Analysis of Meeting Export EU Quality Standard Requirement – The Case of Vietnam Pangasius Industry

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Abstract: *This paper examines on the EU legislation concerning fish quality standards as the major export market for Vietnam. It described the development of the current EU fish quality perspective and comparison the EU and USA quality system. Moreover, the regulations and directives of fishery products imported from third countries are analyzed. The practices at border inspection posts for veterinary control are presented and discussed more details.*

Keywords: *EU legislation, EU quality standards, Pangasius*

1 Introduction

Food safety has become a top priority for the public and the private sector in Europe (Luning et al., 2006). European food legislation has been shaped by a blend of scientific, societal, political and economic forces to establish and maintain a high level of protection of human health (FAO, 2002). This has to be accomplished in such a way that it does not arbitrarily discriminate against any international trading partner (Van Plaggenhoef et al., 2003).

The principle of EU fish safety is based on a comprehensive and integrated approach (Knura et al., 2006). This covers the total food chain (from farm to table) across all food sectors to ensure a high level of consumer protection. The farm to table policy is based on the general food law (GFL) and aims to harmonize food safety laws for the EU. The GFL seeks to accomplish three objectives namely (1) to lay down the principles on which modern food legislation should be based in the EU; (2) to establish the European Food Safety Authority; and (3) to establish procedures for reactions to food safety crises including the so-called Rapid Alert systems.

The European Commission's Directorate-General for Health and Consumer Protection (DG SANCO) is responsible for food safety in the EU. The EU import rules for fishery products seek to guarantee that all imports fulfill the same high standards as products from the EU member states with respect to hygiene and consumer safety and quality. The EU bases its system on government-to-government assurance. Hence, imports of fishery products into the EU are subject to official certification, which is based on the recognition of the competent authority[1](CA) of the non-EU country by the European Commission (EC). This formal recognition of the reliability of the CA is a pre-requisite for the country to be eligible and authorized to export to the EU

2. EU legislations governing fishery products safety and quality

The European Commission's Directorate-General for Health and Consumer Protection (DG SANCO) is responsible for food safety in the EU. The EU delegates the control of food safety to a CA in each country who in turn ensures that exporting farms, vessels and processors are producing safe food under a system equivalent to that in the EU. EU legislation consists of directives and regulations. A directive can be seen as a number of guidelines that can be transformed by member states into national law. In the case of directives, there is some space for adaptation to the specific national situation. EU regulations, on the other hand, are literally taken over by member states.

An EU regulation relevant for the fish chain is the council regulation (EC) No 2406/96 of 26 November 1996. This regulation lays down common marketing standards for fishery products. It includes requirements on freshness, size, and traceability of products from third countries (CBI, 2001) based on the principles of HACCP: (1) fish products are prepared or processed in certified plants and establishments. The certification process requires that the plant meets minimal requirements in terms of layout, design and construction, hygiene and sanitation; (2) the industry takes responsibility in fish safety control and implements HACCP based in-plant quality control programs; (3) a regulatory competent authority is in charge of certifying fish plants and establishments, approving and monitoring HACCP-based in-plant quality control programs and certifying fish and fishery products before distribution; (4) where necessary, national surveillance programs of the harvesting areas should be in place to control the threats of bio-toxins and other biological and chemical pollutants; and (5) an additional control can be exercised by the importing party and involves an audit of the national control system of the exporting country to ensure that it meets the requirements of the importing country. This should lead to the signing of mutual recognition agreements between trading countries (Source: FAO, 2005).

Third countries are categorized as List I or II. List I comprises countries and territories which have been approved to export to the EU following an inspection

[1] Competent authority is responsibility for checking the safety and quality of fish exports

by the Commission Services. List II comprises those countries which have submitted satisfactory dossiers and prepare an inspection by the Commission Services. List II also include some countries that have received inspections but will remain on list II pending the receipt of satisfactory guarantees that certain observed deficiencies have been rectified. In addition, imports from third countries must be accompanied by health certificates, and originate from approved establishments or factory vessels. Approval of establishments by the competent authorities of the third country is a result of compliance with the requirements equivalent to those laid down in the directive. For identification purposes, the exporting firms are given registration numbers. Thus, imports from the third countries carry an identification mark with the license number of the establishment so that the source of the fishery product can be easily traced.

