

CHAPTER 13 FOOD, AGRI AND AQUA BUSINESS SECTOR

OVERVIEW

The Food, Agri and Aqua Business sector has seen both positive and negative tendencies in 2016 and 2017. Indeed, agricultural product exports have increased but the sector remains vulnerable to climate change and volatility of buyers.¹ We are, therefore, pleased with the directives of the Minister of Agriculture and Rural Development to focus on the restructuring and development of the agricultural sector as well as promoting ten key products for export.²

The path to a safe and sustainable food production and supply sector is challenging, as the current pig crisis shows.³ Therefore, we believe restructuring is particularly needed. While reducing prices and stock products, as suggested by the Minister of Agriculture and Rural Development, could help in the short term it is, in our view, not a sustainable solution.⁴ It could help for the short term, but we aim at finding a long-term solution. Moreover, this suggestion has had a negative impact on the demand for poultry, which has decreased as a result.⁵

Dependence on China for export (about 70% of total export value) is one of the main causes of problems in the pig/pork meat sector, but this has already been the case for the fruit and vegetable sectors in the past.⁶ Previously, Vietnamese enterprises encountered obstacles such as export/import tariffs and quarantine requirements when exporting to neighbouring countries. Combined with a lack of information, this resulted in the use of unofficial import and export channels, despite greater risks.⁷ In our view, this issue should be addressed to increase food safety. We will discuss a partial solution to increase safety in the food sector and the competitiveness of the pig sector.

Importing countries are introducing stricter controls for fish and seafood for various reasons⁸, and this further highlights the need to restructure and develop the sector. However, pork and chicken also encounter hurdles, especially with regard to the need of ensuring Sanitary and Phytosanitary (SPS) standard measures. Overcoming these hurdles will be one of the biggest challenges in order to take advantage of opportunities of the EU-Vietnam Free Trade Agreement (EVFTA) once it comes into effect.⁹

- 1 "Vietnam's top ten 2016 exports", *Vietnam Net*, 03 February 2017. Available at: <english.vietnamnet.vn/fms/business/172030/vietnam-s-top-ten-2016-exports.html> accessed on 22 November 2017; "Vietnam's top agricultural export products", *Vietnam Net*, 29 December 2016. Available at: <english.vietnamnet.vn/fms/business/170369/vietnam-s-top-agricultural-export-products-in-2016.html> accessed on 22 November 2017; "El Nino looms large in 2017 with drought and strong typhoons forecast for Vietnam", *VN Express*, 24 March 2017. Available at: <e.vnexpress.net/news/news/el-nino-looms-large-in-2017-with-drought-and-strong-typhoons-forecast-for-vietnam-3560262.html> accessed on 22 November 2017; "Mekong set for tougher drought", *Vietnam News*, 06 February 2017. Available at: <vietnamnews.vn/society/350615/mekong-set-for-tougher-drought.html> accessed on 22 November 2017.
- 2 "Agriculture to focus on 10 export products: Minister", *Vietnam News*, 24 November 2016. Available at: <vietnamnews.vn/economy/346850/agriculture-to-focus-on-10-export-products-minister.html> accessed on 22 November 2017.
- 3 "Vietnam suffers as China sets trade barriers on farm produce", *Vietnam Net*, 24 August 2016. Available at: <english.vietnamnet.vn/fms/business/162148/vietnam-suffers-as-china-sets-trade-barriers-on-farm-produce.html> accessed on 22 November 2017.
- 4 "MARD urges husbandry firms to save pig farms", *Vietnam News*, 25 April 2017. Available at: <vietnamnews.vn/economy/375278/mard-urges-husbandry-firms-to-save-pig-farms.html> accessed on 22 November 2017.
- 5 V. Yen, "Pig farmer rescue campaign hits chicken breeders", *Saigon Times*, 27 June 2017. Available at: <english.thesaigontimes.vn/54700/Pig-farmer-rescue-campaign-hits-chicken-breeders.html> accessed on 22 November 2017.
- 6 "China stops buying Vietnamese pigs causing rapid price drop", *Tuoi Tre News*, 14 May 2016. Available at: <tuoitrenews.vn/business/34795/china-stops-buying-vietnamese-pigs-causing-rapid-price-drop> accessed on 22 November 2017; K. Tam, "Vietnam farmers face problems when Chinese traders stopped purchasing agricultural commodities", *Vietnam News*, 30 March 2017. Available at: <viet-news.net/vietnam-farmers-face-problems-when-chinese-traders-stopped-purchasing-agricultural-commodities/> accessed on 22 November 2017; "Vietnam croc farms suffer as Chinese market shrinks", *Tuoi Tre News*, 17 November 2016. Available at: <tuoitrenews.vn/business/38048/vietnam-croc-farms-suffer-as-chinese-market-shrinks> accessed on 22 November 2017; "Vietnam suffers as China sets trade barriers on farm produce", *Vietnam Net*, 24 August 2016. Available at: <english.vietnamnet.vn/fms/business/162148/vietnam-suffers-as-china-sets-trade-barriers-on-farm-produce.html> accessed on 22 November 2017; "Vietnam government aims to lift agricultural exports", *Black Sea Grain*, 17 August 2016. Available at: <www.blackseagrain.net/novosti/vietnam-government-aims-to-lift-agricultural-exports> accessed on 22 November 2017; "Vietnam's top agricultural export products", *Vietnam Net*, 29 December 2016. Available at: <english.vietnamnet.vn/fms/business/170369/vietnam-s-top-agricultural-export-products-in-2016.html> accessed on 22 November 2017; "With a turnover of \$US 25.5 billion, China is the biggest trading partner of Vietnam", *Customs News*, 16 May 2017. Available at: <customsnews.vn/with-a-turnover-of-us-255-billion-china-is-the-biggest-trading-partner-of-vietnam-3480.html> accessed on 22 November 2017.
- 7 L. Minh, "Boosting Exports to China through Official Channel", *Vietnam Chamber of Commerce and Industry*, 21 November 2016. Available at: <www.vccinews.com/news_detail.asp?news_id=34157> accessed on 22 November 2017.
- 8 "Seafood exporters show concern about Japanese stricter import control", *FIS*, 07 July 2017. Available at: <www.fis.com/fis/worldnews/worldnews.asp?monthyear=7-2017&day=7&id=92651&l=e&country=&special=&ndb=1&df=1> accessed on 22 November 2017.
- 9 H. Ly, "Exports to be hurt by banned substances", *VCCI News*, 05 September 2016. Available at: <www.vccinews.com/news_detail.asp?news_id=33880> accessed on 22 November 2017.

