

Entering the European market for pangasius

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The biggest end markets for pangasius are in Northern Europe, where consumers are most concerned with sustainability, price and convenience. The majority of pangasius enter Europe as frozen fillets, and Vietnamese exporters have the majority of the market. Most pangasius products come in through importers and wholesalers and end up in retail and food service across Europe. Make sure that your products are handled and labelled correctly and follow all mandatory and market requirements, or they may be rejected at the border or fail to sell.

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1. What requirements must pangasius comply with to be allowed on the European market?

What are mandatory requirements?

To export your pangasius to Europe, make sure that you follow European food safety standards. They are strict. Furthermore, do not treat your pangasius with carbon dioxide for the European market and control the chlorate levels in your product. Being transparent about the amount of water that you add is another important mandatory requirement when sending your pangasius to Europe. Read on for more details.

Food safety standards must be met

Europe is very demanding when it comes to food safety standards. Products that are found to be non-compliant will be registered and reported in [the Rapid Alert System for Food and Feed \(RASFF\)](#). If you are on that list, your containers will be inspected thoroughly at their port of destination. This control can easily take 2 to 3 weeks after arrival. Any extra costs will be addressed to you as the exporter. Also, continuous temperature control is recommended.

A health certificate accompanying the product is obligatory for import into the European Union. Ask your logistics forwarding agent for a health certificate. This is obligatory for all fish and seafood products, including your pangasius. Health and hygiene are important to buyers. Be sure that no contaminants end up in the final product. Seafood destined for the European market is generally tested before it is shipped, sometimes in the buyer's own lab, sometimes in recognised (independent) labs.

European Union rules regarding food hygiene cover all stages of production, processing, distribution and placing on the market for all food intended for human consumption. The [standard European hygiene rules](#) can be found in the CBI buyer requirements study.

Tips:

- Check the [RASFF](#) portal to know what kinds of products are recalled and the reasons for border rejection.
- Email all mandatory transport documents and the models of the health and catch certificates, as well as labels, and ask your buyers if they agree with the contents before making up the final original documents.

Control chlorate levels

Overly high levels of chlorate in food may cause health risks to the consumer, particularly for at-risk groups. Chlorates are a by-product of chlorine-based products. These chlorates purify drinking water or are used as a disinfectant in the food processing industry. Frozen fish and seafood, and products with added water, therefore have a far greater chance of having high chlorate levels.

The European Union has not yet established a specific maximum residue level (MRL) for chlorate in food, and a default MRL of 0.01 milligrammes per kilogramme applies. The European Union is working to increase the regulation of residue levels in food and water.

Even at the default MRL, higher chlorate levels are often found, and at the end of October 2019, high levels of chlorates were found in several shipments of frozen pangasius fillets with added water from Vietnam. This was reported in the RASFF. High levels of chlorate can harm the reputation of the product, producer and seller of the pangasius.

Tips:

- Check and control the chlorate levels in the water you use for producing pangasius. Keep these chlorate levels as low as possible to prevent too much chlorate in your pangasius products.
- Read the CBI fish and seafood buyer requirements study, in order to [gain a fuller understanding of the general requirements for fish and seafood](#).

Be transparent about the amount of water added to your product

It is known that water is regularly added to pangasius. Some water is added to the outside of the product (glazing) to create a protective layer for the pangasius during shipment. An overly thick layer of glazing can be used to manipulate the price. Another way water is added to manipulate the price is when water is added to pangasius through phosphate treatments and soaking. It is important to be transparent about the water used in or around the product to prevent misleading the end consumer. Adding water is legal, mislabelling is fraud.

According to European Union Regulation (EU) 1169/2011, you must clearly mention the net weight of the pangasius product on the package as “purchase-determining” food information. This is the weight of the pangasius product without the glaze. By only mentioning the net weight of the product and not the gross weight, it is clear for the end consumer what they buy. Water is cheaper than pangasius. It is not allowed to give false, misleading or confusing information regarding the main features of the product.

Tips:

- Read the CBI news item on added water to get a better understanding of [the risks involved with mislabelling water content](#).
- If water accounts for less than 5% of the product's weight, you only need to mention water in your list of ingredients without highlighting it in the title of the pangasius product.
- If water is more than 5% of the product's weight, you need to include water in the title of the product with a minimal size of 75% of the product name itself. More information about this rule can be found in the EU Regulation (EU) 1169/2011.

