**POSITION PAPER OF AGRI-BUSINESS WORKING GROUP**

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**Introduction**

2016 has shown an increase in the export of many agricultural products.2016 has also shown that the agricultural sector is vulnerable to climate change and volatility of buyers. The draught and salinization impacted the coffee, rice and fruit produce considerably.

In the light of the entering into force into 2018 of the European Union Vietnam Free Trade Agreement (EVFTA) challenges to agricultural products or products made from agricultural produce such as pork and chicken were brought to light, especially with regard to ensuring sanitary and phytosanitary (SPS) standard measures. This is the biggest challenge in order to take advantage of opportunities when the agreement takes effect. Also the ASEAN Economic Community (AEC) offers possibilities for Vietnamese products, but threats at the same time as products from those countries can be imported quite easily and those countries can export to the same markets as Vietnam.

In our view improving quality and ensuring food safety is *the* solution to increase export. The VASEP has the same view and has said that businesses should shift from price to quality, not use banned chemical or chemical abuse substances during breeding, preservation, processing and controlling raw materials before processing and adopt advanced manufacturing standards. However, even though the focus on increasing export is important, we believe that the long-term focus first should be on transforming the domestic agricultural sector into a self-sufficient and strong sector. This should include upgrading, diversification, developing high-end products and improving food safety. A result of this would be that that the sector would be able to export more.

However, the past few years and this year again, has shown that some other issues need to be addressed to create a sustainable sector that provides farmers with a stable income, reduces the carbon footprint and meets consumers’ requirements at the same time. The current pig crisis shows that the path to a safe and sustainable food production and supply sector is challenging. Reducing prices and stock products, as suggested by the Minister of Agriculture, is in our view not a sustainable solution. It could help for the short term, but it is better to find a solution for the long term.

In our view there the global supply chain needs to be improved. There are various ways through which this can be done: increase food safety (traceability), look at cost of production (RM, customs processes, nutrition plan), diversification, (increase the range of products), regulation (enforcement).

Dependence on China for export also has caused problems for both the fruit and vegetable sector and the pig/pork meat sector. Lately there have been new markets opened up for Vietnamese products, such as poultry to Japan and dragon fruit to Australia. This shows that is possible to export to markets with high requirements of food safety. At the same time it shows how important it is to increase food safety.

Further to this the export through unofficial channels should be stopped and export should be formalised. Because in the past Vietnamese enterprises have encountered obstacles such as tariffs, quarantine, and lack of information which prevented them from official export. Therefore unofficial channels were used in spite of more risks.

We have described various issues related to food safety and the sustainability of the agricultural sector in our papers presented at the VBF annual forms in 2015 and 2016. In some aspects and in certain areas improvement has been made and we compliment the government as well as business with that. Other issues are still limiting the export of Vietnamese products and the competitiveness of the agricultural sector.

In this paper, we would like to raise the following issues more in detail:

