Reducing NTBs – Benefiting from MRAs of goods in ASEAN

Fishery exports in Vietnam

Outline of presentation

- Introduction
- Fishery exports
- Regulatory choke points in supply chain of fishery products
- Research questions and methodology
- Some thoughts on the way forward

Introduction

- Specific measures for agricultural and rural reforms since 1986:
  - replacement of cooperatives by households as basic decision-making unit in production *(freedom in making decision)*;
  - security of land tenure for farmers *(property rights)*;
  - Reduction of domestic trade barriers + proactive international economic integration *(market access);*
  - Fostering linkages between industry (processing sector) with agriculture *(upgrading value-added)*

Introduction (cont.)

- Fishery products are among the key export commodities in the past decades;
  - Rapid export growth of fishery products is accompanied by emerging concern of ensuring export quality;
  - Various regulations aim to ensure quality of exports.

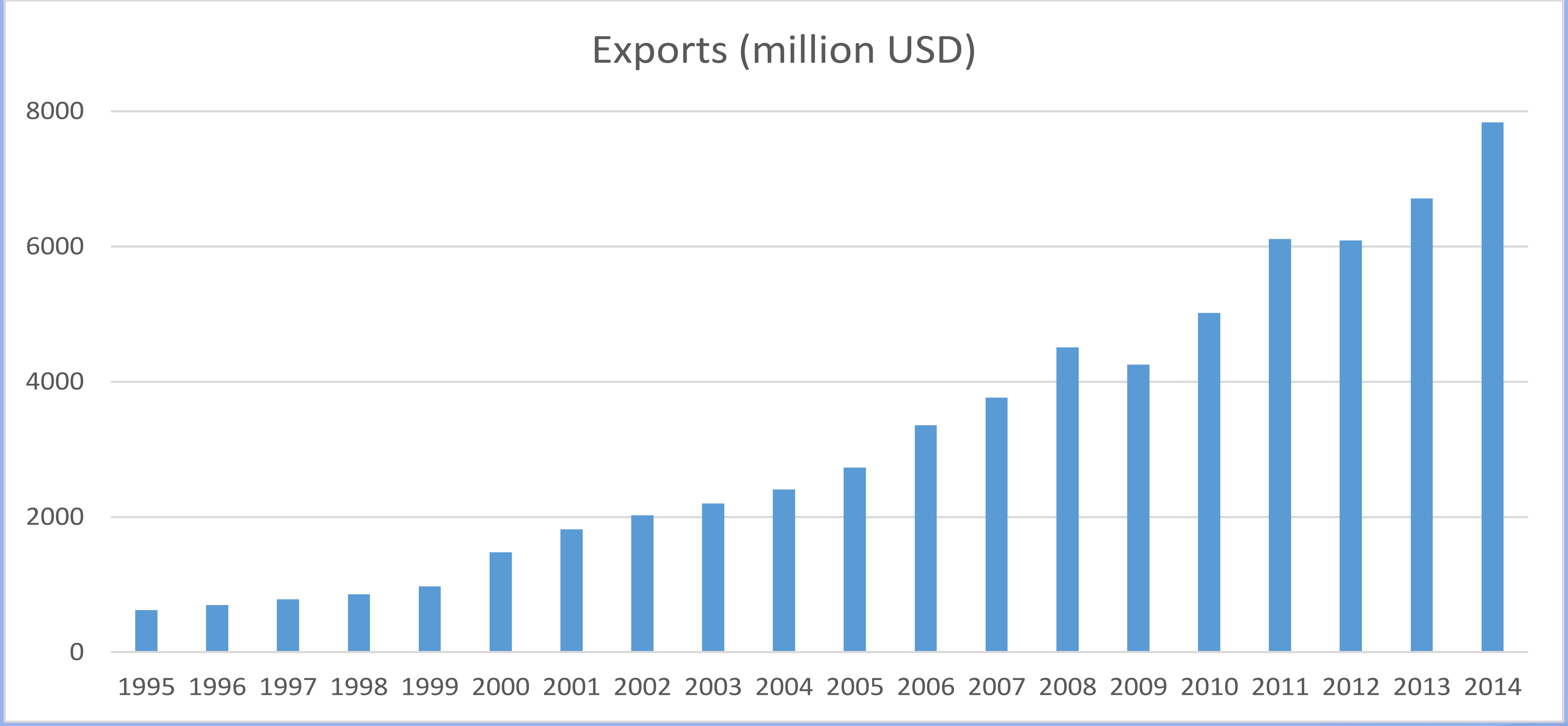
Importance of fishery products in VN's trade