3. The comparison the EU rule with the USA requirements for fish quality

Practically, for fishery products, in order to assure consumer safety, only countries whose sanitary control system has been approved by competent EU-authorities are allowed to export fishery products to the EU. At the moment, Vietnam is on list I for the harmonized countries and can export to every country in the EU. EU legislation strives for a quality assurance system that is based on the recognition that microbiological hazards exist at various points in the production and processing of fishery products but that, through a rational approach and by applying the necessary measures, it is possible to control them. Its main purpose is to avoid systematic detention, heavy sampling, and laboratory checks at the point of entry in the EU. This means that a shift from traditional end product inspection and certification to this preventive assurance approach is required. It means that the actual control will take place in the third countries instead of at the point of entry in the EU. This has various implications for developing countries such as implementing new regulations which will have to be updated regularly, organizing inspection services, improving production procedures.

Although the USA constitutes a minor export market[2] at the moment it is important to compare the EU rule with the USA requirements as the later market may become more important in the future (see table 1)

[2] The reason for this issue is a conflict about anti-dumping and the use of the name catfish. Since 2003, the vulnerability of rapid expansion in international markets was illustrated by the anti-dumping case brought against Vietnam in the U.S. by the Catfish Farmers of America (CFA) in response to the cheap import of Pangasius after the normalization of trade relations with Vietnam (Bush et al., 2008). Tariffs between 37-65% were placed on Vietnamese exporters, equivalent, it was argued, to the dumping rates. Imports of Pangasius to the US fell by around 50%, at an estimated loss of US$24 million (Tung et al. 2004). Processing companies responded to the loss of the US market by rapidly diversifying to other export markets in Europe and the ASEAN region. The success of the industry since the anti-dumping case has also led to changes in production practices to comply with international quality standards such as EU countries.

Table 1 Comparison of fish import systems in the EU and the USA

Exporter (s)	Importing country or region	
	European Union (EU)	United States of America (USA)
Role of exporting government for exports to the importing country/region	EU certifies a CA in exporting country	Can voluntarily create an agreement with US
Role of exporters for exports to the importing country/region	Apply GMP/HACCP (own checks) to be certified by their own country's CA following physical inspections, documentation review and final product checks.	Apply SSOP/HACCP based program and make necessary documentation available to FDA through importer
Role of importing governments on the importing country/region	Run inspection system to ensure EU legal and technical requirements are met Has border inspection posts	Run inspection system to ensure US legal and technical requirements are met, but not mandatory as for US Has border inspection posts
Role of importers in the importing country/region	Check GMP/HACCP plans of exporting firms and make them available to FVO inspectors Notify authority of all imports	Check SSOP/HACCP plans of exporting firms and make them available to FDA inspectors Notify authority of all imports
Frequency of documentary and identity checks at the border in the importing country/region	All imports	All imports
Frequency of physical checks at the border in the importing country/region	Variable frequency depending on the status of the country of original and company' history	Variable frequency depending on the status of the country of original and company' history
Type of microbiological tests done when required in the importing country/region	At discretion of inspector but includes L. monocytogenes, Salmonella, Faecal coliforms, E.coli, S.aureus, Vibrio spp.	At discretion of inspector but includes Salmonella, Faecal coliforms, E.coli, S.aureus, Vibrio spp.
Type of chemical tests done when required in the importing country/region	At discretion of inspector but includes histamine, heavy metals, veterinary drugs	Includes histamine, heavy metals, veterinary drugs (see table 7.2)

Source: adapted from FAO, 2005.

4. The Role of Food and Veterinary Office (FVO)

As a commission service, the FVO assures that the fishery products placed in EU markets meet hygienic and sanitation conditions at least equivalent to the requirements laid down in the EU legislation (Council Directive 91/494/EEC). It verifies the availability of a fishery legislative in the country, the competency of the CA, and the assurance that the third country is in compliance with the standards in the EU directive. The task of the FVO is not to evaluate the performance of processing plants but to assess and report whether relevant authorities in third countries meet their responsibilities in ensuring that legislation is properly implemented in their territories. The FVO will conduct on-site inspections of fishery processors and the fish safety system administered by the third government periodically. During the inspection visits, the FVO will check the control system governing the production of fishery products intended for export to the EU and the control of veterinary medicinal products that are used to treat fish diseases (EU Commission, 2007).

