Exporting pangasius to Europe

Pangasius is one of the most farmed fish in the world, but especially in 2017 the EU import value of pangasius has decreased incredibly. The EU import value decreased from €331 million in 2013 to €245 million in 2017; a loss of more than 25%. All major markets imported less pangasius, with the exception of the UK. The two most important reasons for the general decline are the negative perception of the product among certain buyers and consumers, and the competition with other white fish species, most importantly Alaska pollock and in some markets also cod.

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1. Product description

The scientific name for pangasius is *Pangasius hypophthalmus.* In Vietnam, pangasius is mostly referred to as *basa.* In most European countries, Pangasius is the common name, and often the name *Panga* is used. In the United Kingdom, *basa* and *(Vietnamese) river cobbler* are also used to market pangasius.

The HS codes referred to in this product fact sheet are given below. Pangasius fillets belong to the broader product group of fish fillets (HS 0304). Since 2012, whole fresh/chilled catfish (HS 0302) and whole frozen catfish (HS 0303) have also been reported as separate HS codes that include pangasius. represents over 95% of the trade volume and value included in the HS codes for catfish fillets.

In Europe, pangasius competes with a variety of other white fish species. In northern Europe (countries such as the Netherlands, Germany, Belgium, the UK), Alaska pollock, cod and different flatfish species are the main competitors of pangasius. In southern Europe (countries such as Spain, France, Portugal, Italy), apart from these species, species such as hake and Nile perch also are substitutes for pangasius. When “pangasius” is referred to in this survey, this concerns the following Harmonised System codes, unless stated otherwise:

- 030272 - Fresh or chilled catfish
- 030324 - Frozen catfish
- 030432 - Fresh, chilled fillets catfish
- 030462 - Frozen fillets catfish

This section provides you with basic information about specifications for fishery and aquaculture products in the EU. Important legislation is the recently renewed Common Organisation of the Market, which contains the rules of the organisation of the market for fishery and aquaculture products in the EU. Legislation about how to inform EU consumers about fishery and aquaculture products is also relevant to you. Below, you can find more specific information about the labelling, packaging, and processing of pangasius for the European market.

Labelling

The contents of labelling must be provided in the language of the country your products are exported to. When fishery and aquaculture products are imported into the EU, the following information must be provided on the label or the package of the fishery product, or by means of a commercial document accompanying the goods:

- Name of the product: The commercial and scientific name of the species. Member States publish a list of the commercial and scientific names accepted in their territory for this purpose;
- Production method: In the case of pangasius, it must be mentioned that it is a cultured product;
- Origin: The country of production of pangasius has to be mentioned on the label;
- Presentation: There must be a mention of how the product is processed (for frozen products: whole fish or fillets; for fresh products: gutted, with or without head, filleted, thawed, other);
- Net weight: The net weight must be stated on pre-packed products;
- Date of minimum durability: Consisting of day, month, and year, in that order and preceded by the words "best before" or "best before end" or the "use by" date;
- EU seller: The name or business name and address of the manufacturer, packager or seller established in the EU;
- EU approval: The package must contain an EU approval number and a lot number;
- Nutrition: Ingredients and nutrition must be mentioned.

Each EU member state has a competent authority that is responsible for the implementation of EU regulation with respect to labelling.

Packaging

Packaging requirements differ widely between customers and market segments. It is crucial that you discuss your customers' preferred packaging requirements with them. Some general characteristics are:

- Frozen pangasius imported by wholesalers for further distribution to smaller traders or food service companies are mostly delivered in 10 x 1 kg bags packed in master cartons. Smaller bags are sometimes requested for smaller size fillets;
- Frozen pangasius fillets for further distribution to retail are mostly imported in polybags ranging from 500g to 1 kg. Smaller volumes are also distributed skin-packed and sold at a lower price. Frozen pangasius fillets that go directly to retail are most of the time already packed in Vietnam and are imported in consumer packages;
- In retail, fresh pangasius is sometimes sold over the counter, but most of the time the product is sold defrosted for self-service in a tray and plastic filter. In this case, the product is re-packed by EU processing companies;
- Each EU Member State has appointed a competent authority that is responsible for (labelling and) packaging.