The introduction in the EVFTA of the concept of 'single entity' for the whole EU territory will facilitate the approval of EU exports by Vietnam. The same import requirements should apply to all EU Member States.

Vietnam's agri-food sector has a huge potential to benefit from the FTA but it needs first to comply with the EU SPS standards. Otherwise, it will not be able to export to the EU and will damage the reputation of its products.

The yellow card recently given to Vietnam by the EU for not having demonstrated sufficient progress in the fight against Illegal, Unreported and Unregulated (IUU) fishing worldwide is also likely to have an impact on exports.¹⁰

Another issue, already mentioned briefly in the 2017 edition of the Whitebook¹¹, is Antimicrobial Resistance (AMR), caused by irresponsible use of antibiotics, which in Vietnam is already one of the highest in the world.¹² We will address this in section I of this chapter.

The opening up of several 'difficult' markets, such as Japan and Australia, prove that it is possible for Vietnam to comply with high-level food safety requirements.¹³ In our view, the Government should use these successes to show farmers and producers the benefits of improving standards, as this will increase the competitiveness of Vietnamese products as well as open up more markets. We share the view of the Vietnam Association of Seafood Exporters and Producers that improving quality and ensuring food safety is the best method to increase exports.¹⁴ However, while the focus on increasing exports is important, we believe the long-term focus should prioritise transforming the domestic agricultural sector to be stronger and more self-sufficient. This should include upgrading, diversification, developing high-end products and improving food safety. Transforming the sector along these lines would help it to export more.

To further increase quality and address issues of food safety, traceability is a solution that should be further developed.¹⁵ We also believe that it is important that current regulations are reviewed and that a value agricultural and food production and supply chain is created. This includes developing new market opportunities, reducing AMR and the sector's dependence on imported materials.¹⁶ In our view, cooperation and coordination of the various parts of the sector is key to its success in domestic and foreign markets, and that is what should be focused on.

We also wish to stress the importance of developing a sustainable sector that provides farmers with a stable income and reduces its carbon footprint while meeting consumer demands. For example, farmers need to become more business-minded. Today, farmers often react impulsively when choosing what to grow and do not look for buyers or gather market intelligence before deciding on products.¹⁷ Farmers also need to learn what products they should use to increase yields, but which use less water and other natural resources while keeping the soil fertile. This can be done by creating trust and developing agricultural extension groups and veterinary services. We share the view of the Prime Minister that the size of land plots needs to be increased and high tech needs to be applied, alongside more investment and better policies.¹⁸

Hereafter, we will address some of these issues more in detail. The Food, Agri and Aqua Business Sector Committee (FAABS) and CropLife Vietnam Sector Committee have both contributed to this chapter.

