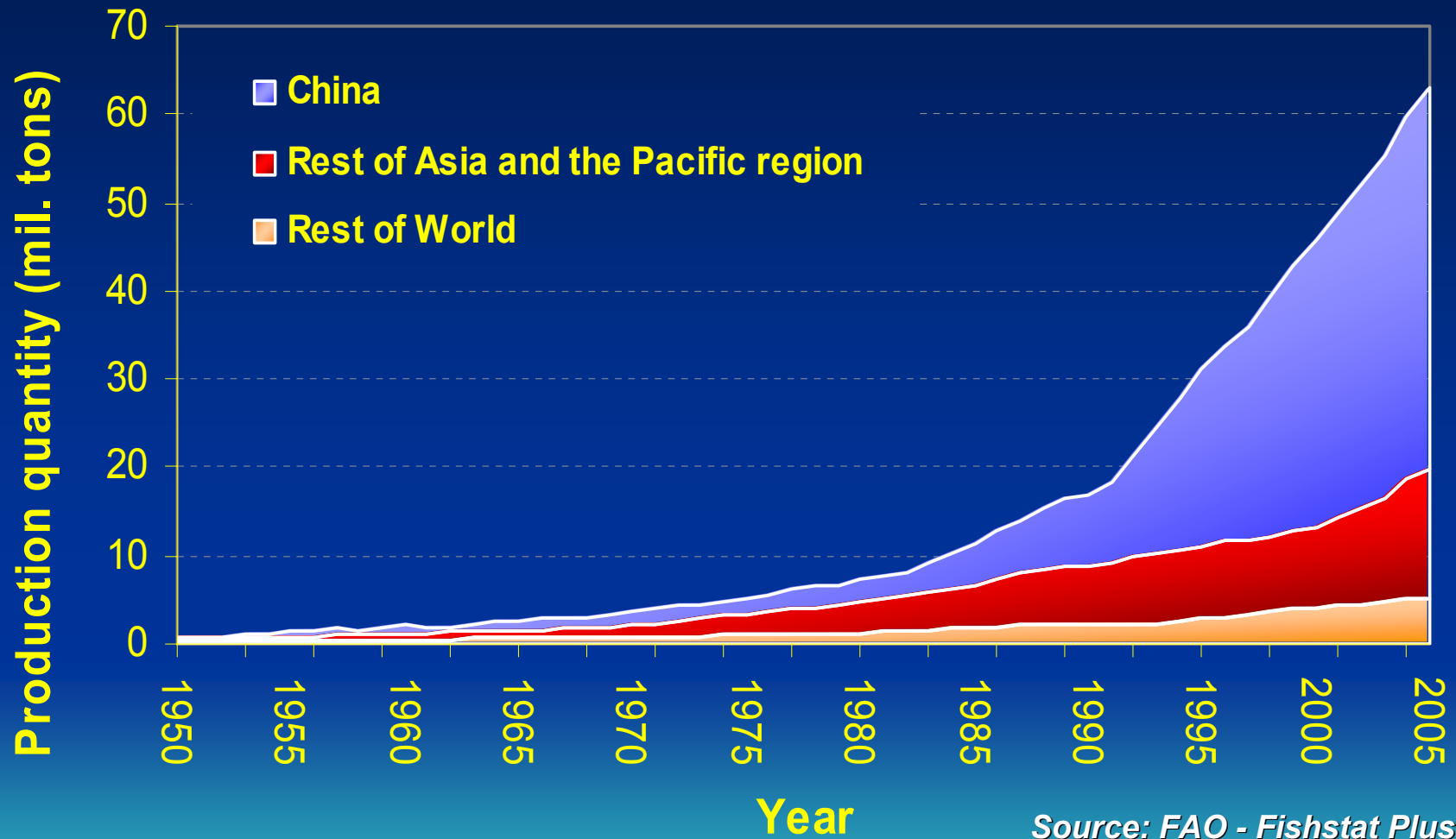
World Fish Utilization 1996 - 2007



World Aquaculture Trend



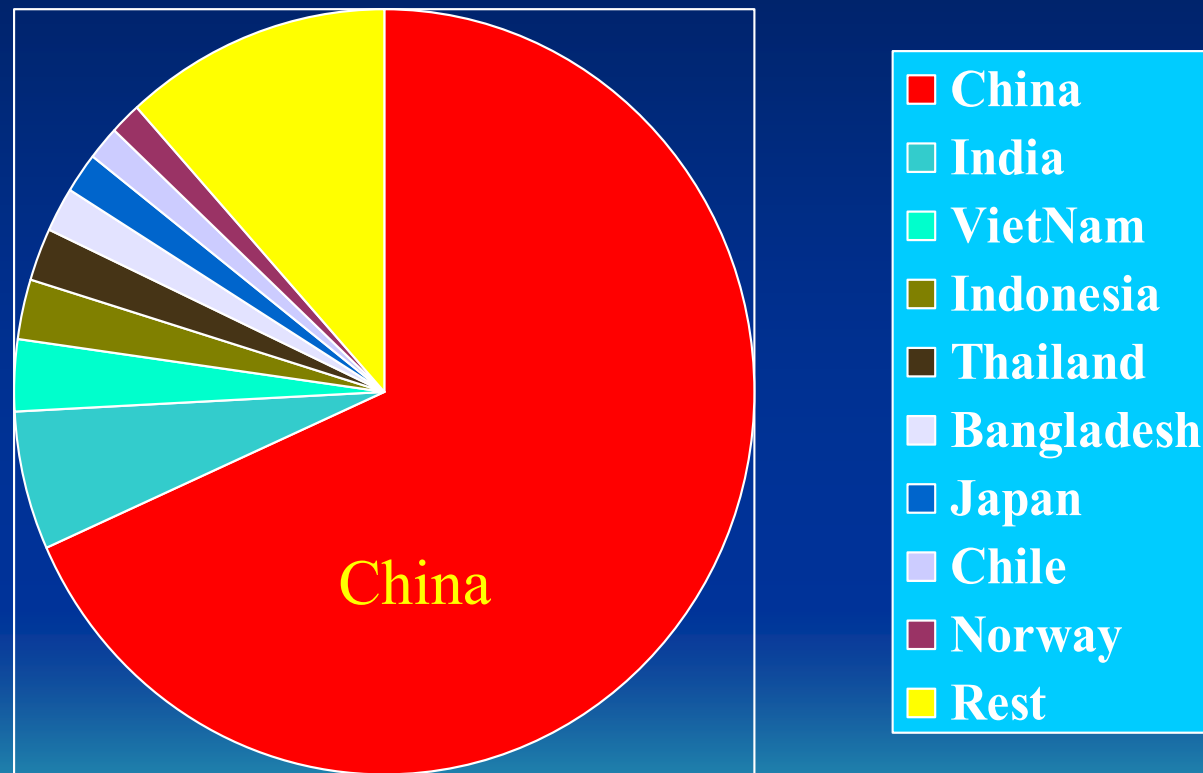
Production by Main Regions



Aquaculture Development Trends

- **Intensification of production**
- **Diversification of species**
- **Diversification of farming systems/practices**
- **Globalization of markets and consumer requirements**
- **More regulations and focus on governance of the sector**
- **Focus on better management**