Tip:

Find out on the EU Export Helpdesk website who the competent authorities for each EU Member State are.

Processing and colour

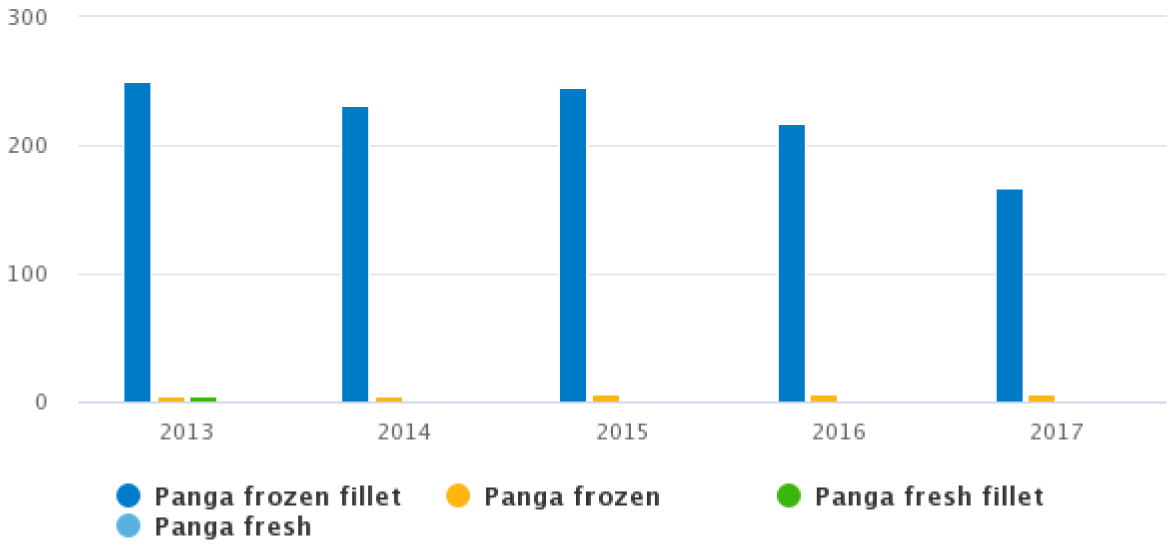
- Colour: In general, white or sometimes light pink fillets are preferred in the EU. Pink is not the preference;
- Preferred processing: In all EU markets, pangasius is mainly sold as trimmed fillets. Most value-adding activities are done by EU processors;
- Glazing: Recently, the Vietnamese Ministry of Agriculture and Rural Development (MARD) has issued a limit the glazing to 10%. Glazing rates have to be declared;
- Tumbling to increase water content is allowed but limited, if it is declared. However, it is often unwanted by buyers and consumers in Europe. In the decree mentioned above, the water content of frozen pangasius is set at a maximum of 83%.

2. Which European markets offer opportunities for exporters of pangasius?

This section provides you with more detailed statistics in relation to the trade and consumption of pangasius in Europe. Although a few more countries produce pangasius nowadays, virtually all pangasius imported into Europe comes from Vietnam.

