
1.1 Legislative framework

So far, Vietnam has established a system of legal documents, including: A Law on Fisheries; 5 Ordinances (on animal health, plant protection and quarantine, food safety, plant varieties and animal breeds, and product quality); 6 Decrees guiding the implementation of the above mentioned law and ordinances. In addition, about 150 regulatory documents related to SPS have been developed, covering technical procedures and standards. At the present, Vietnam is reviewing its SPS legal framework based on guidelines, standards and recommendations of such international organisations as IPPC, OIE and Codex in the context of the country’s accession to WTO.

The overall principles and policies for management of product quality and food safety in Vietnam are formulated in three Ordinances, namely the Ordinance on Goods Quality in 1999; the Ordinance on Food Safety in 2003; and the Ordinance on Veterinary Services in 1993 (revised in 2004).

1.1.1 The Ordinance on Goods Quality

This ordinance stipulates the promulgation and application of quality standards for goods, quality certification of goods and the recognition (accreditation) of quality control systems regarding the examination and inspection of goods quality. The ordinance stipulates specifically that goods related to foodstuffs, safety, hygiene and human health must be subject to application of Vietnamese standards (Art. 12) and that foreign and international standards can be applied on the basis of compliance with provisions in Vietnamese standards and international agreements signed by Vietnam (Art. 11). Certification may include certification of goods quality and certification of quality control systems compatible with the Vietnamese standards or foreign standards applicable in Vietnam (Art. 15).

Implementation of the Ordinance on Goods Quality is hindered by the lack of relevant decrees. For this reason some contrary provisions in the previous, now annulled ordinance, are still in operation in ministries and ministry agencies. Further, it has not been clarified how the interface and possible overlap with the Ordinance on Food Quality shall be addressed.

1.1.2 The Ordinance on Food safety

The Ordinance represents an important step to ensure food safety. The Ordinance commits the State to ensure “food hygiene and safety” i.e. providing “necessary conditions and measures to assure the food will not cause any harm to human health and lives” and encouraging all organizations and individuals to apply “advanced management systems” and international cooperation. The ordinance does not commit to the application of specific principles e.g. HACCP. It is expected this may be further specified in the implementation guidelines.

The Ministry of Health has overall responsibility for food safety, although specialized line ministries are those responsible for most of actual measures in cooperation with the Ministry of Health. The Ordinance specifies that the line ministries shall promulgate relevant standards and regulations with respect to foods, food additives, processing aids, packaging materials, tools and equipment. Companies must announce which standards they apply and are required to check regularly if they comply with them. Companies producing and trading food are also subject to inspection and have to have an inspection certificate which states consistency with the requirements of “food safety and hygiene”. There is also a commitment that food safety

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1 Prepared by Mr. Pham Quang Huy and Nguyen The Dzung. Reference is made to the GoV’s relevant sources and the World Bank’s Report “Standards, the WTO and Economic Development in Vietnam: Challenges and Opportunities” by Anderson E.M., Rasmussen S.N. and Jessen M.F. May 2004.
policy should be in line with related international requirements. The Ordinance also specifies that violations, including those by competent authority, shall be subject to administrative sanctions or penal liability.

However, the necessary decree that will guide implementation has not been issued yet. Further, the text of the Ordinance allows various interpretations and different treatment of domestically produced and imported/exported foods. Thus the formulation of specific implementation rules are crucial in determining the actual policies applied.

1.1.3 The Ordinance on Veterinary services

The revised Ordinance stipulates the conditions for animal slaughter inspections, for veterinary hygiene inspection and for premises involved in slaughtering, processing and storage of animal products. The Ordinance requires the Ministry of Agriculture and Rural Development to elaborate standards for the operation of slaughterhouses, processing and storage facilities. The Ordinance allows the establishment of a modern food inspection system based on inspection and approval of hygienic conditions and quality management systems, supplemented by relevant measures with regard to monitoring and quarantine programs.

The ordinance also specifies conditions for production, import, export and use of veterinary drugs in any form. The requirements include that the organizations and individuals shall have a license for production and trading of drugs, as well compliance with specified requirements to quality and labeling. The ordinance requires the Ministry of Agriculture to issue, and keep updated, lists of veterinary drugs that are allowed for use or are banned.

1.2 Institutional framework

There are seven Ministries responsible for SPS issues concerning safety in production and distribution of food.

1.2.1 Ministry of Agriculture and Rural Development (MARD)

1.2.1.1 Department of Plant Protection (PPD)

This agency is responsible for the state management of plant health issues including:

- Phytosanitary inspection and certification of plants and plant products for import and export;
- Administration of food safety for plant products during the process of production, harvesting, processing, storage and handling until such products are distributed in markets;
- Production, import, export, distribution and use of pesticides in plants and products of plants.

1.2.1.2 Department for Animal Health (DAH)

Responsible for state management of animal health issues including:

- sanitary inspection and certification of terrestrial animals and animal products for import and export;
- administration of food safety for animal products during the process of production, slaughtering, processing, storage and handling until such products are distributed in markets (slaughter ing control and veterinary hygiene inspection);
- Production, import, export, distribution and use of veterinary drugs and bio-products (premixes of useful micro-organisms), growth promoters etc.

