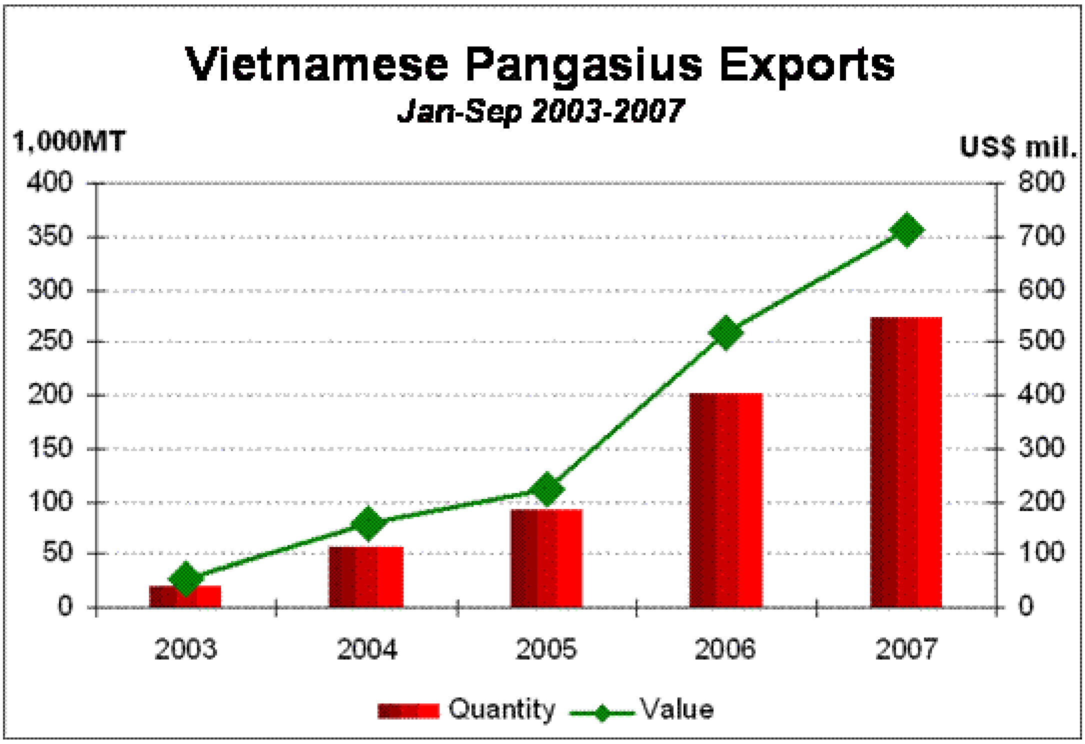
Pangasius Market Report - November 2007

PANGASIUS EXPORTS MAINTAINS STRONG GROWTH

Export trends
According to Vietnamese customs statistics, the country exported 272 700 MT of pangasius (tra, basa) valued at US$710 million during the first nine months of 2007. This amount was almost equivalent to total exports for 2006. A high growth rate in exports (37 percent in value and 35 percent in volume) has been maintained this year.



Stricter regulations on hygiene and food safety set by the authorities in Russia - the second largest importer of Vietnamese pangasius - have been the 'price' which the Vietnamese seafood industry has paid for the rapid growth of trade to this market. One result has been the reduction of pangasius exports to Russia. By the end of September this year, exports fell by 1 percent in volume and 2 percent in value.