Aquaculture Main Producers

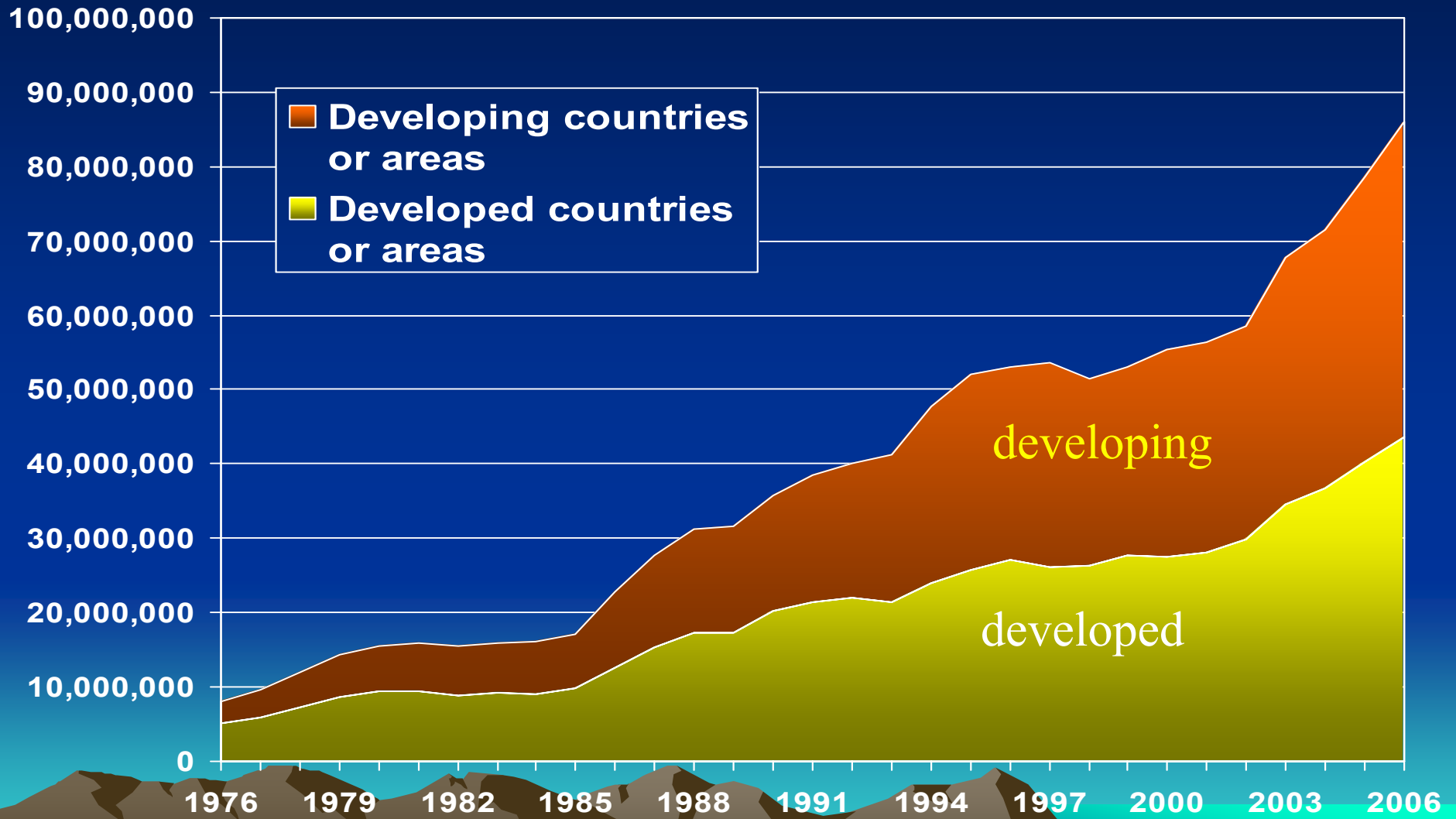


World Seafood Trade Trends

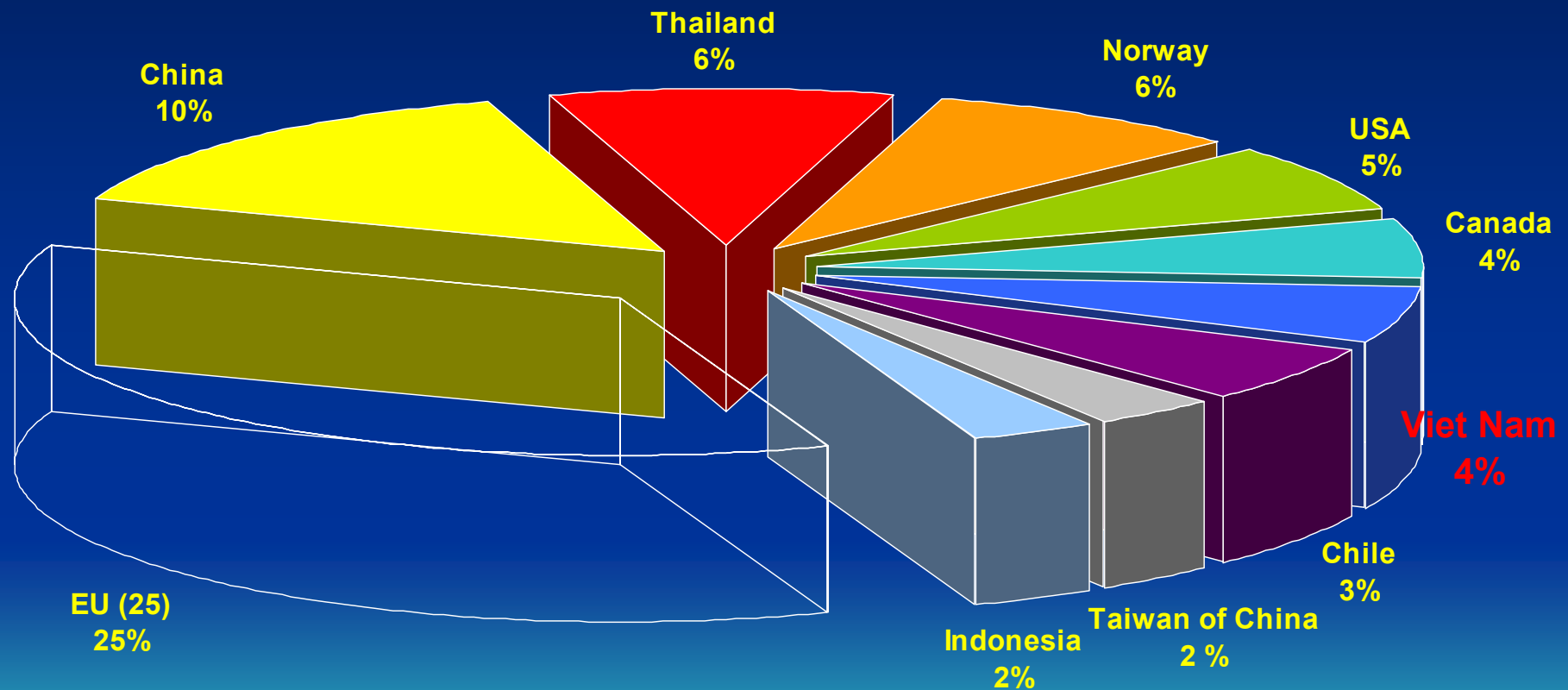
- **Seafood trade is growing faster than production**
 - Seafood trade is growing 8 - 10% a year
 - Seafood export turnover is US\$ 93 billions in 2007
- **Role of seafood import for developed nations**
 - Seafood import increased
 - Many countries heavily depend on import
 - 3 big markets took 73.5% in 2006: EU (42.7%), Japan (15.6%) and US (15.2%) of total world seafood import (US\$ 89 bill.)
- **Role of seafood export for developing countries**
 - Shares 50% of world seafood export
 - Seafood export revenues crucial for many countries
 - Provide livelihood, jobs for millions people in sector

World Fish Export Value 1976-2006

(in 1000 US\$)



