

VIETNAMESE PANGASIOUS DOMINATES EU MARKET

History upstream

Farmer Khuu Duc Hung feels very excited since *Pangasius* (*tra*, *basa*) prices have recently gone up sharply, and show signs to rise further.

He has also increased his farm's capacity from 1,700 MT in 2005 to 2,500 MT this year. 'I am looking

The Vietnamese *Pangasius* (*tra*, *basa*) industry seemed set for a crisis when the U.S. started antidumping duties in 2003. Up to 64% tariffs were slapped on all Vietnamese exports. But the crisis never materialised as exporters simply switched their focus to the EU and other markets.

forward to this year's harvest', he said.

However, higher *Pangasius* outputs may not be an unmitigated boom since, for the last few years, the market has been staggering from one crisis to another because of a volatility in supply. The boom and bust cycle has been happening at an alarming frequency for the Vietnamese *Pangasius* industry.

Before 2000 *Pangasius* farming was mostly on a family scale, meant for the local market. When

the U.S. evinced interest in buying the fish, capacity exploded.

A lot of *Pangasius* was exported to the U.S. until, the antidumping suit was filed and the US Commerce Department ordered duties in 2003. Vietnamese farmers and processors again cut capacities.

A year later the EU began to

import *Pangasius* but the farmers could not supply enough. This again set off a frenzy to expand capacity. Warnings that the demand-supply position was stable and any expansion could upset everyone's applecart were ignored.

The warnings came true and there was a glut. For nearly eight months last year *tra* and *basa* dropped sharply.

'We try to keep capacity stable. That's good for both processors and farmers. However, farmers

BY HOANG NAM



Pangasius farming rafts run by Cataco

don't listen to warnings from authorities. They do as they please', said Nguyen Van Thanh, Vice Director of the southern An Giang Province's Agriculture and Rural Development Department.

Khuu Duc Hung was lucky to get advance warning from a major export company - for whom he was a long-time supplier - that prices were set to crash. He bailed out in time.

But earlier, three years ago, he faced bankruptcy when the anti-dumping lawsuit threatened to wipe out farmers like him.

At that time, more than 75% of the *Pangasius* produced in An



Processing *Pangasius* for export in Anvifish

Giang province, the Mekong Delta's *Pangasius* hub, had been exported to the U.S.

'There was no hope since I sold all my output to Nam Viet company which exported mostly to the U.S.', Hung recalled. 'But it was amazing. Vietnamese *Pangasius* found new markets and the crisis was averted'.

Soaring EU market

Fillet and other products made from *tra* and *basa* by Nam Viet and other Vietnamese processors are now popular in the EU.

'The EU has now become our main destination', Doan Toi, Director of major *Pangasius* exporter, Nam Viet company, said.

Nam Viet, in fact, now exports

80% of its output to the EU and Toi was hopeful things would get even better 'The avian influenza spread is likely to create a huge opportunity for exporting *tra* and *basa*'.

Thanh, the An Giang Province official, said, 'The decision to target the EU was an inspired one for the industry. It brought a new lease of life for farmers, exporters and even the authorities'.

Banks provides credit

'Selling our produce is the most important factor for us', farmer Hung said. 'For this we are mostly dependent on export companies'.

Since beginning to farm *Pangasius* in 2000, Hung has been a member of an association made of over 200 farmers, all of whom sell their crop to Nam Viet. 'This co-operation both helps us feel secure and assures a steady supply of *Pangasius* to processors', Hung said.

The company has tied up with the province's Agriculture and Rural Development Bank to provide credit to the association members. Farmers who sign contracts to supply fish to Nam Viet get credit equivalent to 70% of their working capital. The company also buys the farmers' entire output.

Following the antidumping lawsuit the relationship between the company and farmers has only become closer.

To meet the strict EU hygiene and food safety requirements, the company has set up another association for farmers raising "clean and safe" *Pangasius*. 25 of the largest *Pangasius* farmers with total production of 70,000-90,000 MT per year were selected to farm fish in line with American Safe Quality Food (SQF) 1000^{CM} standards.

Farmers were provided the know-how by Nam Viet experts



and the Agriculture and Rural Development Department. The company also signed contracts with certified companies to provide quality fish fingerlings and feed. The company plans to help more farmers improve their farming systems to reach international standards.

Bright prospects

Thanh concurred with Toi saying 'Bird flu will push up demand for Vietnamese *Pangasius* soon'. To prepare for the anticipated boom, An Giang authorities have drawn up long-term plans to develop *Pangasius* farming. A new canal measuring 40 km will be dug through paddle fields, parallel to the Mekong river. A 40-sq.km area in it will be earmarked for farming *Pangasius*.

The total cost of digging the canal, building roads along it, bridges, and installing electricity is expected to be VND 200 billion (US\$12.5 million).

'The project will help An Giang switch from rice to *Pangasius* farming', Thanh said.

For Hung, 2,500 MT of *Pangasius* per crop is only a starting point. 'I have trust in the future of *Pangasius*. They hold bright prospects for me and many other farmers', he said. 