Fishery sector has relatively high growth rate compared to other agricultural sub-sectors

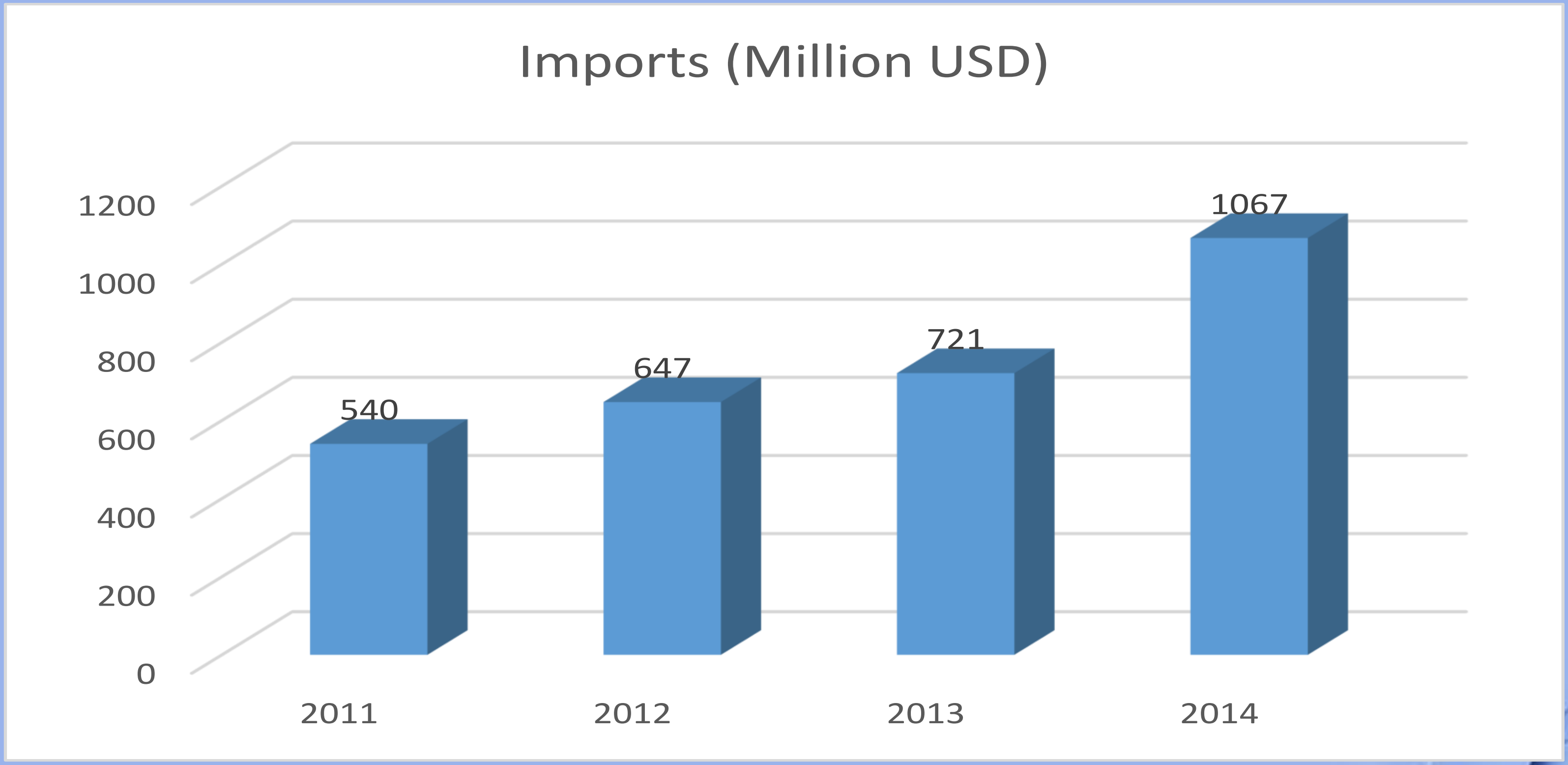
Growth Rates of the Agriculture, Forestry, and Fishery Sectors relative to GDP, 2001—2014 (%)

