




Dynamics of markets and systematic of legislation in the EU and comparison with Vietnamese legislation (summary of study)





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This project is co-funded by the European Commission




Who are we?  
Business Areas!

Product Development and Production

International and National Consultancies

Food(-technology) and Life Sciences

Private and Governmental, Marketing and Institutional

Technology Transfer and Financial support



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## The Content for this Morning

1. Market Dynamics and expectations
2. The story of Pangasius – press, reality, and perception
3. The Vietnamese reaction
4. Driving forces of European Markets and Legislation
5. Decree 36 and most relevant issues
6. VietGAP – expectations and implementation
7. Basic EU legal requirements
8. Legislation and Marketing –

Control and Entrepreneurship









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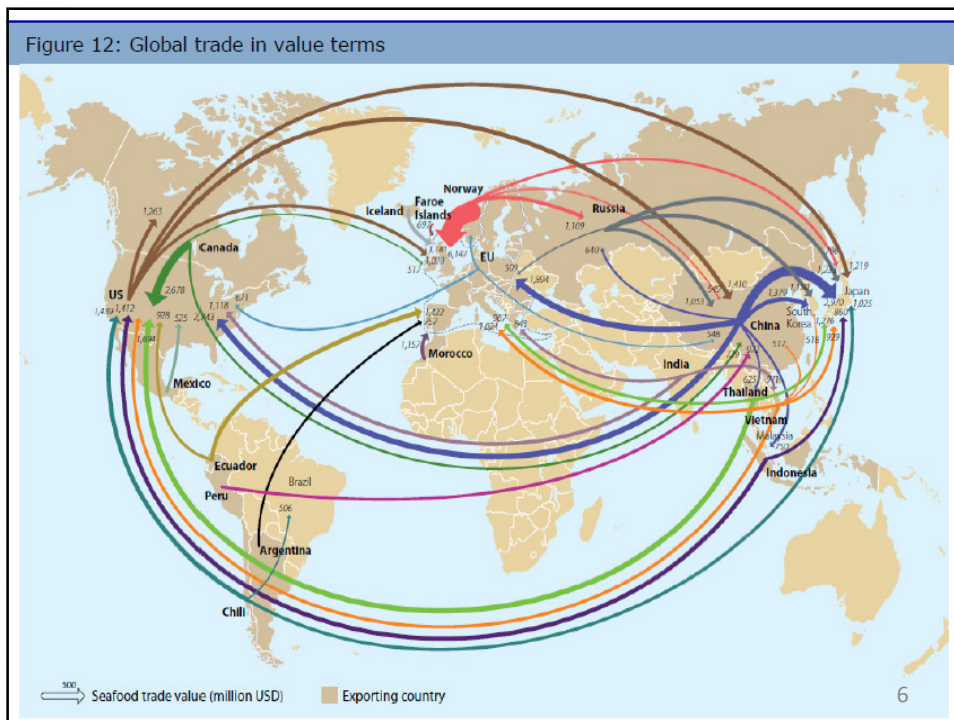
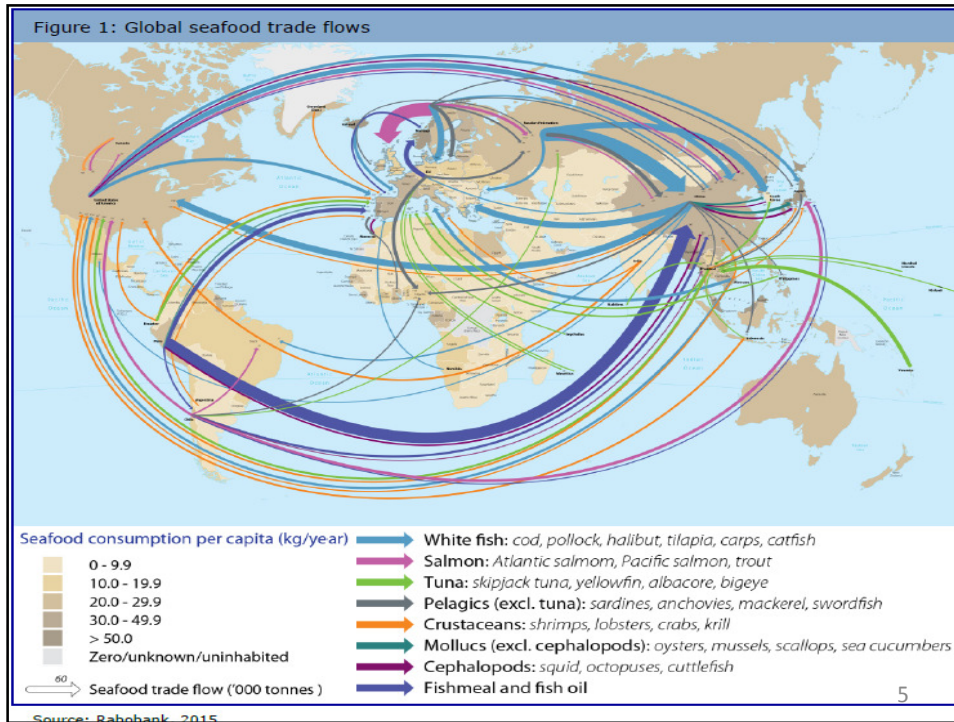
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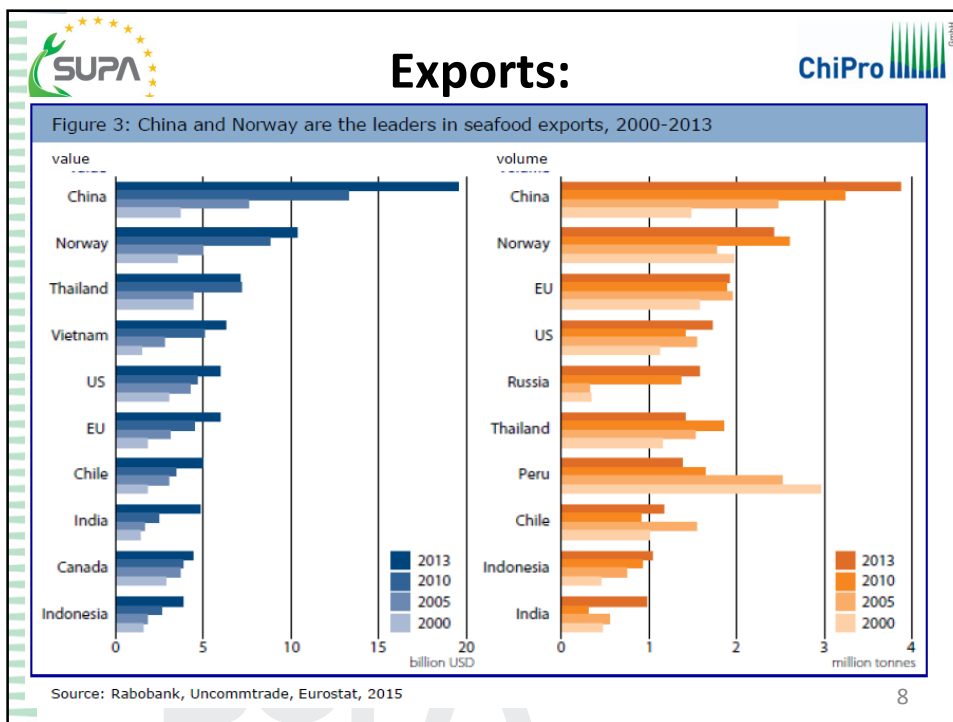
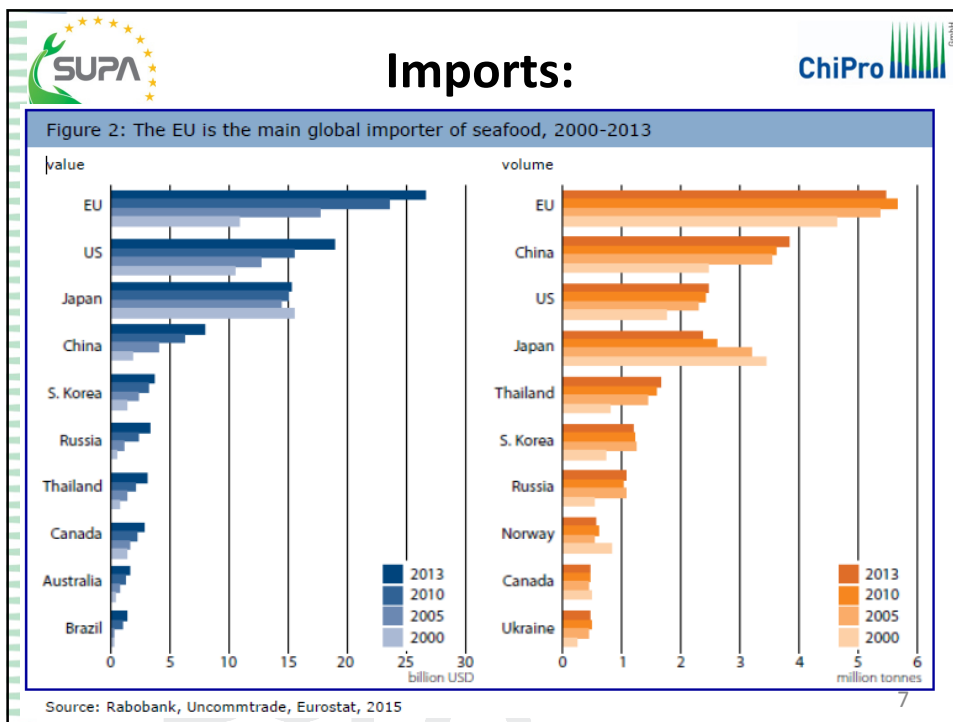
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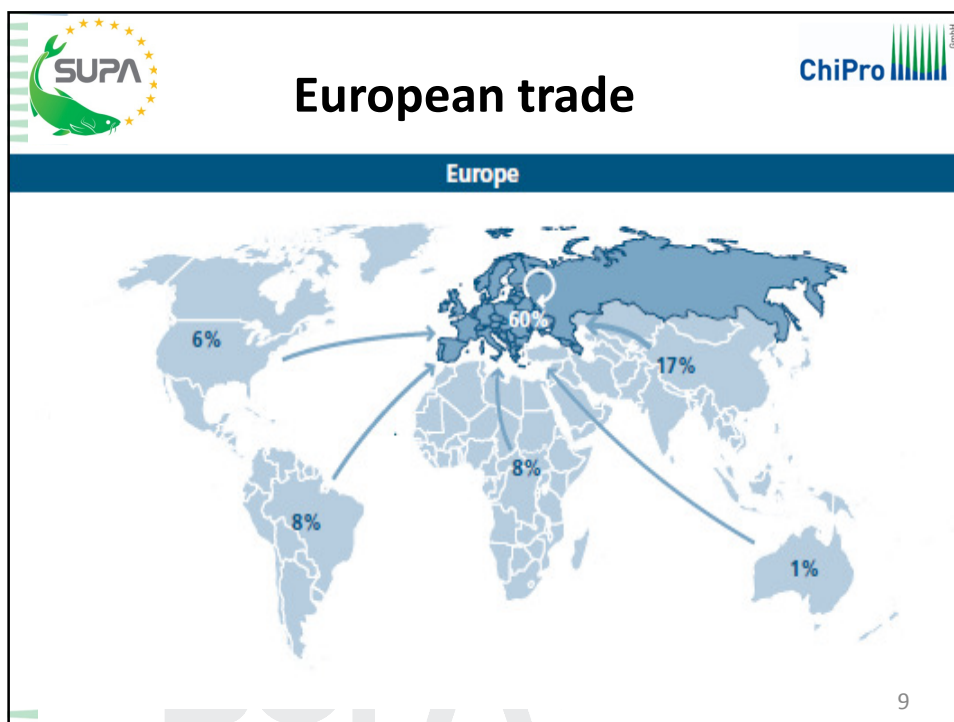