10 "EU yellow card will likely hurt VN seafood", *Vietnam News*, 25 October 2017. Available at: <vietnamnews.vn/economy/416153/eu-yellow-card-will-likely-hurt-vn-seafood.html> accessed on 22 November 2017.

11 Whitebook 2017, Chapter 12: "Food, Agri and Aqua Business Sector overview", p. 103; "Vietnam's antibiotic resistance rate among the highest in the world", *Thanh Nien News*, 01 November 2015. Available at: <www.thanhniennews.com/health/vietnams-antibiotic-resistance-rate-among-the-highest-in-the-world-53110.html> accessed on 22 November 2017.

12 *Ibid.*

13 M. Long, "Vietnam exports processed chicken to Japan", *VOV World*, 20 September 2017. Available at: <vovworld.vn/en-US/current-affairs/vietnam-exports-processed-chicken-to-japan-577933.vov> accessed on 22 November 2017; M. Van, "Vietnam the first permitted to export dragon fruit to Australia", *VN Economic Times*, 29 August 2017. Available at: <vneconomicstimes.com/article/vietnam-today/vietnam-the-first-permitted-to-export-dragon-fruit-to-australia> accessed on 22 November 2017.

14 B. Chau, "Seafood Exports Maintain Growth Momentum", *Vietnam Chamber of Commerce and Industry*, 04 November 2016. Available at: <www.vccinews.com/news_detail.asp?news_id=34095>

15 Whitebook 2016, Chapter 11 (I): "Food Safety – importance of traceability and legal enforcement" p. 80.

16 "Policies hinder trading of local agricultural products", *Vietnam News*, 22 June 2017. Available at: <vietnamnews.vn/economy/378730/policies-hinders-trading-of-local-agricultural-products.html> accessed on 22 November 2017; "Vietnamese agriculture improves quality for exports", *Voice of Vietnam*, 24 June 2017. Available at: <english.vov.vn/economy/vietnamese-agriculture-improves-quality-for-exports-352245.vov> accessed on 22 November 2017; "Weakness in Vietnam's agricultural supply chains", *Vietnam Net*, 6 May 2017. Available at: <english.vietnamnet.vn/fms/business/177731/weakness-in-vietnam-s-agricultural-supply-chains.html> accessed on 22 November 2017; T. Dung, "Vietnam seeks to export pork", *Saigon Times International*, 22 October 2017. Available at: <english.thesaigontimes.vn/56697/Vietnam-seeks-to-export-pork.html> accessed on 22 November 2017.

17 "Farmers switch to pepper as coffee prices fall", *Vietnam News*, 28 May 2016. Available at: <vietnamnews.vn/economy/297419/farmers-switch-to-pepper-as-coffee-prices-fall.html> accessed on 22 November 2017; "Vietnam's pepper export revenue loses spice due to oversupply", *VN Express*, 26 June 2017. Available at: <vnxpress.net/news/business/vietnam-s-pepper-export-revenue-loses-spice-due-to-oversupply-3605029.html> accessed on 22 November 2017.

18 T. Hoang, "PM points out shortcomings in agriculture production", *VN Express*, 27 June 2017. Available at: <english.thesaigontimes.vn/54693/PM-points-out-shortcomings-in-agricultural-production.html> accessed on 22 November 2017.

I. ANTIMICROBIAL RESISTANCE

Relevant Government authorities: Ministry of Agriculture and Rural Development (MARD), Ministry of Health (MOH), Ministry of Industry and Trade (MOIT), Ministry of Science and Technology (MOST).

Issue description

In this section we will address AMR. The World Health Organisation (WHO) considers this a major global problem, and ranks Vietnam in the group of countries with the highest rates of AMR in the world. It is estimated that, by 2050, AMR will be the main cause of global mortality, responsible for 10 million deaths every year, with half of those in Asia. On top of this, the economic costs will be USD100 trillion.¹⁹

The Government is aware of this problem and an Aide Mémoire was signed in 2015 by the four relevant Vietnamese Ministries and Development Partners, and a National Steering Committee on the prevention of AMR was established in 2016.²⁰ Moreover, several conferences on this topic took place in 2016 and 2017.²¹ We are pleased to see that after the signing of the Aide Mémoire, a national action plan for management of antibiotic use and control of antibiotic resistance in livestock production and aquaculture has been produced.²² As is often the case in Vietnam, insufficient legal enforcement of existing regulations seems to be a major cause of this problem.²³ We will address the issue of enforcement regarding the use of certain antibiotics in section IV of this chapter. We believe the private sector can play an important role in this process as well. Vietnam could learn from the experience of other countries in this respect and look, for example, at the 'One Health Action Plan to combat AMR' developed by the European Union.²⁴ Various members of FAABS are active in the sector related to feed, animals and testing. We believe that these companies can provide a valuable contribution and can be part of the multi-stakeholder engagement as outlined in the National Action Plan.