No.		***Average 2001-2010***	***2011***	***2012***	***2013***	***2014***
	Overall GDP	**7.25**	**5.89**	**5.03**	**5.42**	**5.98**
	Agriculture-Forestry-Fishery	3.52	4.00	2.72	2.67	3.49
1	*Agriculture*	*3.00*	*3.68*	*2.32*	*2.21*	*2.60*
2	*Forestry*	*1.49*	*4.96*	*5.83*	*5.78*	*6.85*
3	*Fishery*	*7.62*	*5.46*	*4.16*	*3.98*	*6.53*
	Industry-Construction	9.10	5.53	4.52	5.42	7.14
	Services	7.33	6.99	6.42	6.56	5.96

- ***Trade of fishery products:***
  - Mainly exports (2001: $1.7 bil., 2014: $ 7.8 bil.), with almost continuous growth;

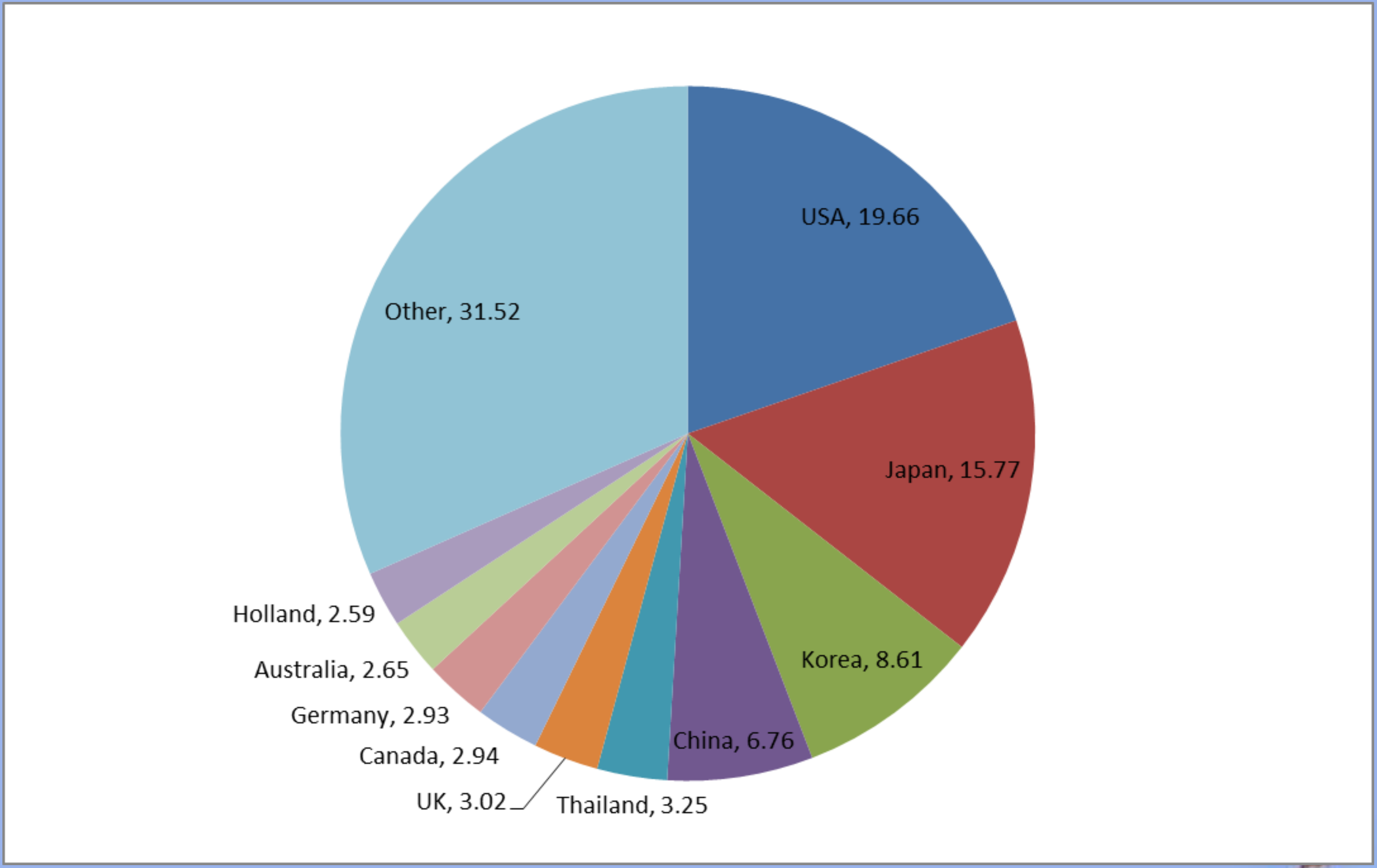


But there is a growing need for imported inputs to support fishery exports



- Top 5 export products in 2014:
  - Frozen fish fillet (HS 030420, USD 1.85 bil.);