**Status of world trade**

- **GLOBAL - China is expected to remain a leading seafood exporter, with a total value of \$20 billion, and will also become an important importer of high-value seafood, according to a new World Seafood Trade Map 2015, produced by Rabobank.**
- Predictions are that Norway, India, Viet Nam, Indonesia and Ecuador will continue to further boost their aquaculture/fishery exports.
- The EU, US, Japan and China are expected to remain the biggest import markets.
- In 2013, the EU imported over \$26 billion worth of seafood, \$10 billion more than in 2005, mainly due to the increasing price of seafood, not of volume.
- The US comes in second with \$19 billion worth of imports.
- Japan, which used to be the biggest seafood importer, is now experiencing a decline in its imports due to falling consumption and increasing seafood prices, and economic difficulties.

Logos at the bottom: European Union, SUPA, VNCP, ASEP, WWF.



**FISH TO 2030: Prospects for Fisheries and Aquaculture**  
**WORLD BANK REPORT NUMBER 83177-GLB**




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**Chapter 4: IMPACT Projections to 2030 under Selected Scenarios**


- 4.1. Scenario 1: Faster Aquaculture Growth**
- 4.2. Scenario 2: Expanded Use of Fish Processing Waste in Fishmeal and Fish Oil Production**
- 4.3. Scenario 3: A Major Disease Outbreak in Shrimp Aquaculture in Asia**
- 4.4. Scenario 4: Accelerated Shift of Consumer Preferences in China**
- 4.5. Scenario 5: Improvement of Capture Fisheries Productivity**
- 4.6. Scenario 6: Impacts of Climate Change on the Productivity of Capture Fisheries**





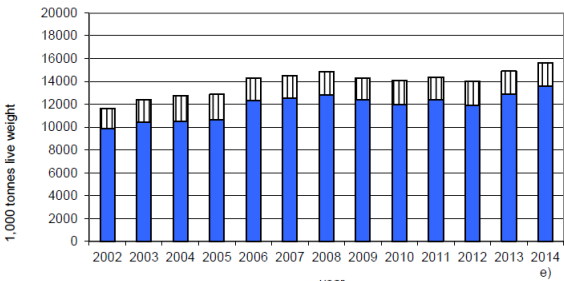



**Exports from EU stayed stable, while supply for consumption showed a slight increase**



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**Fig. 4.1 A Actual supply for consumption and export**  
(from 1997 to 2003 EU (15), 2004-2005 EU (25), from 2006 EU (27))



Source: Tab. 4.1 food balance for fish;  
e) = estimation  
Chart: AIPCE-CEP 2014

**-EU national landings of 4.98 million t modest increase of 2.3 %**

**-EU aquaculture is 1.317 million t (+63,000 t) a growth for the first time in 4**



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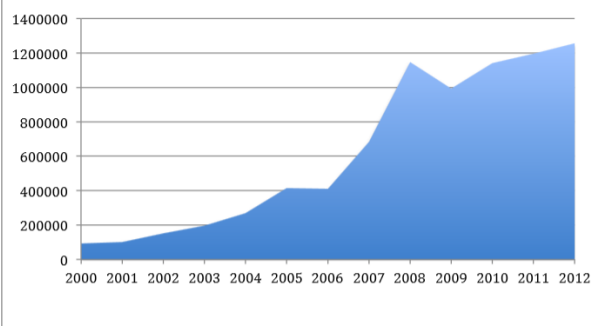
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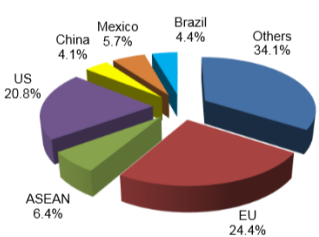



## Vietnamese Pangasius Production (mt)







Year	Tons/Year	Growth Rates %/Y
2004	300.000	
2005	400.000	33,3
2006	800.000	100
2007	1.115.000	11,5
2008	1.128.000	2
2009	1.000.000	-11

Source: Directorate of Fisheries, 2013



**An incredible growth and market development**



### 1. Background of the success story

1. characteristics of the fish	2. Catch development of other white fish Specious	3. Efficiency of Vietnam
<ul style="list-style-type: none"> <li>• White flesh</li> <li>• Easy to be deboned</li> <li>• Basically tasteless</li> <li>• Relatively inexpensive</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced catches of other white fish specious, especially Alaska Pollock</li> <li>• Previously reluctant industry and big retail accepted farmed fish</li> </ul>	<ul style="list-style-type: none"> <li>• Efficient management, good cooperation of industry, association and state</li> <li>• Strong market orientation, (proactive) listening to customer demand</li> <li>• Creative price policies</li> </ul>

**2. The picture changes** in around 2010:

- Cost rose with increased feed prices.
- White fish supplies coming into Europe again stronger from other sources.
- Pangasius supply grew stronger than markets and producers got into a price squeeze

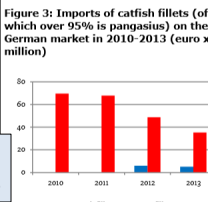
In this situation the producers opened themselves to creative suggestions from buyers regarding water inserts and glazing, jeopardizing previous quality standards. This was found out and published in the buyer's markets in combination with accusations of environmentally problematic pr...