Figure 1: EU imports of catfish (Pangasius) from outside the EU 2013-2017

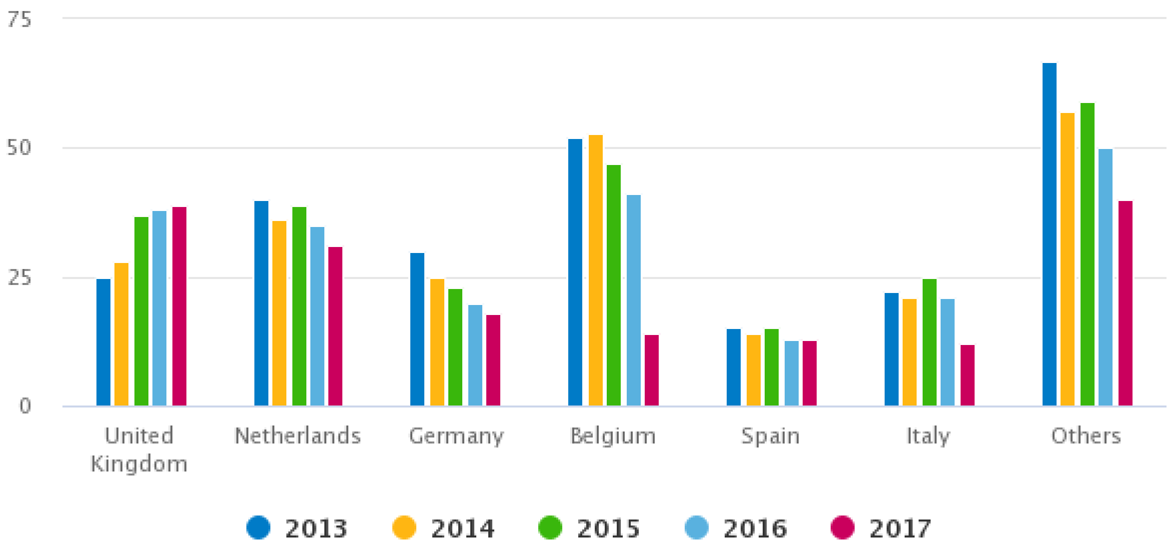
in € million



Source: Trademap 2018

Figure 2: EU imports of frozen catfish fillets (Pangasius) from outside the EU 2013-2017

in € million



Source: Trademap 2018

The total import value of pangasius into Europe decreased from €331 million in 2013 to €245 million in 2017; a loss of more than 25%. In the same period, the import volume also declined, even more than the import value with 42%. All major markets imported less pangasius, with the exception of the UK. The two most important reasons for the general decline are the negative perception of the product among certain buyers and consumers, and the competition with other white fish species, most importantly Alaska Pollack and in some markets also cod.

In 2017, €207 million frozen pangasius fillets were imported. This is considerably more than the other pangasius products, which are fresh pangasius fillets (€19 million), whole frozen pangasius (€11 million) and whole fresh pangasius (€7 million). The EU imports of whole frozen pangasius have increased in the last years from €8 million in 2013 to €11 million in 2017, while the imports of other pangasius products decreased. In addition, fresh pangasius products (whole and fillet) are mainly intra EU imports instead of imports from outside the EU.

The import price of frozen pangasius fillets has shown an upward trend in recent years. Starting at €1.76/kg in 2013, it increased to an average level of €2.20/kg in 2017. This price increase is due to the strong demand of pangasius in some non-European markets, for example China, and a scarcity of raw material, which is caused by a lack of fingerlings available for farming. It is predicted that this price increase will continue. Import prices per country vary from €1.12/kg in Czech Republic to almost €3.00/kg in the United Kingdom and Denmark.

While exports to the European market and the United States have declined in the past few years, Vietnamese exporters are increasingly supplying other markets. Exports to the US are expected to decline even further as the US has set high anti-dumping rates in the beginning of 2018 against Vietnamese pangasius exporters. It is therefore not beneficial for US importers to import pangasius from Vietnam, as the anti-dumping rates set by the US are very high, which results in very high pangasius import prices.

In 2017, Latin America and Asia accounted for almost 50% of the global pangasius imports. Latin America was the largest pangasius importing continent, comprising about 26% of the global pangasius imports with Brazil and Mexico being the largest within the region. China and Hong Kong faced an enormous increase of 42% on pangasius imports, resulting in an import value of approximately €300 million in 2017. It is expected that the Vietnamese pangasius exporters will continue to diversify their exports and search for other markets besides Europe.

Tips:

- Discuss with your buyers if there is a potential market for other products than frozen pangasius fillets. Although frozen pangasius fillets dominate the market, there might be opportunities to sell other product types to certain market niches.
- Offer full transparency as a pangasius exporter with regard to added water and glazing, as requested in the latest EU legislation. This will certainly help to regain consumers’ trust in the product!
- Identify potentially interesting new markets with the help of VASEP, which provides up-to-date trade statistics about the export of pangasius and other seafood.