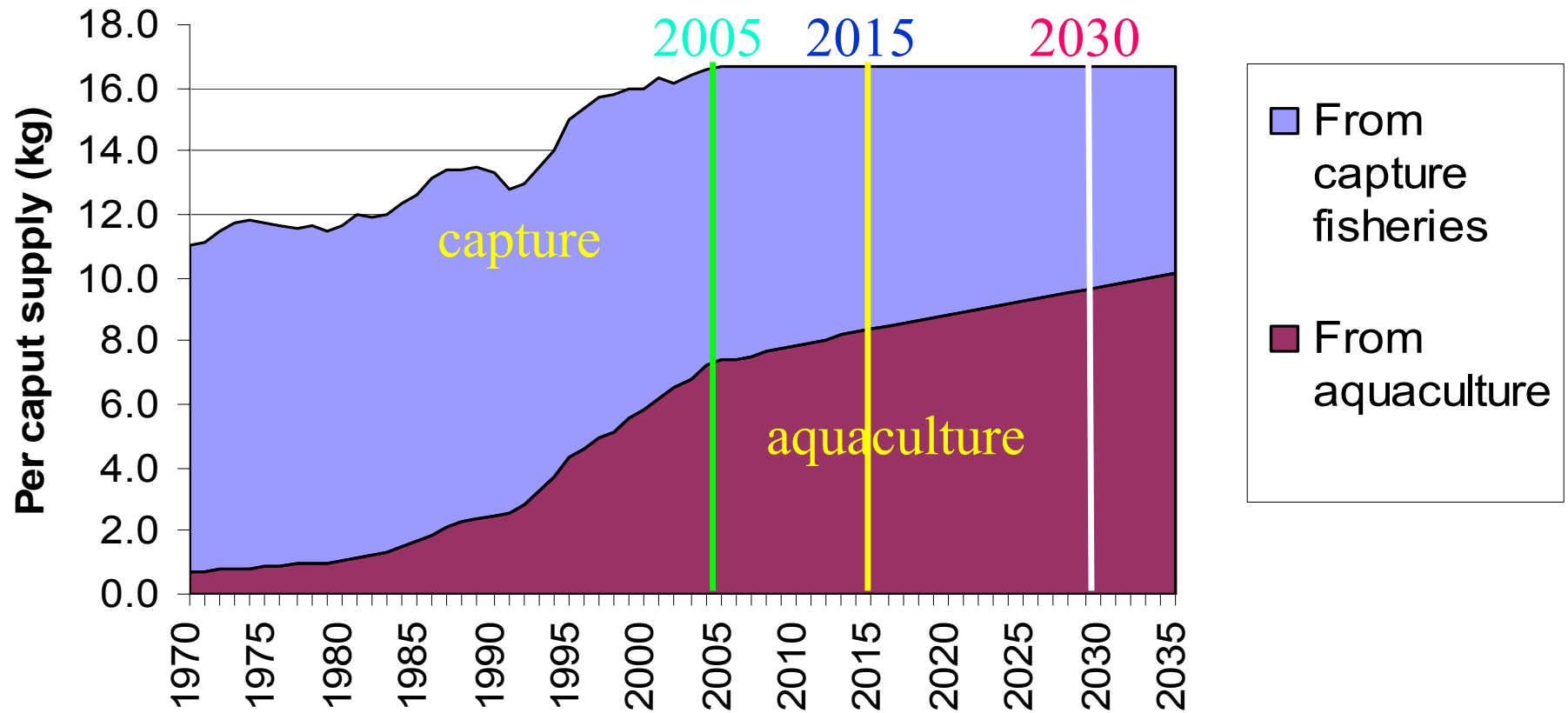
Major Seafood Exporters 2006 (in value)



Future Fish Prices Trends

- Wild caught fish prices slightly higher but not much
- Farmed fish prices will be declining
- Price cycles in commodity markets
- Profitability through product development, technological innovation and cost reduction

Aquaculture Future in Fish Demand



Sustainability Improvement

- Reduced reliance on fishmeal in feed
- Efficiency in feed formulation
- Food conversion ratio (FCR) reduced
- Containment and recycling of waste
- Increased land and water use efficiency
- Improvement to health management
- Reduction of chemical and veterinary drug use
- Domestication, genetic improvements and better biodiversity