Potential gains/concerns for Vietnam

If the issues causing AMR are well-addressed, AMR rates will decrease and there will be a reduced impact on Vietnamese society and its economy. Human lives will be saved which will avoid a significant increase in the costs of healthcare. If the incorrect use of antibiotics is not addressed, it will negatively influence the possibility to export products as importing countries will check for residue.

Recommendations:

- Engage with local and foreign private sectors, such as the FAABS' members, to reduce AMR;
- Apply good husbandry practices to reduce demand for antibiotic treatment in farms through agricultural extension programs and related activities;
- Encourage research on alternative treatments to antibiotics; and
- Increase awareness and educate farmers on the risks associated with misuse of antibiotics.

19 J. O'Neill, *Antimicrobial Resistance: Tackling a crisis for the health and wealth of nations*. London: Review on Antimicrobial Resistance, 2014. Available at: <https://amr-review.org/sites/default/files/AMR%20Review%20Paper%20-%20Tackling%20a%20crisis%20for%20the%20health%20and%20wealth%20of%20nations_1.pdf> accessed on 21 November 2017.

20 The Aide Mémoire was signed by the Ministry of Health, Ministry of Agriculture and Rural Development, Ministry of Industry and Trade and the Ministry of Natural Resources and Environment, as well as by development partners such as the World Health Organisation, Food and Agriculture Organisation and Oxford University Clinical Research Unit. The Ambassador of the United States of America and representatives from the embassies of Japan, the Netherlands and the United Kingdom of Great Britain and Northern Ireland expressed their support for this Aide Mémoire; "Viet Nam signs aide-memoire to combat antimicrobial resistance", *WHO*, 22 July 2015. Available at: <<http://www.wpro.who.int/mediacentre/releases/2015/20150722/en/>> accessed on 22 November 2017.

21 "Antibiotic resistance in livestock threatens Vietnamese health and livelihood", *Nhan Dan*, 03 August 2017. Available at: <en.nhandan.com.vn/society/health/item/5392702-antibiotic-resistance-in-livestock-threatens-vietnamese-health-and-livelihood.html> accessed on 22 November 2017; "Summary of the Viet Nam Action Plan for AMU/AMR reduction in Livestock Sector", *Food and Agriculture Organisation of the United Nations*, 10 November 2016. Available at: <www.fao.org/vietnam/news/detail-events/en/c/451446/> accessed on 22 November 2017.

22 This action plan describes the various problems as well as the activities that will be undertaken in the coming years; T. Sau, "Vietnam is on the right track in the national program on antibiotic resistance", *Nhan Dan*, 20 January 2017. Available at: <<http://www.nhandan.com.vn/suckhoe/tieu-diem/item/31897602-viet-nam-dang-di-dung-huong-trong-chuong-trinh-quoc-gia-ve-khang-khang-sinh.html>> accessed on 22 November 2017.

23 Antibiotics in Vietnam are used for different purposes such as prevention and control of disease, but also as growth promoter, to control bacterial contamination and control of the spread of drug-resistant bacteria in livestock production and aquaculture in Viet Nam.

24 "A European One Health Action Plan against Antimicrobial Resistance", *European Union*, June 2017. Available at: <ec.europa.eu/health/amr/sites/amr/files/amr_action_plan_2017_en.pdf> accessed on 22 November 2017; "Action at EU level", *European Union*, June 2017. Available at: <ec.europa.eu/health/amr/action_eu_en> accessed on 22 November 2017.

II. MANAGEMENT OF PLANT PROTECTION PRODUCTS

Relevant Government authorities: Ministry of Agriculture and Rural Development (MARD), Ministry of Health (MOH), Ministry of Industry and Trade (MOIT), Ministry of Science and Technology (MOST)

Issue description

Circular 21/2015/TT-BNNPTNT dated 8 June 2015 of Ministry of Agriculture and Rural Development (MARD) on the management of plant protection products (Circular 21) became effective on 1 August 2015. In our view, the provision on the prohibition of crop protection products that contain actives or finished products falling under the Globally Harmonised System (GHS) Categories 3 & 4; and that have a Pre-Harvest Interval (PHI)²⁵ > 7 days as a means to ban a crop protection product is not a scientifically-sound step. GHS was developed by the United Nations to ensure commonality around the world with respect to chemical classification and hazard communication, mainly via labelling and safety data sheets. Neither GHS nor PHI are intended to be used as an alternative to risk assessment procedures in determining the toxicity of products or to determine if products are safe for consumers to use. Neither the GHS classification nor PHI are designed to be used as a criterion for cut-off by regulatory bodies. Vietnam is the first country in the world to adopt GHS classification and PHI as criterion to ban crop protection products.