**3. Loss of EU market shares**



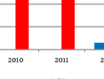

The EU is the most important market for pangasius. In 2013, imports of pangasius to the EU declined by 33% compared to 2010. Average import prices for frozen pangasius in 2013 were lower than in 2012.

**4. Losses in most relevant markets**

**Figure 3: Imports of catfish fillets (of which over 95% is pangasius) on the German market in 2010-2013 (euro x million)**



Year	Fresh Fillets	Frozen Fillets
2010	~10	~55
2011	~10	~50
2012	~5	~45
2013	~5	~35

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**Pangasius Added Water  
random checks from market –  
Not declared!**



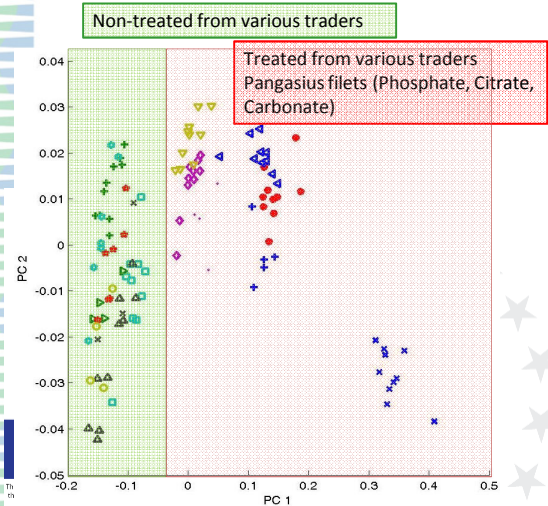
Non-treated from various traders




Treated from various traders  
Pangasius filets (Phosphate, Citrate,  
Carbonate)

**Vietnamese solution with help  
from some European buyers:**

Beating the price squeeze by:

- undeclared adding water
- under declared glazing
- less investment in infrastructure and environment





## The Press loves bad news:



**Die Pangasiuslüge - YouTube**  
<https://www.youtube.com/watch?v=0cTaVLme5i8>  
 15.09.2013 - Hochgeladen von Hilmi Lostar  
 Die Pangasiuslüge. Hilmi Lostar .... In dieser Doku geht es nicht um Pangasius, sondern um der ...  
▶ 38:01

**ARD extra Teil 1 - Die Pangasius-Lüge - Das große ...**  
<https://www.youtube.com/watch?v=YCEDsRindO4>  
 22.11.2014 - Hochgeladen von Tomasa McLin  
 EinsExtra Reportage - Die Pangasius-Lüge Samstag, 12.03.2011  
 40.000 Tonnen Pangasius landeten ...  
▶ 10:43

**(NDR) Weltbilder: Vietnam - Die Pangasius-Lüge ... - YouTube**  
<https://www.youtube.com/watch?v=ZspAQbOopu8>  
 24.03.2012 - Hochgeladen von haldeut  
 (NDR) Weltbilder: Vietnam - Die Pangasius-Lüge - Billigfisch-Produktion. haldeut .... Language ...  
▶ 7:54

**Die Pangasiuslüge - YouTube**  
[www.youtube.com/watch?v=28-5\\_RsQydM](https://www.youtube.com/watch?v=28-5_RsQydM)  
 06.05.2015 - Hochgeladen von NT-A  
 Die Pangasiuslüge. NT-A ... oder - bei der nächsten Grippe lieber Pangasius statt Antibiotika? Read more ...  
▶ 5:11



Difficult to defend because  
It contains some truth =

**Substantial image and  
market loss**

In a anyway difficult  
situation












## Vietnamese counter reaction:



- Development of new and less sensitive markets
- +
  - Initiatives in traceability and
  - Public relations campaigns/co-operations/initiatives on regional levels
  - Initiatives in the areas
    - Law enforcement/control
    - Sustainability initiatives
    - Legal orientation towards customer countries
    - VietGAP fast track and country wide reinforcement
- Fast track to FTAs with legal system adaptation



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THIS is the context of the presented study





## Tasks:




carry out a research on legal gaps between Vietnamese legislation compared to EU with a particular focus on:


- 1) Quality
- 2) Food safety
- 3) Social criteria and
- 4) Environmental criteria

On Basis:            *No. 36/2014/ND-CP*  
                           *Decision No. 130/2008/QD-BNN +*  
                           *No. 3824/QD-BNN-TCTS - VietGAP*