■ **But challenges remain**



VIETNAM SEAFOOD INDUSTRY Achievements & Challenges

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Vietnam Seafood at a Glance

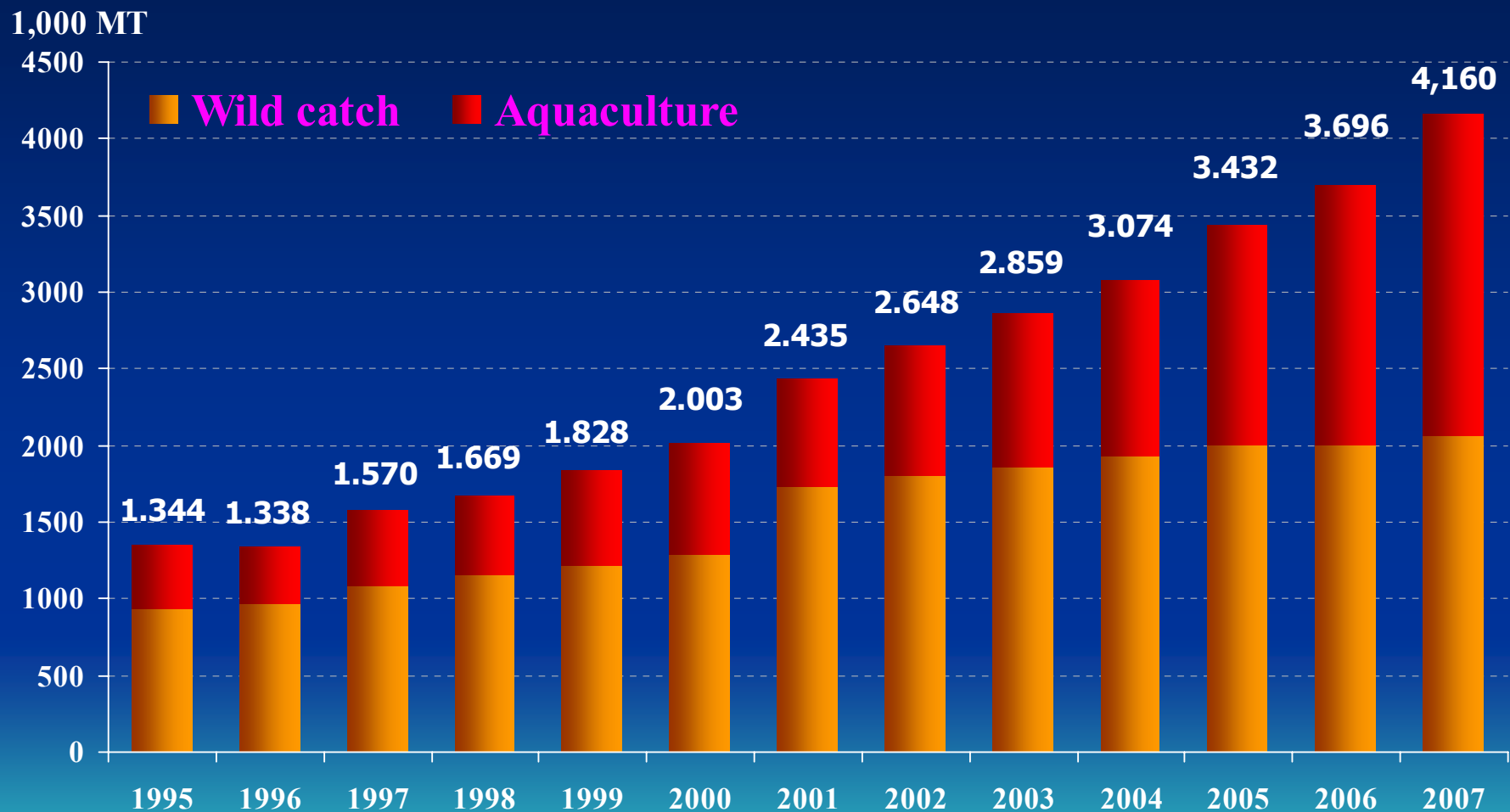
- Land area: 329,560 sq. km.
- Coast line: 3,260 km (excluding islands)
- Exclusive Economic Zones: 1 million sq. km
- Total Production of Fishery and Aquaculture (2007): 4.160 million tons
- Value of Export (2007): US\$ 3.762 billions
- Labour force: 4 millions
- Contribution of Agriculture to GDP: 23,6%
- Fishery and aquaculture is an important economic sector of the country
- Seafood is the 4th biggest national export item (after crude oil, garment and foot wear)