We strongly support the Government's desire to provide a regulatory framework for crop protection products that protects both farmers' interests and consumer health. However, restricting the use of a crop protection product should be based on an appropriate safety evaluation and risk assessment that takes into account various toxicological aspects of formulated products without considering the toxicity class of relevant active ingredients, rather than referring to a toxicity category under the GHS as a restriction criterion. In the 2017 edition of the Whitebook, we mentioned the importance of applying risk-based assessment to food safety issues.²⁶

Government efforts to monitor domestic markets in agricultural commodities in terms of consumer safety, including Maximum Residue Levels (MRLs) are appreciated and should be continued. We also believe that it would be helpful if a partnership between the Government, the crop protection industry and relevant stakeholders could be created to jointly promote safe use of crop protection products and good agricultural practices.

Potential gains/concerns for Vietnam

In our view, using GHS and PHI as a criterion to ban crop protection products will lead to higher MRLs due to repeated use of the same crop protection products; faster resistance development and an increased likelihood that farmers turn to illegal products, off-label use, and poor stewardship practices; and reduction in crop yield. In turn, overuse of one particular product will occur and farmers' incomes will be reduced. If fully realised, these developments would ultimately bring about a significant competitive disadvantage to Vietnam's agriculture sector relative to its ASEAN neighbours and beyond.

Recommendations:

- Apply a risk-based assessment when registering products and their use;
- Abolish the application of Circular 21 with regard to GHS and PHI criterion;
- Create a partnership between the Government, crop protection product industry and relevant stakeholders to jointly promote the safe use of crop protection products and good agricultural practices; and
- Continue efforts to monitor domestic markets in terms of consumer safety, including residue-related issues in agricultural commodities.

²⁵ PHI is a reference for the number of days that must pass between the last application of a crop protection product and the moment the crop can be harvested.

²⁶ Whitebook 2017, Chapter 12 (II): "Food safety: risk-based food safety management and Importance of legal enforcement" p. 107.

III. LEGAL ENFORCEMENT: TRACEABILITY AND ACCOUNTABILITY THROUGH AN ANIMAL IDENTIFICATION AND RECORDING SYSTEM

Relevant Government authorities: Ministry of Agriculture and Rural Development (MARD), Ministry of Health (MOH), Ministry of Industry and Trade (MOIT), Ministry of Science and Technology (MOST).

Issue description

Currently, there is no mandatory traceability system, even though the Food Safety Law prescribes it. There have been some local 'voluntary' traceability systems for eggs and vegetables set up in recent times.²⁷ This is a good first step, but in our view the Government should start introducing mandatory systems. It could begin with the introduction of a mandatory animal registration system, as the lack of such a system causes a two-fold risk for food safety at the moment.

Firstly, when a serious disease breaks out that can be transmitted from animals to humans (zoonotic disease) it is not possible to trace the disease back to its origin. Not being able to accurately identify the source of an infection makes effectively eradicating the disease incredibly difficult, if not impossible. This reduces confidence both in the sector and in Vietnam, causing a drop in prices and irrevocable reputational damage.

Secondly, not having an identification system in place actually increases the likelihood of serious food safety issues occurring. For example, when a problem such as the illegal use of hormones or antibiotics is detected, it is often impossible to identify and punish the offender because the source of the product is unknown. This lack of accountability makes it more likely that offences will occur, since perpetrators know that the chances of being caught are very low. For instance, at a session of the National Assembly in June 2017, it was revealed that only 20% of the detected 680,000 violations have been punished.²⁸ However, we welcome the new Decree on fines for food safety violations which is being drafted²⁹ which, we believe, will have a positive impact. The Government has also recognised that offenders should be punished more severely³⁰ and we are pleased with the decision of the Ho Chi Minh City (HCMC) authorities to do this.³¹ In earlier editions of the Whitebook, we raised the issue of strict(er) enforcement of existing regulations.³² Of course, legislation could be improved, but we believe that enforcing the current regulations would be a good first step since it will increase food safety, competitiveness and export possibilities while lowering the negative economic impact significantly by reducing health costs and rejections of Vietnamese products by importing countries.

We also believe that an identification and recording system containing a traceability component would change this and be a useful tool to prosecute offenders while improving Vietnam's food safety reputation. This system would allow each animal product to be traced back to the farm where it was born, the places it stayed during its lifetime and after, as well as the companies responsible for its transport. Since the reputational damage of a serious disease outbreak is extremely high for the sector and the country, we believe that the costs of such a registration system should be borne jointly. The initial investment to design and set up the system should be borne by the Government. However, the operational costs of running the system should be paid for by fees levied on the sector. Each producer, transporter and handler should be required to pay a fixed annual fee to be registered. Then, an additional fee should be levied per animal, meaning larger businesses would pay extra. Below, we briefly describe a pilot currently running in HCMC. The pilot has shown that the costs of the scheme are relatively easy for the users to cover.

