

## PANGASIUS Market Report – MARCH 2010



### Difficult year comes to a positive end

Although the supply of farmed pangasius in Viet Nam was lower in 2009 than in 2008 because of poor demand and lower prices, by the end of the year processors had managed to turn the situation around and the total value of exports almost reached the 2008 level, ending at USD 1.34 billion. Prices of pangasius went up slightly by the end of December, with supply about 30% lower than at the end of 2008.

### US growing market for Vietnamese pangasius

The USA greatly increased imports of pangasius in the first ten months of 2009 compared with the same period of 2008. Despite several difficulties, such as import tariffs and the issue of whether or not to revert to calling pangasius catfish again, exports to the USA reached 34 500 tonnes, an increase of 72% compared with the same period last year. The USA is now Viet Nam's fourth largest market. Some of the main exporters even supplied over 50% of their 2009 production to this market. US import statistics mirror Vietnamese export data; between January and September 2009, some 26 800 tonnes were imported by the USA according to national customs statistics, which compares with 18 200 tonnes one year earlier. Viet Nam is the main supplier of catfish to the US market, accounting for 65% of total imports. Catfish from China, which has to go through a rigorous control process by US control bodies, declined sharply in 2009.

Others markets were less attractive for Vietnamese catfish producers, and production was reduced in Viet Nam by 30%, as the economic situation was not very positive. Russia, which used to be by far the largest market for Vietnamese catfish in 2008, was closed to Vietnamese products in the opening months of 2009, which resulted in a 66% reduction of imports in 2009. Likewise Ukraine, the second largest market, had to cut imports by 49% as a result of the difficult economic situation in the country. While the Russian market recovered somewhat in the closing months of 2009, Ukraine did not show any signs of improvement.

Western European markets, on the contrary, were more encouraging for Vietnamese pangasius, as its low price was well accepted in the present economic situation. Thus Spain and Germany became the top two importers of Vietnamese pangasius, expanding their imports by 7% and 4% respectively during 2009. Overall EU imports of pangasius in 2009 were on a par with the 2008 imports.

<b>Exports</b>			
<b>Pangasius: Viet Nam</b>			
	<b>2007</b>	<b>2008</b>	<b>2009</b>
<i>(1000 tonnes)</i>			
EU	172.8	224.3	224.1
Russia	48.7	118.2	39.5
Ukraine	23.0	74.4	37.7
Asean	33.8	34.0	43.5
China & HK	18.2	18.5	19.4
USA	21.2	24.2	41.6
Mexico	14.3	23.2	31.1
Egypt	6.3	26.6	26.1
Others	48.7	97.6	144.7
<b>Total</b>	<b>387.0</b>	<b>640.8</b>	<b>607.7</b>

Total Vietnamese pangasius exports were 607 700 tonnes in 2009, a 5% decline from the record high 2008 figures. The value declined by 7% during the same period to USD 1 342 million.

The average unit value of Vietnamese pangasius exports over the whole year was USD 2.20/kg which compares to USD 2.25/kg. The US market offers the highest value for exports, where USD 3.20/kg is paid, while values are lowest in the Russian and Ukraine market with USD 1.65/kg. However, as the US market buys value-added products, such as breaded fillets, while the former USSR countries import fillets with little value-addition, these figures should not be compared directly.

### **2010 will be a difficult year**

In 2010 the US farming bill could change the situation dramatically for pangasius imports when it is released. This bill would identify pangasius as catfish and put it under the rather restrictive sanitary control of the US Department of Agriculture. It has still not been set in motion and the consequences remain uncertain at present. The Russian market is the other unknown entity, and should the major buyers decide not to purchase, as happened during 2009, these products will flood the Western European market, creating many problems for the industry.

In addition, the Vietnamese government is planning to invest heavily in pangasius farming. Once the production from these investments comes on the market, the total annual production will be 1.6 million tonnes, which means 600 000 tonnes of additional product could swamp the market and adversely affect the current strong price situation.

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