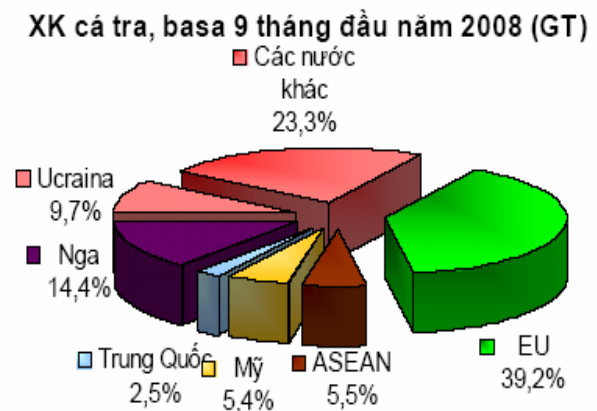
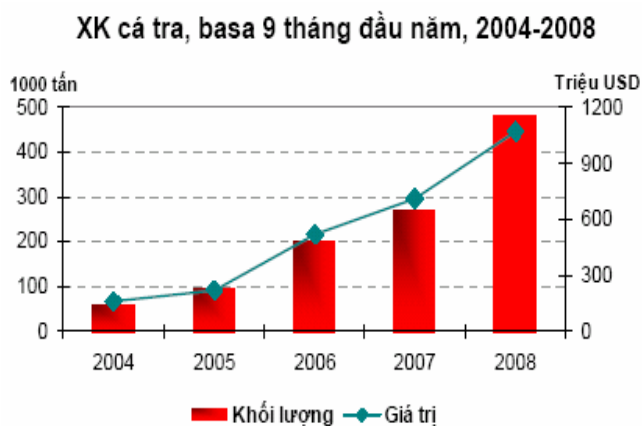


Pangasius in An Giang

OVERVIEW

About 833,500 tons of pangasius were harvested in 2007 while the ministry set the target for farmed pangasius production at 1.25 million tons for the year 2010. Pangasius export in 2008 reached more than USD 1.4 billion, representing one third of all Vietnamese seafood exports.

Viet Nam's pangasius has been sold in 117 countries and territories in the world. The major markets include the European Union, which represents 39.3% of Viet Nam's export value, Russia (17.7%), Ukraine (10.4%) and the US (5.2%).



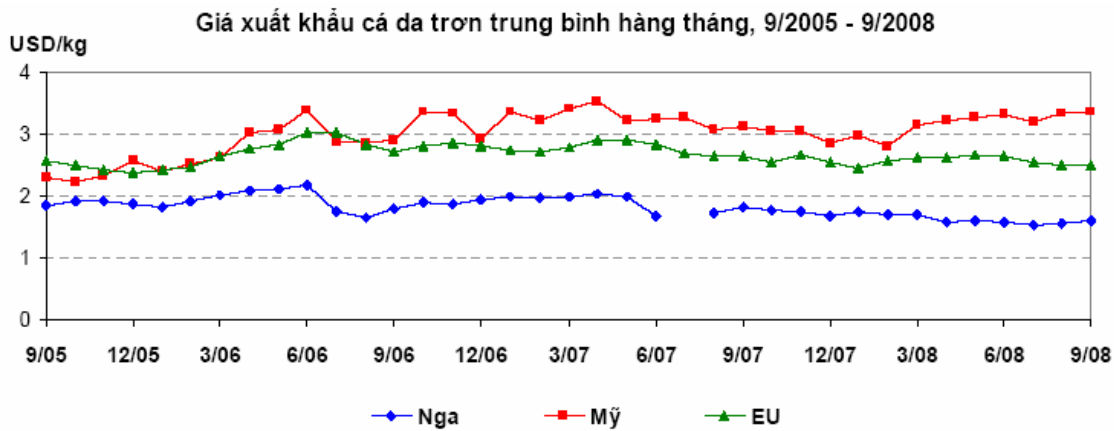
Source: VASEP Pangasius export over the years

Within Viet Nam, An Giang is the largest pangasius-producing province, accounting for about 30% of the total pangasius export value (above USD 400 million). The province has 1,185 ha of pangasius farms involving almost 13,000 farmer households.

In recent years, the export markets have been more demanding regarding the quality of food products and food safety and have applied more stringent controls. Certification in aquaculture is a trend, which addresses the topics of product quality and environmental and socioeconomic sustainability.

In An Giang, different farming practices and standards are followed like Naturland Organic, SQF 1000 or private ones such as AquaGAP. This is to satisfy the quality requirements of export markets such as the US and European Union. Of the 13,000 farmer households, 41 are SQF certified with about 60,000 tons a year on 200 ha. 6,000 tons of organic pangasius were harvested in 2008 from 43 ha of two farms. There are 21 processing plants in the province with a capacity of 329,600 tons of raw material a year. All of the plants comply with international codes like HACCP, ISO 9001:2000 and HALAL. Two plants have been granted SQF 2000 certificates by an SGS Certification Company. Over 60 different products originating from pangasius are processed at these plants.