Do not treat your pangasius with carbon oxide

The treatment of pangasius with carbon oxide (CO) is not allowed in the European Union, unlike in many other countries outside the EU. Carbon oxide treatment is used to improve the appearance of the pangasius product and keep the pangasius bloodline red and the meat white. The European Union believes that treatment with carbon oxide could mask deterioration of the product and as such has not allowed it.

What additional requirements do buyers often have?

Buyers have additional food safety requirements

For pangasius species, just as for all other fish and seafood, your establishment will need to be accredited for food safety, depending on the specific requirements of your buyer. The most commonly requested food safety certification schemes for seafood products are [IFS \(International Featured Standards\)](#) and/or [BRC \(British Retail Consortium\)](#).

By having food safety accreditation, you can show your buyer you have good working procedures to which controls can be applied and through which food safety hazards can be prevented, eliminated or reduced to acceptable (critical) levels. It also shows that you are able to trace your raw materials and packing materials.

Tips:

- Read more about the British Retail Consortium (BRC) and International Featured Standards (IFS) schemes in [ITC Sustainability Map](#).
- Invest in the IFS and BRC food safety schemes, as they are not only a must for the European market but also for other markets around the world.
- See our [10 tips for doing business with European buyers of fish and seafood](#) and our [10 tips for finding buyers in the fish and seafood sector](#). These tips also offer more information on which topics are decisive for European buyers when searching for (new) suppliers.

Buyers often want proof of sustainability

Sustainability certification for pangasius products is shifting from niche requirement to additional buyer requirement, particularly if (Northern) European retail is the end market. Other areas of Europe and end markets are increasingly demanding sustainability-certified pangasius.

Aquaculture Stewardship Council (ASC) is the most widely used sustainability certification in this market. However, over the last years, the [Global Sustainable Seafood Initiative](#) has worked on a benchmark system for sustainability certifications. Through this, they ensure all GSSI-approved certifications are aligned with the FAO

standard and are therefore the best to use. As several certification standards are included now, a lot of retailers (and other seafood companies) align themselves with GSSI.

This provides an opportunity for you, as more seafood certification schemes will enter the market, such as [Best Aquaculture Practice \(BAP\)](#) of the [Global Aquaculture Alliance](#). However, most European consumers are not yet familiar with these other standards. Therefore, retailers might keep their focus on ASC for now. These sustainability standards will be a license to produce in a couple of years.

Tips:

- Learn more about the ASC-certified pangasius farms by [tracking the farms](#) on the ASC website to check if your farm could be ASC certified in future too.
- Discuss with your buyer whether a premium can be paid or calculate if you can produce ASC pangasius on a cost-neutral basis.
- Check out the [GSSI](#) website, to understand which schemes have been approved or are in the process of being approved.
- Try to find sustainable sourcing policies on retailers' websites, like [Marks and Spencer](#) in the United Kingdom, and compare them to [Albert Heijn](#) in the Netherlands, for example, to get a better overview of commitments that have been made to 1 type of certification or the other.
- Visit the [EU Trade Helpdesk](#) to find information related to European requirements, tariffs, statistics and preferential arrangements and the [ITC Sustainability Standards Map](#) for standards related to sustainability.

What are the requirements for niche markets?

In the European Union, if you want to market your product as organic, it must first be certified. Farming organically means respecting the principles, rules and requirements of organic farming. 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. Being able to achieve organic certification can boost your business opportunities in the European market and allow you to charge a premium price for your pangasius.

The European Union organic aquaculture standard is the minimal requirement buyers for the organic niche will have. Some buyers may require additional certificates like [Naturland](#) from Germany or [Agriculture Biologique](#) from France.

Tips:

To understand the requirements you need to comply with to get organic certification, check out the [European Union organic aquaculture standard](#) or the standard published by the German-based [Naturland](#).

Before starting any activity in the organic sector, you should contact the competent agricultural authority in your country. They can provide information as to which support measures are available and more general advice.

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

Most pangasius is imported into the European market as frozen fillets. Specialised importers in particular will import your pangasius products by container vessel (for frozen products) to Europe. They will sell the pangasius directly to the relevant market segments or first add value to the pangasius products before bringing the product on the market. The most relevant European end-market segments for pangasius are retail and food service in the North of Europe. The fish gets there through importers and wholesalers.

How is the end market segmented?

Pangasius are sold in supermarkets, wholesale and food service throughout Europe. Pangasius consumption is the highest in Northern Europe.

The neutral taste of the product makes it ideal to mix and match in various cuisines. In the end market, pangasius are sold in different types of products. Most of the products are frozen fillets, but there is an important segment of thawed and value-added products.

In the section below, we will focus on supermarkets in the North of Europe and the European headline wholesalers. This is the market segment that offers you the most opportunity for getting your pangasius product on the European market.