Vietnam in Global scale in 2007

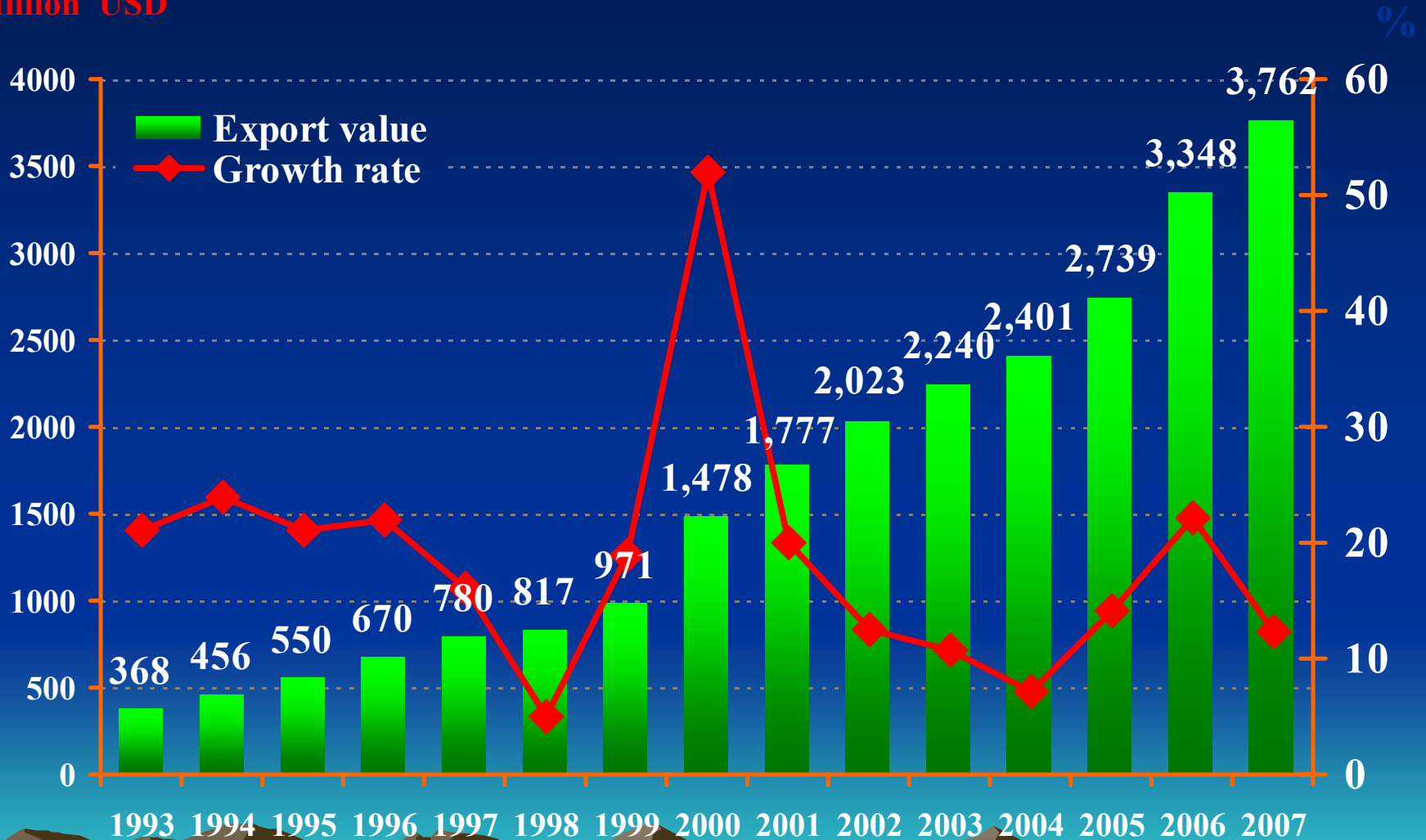
- Farmed *Pangasius* 1.0 million MT - **Nr 1 in the world**
- Aquaculture annual growth 23.9% - **Nr 1 in the world (?)**
- Export an. growth in 10 ys 19,4% - **Nr 1 in the world (?)**
- Aquaculture production 2.10 mill. MT - **Nr 3 in the world**
- Farmed shrimp 355,000 MT - **Nr 3 in the world**
- EU-coded factory 269/520 - **Nr 5 in the world (?)**
- Export revenue US\$ 3.762 billion – **Nr 5 in the world (?)**
- Export to 145 countries – **Nr 7 in the world (?)**
- Total production 4.1 mill. MT - **Nr. 9 in the world (?)**