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# Comparability and Objective:






## Vietnam




## EU




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# Comparability and Objective:




## Vietnam




- Undisturbed market access
- and acceptance of product

## EU



- Reliable trade relation
- Acceptance of import product in the market
- Not a duel quality/safety market
- No competitiveness gap



But a big part of the discussion is beyond legislation on EU side






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## Underlying Issues for Pangasius Trade

1. Harmonization with EU
  - I. avoidance of claims
  - II. easier market access customs preferences
  - III. easier market access FTAs
2. Improving image of Pangasius
  - I. Traceability/transparence of value chain (VPA)
  - II. Water content in Filets
  - III. Glazing
3. Stakeholder per Issue
  - I. Legal – law or implementation/control
  - II. Commercial (entry or buyer requirements?)
  - III. Focus on which export market



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**Basis: WHITE PAPER ON FOOD SAFETY** ChiPro  GmbH

COMMISSION OF THE EUROPEAN COMMUNITIES

**CHAPTER 5: REGULATORY ASPECTS**

Food production is extremely complex. Products of animal and plant origin present intrinsic hazards, due to microbiological and chemical contamination.

***New legal framework for food safety***  
There is a need to create a coherent and transparent set of food safety rules.

***New legal framework for animal feed***  
The safety of food from animal origin begins with safe animal feed.

***Animal health and welfare***  
The health and welfare of food producing animals is essential for public health and consumer protection.

***Hygiene***  
A co-ordinated and holistic approach towards hygiene is an essential element of food safety.

***Contaminants and residues***  
Limits of contaminants and residues must be set and controlled.

***Additives, flavourings, packaging and irradiation***  
There is a need to up-date and complete existing Community legislation with regard to additives, flavourings, packaging and irradiation.



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**Basis: WHITE PAPER ON FOOD SAFETY** ChiPro  GmbH

COMMISSION OF THE EUROPEAN COMMUNITIES

***Emergency measures***  
The possibility for taking safeguard measures is an essential tool for managing food safety emergencies.

**Rapid Alert System**

**CHAPTER 6: CONTROLS**  
A comprehensive piece of legislation will be proposed in order to recast the different control requirements. This will take into account the general principle that all parts of the food production chain must be subject to official controls.



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## Final Culmination of the EU Regulations

**REGULATION (EU) No 1169/2011 OF THE EUROPEAN  
PARLIAMENT AND OF THE COUNCIL  
of 25 October 2011**

**REGULATION (EU) No 1379/2013 OF THE EUROPEAN PARLIAMENT  
AND OF THE COUNCIL  
of 11 December 2013  
on the common organisation of the markets in fishery and  
aquaculture products**






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## Let us inverse the viewing of the different parts of the task

- 1) Environmental criteria
- 2) Social criteria
- 3) Food safety
- 4) Quality

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## Environmental criteria

### Vietnam


**VietGAP = obligatory: 36: Art. 4/ no.5 or GlobalGAP**

**Dec. 3824: Chapter I GENERAL PROVISIONS**

1. **Scope and application subjects**
  - 1.1. *Scope:* This standard defines principles and requirements that should be applied in aquaculture
  - 1.2. *Subjects:* This standard is applicable to organizations and individuals, **both inside and outside the country**, who are participating in aquaculture .


### EU, e.g. Germany implementation:

**GlobalGAP = Voluntary**




The VietGAP standard is, besides a few questions of control, analogue to GlobalGAP – if well implemented and can be controlled, **the Viet environmental system would be superior to EU.**

Can it be controlled for all?  
Should it fail= big image damage.