| ***No.*** | ***Reference/Articles*** | ***Comments*** | ***Recommendations*** |
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| 1 | *Importance of a science-based approach to regulation*  Circular No. 21 / 2015 of 8/6/2015 on Management of Plant Protection Products | Particular provisions are contained in the Circular that pose a potential threat to Vietnam’s farmers, economy, environment and consumers. These provisions are:   * Banning and no registration of the pesticides with actives or finished products falling under GHS Category 3 & 4 for use with vegetable, fruit and tea. * Banning and no registration of crop protection products with PHI > 7 days for use with vegetable, fruit and tea.   These regulations are non-science based and Vietnam would be the first country in the world adopting similar provisions. In our view this regulation is limiting and even banning the number of technologies available to Vietnam’s vegetable, fruit, and tea farmers. This would result in limited access to the most technologically-advanced and safest options to combat pests, disease and climate-related issues. If fully realised, these developments would put Vietnam’s farmers, consumers, and environment and national economy at greater risk, and ultimately bring about a significant competitive disadvantage to the country’s agriculture sector relative to its ASEAN neighbours and beyond. | *In order to not put the Vietnamese farmers and producers in a disadvantageous position, it would be recommended as following:*   * Do not adopt these provisions as they are not science based; * Look at regulations in other, especially neighbouring countries and follow these; and * Perform or check existing research and draft regulations on that, in case the current regulations are not in line with this research. |
| 2 | *Vietnam Animal and Product Traceability and Assurance* | Even though during the APEC conference in August food security was high on the agenda, it is important to realise that Vietnam no longer has food security issues as in principle all Vietnamese have access to affordable food. There are however significant concerns from Vietnamese and international consumers about the integrity of the food that they are purchasing. The number of consumers who would like to know the origin of their food, what processes have taken place to ensure that this food is both safe and a guaranteed quality is increasing.  There are currently no national governmental animal and product traceability systems functioning for Vietnamese agricultural products. This impacts the competitiveness of Vietnamese local production, limits export volumes and access to potential markets, decreases the ability to improve product quality, decreases consumer safety, and reduces the satisfaction of consumers.  For businesses, there is currently little financial incentive to improve processes. This because the increased cost of production does not often result in differentiation of product from operators. Because those operators engage in practices that compromise the integrity of the commodity or behave outside of regulations which impacts directly on competitiveness.  Several projects have dealt with the importance of traceability systems and have requested the Government for support for these programs. However, in terms of implementation there has been little progress towards a practical national traceability solution.  Monitoring animal movements will allow the Ministry of Agriculture and Rural Development (MARD) through the Department of Animal Health to better protect against trade limiting diseases such as Foot and Mouth Disease (FMD) which currently restricts the ability to develop official health protocols with China and costs millions of dollars of losses to farmers annually. The Department of Livestock Production and Ministry of Industry and Trade (MoIT) require improved monitoring systems to better protect and regulate the unofficial import of livestock and products from other countries and to improve market access and competitiveness in foreign markets.  The TE Food System is now operating in Ho Chi Minh City (HCMC) with the support of the HCMC authorities. This system implements the traceability and integrity of all pig and pork movements into HCMC city from 22 surrounding provinces (*Decision 6079/QĐ of 21 November 2016)*. This system is now being extended to chicken and poultry (*Decision 3584/QĐ of 8 July 2017)*, eggs (*Decision 3583/QĐ 8 July 2017)* and projects are planned in beef, vegetables and fruits.  The HCMC authorities have supported this program and it has effectively changed the ability to both monitor the movements of animals and products. At the same time it provides an integrity system that empowers the Government to enforce regulation and decrease the impact of corruption. The minimal cost in the system is paid for by users rather than the Government, or reliance on international support.  For this program to be successful the Government needs to accept, support, and implement this system at all Government levels.  Animals and animal products provide a good example of the potential benefits that traceability and integrity systems can provide. | *It would be recommended as the following:*   * Monitor animal movements to better protect against trade limiting diseases; * Implement a **mandatory** traceability system for animal products as to increase competiveness of Vietnamese or enforce existing regulations more strictly; * Engage with the business community to discuss the best way to introduce this traceability system; * Raise awareness – together with the business community – on the importance of traceability and to obey the rules to not comprise the system; and * Roll-out existing projects on traceability or monitoring to improve market access and competitiveness to other provinces and products. |
