

Vietnam pangasius exporters look to Latin America, Asia, over depressed EU market

With the EU market still slow to purchase Vietnamese pangasius – even in the run-up to Christmas and the end of year – exporters in the producer nation are focused on sales to the US, Latin America and Asia.

This was according to Trinh Tuyen, sales executive with Hung Hau, one of the largest processors and exporters of the whitefish in Vietnam.

“Pangasius production is up at this time, to meet the increasing demand for raw material for high season,” she told *Undercurrent News*. “But the EU market is still depressed, despite this being the perfect time to make purchases for end of year sales. We see no sign of recovery in this market.”

From an EU perspective, “it is very much business as usual”, said Frans Zeeman, purchase manager with Dutch importer Seafood Connection.

“Business is going well. Prices are still low, the market is stable and there are no big expectations for changes with Christmas in front of us. The exchange rate has also been stable for a period now,” he said.

But business as usual for Vietnam’s exporters means continued low sales.

“The EU is not a promising market now,” confirmed Trinh. “We’ve changed to Latin American and Asian markets – Thailand, Singapore, the Philippines, etc.”

“We have focused on those markets in this year, and we are sure it will continue in 2016; not only Hung Hau but also other pangasius exporters in Vietnam are doing this.”

The exceptions are those firms which can supply to the US market, she added – good business at the moment, with the US a strong market but only supplied by a limited number of exporters.

Slow year for the EU

Over the summer *Undercurrent* reported that the [weak euro was keeping the European pangasius market slow](#), with importers buying only what they needed to keep inventories ticking over.

Prices in Vietnam were decreasing cent by cent, while processors were crying out for new orders, Zeeman said in June. Levels out of Ho Chi Minh City were steady at between \$2.45 and \$2.65 per kilogram for 100% net weight product, he said, with factories “just offering in between these levels” over the summer.

By mid September this was down to \$2.30- 2.40/ kg, Trinh said.

“We think bad currencies [unfavorable exchange rates] are one of the main reasons for 2015 being so slow to the EU,” she said. “However, more than that, it is because of the change in strategy of importers. They are really not interested in this product.

The competition is so hard, and they were not earning much profit from this product, so they changed to higher value products.”

Of the EU markets, only the [UK has been good for sales this year](#). For the period from January to June 15, UK pangasius imports were up 43% year-on-year, according to the Vietnam Association of Seafood Exporters and Producers.

This trend had continued into the second half of the year, Trinh confirmed.

Speaking at [Vietfish late in August 2015](#), she explained that Vietnamese companies were anxiously waiting to see how new rules on product glazing affect sales to Europe.

The law, which will stipulate the maximum amount of glazing allowed on frozen pangasius products, is expected to bump up import prices by \$1.

“We are worried, because at the moment European markets buy pangasius as a good value fish,” a sales executive with the company told *Undercurrent*. “The cost to import this same level of quality fish will go up, and if that happens, we might see customers buy Alaska pollock or tilapia instead, as better value.”

Stronger US market

While Hung Hau is not one of the exporters able to sell to the US, it is seeing those that are able benefiting from strong demand and increased exports this year, added Trinh.

Despite this, Don Kelley – procurement manager with Washington importer Western Edge Seafood – told *Undercurrent* late in September that he believed the market was at a low point.

“It has been weak since springtime, but I don’t see a lot to drive it up yet besides Lent demand,” he said. “The euro and ruble are still weak against the US dollar, and the Vietnam dong is also low. Fishmeal inputs have fallen in price too; nothing stays low forever so if we see an increase, it may just be a ‘bounce’ off of the bottom.”

However, for 2015 volumes of pangasius, or swai, through Kelley’s company are up, he said.

Comparing 2015 volumes with 2014 can be misleading, as there was a rush on sales towards the end of last year with exporters trying to shift quantities before the expected anti-dumping ruling came in (something which in the end was delayed a year anyway).

Then, after that period, early 2015 production was then down as a result. Considering this, Kelley believes consumption in the US has remained stable.

He did add that if there had been a change in consumption this year, it was likely down to two factors: one, a stronger 2015 production of domestic catfish after a poor 2014, and two, tilapia from China is “down from the 2014 high market substantially”.

Source : http://www.undercurrentnews.com/2015/10/05/vietnam-pangasius-exporters-look-to-latin-america-asia-over-depressed-eu-market/?utm_source=Undercurrent+News+Alerts&utm_campaign=4e34142986-Aquaculture_roundup_Oct_05_2015&utm_medium=email&utm_term=0_feb55e2e23-4e34142986-92423501