Tip:

- Learn more about regional fish and seafood consumption differences in our study on [the demand for fish and seafood on the European market](#). It will give you insights into what might be the best markets for your product.

Northern European supermarkets

The focus for pangasius lies on the supermarkets of Northern Europe, where buyers love the convenience, structure and neutral taste of pangasius products. The Northern European supermarkets are sustainability driven and prefer ASC-certified pangasius in their assortment.

Larger supermarkets in the North have a big variety of pangasius products on their shelves. These supermarkets buy their products from importers, wholesalers and processors in Europe, depending on the product specification and volume.

There is a growing market for thawed and/or marinated pangasius products. Examples of Northern European retailers that sell pangasius are [Albert Heijn](#) and [Jumbo](#) in the Netherlands, [Tesco](#) in the UK and [REWE](#) in Germany.

Wholesalers

There are 2 types of wholesalers that are relevant for you. The first are headline wholesalers that sell a full-range product portfolio to chefs.

Headline wholesalers often have a relatively limited range of fish products, which often includes pangasius. The places in Europe where the wholesaler is active determine the range of pangasius products in the assortment. The volumes of headline wholesalers are often relatively big, as they operate many shops throughout the country. Examples of headline wholesalers active in Europe are [Metro](#) and [Sligro](#).

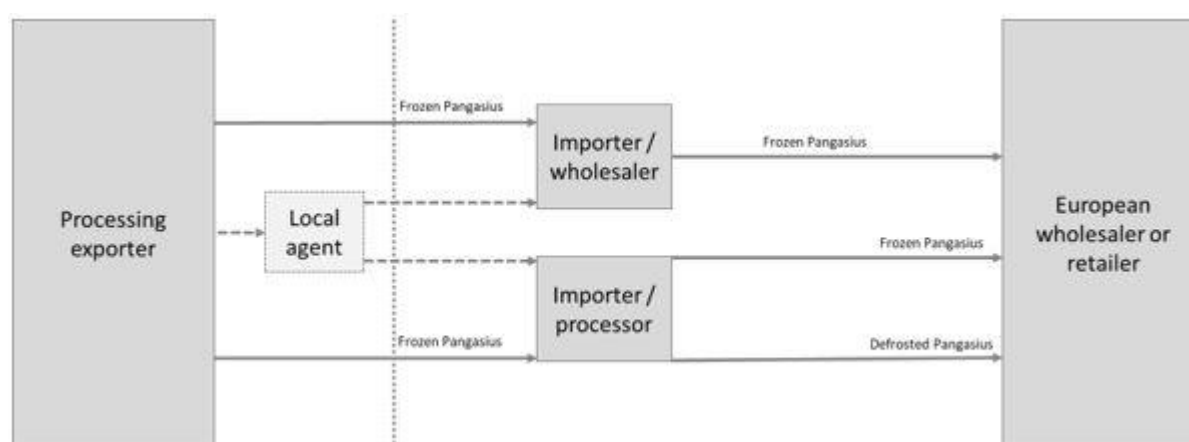
Specialised wholesalers are those that only sell seafood (sometimes in combination with meat). In general, they have a broader and maybe more exclusive product range. Pangasius is common in the sales portfolios of these specialised wholesalers. An example of a specialised wholesaler is [Bullmeat](#) in the Netherlands.

If the wholesaler works with volumes that are big enough, it may aim to source directly from you, the exporter. However, most wholesalers make use of an importer. Importers are often more experienced in sourcing pangasius products and are specialised in importing these farmed fish into Europe. For both broadline wholesalers and specialised wholesalers, pangasius is just 1 out of many items.

Through what channels does a product end up on the end market?

Although there are many channels through which pangasius ends up on the end market, the most important ones are those that supply wholesalers and retailers in (the North of) Europe. Figure 1 shows how products move along the supply chain from an exporter in a developing country to the wholesaler or retailer in Europe.

Figure 1: Main trade flows for pangasius



Source: Seafood TIP, 2020

In the figure above, the actors in the lighter boxes are only service providers. They are often not involved in making financial transactions but only provide a service to a buyer or a seller. The actors in the darker boxes in the figure are those that actually buy and sell the product.

Local agents play a crucial role in the trade of pangasius. Although buyers will visit potential suppliers regularly, they need someone there that can ensure that quality requirements are met, that the best suppliers are selected and that the best prices are secured. Although there is a tendency among certain importers to want to do business more directly, quality control often remains outsourced.