| 3 | *Legal enforcement of existing regulations on banned substances and reduction of Antimicrobial Resistance* | In animal husbandry, antibiotics are mainly used for three purposes: growth promoter, treatment of ill animals and as preventative treatment against diseases. In order to serve these three purposes, antibiotics are usually added into animal feed.  During the past five years, Vietnamese lawmakers have made endless efforts 1) to stop the use of prohibited antibiotics and other veterinary medicine in animal husbandry; and 2) to enforce existing regulations with regard to violations with varying success rates. One use of the prohibited veterinary medicines is growth promoter. This is mainly done in commercial production, or by individuals for purposes of unhealthy business competition. Several circulars have been promulgated that contain a list of chemicals, antibiotics prohibited from import, production, trading and use in livestock and poultry feeds in Vietnam have been approved since 2014. However, the entry into force of several parts has been postponed for various reasons.  In 2017, the Veterinary Department of MARD has decreased the amount and types of antibiotics that can be used for growth promoting purpose, 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 results into a more severe impact on human health. The reason for this is that the quantity used is much higher than when used as growth promoter. Nevertheless, there are no proper and clear regulations to efficiently control these issues, as only a few types of banned antibiotics are mentioned in Circular No. 28/2014/TT-BNNPTNT dated 4 September 2014 promulgating the list of chemicals, antibiotics prohibited from import, production, trading and use in livestock and poultry feeds in Vietnam.  After the publicity in 2014 on the use of banned hormones and the actions by local authorities to enforce existing legislation, many farmers agreed to not use these antibiotics anymore. We are pleased that medium-sized animal feed production enterprises also have been proactive in cutting down use of antibiotics in their production, and even aim to stop using them in the future replacing them with alternatives that are safe such as: herbal substances, enzymes, etc. However, in our view a holistic approach of livestock production through biosecurity, 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 put under control and significantly decreased, and hopefully will stop in the future.  The use of banned substances and uncontrolled usage of it is also a major cause of Antimicrobial Resistance (AMR). AMR is – as indicated by the World Health Organisation (WHO) – a major global issue. It is even more an issue in Vietnam because the WHO has ranked Vietnam in the group of countries having the highest AMR rate in the world. It is estimated that by 2050 AMR would be the main cause of death and responsible for killing 10 million people a year globally, with half of those estimates occurring in Asia. On top of this the economic costs will be USD 100 trillion.  The Government is aware of this problem and an Aide Mémoire was signed in 2015 by the relevant four Vietnamese Ministries and Development Partners, and a National Steering Committee on the prevention of AMR was established in 2016. In 2016 and earlier this year several conferences on this topic took place. 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 is ready. As is often the case in Vietnam, insufficient legal enforcement of existing regulations seems to be a major cause. We believe the private sector can play an important role in this process as well. Vietnam could learn from the experience gained by other countries in this aspect and look for example at the ‘One Health Action Plan to combat AMR’ developed by the European Union.  Livestock product manufacturers are concerned about ensuring the safe consumption of their products in and outside Vietnam. To export products, the animal husbandry sector of Vietnam has to deal with difficult technical barriers from importers which encourages enterprises to find solutions to ensure food safety, resulting in antibiotics will be used responsibly. When the use of the rapid urine test kit is implemented repeatedly and long-term across the country, and when the existing regulations will be enforced efficiently, the reputation of pork meat will improve. People will be able to consume safe pork meat and export opportunities of Vietnam will increase. Furthermore, it will result in AMR decreasing and there will be a reduced impact on the Vietnamese society and economy. Human lives will be saved and the costs of healthcare will not increase significantly. Incorrect use of antibiotics will also influence negatively the possibility to export products as importing countries will check for residue. | *It would be recommended as following:*   * Strictly enforce the existing regulations on use banned hormones; * Provide easy access to products to be used in livestock production imported from countries with which a Free Trade Agreement exists; * Increase awareness of the use of banned antibiotics especially as growth promoter; * Adopt a holistic approach of livestock production through biosecurity, building design and control, vaccination, monitoring, genetics and nutrition is likely to provide even better results than an erratic use of “magical products; * Engage with the local and foreign private sector to reduce AMR; * Apply good husbandry practices to reduce demands 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. |
| 4 | *Import/export of seed and plant* | Registration for import of seeds and plants into Vietnam from overseas can be done online. Therefore, the importing process could be finalised within a few days. However, it frequently happens that modification of the application file is required and often registration for import is not completed in time, or shortly before the seeds/plants are imported. We believe that this late finalisation is caused by unclear or lack of information on how to register seeds/plants. These guidelines and instructions would be helpful for companies to submit a complete file to import plants/seeds in a more efficient way.  Registration to export seeds/plans out of Vietnam cannot be done online which delays the export considerably. | *It would be recommended as following:*   * Make online registration for export of plants/seeds possible; and * Develop clear guidelines and instructions for the registration process when importing seeds/plants |