27 V. Yen, "Egg origin made traceable from this month", *The Saigon Times*, 07 September 2017. Available at: <english.thesaigontimes.vn/55976/Egg-origin-made-traceable-from-this-month.html> accessed on 22 November 2017; "Saigon consumers can now check where their vegetables come from", *VN Express*, 17 January 2017. Available at: <<https://e.vnexpress.net/news/news/saigon-consumers-can-now-check-where-their-vegetables-come-from-3529541.html>> accessed on 22 November 2017.

28 "Lawmakers say unsafe food giving Vietnamese long slow death", *VN Express*, 06 July 2017. Available at: <e.vnexpress.net/news/news/lawmakers-say-unsafe-food-giving-vietnamese-long-slow-death-3595305.html> accessed on 22 November 2017.

29 "Ministry gets tough on food safety violations", *The Saigon Times*, 08 September 2017. Available at: <english.thesaigontimes.vn/56028/Ministry-gets-tough-on-food-safety-violations.html> accessed on 22 November 2017.

30 "Localities struggle to ensure food safety", *Vietnam Net*, 12/09/2017. Available at: <english.vietnamnet.vn/fms/society/186231/localities-struggle-to-ensure-food-safety.html> accessed on 22 November 2017; "Shrimp injection crackdown intensified", *Vietnam News*, 13 September 2017. Available at: <<http://vietnamnews.vn/society/393687/shrimp-injection-crackdown-intensified.html>> accessed on 22 November 2017.

31 K. Phong, "Food safety violators to face criminal charges", *Saigon News*, 6 October 2017. Available at: <soggpnews.org.vn/law/food-safety-violators-to-face-criminal-charges-70372.html> accessed on 22 November 2017.

32 Whitebook 2015, chapter 3.1.5: "Legal Framework, Coordination and Enforcement" p. 91; Whitebook 2016, chapter 11 section I: "Food Safety – Importance of traceability and legal enforcement" p. 81; Whitebook 2017, chapter 13 section II: "Food Safety: risk-based food safety management and importance of legal enforcement" p. 106.

Monitoring animal movements will allow MARD, through the Department of Animal Health, to better protect against trade-limiting diseases such as Foot and Mouth Disease. These diseases currently restrict the ability to develop official health protocols with China and cost millions of dollars of losses to farmers every year. The Department of Livestock Production of MARD and MOIT require improved monitoring systems to better protect against and regulate the unofficial import of livestock and products from other countries and to improve market access and competitiveness in foreign markets. We are aware that the fresh food traceability system is now operating in HCMC with the support of the HCMC authorities.³³ This system ensures the traceability and integrity of all pig and pork movements into HCMC from 22 surrounding provinces.³⁴ It is now being extended to chicken and poultry³⁵ and eggs³⁶ with projects in beef, vegetables and fruits also in the pipeline. The decision of the HCMC authorities to only accept traceable pigs is a good step. However, it is important that this is strictly implemented, which we believe will be done soon.³⁷

This program could effectively improve the Government's ability to monitor the movement of animals and products. It provides a reliable system that will allow stricter enforcement of regulations and decrease the impact of corruption. The minimal cost of the system is paid for by users rather than the authorities, or reliance on international support. For this program to be successful, the authorities should accept, support and implement it at all Government levels. It would also be helpful if an annual report could be published detailing how issues will be followed-up.

In this light, it is also important that authorities prevent the sale of products that are suspected of being unsafe while waiting for test results. This is currently not possible and therefore we suggest drafting regulations to make it possible.³⁸

In 2017, a problem was detected in Europe with the use of a pesticide which resulted in eggs becoming unsafe. This caused large financial losses for many companies. However, the fact that the tainted eggs were traceable prevented a negative impact on human life and resulted in the arrest of the persons responsible.³⁹ This incident shows that it is sometimes not easy to control food safety, but, with the right tools in place, the issue can be addressed efficiently and quickly and the responsible persons held accountable. The Vietnamese Government could learn from this and other international best practices to avoid making the same mistakes, and introduce these in Vietnam.⁴⁰ As we mentioned in the previous edition of the Whitebook⁴¹, referring to the report of the World Bank Group⁴², food safety should be assessed in a risk-based manner. In our view, this can be best achieved through involving the producers and ensuring their commitment to supplying safe food products.