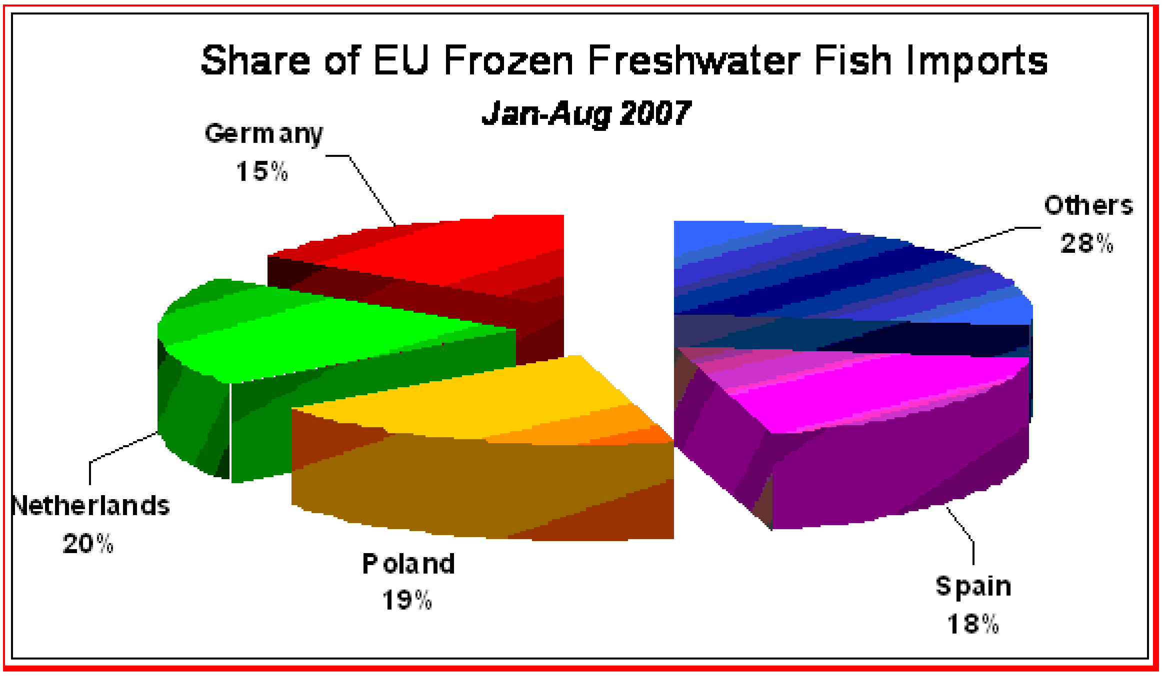
Vietnam: Pangasius Exports by Market
Jan-Sep 2007

	2007		Change (%)	
	'000 MT	US$ mil.	Volume	Value
EU	125.7	348.1	42	42
Russia	27.8	54.1	-1	-2
ASEAN	25.2	58.4	17	27
Ukraine	17	29.5	222	194
U.S.A.	16.3	52.8	-4	7
China	13.8	30.1	7	14
Others	46.9	136.6	60	62
Total	**272.7**	**709.6**	**35**	**37**

Vietnamese pangasius exporters seemed to rapidly deal with fluctuations in the Russian market. Statistics show a reorientation of exports with sales to the Ukraine increasing by 222 percent in volume and 194 percent in value. The disparity between growth rates of volume and value suggests a drop in average export prices for the Ukraine which contrasts with the trend for other key destinations.

The EU market for frozen freshwater fish fillets

The EU market remained the largest destination for Vietnamese pangasius. In the first nine months of 2007, exports to the EU amounted to 125,700 MT, valued at US$348.1 million, an increase of 42 percent in both volume and value, with more than 70 percent (volume and value) going to four key markets: Spain, Poland, the Netherlands and Germany. These countries were also the top four importing markets in the EU for frozen fillets of freshwater fish. Vietnam has remained the largest supplier of this category to EU markets.



Among EU markets for imported frozen freshwater fish fillets, the Netherlands ranked first with 20 percent. In fact, the four key markets referred to above represent more than 70 percent of total EU imports. It should be noted that, according to Vietnamese statistics, the average unit price of Vietnamese pangasius products increased in most EU markets this year while EU statistics show different results.

Two reasons contributed to this disparity. One was that Vietnamese exports reflect a switch to higher dollar priced frozen fillets. Secondly, the strong appreciation of the euro against the U.S. dollar over the past year has meant a negative effect on average unit values expressed in euros, as reported in EU statistics.