  - Shrimps and prawns: shrimps (scampi)-macrobactium (HS 030613, USD 1.52 bil.);
  - Other frozen products (HS 030490, USD 489 mil.);
  - Squid (HS 030749, USD 283 mil.);
  - Other octopus products (HS 030759, USD 140 mil.).
- Top 5 export destinations in 2014:
  - US (USD 1.064 mil.);
  - Japan (USD 795 mil.);
  - Korea (USD 503 mil.);
  - China (USD 460 mil.);
  - Germany (USD 179 mil.);

Market segment of Fisheries in 2015



Regulatory choke points in supply chain of fishery products

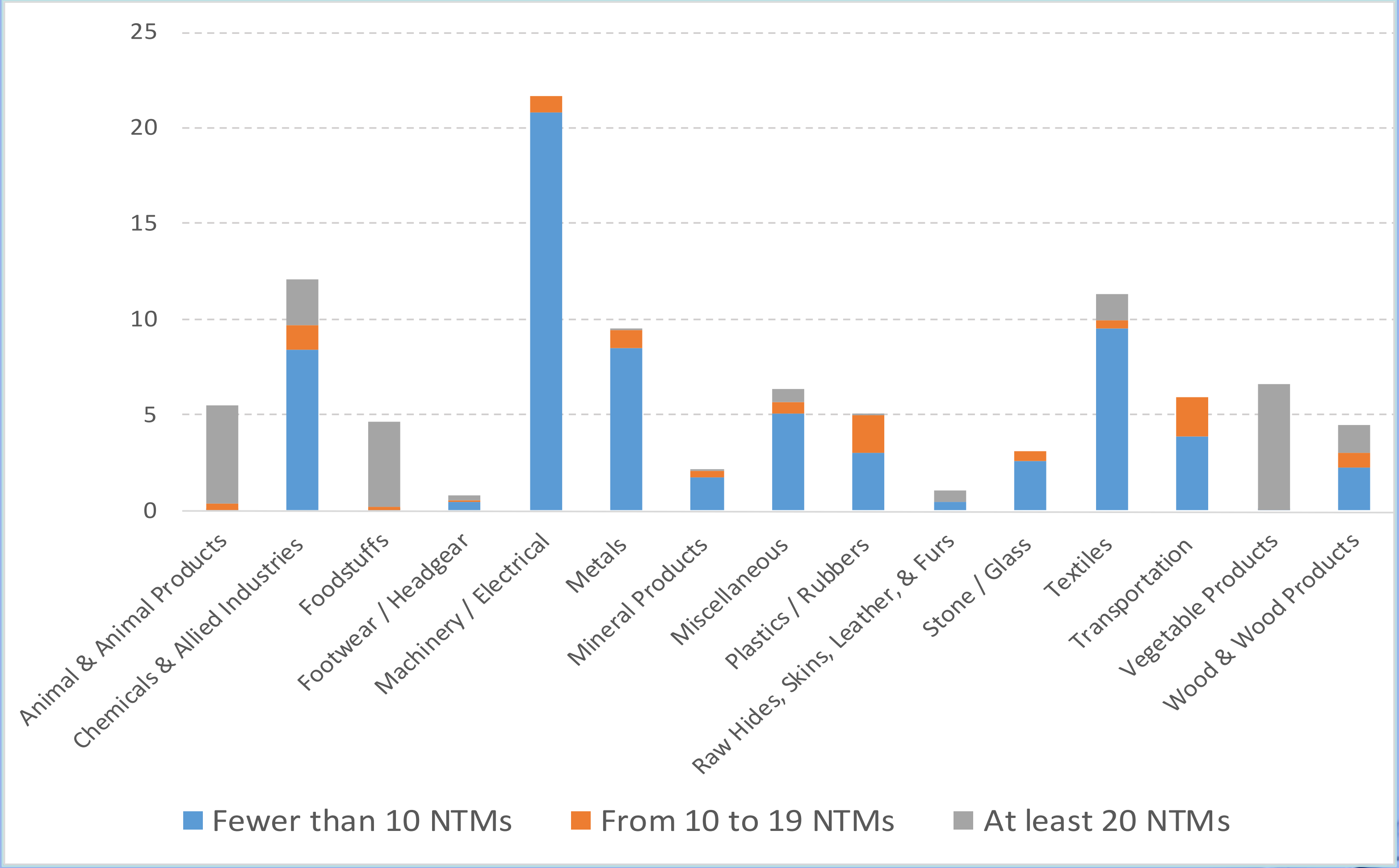
- Non-regulatory choke points:
  - Inadequate infrastructure system: seaport, road, supporting services (testing services, etc.)
  - Logistics industry is still a big concern, though has been improved
  - Insufficient cold chain