Potential gains/concerns for Vietnam

The introduction of an identification and recording system containing a traceability component would make it easier to find and punish offenders. This would ensure that fewer offences occur as there would now be a more effective system to identify the people responsible. At the same time, food safety standards would rise and the reputation of Vietnamese products would increase both nationally and internationally. Increased food safety would lead to more export opportunities for Vietnam to the EU and other markets.

33 For more information, please refer to <https://te-food.com/use_case.html> accessed on 22 November 2017.

34 Decision 6079/QĐ-UBND dated 21 November 2016 of HCMC People's Committee promulgating regulations on implementation of the plan on management, identification and traceability of pork under the pilot market of food safety in Ho Chi Minh City during the period of 2016 - 2020

35 Decision 3584/QĐ-UBND dated 8 July 2017 of HCMC People's Committee approving the plan on management, identification and traceability of poultry under the pilot market of food safety in Ho Chi Minh City.

36 Decision 3583/QĐ-UBND dated 8 July 2017 of HCMC People's Committee approving the plan on management, identification and traceability of eggs under the pilot market of food safety in Ho Chi Minh City.

37 V. Yen, "HCMC says will trace pork origin more stringently", *Saigon Times International*, 23 October 2017. Available at: <english.thesaigon-times.vn/56696/HCMC-says-will-trace-pork-origin-more-stringently.html> accessed on 22 November 2017.

38 K. Phong, "Food safety violators to face criminal charges", *Saigon News*, 6 October 2017. Available at <soggpnews.org.vn/law/food-safety-violators-to-face-criminal-charges-70372.html> accessed on 22 November 2017; "Food safety violators to face criminal charges", *Saigon Online*, 6 October 2017. Available at: <soggpnews.org.vn/law/food-safety-violators-to-face-criminal-charges-70372.html> accessed on 22 November 2017.

39 "15 EU countries, Hong Kong and Switzerland caught up in tainted egg scandal", *RTE*, 11 August 2017. Available at <www.rte.ie/news/europe/2017/0811/896628-eu-commission-eggs/> accessed on 22 November 2017.

40 H. Nguyen-Viet, T. T. Tuyet-Hanh, F. Unger, S. Dang-Xuan & D. Grace, "Food safety in Vietnam: where we are at and what we can learn from international experiences", *NCBJ*, 16 February 2017. Available at <www.ncbi.nlm.nih.gov/pmc/articles/PMC5314466/> accessed on 22 November 2017.

41 Whitebook 2017, Chapter 12: "Food safety: Risk-based food safety management and importance of legal enforcement" p. 106.

42 "Vietnam food safety risks management: challenges and opportunities: technical working paper", *World Bank Group*, 28 March 2017. Available at <documents.worldbank.org/curated/en/415551490718806138/pdf/113828-REVISED-WP-Technical-working-paper-EN-FINAL.pdf> accessed on 22 November 2017; "World Bank releases report on food safety in Vietnam", *Vietnam Net*, 28 March 2017. Available at: <<http://english.vietnamnet.vn/fms/society/175339/world-bank-releases-report-on-food-safety-in-vietnam.html>> accessed on 22 November 2017.

Recommendations:

- › Finance the setting up of an identification and recording system containing a traceability component;
- › Start with a product, such as pig, in which Vietnam is competitive and has export potential;
- › Roll-out the HCMC pilot nationally;
- › Raise awareness of the importance of implementing the HCMC program to increase the reputation of Vietnamese products, food safety and exports;
- › Encourage the Government at all levels to accept, support and implement this system;
- › Introduce an annual registration fee for this system and a fee per animal, or follow the HCMC finance model;
- › Draft regulations to prevent the sale of products that are being examined and tested;
- › Look at international best practice for traceability and use this where necessary to improve the situation in Vietnam; and
- › Improve food safety through involving the producers and committing them to supply safe food products.

IV. LEGAL ENFORCEMENT: BANNED SUBSTANCES

Relevant Government authorities: Ministry of Agriculture and Rural Development (MARD), Ministry of Health (MOH), Ministry of Industry and Trade (MOIT), Ministry of Science and Technology (MOST).

Issue description

In animal husbandry, antibiotics are mainly used for three purposes: growth promoter⁴³, treatment of ill animals and as a preventative treatment against diseases. In order to serve these three purposes, antibiotics are usually added into animal feed.

Over the last five years, Vietnamese lawmakers have made numerous efforts to stop the use of prohibited antibiotics and other veterinary medicine in animal husbandry; and to enforce existing regulations, with varying degrees of success.⁴⁴ The use of prohibited veterinary medicines as a growth promoter is mainly done in commercial production, or by individuals for purposes of unhealthy business competition – an issue we addressed in the 2015 edition of the Whitebook.⁴⁵ Several Circulars have been promulgated that contain a list of chemicals and antibiotics prohibited from import, production, trading and use in livestock and poultry feeds in Vietnam since 2014.⁴⁶ However, the entry into force of several parts has been postponed for various reasons.