Total Fish Production

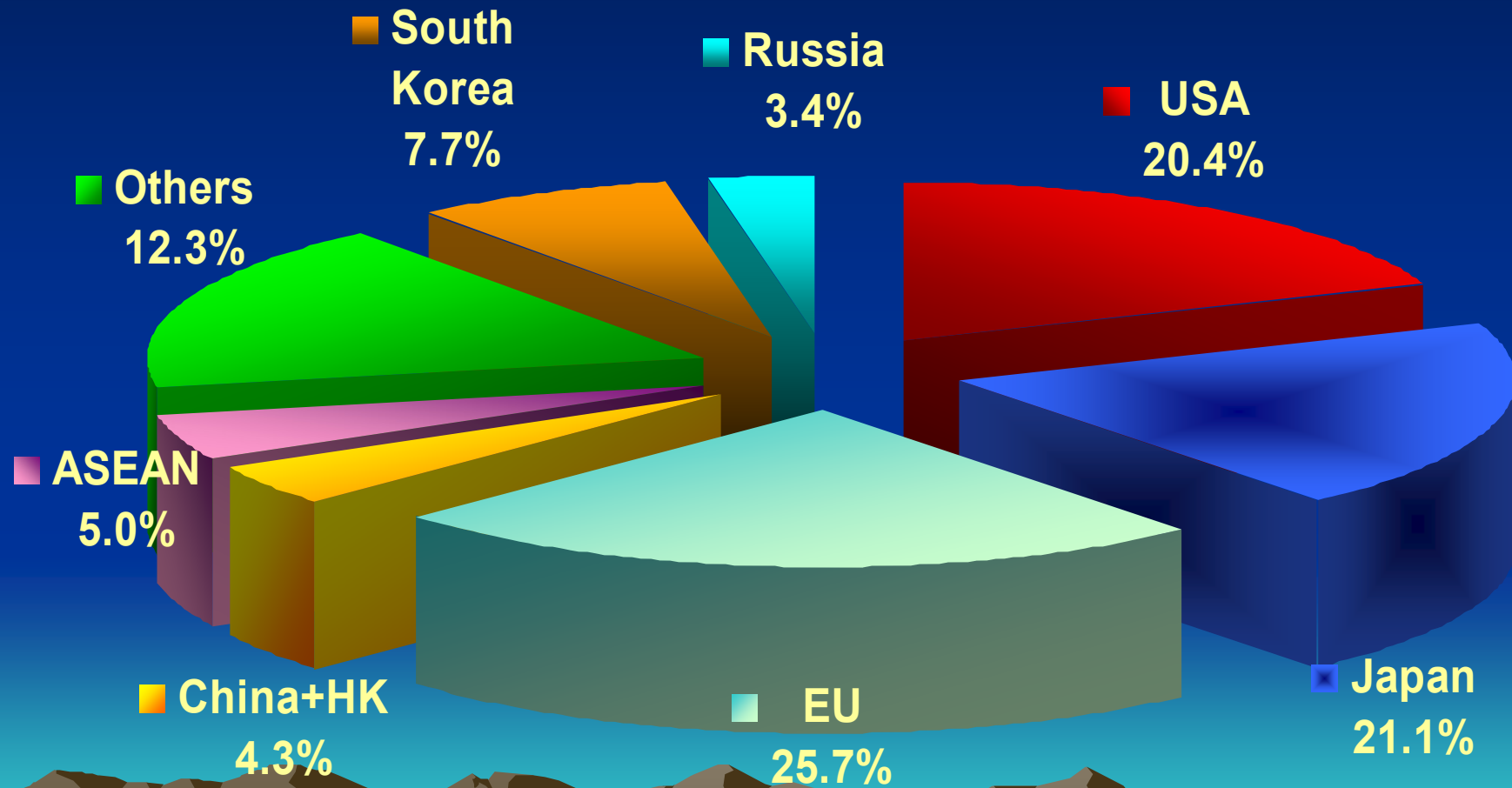


Seafood Export Value

Million USD

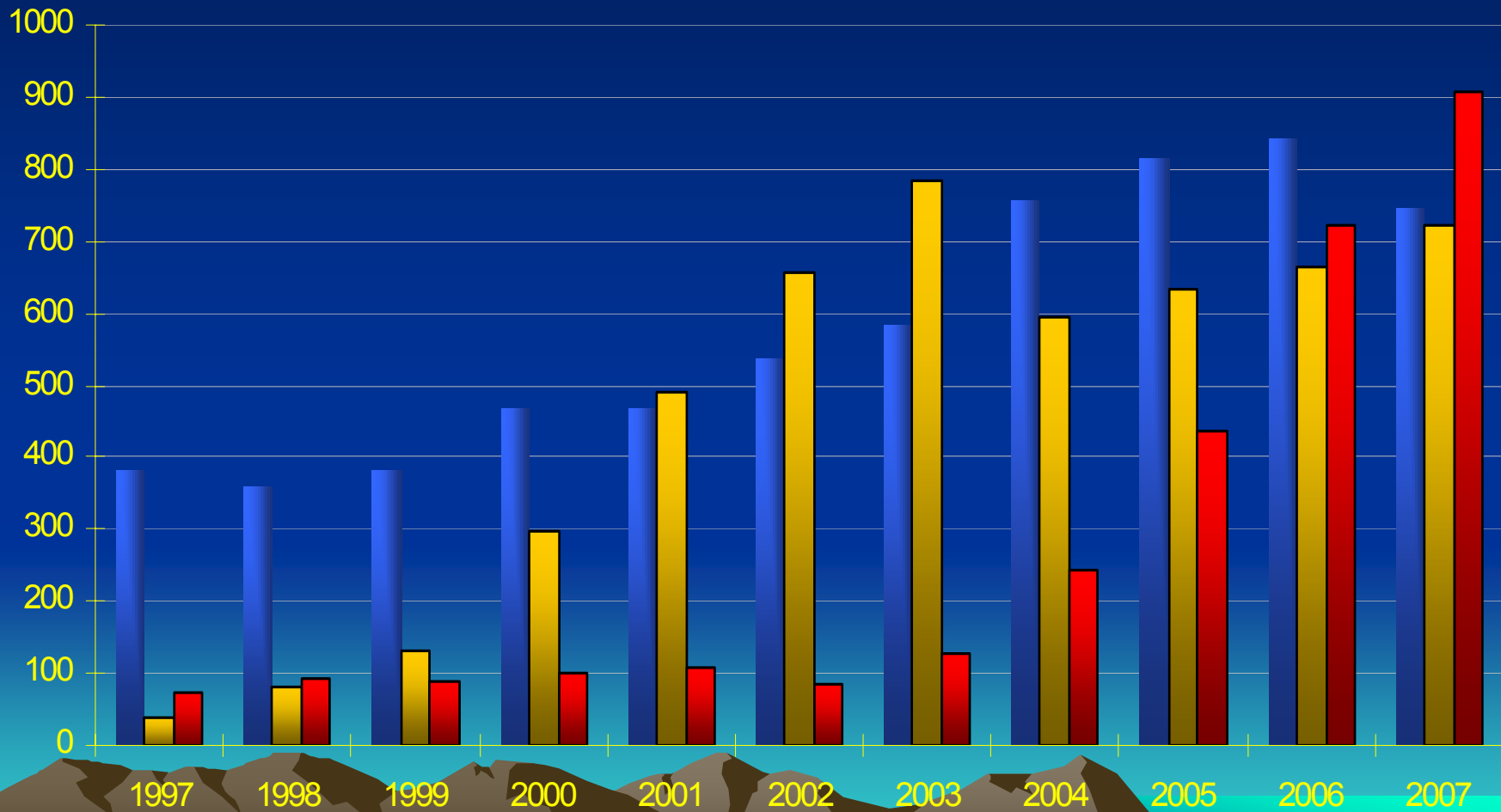


Export Markets Structure 2007 (By Value)



Export Value To 3 Main Markets (1997-2007)