In general, developing country exporters of pangasius enter the European market through large traders such as importers, processors and wholesalers. The vast majority of pangasius are imported from third countries as frozen fillet products. Fresh product exports are minimal.

Frozen pangasius products are exported to Europe in reefer containers. Together with your buyer, you can decide what shipping line and what reefer container you want to use. It is important to load your container in the right way to prevent freezing problems. Your frozen products require free-flowing air to circulate, so it is important to not stow your cartons above the maximum red line of the reefer container. Incorrect airflow can mean that your products do not stay cold enough and will negatively influence your product.

At the European border, the competent authority checks the products in the container. This will usually be an administrative check. Products will also regularly be checked on organoleptic aspects (like colour, smell, taste

and structure) or (in smaller amounts) sent to a laboratory for biological or chemical tests. If no abnormal results are found, the container can enter European territory for further distribution.

Most of the pangasius products are already put in consumer-ready packaging in the third country itself. There are some European processing companies that defrost the frozen pangasius products and sell them as a chilled alternative for frozen pangasius. Most large retailers and food service companies that sell pangasius do not source the product themselves. Instead, they make use of a few large importing and wholesaling companies as their preferred suppliers.

Examples of importers that supply European wholesalers, processors and retailers with frozen pangasius are [Queens](#) and [Seafood connection](#) in the Netherlands, [Wiser Foods](#) and [Fastnet](#) in United Kingdom and [Galana](#) and [Hottlet](#) in Belgium.

What is the most interesting channel for you?

Retailers in the North of Europe are the most interesting market for pangasius, which has plenty of opportunities to sell your pangasius products to the end consumers. The most interesting way to reach this end market is through an importer, which takes care of all logistics and customer service for the retailers. You will only be responsible for placing your consignment on a container vessel/airplane.

Tip:

- Visit websites of sector associations in Europe in which pangasius importers have organised themselves. Here, you can find member lists that will allow you to quickly have an overview of the relevant buyers. An example of a sector association is the [Dutch Fish Importers Association](#) in the Netherlands. Be sure to study the companies in detail before you approach them. You only have 1 chance for a first impression.

3. What competition do you face on the European pangasius market?

Your biggest competitor for entering the European market for pangasius is Vietnam. There are no other important high-volume competitors to supply the European Union, at the moment.

Which countries are you competing with?

For pangasius, most of the products exported to the European Union come from Vietnam. Bangladesh and China are other countries exporting pangasius products to the European Union, but in much lower volumes.

Vietnam

Vietnam is responsible for almost all of Europe's pangasius imports. Vietnamese suppliers and European importers have built up strong and long-term relationships with each other, so Vietnam has a high competitive advantage. Vietnamese labour is affordable, and factories are set up to process raw pangasius into the preferred products of European consumers. Pangasius products are, most of the time, exported to Europe as frozen fillets.

The European Union and Vietnam signed a Free Trade Agreement on June 2019. This agreement came into force in August 2020. Under this agreement, around 99% of the import tariffs will be eliminated. Vietnam will become more competitive when pangasius products are exported to the European Union at a 0% tariff.

The European Union gave Vietnam a ‘yellow-card’ warning on seafood in October 2017. Vietnam had failed to fight against Illegal, Unreported and Unregulated (IUU) fisheries at that time. Since this date, Vietnam has been working on fisheries management and has imposed harsh punishments on those vessels conducting IUU fishing practices.

Bangladesh

Bangladesh exports small quantities of pangasius to the European Union. The quantities are low, but export volumes are increasing. As a result of supply chain issues, Bangladeshi exporters are often not able to sell to high-end demanding markets such as the retail sector, where traceability, quality and sustainability certification are often a requirement. Instead, Bangladeshi pangasius often ends up in the lower ends of the food service market.

A big advantage for Bangladesh is that the country benefits from the GSP+ status, which provides exporters with an exemption from import duties. As a result, Bangladeshi pangasius is fairly competitive on the European market when it comes to price.

China

China is another country exporting small quantities of pangasius to the European Union. Yearly, not more than 50-100 tonnes of pangasius find their way to Europe.

Tips:

- Build up a good relationship with your buyers. Do not focus on quick wins but go for long-term benefits.
- Use the [European Union trade helpdesk](#) to check the tariffs that you would have to pay when exporting pangasius species to the European Union.
- For an overview of [countries which are currently confronted with yellow or red cards](#), check this overview presented by the Europe-based non-governmental organisation IUU Watch.

Which companies are you competing with?

There are many exporters of pangasius around the world. Almost all of the exporters that send pangasius to Europe come from Vietnam. We will discuss the companies Vinh Hoan and Dai Thanh seafoods. Both are major players in Vietnam and export pangasius products to Europe.