Re-exports

Exports of pangasius in Europe are virtually all re-exports of pangasius originally imported from Vietnam. Several countries re-export pangasius to other countries in Europe. Germany and Poland, for instance, are important suppliers to countries in central and eastern Europe without large ports. In 2017, €45 million of frozen pangasius fillets were re-exported within Europe. This is a slight decline in comparison to 2013 and was caused by 1) the general decline in pangasius imports to Europe and 2) low growth in direct exports to destination markets in Europe. The main re-exporting countries of pangasius in 2017 were the Netherlands (€31 million), Belgium (€14 million), and Germany (€8 million).

Tip:

Visit the websites of Anova Seafood, and Marine Harvest, as they are important re-exporters of pangasius in Europe.

Production

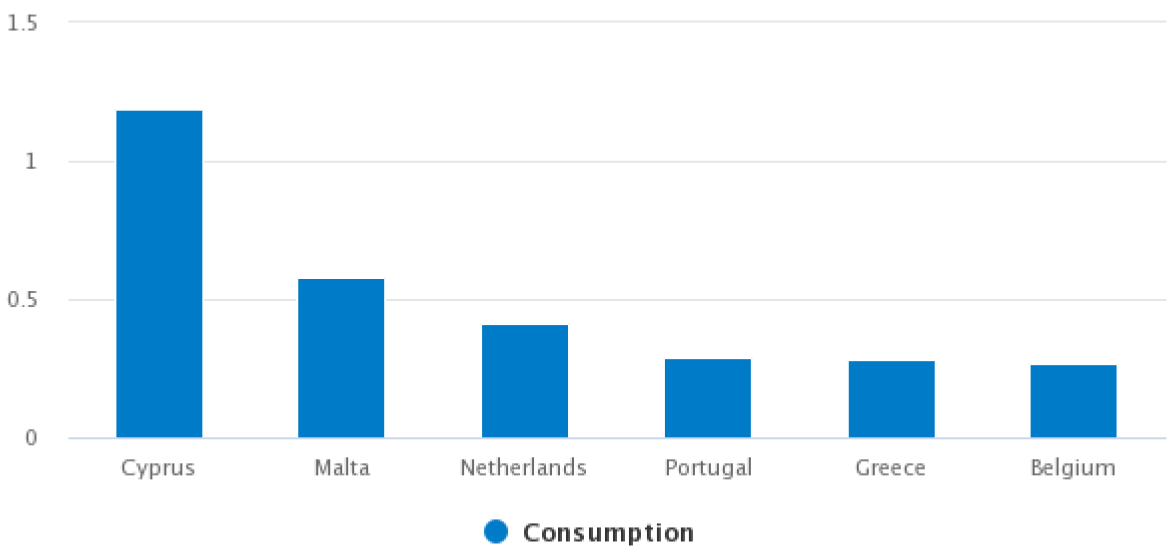
Vietnam is the main producer of pangasius worldwide. Since 2013, Vietnamese production for the European market has been declining from approximately 1.5 million tons in 2013 to 0.79 million tons in 2017. During the last years, Vietnam has faced competition from neighbouring countries and South-East Asian countries (especially Indonesia). These countries are stepping up pangasius production for local and export markets. Indonesian production has slightly increased in the last years from approximately 6.7 thousand tons in 2013 to 7.4 in 2017. In contrast, Thai production declined with more than 75% between 2013 and 2017.

Consumption

The average consumption of pangasius per capita in 2017 in Europe is shown in Figure 3.

Figure 3: Apparent consumption of Pangasius per capita in Europe 2017

kilogram, by country



Source: Eurostat Prodcom 2018

Cyprus leads in terms of pangasius consumption per capita, followed by Malta and the Netherlands. In 2013, the Netherlands was the leading country with 0,86 kilograms per capita but this decreased by more than 50% to 0.40 kg in 2017.