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# Social criteria



## Vietnam

## EU:

<p><b>No. 36 Chapter I - GENERAL PROVISION</b>  <b>Article 1: Corrected Range</b>                  The decree is to assign on pangasius farming, processing and exporting.</p> <p><b>Article 2: Object of applying</b>  <b>Chapter II - PANGASIVS FARMING AND PROCESSING</b></p> <p><b>Article 3: Planning of Pangasius farming and processing</b>                  Planning content:                  a/ To analyze the natural conditions, <b>economic-social</b> impacts to pangasius farming, processing and consumption</p> <ul style="list-style-type: none"> <li>• And Dec. 3824 5. <b>Socio-economic aspects</b></li> <li>• <b>Principle:</b> Aquaculture must be conducted in a socially responsible manner, respecting local culture, within national rules and regulations and relevant International Labor Organization (ILO)</li> </ul>	<ul style="list-style-type: none"> <li>• General basic social and labor laws are valid independent of place and country.</li> <li>• Basic consistance with ILO, most country's individual laws go further:                      ILO agreements deal about                     <ul style="list-style-type: none"> <li>- liberty of association,</li> <li>- collective negotiation,</li> <li>- forced working,</li> <li>- employment discrimination, and</li> <li>- child labor.</li> </ul> </li> <li>• + the right and duty to go to school</li> <li>• There is a gap between North and South as well as East and West</li> </ul>
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# Food Quality



## What is quality?

Quality is basically defined by absence of hazards, whereby the safety rules are kept in place (= food safety), including safe packaging, storing and transport, also freshness not defined, it has to be fresh enough not to be a risk for human health. (How would you define freshness?)



- Tested is E.g. freshness: **Organoleptic** + TVB-N
- Congruence with
- declarations and labels

Refrozen has to be declared  
If it has influence on the  
Organoleptics!














## Legal implications??

Themes	Legal relevance in EU comparison
1) Environmental criteria	§§ further than EU (in AC)
2) Social criteria	May be issues, but also in EU
3) Food safety	§§ most relevant but SSOPs/HACCP, Traceability – enforced registration Residues and Contaminants Microbiological checks,  !handling of water in and around product needs to be adapted!
4) Quality	More a B2B than a §§ theme

Labelling issues have become very specific and need to be watched

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## Food Safety

**Vietnam:**





D36:  
Art 6



4. Besides the fulfillment of existing regulations of Vietnam and importing countries on labeling, frozen pangasius fillet should be labeled following information: net weight, glazing, name of chemical, additive and supplement used during processing.

**EU:**

**This is congruent with the EU legislative. But the EU regulation has become more precise and is under dispute because it would in its current form contradict with other regulations, EU and country laws.**





**Contradicting laws, or laws which cannot finally be defined or reinforced hinder industry and might weaken the state.**






## Food Quality

Vietnam:	EU:
<p>D36 II: Art 6/3b</p> <p><b>Glazing on exported pangasius (water ratio in gross weight) should be appropriate to the regulations of importing countries. Other circumstances, glazing ratio should not exceed 10%.</b></p>	<p>There is no fixed value in EU, only if declared 10% it should not exceed 10%!</p> <ul style="list-style-type: none"> <li>• But: <i>EU Regulation 1169/2011</i> <b>ANNEX IX NET QUANTITY DECLARATION</b></li> </ul> <p>5. ....Where the food has been glazed, the declared net weight of the food shall be exclusive of the glaze.</p> <ul style="list-style-type: none"> <li>- Whereby labeling law in this respect is still under discussion. May be 2 values ?</li> <li>- AIPC-CEP comments</li> </ul>

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## Declaration of added Water



**Added water and volatile ingredients (Annex VII Part A point 1)**

Regulation text:

Added water and volatile products shall be listed in order of their weight in the finished product. The amount of water added as an ingredient in a food shall be calculated by deducting from the total amount of the finished product the total amount of the other ingredients used. ...if it exceeds 5 % by weight of the finished product.










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## Food Quality

Vietnam:	EU:
<p>D36 II: Art 6/3b</p> <ul style="list-style-type: none"> <li>• <b>Maximum content of water in pangasius fillet should not exceed 83% net weight (the weight of defrozed pangasius fillet)</b></li> </ul>	<ul style="list-style-type: none"> <li>• Added water would need to be declared – since the label says fish!,</li> <li>• chemical agents need to be declared!!</li> </ul> <p>But water content as a basis is not definable, because</p> <ul style="list-style-type: none"> <li>• There is no defined basic standard</li> <li>• It might vary by               <ul style="list-style-type: none"> <li>– Species</li> <li>– Region</li> <li>– Feed</li> <li>– Growth state of fish</li> </ul> </li> <li>• There is no standardized detection method (free water and additives can be detected but quantification of the free water is complicated)</li> <li>• Some water is by certain consumers seen as compensation for water loss by defrosting</li> </ul>

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## Maximum content of water in pangasius fillet should not exceed 83% (86%)


Questions were asked: how much sense does the max limit make

1. Since ingredients need to be declared
2. Any water, which was added to unprocessed (due to the specification in Regulation [EC] No 853/2004) fishery products and bivalve molluscs, must be labelled.