The findings of each inspection are published in an inspection report. The CA of the country visited is given the opportunity to comment on the report. The FVO makes recommendations to the country's competent authority to deal with any shortcomings revealed during the inspections. The competent authority is requested to present an action plan to the FVO on how it intends to address the shortcomings. Together with other Commission services, the FVO evaluates this action plan and monitors its implementation through a number of follow-up activities.

FVO inspection missions are currently undertaken in all exporting countries and they are the basis for establishing confidence between the EU Commission and the CA of the exporting country. All inspection visit reports are publicly available and published on the FVO website.

5. Importers' requirements and their effect on other chain members

Importers may require additional standards dependent on the specific market niche they are targeting. Importers that sell to low price supermarkets and market vendors place a strong emphasis on price, while importers that sell to bio-stores or up-market supermarkets require additional private quality standards (Trienekens and Zubier, 2008). Examples of these private quality standards are EUREP-GAP and organic standard.

* Eurep-GAP is a certification system developed in 2000 by the Euro-Retailer Produce Working Group (EUREP) to guarantee environment-friendly, safety and high-quality products. The GAP acronym stands for Good Agricultural Practice. It pays major attention to food safety, human resource management, and environmental measurements and aims at primary producers. Eurep-GAP offers a series of standards

covering GAP in the agro-food industry. The Eurep-GAP system was introduced and fully developed in the fruit and vegetable, but was later expanded to other sectors like flowers and ornamentals, meat and fish (Van Plaggenhoef et al., 2003).

The Eurep-GAP standards are more rigid than the EU government demands (see box 6.1 for details of Eurep-GAP requirements). Eurep-GAP supports the use of HACCP and members are obliged to comply with EU legislation. Moreover, primary producers have to show commitment to issues such as reduction of environmental damage, drugs use, and efficient use of natural resources, health, and safety for employees and traceability efforts (Van Plaggenhoef, 2007). One disadvantage of Eurep-GAP is that it takes the legislation of the country where it is implemented as a starting point and that there is still no uniform certification scheme. As a result, Eurep-GAP implementation can differ from country to country (Trienekens and Zuurbier, 2008). The complete checklist of all the criteria and extensive information about Eurep-GAP can be found on www.eurepgap.org. At the moment, the first draft of the Pangasius Global-GAP[3] standards was trial audited in Vietnam in May 2008, and was submitted for a second round of public comments in 2009 and it remains to be seen how it will be accepted on the ground in Vietnam (VASEP, 2009). However, Global-GAP Pangasius is almost entirely a paper exercise and it is difficult for small-scale farmers in the MRD to access due to the requirements of large certification schemes which exclude local knowledge from formulation of quality standards.

6. Conclusion

The EU set up a quality assurance system to protect their markets from unsafe fishery products and to harmonize a level playing field where all suppliers (domestic and foreign) face the same requirements. The exports of fishery products to the EU have to meet the EU regulations that lay down conditions for fish imported from third countries. The EU council directive 91/493/EEC urges all fish business to develop an HACCP system. The HACCP based regulations of importing countries provide working procedures to determine the equivalence of processing conditions and document the compliance. Vietnam is on list 1, implying that they are allowed to export to the EU. The competent authority in Vietnam (NAFIQAVED) inspects the exports according to the EU rules and regulations. Despite this organization Vietnam had 4 RASFF notifications in 2007 which showing that the system still needs improvement. The quality assurance at export level and processing firms is met the quality requirements of EU. However, there is no tracking and tracing at farm level. At the moment, there are some concerns in niche market share (organic) and not yet operated (Eurep-GAP).

[3] GLOBAL-GAP (formerly known as EUREP-GAP) is an internationally used management system for Good Agricultural Practice (GAP).

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