Tip:

Visit the EUMOFA website to find information about the European seafood market (e.g. information about the consumption of seafood in different European countries).

3. What trends offer opportunities on the European market for pangasius?

CBI trends for frozen white fish provides you with general trends in the European frozen white fish market. This section provides more details about specific trends for the market position of pangasius in Europe.

Importance of sustainability certification is increasing

Sustainability certification for pangasius is becoming increasingly important, as consumers are more and more conscious of sustainability issues related to fisheries and aquaculture. As a result, sustainability certification is expected to become a market access requirement throughout Northern and Western Europe.

ASC certification has become the main sustainability certification scheme for pangasius (see also here). In 2018, approximately 50 pangasius producers, including the major companies, are ASC-certified. In countries such as the Netherlands and Germany, where ASC has been introduced, the certification scheme has already become a buyer requirement for large retail and food service companies. Supermarkets are the driving force behind this demand for certified fish. For example, 99% of the pangasius and tilapia Dutch supermarkets offer is sustainably produced.

Although sustainability certification in general is more important in northern Europe, some retailers in southern Europe also see ASC certification as an opportunity to promote good practices and to improve the image of the product. For gaining or maintaining access to large retailers and food service companies in northern Europe, providing ASC certification has become a necessity.

Tips:

Contact the Dutch Sustainable Trade Initiative if you are interested in becoming ASC-accredited. They help exporters in moving towards ASC certification by providing them with technical and financial services.

Focus on southern and eastern Europe if you are not yet able to supply certified products. Buyers there have not yet made sustainability a common market access requirement.

Negative market perception

In recent years, there have been several campaigns in different European countries that have harmed the image of pangasius among consumers in Europe. Although serious improvements in the market perception of pangasius have been made, the image of the product can be further improved. Consumers and NGOs (non-governmental organisations) have to be convinced about the sustainability of pangasius and examples of best practises and farming must be widely communicated. ASC certification may contribute to a more positive perception of pangasius in the European market.

Tips:

Visit the ASC website, where you can find information about the ASC standard for pangasius, and the different steps and requirements in the certification process.

Contact the Dutch Sustainable Trade Initiative if you are interested in becoming ASC-accredited. They support exporters in moving towards ASC certification by providing them with technical and financial services.

Continuing value-adding opportunities for pangasius

In supermarkets in Europe, there is a growing supply of convenience and ready-to-eat products. Most of the pangasius in Europe is imported as frozen fillets, and value adding is done by processing companies in Europe. The product specifications of pangasius, a thick fillet and neutral taste, make it suitable as an ingredient for convenience and ready-made products, and thus for value-addition.

Tip:

Discuss with your clients for which countries and market segments there are opportunities for value-adding activities.

Increasing demand for more natural food

European consumers are increasingly choosing more natural food selections, which are products with less or no additives and minimal processing. European buyers and the Vietnamese exporters are therefore increasingly aware of issues related to tempering pangasius with phosphates and increasing water content through tumbling and soaking. Consider not to use these techniques to sell your products at a lower price, but rather go for the untreated natural pangasius option.

Tips:

Note that there is a requirement of a transparent label in accordance with EU regulations No. 1169/2011 and No. 1379/2013.

Discuss with your buyers, which levels of tempering and soaking are acceptable, and commit to not using higher levels as agreed.

Serve the increasing number of consumers that only want to buy the untreated natural pangasius.

Competition in the European white fish market

In Europe, pangasius competes with other white fish species, such as tilapia and Alaska pollock. The most important substitutes for pangasius, however, differ throughout Europe. In countries like Germany and Poland, Alaska pollock is the main competitor of pangasius, while in the UK consumers prefer haddock and cod, species often used for the traditional fish and chips. In countries in southern Europe, hake, Alaska pollock, and other white fish species compete with pangasius. As a supplier of pangasius, be aware of these differences in the European market.

Tips:

Review the annual white fish report from the European Fish Processors Association (AIPCE) for more information about the main competing species in European white fish market and the market position of pangasius.