In 2017, the Veterinary Department of MARD reduced the amount and type of antibiotics that can be used for growth promoting purposes, and in 2018 the use for this purpose will be completely banned. However, the use of antibiotics for the treatment of ill animals and preventive treatment has a more severe impact on human health, because the quantity used is much higher than when used as growth promoter. Nevertheless, there are no proper or clear regulations to efficiently control these issues, as only a few types of banned antibiotics are mentioned in Circular 28/2014/TT-BNNPTNT dated 4 September 2014 of MARD promulgating the list of chemicals and antibiotics prohibited from import, production, trading and use in livestock and poultry feeds in Vietnam.

Following publicity in 2014 on the use of banned hormones and the actions taken by local authorities to enforce existing legislation⁴⁷, many farmers agreed to not use these antibiotics in the future.⁴⁸ We are pleased that medium-sized animal feed production enterprises have also been proactive in reducing the use of antibiotics in their

43 Hormones used as a growth promoter are: salbutamol, clenbutarol and ractobamine.

44 The head of the agency/company which violates the regulations related to banned substance use can be criminally liable.

45 Whitebook 2015 Chapter 3, paragraph 3.1.5: "Legal Framework, Coordination and Enforcement" p. 92.

46 Circular 28/2014/TT-BNNPTNT dated 04 September 2014 and Circular 42/2015/TT-BNNPTNT dated 16 November 2015 promulgating the list of chemicals, antibiotics prohibited from import, production, trading and use in livestock and poultry feeds in Vietnam; and Circular 06/2016/TT-BNNPTNT dated 31 May 2016 that explicitly lists antibiotics that can be used as growth promoters.

47 Use was banned in 2002. "Pig farmers targeted in chemical probe", *Vietnam News*, 25 August 2014. Available at: <vietnamnews.vn/society/259271/pig-farmers-targeted-in-chemical-probe.html> accessed on 22 November 2017; "Pig farm owners say no to growth promoters", *Vietnam News*, 25 August 2015. Available at: <vietnamnews.vn/society/274947/pig-farm-owners-say-no-to-growth-promoters.html> accessed on 22 November 2017.

48 "Pig farm owners say no to growth promoters", *Vietnam News*, 25 August 2015. Available at <vietnamnews.vn/society/274947/pig-farm-owners-say-no-to-growth-promoters.html> accessed on 22 November 2017.

production, and even aim to stop using them in the future. Antibiotics will be replaced with safe alternatives such as: herbal substances and enzymes. However, in our view, a holistic approach to livestock production through bio-security, building design and control, vaccination, monitoring, genetics and nutrition is likely to provide even better results than an erratic use of “magical products”.

Furthermore, over the past year, a rapid urine test kit has been used to check for banned substances in livestock in Vietnam. This method has helped authorities discover violations and subsequently impose harsh penalties on offenders, including destroying all animals on their farms. As a result, the overuse of growth hormones has been brought under control and incidents have significantly decreased, and hopefully will stop altogether in the future.

Potential gains/concerns for Vietnam

Livestock product manufacturers are concerned about ensuring the safe consumption of their products inside and outside Vietnam. To export products, Vietnam’s animal husbandry sector has to deal with difficult technical barriers from importers. This encourages enterprises to find solutions that ensure food safety, meaning antibiotics will be used responsibly. When the use of the rapid urine test kit is implemented repeatedly and over a long period of time across the country, and when existing regulations are enforced efficiently, the reputation of pork meat will improve. People will be able to consume safe pork meat and export opportunities for Vietnam will increase.⁴⁹ Furthermore, it will positively impact the AMR issue described earlier in this chapter.

Recommendations:

- › Strictly enforce existing regulations on the use of banned hormones;
- › Provide easy access to products to be used in livestock production imported from countries with which a Free Trade Agreement exists; and
- › Increase awareness of the use of banned antibiotics, especially as a growth promoter.

ACKNOWLEDGEMENTS

EuroCham CropLife Vietnam Sector Committee
 EuroCham Food, Agri and Aqua Business Sector Committee and for this chapter in particular:
 Techna Nutrition Vietnam
 Marieke van der Pijl, former Vice-Chair and Legal Consultant
 Fresh Studio
 Phileo Lesaffre
 De Heus Vietnam

⁴⁹ T. Dung, “Vietnam seeks to export pork”, *Saigon Times International*, 22 October 2017. Available at: <english.thesaigontimes.vn/56697/Vietnam-seeks-to-export-pork.html> accessed on 22 November 2017.