There has been a high demand for white fish replacing other protein sources like chicken, due to the spread of avian flu and consumers preferring aquaculture products to overexploited ocean fish. Price fluctuations, particularly in 2005, kept farmers from expanding their farming area, thus contributing to skyrocketing prices. While the average price of farmed pangasius in 2006 was between VND 13,000 and 15,500 per kg, it increased to VND 18,000 per kg at the end of March 2007 and dropped to between VND 13,000 and 16,000 per kg in 2008.



The demand and the consequent high price have triggered many challenges for the sector. Huge investments were made in farming as well as processing facilities. While this development is seen as a positive sign for the province's local economic development, it created serious environmental pollution problems for An Giang. Experts have long alerted the producers, processors and local authorities about the damaging effects of the pangasius industry, while the province still did not have a master plan to cope with the sector's rapid growth.

Furthermore, farmers and processors have not yet reached that level of awareness to seriously care about the negative environmental impact of their operations. Overuse of antibiotics and chemicals in farming and processing, and the use of low quality fish feed resulting in a significant Feed Conversion Ratio (1.71 for manufactured feed and 2.45 for home made feed), have all contributed to the pollution and overexploitation of the environment. Besides these, overcapacity in processing - or undersupply of raw material - and the continued fear of consumers about product safety, together with environmental concerns have constituted major challenges for the sector.



SMEDP's INTERVENTIONS

The GTZ-SME Development Programme supports the pangasius sector in An Giang with the main purpose of (1) expanding the success of the niche product of organic pangasius to the conventional market, (2) improving the management, linkages and service provision in the pangasius sector to benefit all stakeholders and the environment (3) promoting the implementation of international aquaculture standards to increase product quality and ensuring environmental and socioeconomic sustainability.

The project is composed of the two following intervention areas:

1. Strengthening the capacity of governmental organisations and local technical service providers

Training of trainers: Local partners, such as the Department of Fisheries, freelance consultants, companies, and farmers were trained in GLOBALGAP (EurepGap) for aquaculture. These 'trainers' are expected to disseminate knowledge and raise awareness among farmers, broadening the project's scope.

Training for the Department of Fisheries and Aquaculture Extension Centers on disease diagnosis and control in pangasius farming and water quality management for intensive pangasius culture. With this knowledge and practical skills, the participants can manage well in measuring water quality parameters and waste, as well as disease management in catfish farming to ensure sustainability of intensive pangasius culture.

Study tours to learn good farming models, clean farming methods, implementation of good practices and advanced techniques.

Training on the value chain approach applying GTZ Value Links methodology to strengthen capacities of chain stakeholders and facilitators for further chain upgrading and up scaling of the value chain approach.

2. International Aquaculture Standard development and application.

Standard development. The GTZ-SME Programme coordinated a group of pangasius experts in collaboration with FoodPlus (a German company specialising in certification in agriculture and aquaculture) to establish GLOBALGAP standards for this species.

Trial audits against the EurepGap standards. The GTZ-SME Programme supported FoodPlus to conduct trial audits at farm level. This was done to ensure that the standards developed are applicable and to check if any further improvements are needed to finalise the GLOBALGAP pangasius sub-scope, and facilitate future GLOBALGAP standard implementation on farms.

The official pangasius standard is expected to be issued in the first quarter of 2009, and official certification will only be possible afterwards. Here, the GTZ-SME Programme has cooperated with a local inspection company to build up their capacity to become the first certification body for GLOBALGAP standards in Viet Nam.

Implementing GLOBALGAP standards. Application of GLOBALGAP standard at three pilot farms, including hatchery, nursery, and grow-out farms to transfer knowledge on quality management requirements and provide the necessary practical experience to the staff of the Department of Fisheries and farmers.

IMPACT AND SUSTAINABILITY

The main impacts achieved are:

- **Improved fish quality & safer production conditions by implementing international standards.** The EU and USA have been the largest importing markets of pangasius from Viet Nam. Therefore meeting international standards required by big retailers who are members of GLOBALGAP, helps to retain and expand these markets.
- **Local governmental organisations and technical service providers** are able to provide better services to farmers in diagnosing and controlling diseases, water quality management, hygiene practices and setting up an international quality management system.
- **Outreach to more farmers in the province and the Mekong Delta.** The availability of local consultants and auditors who are well trained and ready to offer the services, will considerably reduce the costs of GLOBALGAP implementation and certification, thus helping farmers and processing plants to enhance their competitiveness in the world markets. This will encourage more farmers in the province and the whole Mekong Delta to implement good aquaculture practices and international standards.
- **Value chain upgrading.** With the value chain approach, there is provision of better technical and support services, better linkages between stakeholders, transactions costs are reduced and product quality is improved. Stakeholders will communicate with each other more efficiently and transparently, hence they will share both the sector's risks and profits.

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