Vinh Hoan

Vinh Hoan is 1 of the biggest processors and exporters of pangasius in Vietnam. This company was established in Sa Dec, Dong Thap, in 1997. This company is processing in compliance with [HACCP](#), [IFS](#) and [BRC](#), and pangasius products are ASC, [BAP4](#) and [Global GAP](#)-certified. Vinh Hoan is 1 of the first [ASC](#)-certified pangasius farms in the world and exports to markets in Europe, the United States and Asia.

Take a look at the [Vinh Hoan website](#) to learn more about the pangasius products it sells. Pay extra attention to the way the company presents itself on its website and how it highlights its unique selling points.

Dai Thanh

Dai Thanh is located around the Mekong River Delta in the South of Vietnam, where more than 90% of the Vietnamese pangasius are farmed. Dai Thanh seafoods was established in 2007 and is an important exporter for Europe.

Dai Thanh is processing in compliance with HACCP and IFS, and pangasius products are ASC and Global GAP-certified. More information about Dai Thanh and its pangasius assortment can be found on its [website](#).

Tips:

- Look at your management team. Do you have some fresh highly educated team members who can support you to make your company future proof and take it to the next level?
- Look at the websites of some of the major pangasius exporters in especially Vietnam to better understand how they present themselves and who are managing the companies. Think about how you can present your unique selling points to your potential buyer.
- At a trade show, do not only look for buyers. You should also try to engage with your competitors and ask them about the challenges and opportunities they are confronted with. See what you can learn from them.

Which products are you competing with?

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 United Kingdom, 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.

To stand out from the crowd, think about partnering with your importer to raise market awareness. An example that might inspire you: in the United Kingdom, campaigns to establish pangasius fillets as a premium whitefish option (rather than a discount option) have been particularly effective.

Tips:

- Read the [Finfish study 2019](#) from the European Fish Processors Association (AIPCE) to learn more about how pangasius competes with other whitefish species.
- Visit [Globefish](#) to read the [Pangasius market updates](#) with information about trends and developments in the European market. Up-to-date market information is important to keep you informed about the European Pangasius market.

4. What are the prices for pangasius on the European market?

Consumer prices in the different European countries give you an impression of the current price level. The prices of pangasius products differ per presentation form.

Table 1: Examples of prices for pangasius products in European countries, October 2020

Country	Market	Production form	Product description	Price per kilogramme (euros)

Netherlands	Albert Heijn	Frozen	675 grammes frozen ASC pangasius fillets, raw	5.41
	Albert Heijn	Chilled	350 grammes defrosted ASC pangasius fillets, naturel	11.40
	Albert Heijn	Chilled	310 grammes defrosted ASC pangasius fillets, marinated	14.90
	Albert Heijn	Frozen	250 grammes frozen ASC pangasius fillets, marinated	10.76
	Jumbo	Frozen	600 grammes frozen ASC pangasius fillets, raw	5.41
	Jumbo	Chilled	350-grammes defrosted ASC pangasius pieces, naturel	10.40
UK	Tesco	Frozen	600 grammes frozen ASC basa fillets, raw	7.35 (6.66 pounds)
	Tesco	Chilled	350 grammes smoked ASC pangasius fillets	12.36 (11.20 pounds)
	Tesco	Chilled	265 grammes defrosted pangasius fillets, naturel	11.67 (10.57 pounds)
Germany	Metro	Frozen	900 grammes frozen ASC pangasius fillets, raw	6.92
	Selgros	Frozen	800 grammes frozen pangasius fillets, raw	7.34

Spain	Eroski	Frozen	800 grammes frozen pangasius fillets, raw	5.36
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Source: Seafood TIP, 2020

Defrosted pangasius fillets show higher retail prices. Defrosted pangasius can be found in retail for double the price of frozen pangasius.

In the abovementioned breakdown, the retail price for 1 kilogramme of frozen pangasius fillets is €5.38, including 9% VAT. Excluding VAT, the retail price will be €4.94.

The margin for the retailer is about 45-55%. For the importer, the margin is about 10-15%. The ex-importer price will be around €3.19.


Transport from third countries to Europe is about €0.15-0.20 per kilogramme of frozen pangasius. To create 1 kilogramme of pangasius fillet, around 2.22 kg of whole pangasius is needed. For the processor, the margin is about 50%. The ex-processor (third-country) price for pangasius lies around €2.60.

This study has been carried out on behalf of CBI by [Seafood TIP](#).

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