Million USD



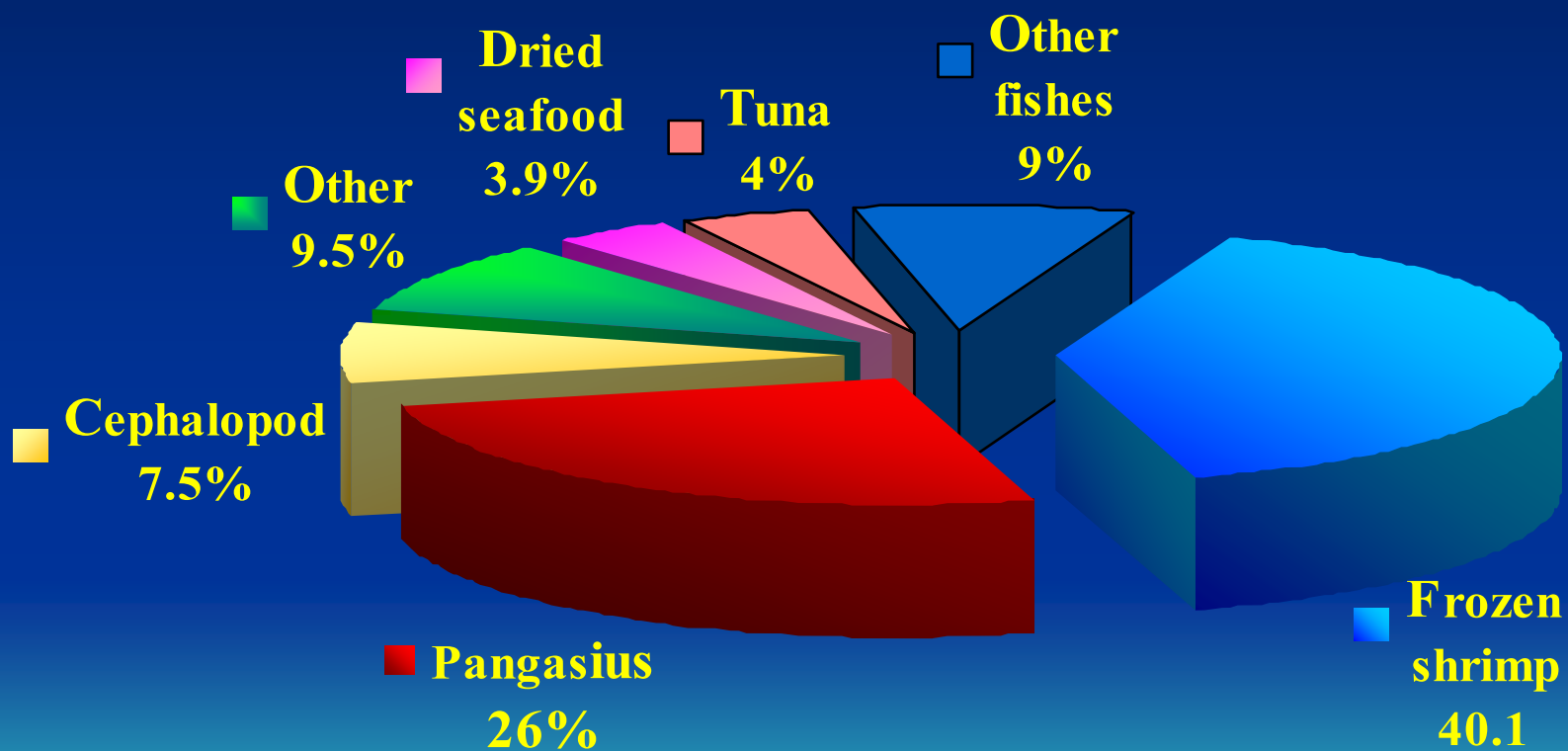
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JAPAN USA EU

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Export Products Structure 2007 (By Value)



Pangasius Success Story

In 10 years 1997-2007, Vietnam *Pangasius*:

- Farming areas increased only **8 times**, reached **9,000 ha**
- Annual commercial production of raw fish increased **45 times**, from 22,500 MT to more than **1,000,000 MT**
- Volume of exported *Pangasius* fillets jumped-up more than **55 times**, from 7,000 MT to **386,870 MT**.
- Export revenue increased **50 times**, from US\$ 19.7 mill. to **US\$ 979 mil.**
- Number of export markets increased to more than **80 countries** and territories, in all continents.

Pangasius Export, 2001-2007



YEAR 2020: THE WAY TO GO

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Context is changing

- **The environmental, economic and social landscape is changing**
- **Consumer demands:**
 - environmental sustainability
 - safety & quality of products
 - social equity and company responsibility
- **Negative environmental and social impacts increase public scrutiny and criticism to seafood production**
- **Country and industry position change**
- **Labour force's education and income change**
- **Natural resources and climate change**

Major Challenges

- **Economic sustainable growth**
- **Environmental stewardship**
- **Equitable distribution of benefits**

Sustainable development

- **International guidelines:** FAO
- **National Eco-label regulation:** example: EU Council Regulation (EC) No 834/2007 of 28 June 2007
- **National regulatory frameworks**
 - Compliance to international environmental standards
 - Solutions for small farmers and processors
 - Inadequate enforcement of law at local levels
 - Inspection and certification fees and cost
 - Investor protection and limitation

Export Development Challenges

- **Low price for famed fish trend**
- **Bigger international competition**
- **Anti-dumping cases for catfish frozen fillets and shrimp**
- **Safety assurance legislation strengthened**
- **Product quality uniformity**
- **Traceability**
- **Value-addition practices in entire value chain**
- **Distribution channels building for Vietnam seafood**
- **Branding & image building**

Aquaculture Challenges

- **Structural Change**
 - Change aquaculture from cottage to corporation
 - Change aquaculture to a dynamic, capital-intensive business
- **Knowledge-based industry**
 - Change aquaculture from an art to a science
 - Modern fish farms - intensive knowledge-based enterprise
 - Intensification and diversification of business models
- **Consolidation and vertical integration**
 - Acquisitions, alliances, contracting of supply chains
 - Cost savings and product quality improvement
 - Value addition along the whole chain forces small producers to be organized

Vietnam Development Strategy

- Sustainable & responsible development
- Environmental-friendly farming and processing
- Consolidation and vertical integration
- Technology & infrastructure modernization
- Community-based co-management
- Market diversification
- Products diversification and value-addition
- 4-Parties Strategic Alliance Set-up
- Branding & country image building

2020's High Targets

- **Total fish production over 6 mill. MT**
- **Import raw seafood for re-processing US\$ 2 bill.**
- **Export value: US\$ 8 billions**
- **Value-added products 60-70%**
- **Safety: no antibiotics, 100% farms GAP certified**
- **Trade disputes: no more anti-dumping**
- **Traceability: nationwide 100% implemented**
- **Environment and natural resources recovered**
- **Branding: Vietnam Seafood known worldwide**



**Thank You
and
See You
Again
In Vietnam!**

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