- **Regulatory choke points:** E-customs and National Single Window in early stage (despite rapid improvement)
  - Started in 2005, but only has technical connection in February 2014;
  - First phase: Ministry of Finance, Ministry of Transport, Ministry of Industry and Trade;
  - June 2015: Connection with Ministry of Agriculture, Ministry of Health, Ministry of Natural Resources and Environment;
  - Still a gap to full implementation of National Single Window (not to mention ASEAN Single Window)

- **Regulatory choke points:** Issues in interpreting and implementing policies
  - Eg. Application of HS codes;
  - Conformation with different SPS and TBT measures;
    - Eg.: since 1/1/2015, products subject to food sanitation inspection must be stored in the premises that meet the conditions for custom inspection; but the such conditions are not stipulated → imported fishery products must stay at the ports (rather than being transported to warehouse).

- **Regulatory choke points:** Some regulations are not effectively consulted beforehand with fishery exporters
  - Eg.: Applying maximum ice-glazing ratio of 10% and maximum water content of 83% on exported pangasius products
    - Importers do not enforce this requirements →effectively a regulatory cost for exporters
  - Some find it hard to understand since the regulations on quality of exports effectively serve as voluntary export restraint

No. of NTMs by Product Group



Research question

- How are exports from Vietnam affected by NTBs (ASEAN/non-ASEAN?)
- Whether these exports require any MRAs in order to improve the capacity of Vietnam?
- How Vietnam be able to economically benefited from MRAs?
- What improvements required on domestic setting rules and facilities?

Methodology

- Data analysis → Economic benefits of MRAs, compliance cost,…
- Available data sources: WITS, iTIP, GSO, General Department of Customs, etc..
- Stakeholder interviews: Ministry of Agriculture and Rural Development; Ministry of Health; General Department of Customs; VCCI; Vietnam Association of Seafood Exports and Producers (VASEP), etc.

Way Forward

- Technical issues on the problem solving: how to measure benefit (export orientation or not? FDI share in export?)
- NTBs in ASEAN and non-ASEAN: no meanings if NTBs in non-ASEAN are higher
- What about MRAs at product level?
- Can build on on-going ERIA work on NTM and provide an assessment accordingly
- Other guidelines

THANK YOU