The Netherlands

Dutch Imports of Frozen Freshwater Fish Fillets Jan-Aug

	2006	2007	2006	2007	2006	2007
	Metric tonnes		Share (%)		Euro/kg	
Vietnam	12,048	20,761	76	81	2.39	2.32
Tanzania	432	720	8	3	3.45	3.26
Germany	1,214	1,145	3	4	5.65	5.58
China	263	707	2	3	3.03	2.46
Russia	65	704		3	5.75	6.49
Others	1,736	1,476	11	6	3.84	3.68
Total	**15,757**	**25,513**	**100**	**100**	**2.75**	**2.65**

Vietnam accounts for the largest share in Dutch imports of frozen freshwater fish fillets. Vietnam’s volume share increased from 75 percent over the January-August period 2006 to 81 percent for the same period this year following growth of 72 percent.
However, the average unit price fell from €2.39 per kilo to €2.32 per kilo.
Most suppliers from third countries outside EU followed this downward trend, especially China with a sharp reduction from €3.03 per kilo to €2.46 per kilo.

Spain

Vietnam and Tanzania continue to be the largest suppliers to the Spanish market for frozen freshwater fish fillets. Vietnam maintained its dominant share which increased from 83 percent during the January-August period last year to 87 percent for the same period this year.

Spanish Imports of Frozen Freshwater Fish Fillets Jan-Aug						
	2006	2007	2006	2007	2006	2007
	Metric tonnes		Share (%)		Euro/kg	
Vietnam	13,685	20,508	83	87	2.42	2.29
Tanzania	1,641	1,939	10	8	3.68	3.57
Netherlands	790	529	5	2	3.3	3.4
Portugal	92	227	1	1	2.98	2.66
Uganda	142	158	1	1	3.76	3.65
Others	223	150	1	1	2.64	2.83
Total	**16,572**	**23,511**	**100**	**100**	**2.61**	**2.44**

Unit value figures suggest that Vietnam has significant price advantages in the Spanish market in particular and in the EU in general. The average unit value for Spanish imports of Vietnamese product in 2006 was €2.42 per kilo and down to €2.29 per kilo in 2007, well below the €3.68 per kilo in 2006 and €3.57 per kilo in 2007 for Tanzanian products.

Poland

Among EU markets, Poland is the main destination for Vietnamese pangasius. After this country joined the EU, seafood trade between it and Vietnam, especially in frozen freshwater fish fillets, has seen a strong growth.

Polish Imports of Frozen Freshwater Fish Fillets Jan-Aug						
	2006	2007	2006	2007	2006	2007
	Metric tonnes		Share (%)		Euro/kg	
Vietnam	14,262	22,094	89	91	2.11	1.89
China	165	1028	1	4	2.58	2.01
Russia	135	342	1	1	4.54	4.85
Netherlands	363	261	2	1	2.47	3.84
Kazakhstan	128	197	1	1	4.46	5.99
Lithuania	225	130	1	1	4.85	7.77
Others	706	293	4	1	3.22	3.69
Total	**15,984**	**24,345**	**100**	**100**	**2.25**	**2.04**

With 22,000 MT of frozen freshwater fish fillets imported into Poland during the January-August period this year, Vietnam confirmed its position as the largest supplier in this product category. China was in second position with just 1,650 MT but with a very strong growth rate of up to 523 percent in volume terms.

In contrast to products supplied by either EU member countries, such as Germany and the Netherlands, or African countries, the average unit value for Chinese products was not much higher than that of Vietnamese products (€2.01 per kilo compared with €1.89 per kilo respectively). In fact, a rapid decline in Chinese unit values is evident between 2006 and 2007 took place, from €2.58 per kilo down to €2.01 per kilo.

Outlook

Strongly increased supplies from Vietnam and China have put pressures on other suppliers of frozen freshwater fish fillets to EU markets. The average unit price for this category of product has decreased from €2.93 per kilo to €2.80 per kilo and the downward trend is expected to continue.
Advantages regarding natural conditions and labour costs basically help Vietnamese pangasius to be more competitive in terms of price in most export markets. However, due to similarities in natural conditions and products, it is expected that China will provide more competitive pressure for Vietnam’s seafood exporters in the future.

With continued depreciation of the U.S. dollar against the euro, the increasing purchasing power of European currencies makes the EU one of the most attractive markets with further potential for Vietnamese freshwater fish products.

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