Visit Globefish to find market and price reports with information about trends and developments in the European white fish market. Up-to-date market information is important to keep you informed about the European white fish market.

Increasing emphasis on fish production in the European Union

There is an increasing emphasis on fish production in the European Union, which might pose a competitive (including price) threat. The European Commission underlines that the European Union should be less dependent on the import of fish from outside Europe. Examples of fish species produced in Europe are sea bass and sea bream. In 2017 the European Commission launched two further initiatives of €14 million to enhance Europe's aquaculture industry, PerformFISH and MedAID.

In the short term, these initiatives are not likely to increase production significantly. But in the long run they may be successful and reduce the demand for certain spices from outside Europe, particularly pangasius. For more information, see our study about competition on the European frozen white fish market.

Tip:

Communicate with your business support organisation and make sure they work together with the appropriate government department. They must keep track of the European regulations and develop a public-private strategy for compliance with European regulations. Public-private cooperation is a key factor for success in developing a strong position in the European Union.

Rising prices for pangasius

Prices for pangasius have increased to the highest in years. This is partly the consequence of a shortage in fingerlings, which could last into 2019. Another reason is the high demand from China, which is more than offsetting the declining import of pangasius in Europe. China is expected to keep its strong interest in pangasius. Therefore, due to the tight supply and high demand from China, the prices for pangasius are not expected to decrease in the short term.

Lower European import of Vietnamese pangasius

Europe is still one of the largest markets for the Vietnamese export of pangasius. In recent years, demand has been under pressure, which is illustrated by the declining import of pangasius in Europe. In 2017 the European imports of frozen pangasius from Vietnam declined further, which was mainly due to the multinational food retailer Carrefour's decision to stop selling pangasius in Spain, France, and Belgium.

While the import of Vietnamese pangasius in Europe has declined, the import of Indonesian pangasius in Europe has shown growth during the last years. Because of the low volumes from other countries, it is too early to say that pangasius from other countries than Vietnam will not face the same challenges in the European market. Last but not least, the declining import of consumption of pangasius follows CBI's previous forecast of 2014 that a growing economy and consumer spending power in Europe would translate into lower consumption of relatively cheap fish, such as pangasius.

4. What requirements should pangasius comply with to be allowed on the European market?

Requirements can be divided into: (1) musts, which are legal requirements you must meet in order to enter the market and (2) common and additional requirements that buyers may request.

You can find a general overview of the EU buyer requirements for fish and seafood on the Market Intelligence Platform of CBI including many tips for how to get more details or how to meet these requirements. A summary of the requirements follows below, including some specific details for pangasius.

Legal requirements

These are the legal requirements for the import of pangasius into the EU:

- Approved country and establishment: Your country must be on the list of EU-approved countries in order for you to export fish to the EU market.
- Traceability rules: It means that the label has to offer precise information on its harvesting and production. It applies to all unprocessed and some processed seafood, whether it is pre-packed or not. Find out here which processed seafood this applies for.
- Catch certificate to combat illegal fishing: To combat illegal fishing, (wild caught) fish imported or transhipped in the EU must be accompanied by a catch certificate.
- Health certificate: The fishery products you export to the EU must be accompanied by a health certificate.
- Hygiene above all: There is a list of requirements that fishery products must meet, but to sum up many of these are related to hygiene. The implementation of HACCP is one of the measures you need to take, but the general hygiene of your establishment must also be good and is of key importance to potential buyers.
- Contaminants – restricted and tested: Contaminants that may end up in the food product as a result of various stages in the process or environmental contamination, are restricted by EU legislation. Fish destined for the EU market is generally tested before shipped, sometimes in the buyer’s own lab, sometimes in recognised (independent) labs, in order to prevent costly border rejections.
- Microbiological contamination: just like contaminants, microbiological contamination has restrictions and is therefore examined in the fish destined for the EU market.

Tips:

Consult the EU Export Helpdesk for a full list of requirements, including the ones mentioned above but also specific labelling requirements for fish.

Find Answers and Questions about the production and trade of pangasius in this report published by the Vietnamese seafood association VASEP.