Except it just compensates losses by cutting e.g.







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# Mandatory food information

Article 9 paragraph 1 of the Regulation  
(EU) No 1169/2011 contains the list of the mandatory particulars **2**.



f) the date of minimum durability or the 'use by' date;





g) any special storage conditions and/or conditions of use;


h) the name or business name and address of the food business operator referred to in Article 8 paragraph 1 (**new: If the food processor has its seat outside the EU, the EU importer has to be labeled as the responsible business operator.**);

i) the country of origin or place of provenance

k) Alcohol .....


l) a nutrition declaration.



# Food Quality

RASFF Portal



European Commission > RASFF Portal

Notifications list   New search   Export to... ▾

**Search result: 37 notifications**



Search criteria   **Notified from** 01/06/2014   **Notified till** 14/06/2015   **Product category** fish and fish products   **Country flagged as** Origin


**Country** Vietnam (VN)


First   Previous 100   Notifications 1 to 37 of 37   Next 100   Last

Classification	Date of case	Last change	Reference	Country	Subject	Product Category	Type
border rejection	17/10/2014	18/11/2014	2014.BQF	ES	prohibited substance nitrofuran (metabolite) nitrofurazone (SEM) (3.5 µg/kg - ppb) in frozen catfish (Pangasius spp.) from Vietnam	fish and fish products	food
border rejection	17/10/2014	22/10/2014	2014.BQH	ES	prohibited substance nitrofuran (metabolite) nitrofurazone (SEM) (>10 µg/kg - ppb) in frozen pangasius fillet (Pangasius spp.) from Vietnam	fish and fish products	food
information for attention	10/10/2014	10/10/2014	2014.1385	IT	prohibited substance nitrofuran (metabolite) nitrofurazone (SEM) (1.71 µg/kg - ppb) in frozen catfish (Pangasius spp) from Vietnam	fish and fish products	food
border rejection	08/10/2014	08/10/2014	2014.BOI	IT	prohibited substance nitrofuran (metabolite) nitrofurazone (SEM) (13.5 µg/kg - ppb) in frozen catfish filets (Pangasius spp.) from Vietnam	fish and fish products	food
border rejection	06/10/2014	07/10/2014	2014.BNW	IT	prohibited substance nitrofuran (metabolite) nitrofurazone (SEM) (>MRPL) in frozen catfish (Pangasius spp) from Vietnam	fish and fish products	food
border rejection	28/09/2014	09/10/2014	2014.BNU	NL	prohibited substance nitrofuran (metabolite) nitrofurazone (SEM) (3.4 µg/kg - ppb) in frozen catfish (Pangasius spp.) from Vietnam	fish and fish products	food
alert	26/09/2014	24/10/2014	2014.1314	DE	prohibited substance nitrofuran (metabolite) nitrofurazone (SEM) (4.9 µg/kg - ppb) in frozen pangasius filets from Vietnam	fish and fish products	food
border rejection	11/09/2014	12/09/2014	2014.BLL	ES	E 1520 - propylene glycol E 999 - extract of quillaja, E 492 - sorbitan triacetate and E 459 - beta-cyclodextrin unauthorised and unauthorised food additive monosodium aspartate in frozen surimi preparations (Gardieje spp) from Vietnam	fish and fish products	food
border rejection	10/09/2014	12/09/2014	2014.BLK	ES	prohibited substance nitrofuran (metabolite) nitrofurazone (SEM) (1.9 µg/kg - ppb) in frozen pangasius filets (Pangasius hypomelanus) from Vietnam	fish and fish products	food


**19 out of 37 alerts concern Pangasius**





## The discussion needs to consider



In spite of RASFF results, are most problems with EU related

- to legal issues or
- non-legal buyer requirements?


The laws are covering all issues, so

- are they always clear
- are they well
  - Communicated/understood
  - Controlled
  - Re-enforced

also in remote areas?

Amendments to Regulation (EC) No 1224/2009  
 Regulation (EC) No 1224/2009 is hereby amended as follows:  
 (1) in Article 57(1), the following sentences are added:  
 "  
 Member States shall undertake checks to ensure compliance. The checks may take place at all marketing stages and during transport.  
 "

**Product liability!**



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## • *Cảm ơn bạn!* • *Thank You!*