Common and niche requirements

For pangasius, additional requirements are mainly requirements with respect to food safety. The most commonly requested food safety certification schemes for seafood products are IFS and (or) BRC, and sometimes also GLOBAL GAP.

Tip:

Visit websites such as those of IFS or BRC, which have fact sheets on the several certification schemes of the International Trade Center (ITC).

Another common additional requirement is sustainability certification. ASC is an emerging business-to-consumer (B2C) certification scheme for sustainable aquaculture products. Currently, ASC is already a buyer requirement for large retailers and food service companies in countries in northern Europe, such as the Netherlands and Germany. In 2018, approximately 50 pangasius producers, including the major companies, are ASC-certified.

Tip:

Discuss with your buyer whether a premium can be paid or calculate if you can produce ASC pangasius on a cost-neutral basis. Check the ASC Website and the ASC accelerator support programme.

In the EU, organic certification is still seen as a niche market requirement. In some European countries such as Germany and Switzerland, organic products are becoming an important niche market. At least two Vietnamese pangasius producers have been certified according to the EU regulation for organic production. Being able to produce aquaculture organically and achieve organic certification can boost your business opportunities in the European market.

Naturland is an association for organic agriculture. Naturland was created in Germany in 1982. Since the mid-nineties Naturland has been very successful in conducting Organic Aquaculture projects. One Vietnamese pangasius producer has been organic certified by Naturland.

Tips:

Find out the possibilities to farm organic pangasius on the website of Naturland.

Find more information about organic certification on the website of the EU.

5. Through what channels can you get pangasius on the European market?

This section provides some detailed information about the various marketing channels through which pangasius is marketed in Europe.

Pangasius fillets are mostly imported into Europe as frozen fillets. Secondary processing and other value-adding activities (such as breading, battering or marinating) occur at seafood processing companies in Europe. Most large retailers and food service distributors that sell pangasius do not source fish products themselves but make use of a few large importers as their preferred suppliers.

Nearly all pangasius is imported by shipping, although small volumes are also imported by airfreight. In Europe, the ports of Rotterdam (the Netherlands), Antwerp (Belgium), and Hamburg, Bremen and Bremerhaven (Germany) are important distribution hubs for the transport of pangasius further into Europe.

Retail groups in Europe often have different formulas, ranging from premium supermarkets to discount stores. In most cases each formula has its own purchasing and distribution system.

Although the food service segment represents considerable shares of food and also seafood consumption in Europe (note that shares differ a lot from country to country), the food service segment in Europe is rather fragmented. Only a few food-service players operate on a multinational level and the food service market segmentation differs a lot from country to country.

Tips:

Discuss with your clients what the differences are between the retail segment and the food service segment to better understand their specific needs, as the retail segment and food service segment differ in Europe.

Make use of the available logistic facilities of the European ports, from where products are further distributed, if you want to distribute your products further into Europe.

Find out which large importers trade with large retailers in Europe if you want to supply products to the retail segment in Europe. Large companies that supply to the retail segment are Deutsche See in Germany, Lenger Seafoods in the Netherlands or Marine Harvest (multinational).

Focus on one or a few key countries if you are a developing country exporter, because most countries have their own trade channels and importers (counts even more for food service than for food retail).

Cooperate with your buyers on what the specific needs and requirements of their clients are and how to meet these needs and requirements (the food retail and food service markets in Europe in general have different characteristics and different needs).

6. What are the end-market prices for pangasius?

Consumer prices of pangasius products in the different European countries are presented below to give you an impression of the price level in Europe.

Table 1: Consumer prices for pangasius in 2018

Product	Price (€/kg)	Country
Defrosted pangasius fillet with ASC label	14.29	The Netherlands
Organic frozen pangasius fillets	19.76	Switzerland
Coated frozen pangasius fillet with ASC label	9.56	The Netherlands
Frozen pangasius fillet	4.02/5.56	Czech Republic/United Kingdom
Organic frozen pangasius fillets	19.76	Switzerland

Source: Innova database

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