1.2.1.3 Vietnam WTO/SPS Office

The Government has appointed MARD as the authority responsible for SPS notification and enquiry in the context of WTO accession. The National Enquiry Point and Notification Authority on SPS issues will be established within MARD by the end of 2004. In addition, each of the SPS related departments (e.g. PPD, DAH, FA, NAIFIQAVED and STAMEQ) is proposed to appoint two representatives (one at the Director level and one expert) to be its focal point and participate in the Multi-agency Coordinating Board and the SPS technical support group.
1.2.2. Ministry of Fisheries - National Fisheries Quality Assurance and Veterinary Directorate (NAFIQAVED)

- Sanitary measures (animal health) for production and import and export of aquatic animals and plants, fish feed, aquatic veterinary drugs and aquatic plant protection chemicals;
- Sanitary measures (human health) during the process of production, processing, storage and handling of fishery products for import, export or distribution in markets (in conjunction with Ministry of Health).
- Administration of food safety for aquatic products during the process of aquaculture, processing, storage and handling until such products are distributed in markets.

1.2.4. Ministry of Industry - Department of Science and Technology

Responsible managing, monitoring and reporting on safety and hygiene with regard to the production of alcohol, beer, beverages, confectionary, dairy products, canned products, vegetable oil, flour, starches and bottled water until such products are distributed in markets. This responsibility includes drafting and promulgating legal documents as well as guiding and overseeing their implementation.

1.2.5. Ministry of Health - Food Administration (FA)

- Sanitary measures regarding protection of human health in production and distribution of all food products not under the specialized ministries and foodstuff that is distributed in markets;
- Sanitary measures (human health) for production and import of food additives, chemical food ingredients, disinfecting agents etc. for use in food industry.

1.2.6. Ministry of Science and Technology - Directorate for Standards and Quality (STAMEQ)

- Publishing national standards (TCVN standards);
- Publishing list of commodities imported or domestically produced (including exports) subject to quality control, in cooperation with related ministries;
- Publishing list of commodities subject to a Vietnamese standard (as minimum), in cooperation with related ministries.

1.2.7. Ministry of Trade

Involved in the management and control of foodstuff in circulation in markets, granting business license to food enterprises as well as inspection for food hygiene and safety.

1.3. International Agreements

Vietnam is a member of OIE and Codex and proceeding formalities to become an IPPC signatory. With a view to facilitating international trade of agricultural products, Vietnam has also concluded bilateral agreements with a number of countries:

1.3.1 For animal health

- Agreements on cooperation in animal health with Bulgaria, Russia, Argentina, Chile, Romania
- Arrangements on cooperation in animal health with France, Canada, Netherlands, Republic of Korea, USA, Australia and Thailand

1.3.2 For plant health
• Plant Quarantine Agreements with Mongolia, Chile, Bulgaria, Russia, Cuba, Hungary and Romania
• Quarantine Arrangements or MoU with Thailand, USA, China and Republic of Korea.

1.3.3 For fishery sector
• Bilateral arrangements concluded with Republic of Korea, Canada, EU and Switzerland, China, Thailand.
• Bilateral arrangements in negotiation with Taiwan, Australia and Japan.

2. Achievements and problems in SPS management.

2.1. Achievements
Although Vietnam has not become a WTO member, we adhere to the principles of the SPS Agreement such as: applying necessary SPS measures to protect the life and health of human plants and animals and not using as disguised restriction to trade, ensuring transparency and non-discrimination, taking into account regional conditions and scientific justification. In addition, Vietnam is actively improving staff qualification and physical facilities as well as developing plans of action for implementation of the SPS Agreement.

2.1.1 Achievements in animal health sector
• Development of an Animal Health Master Plan for the government veterinary services for the next 10 years
• Improvement of National Information System for Animal Health through the FAO’s TADinfo software being installed and customized for Animal Health units at national and provincial level.
• Establishment of a Veterinary Planning and Monitoring Unit within DAH: 3 staff have received overseas training to Master degree in epidemiology and veterinary economics; studies on establishment of disease free zone have been carried out.
• Upgrading of veterinary legislation to meet domestic and international requirements: The revised Animal Health Ordinance which will take effect from 1 October 2004 is in compliance with the SPS principles and OIE recommendations.
• Improvement of procedures for controlling quality and use of veterinary products: methods for animal health diagnosis and hygiene are also based on the Manual of Standards for Diagnostic Tests and Vaccines of OIE and food sanitation standard of Codex.
• Improvement of procedures in slaughter and meat hygiene inspection: training of trainers on slaughter and meat inspection and techniques detection of residue drugs. So far, there have been 5 national standards in meat processing; 53 sectoral standards in bacterial test, residues in animal products; and 2 procedures for disease diagnosis.
• Improvement of physical facilities: 6 labs of the 6 Regional Animal Health Centers, 2 labs of the 2 Veterinary Sanitation Centers, 2 labs of the 2 Animal Quarantine Stations at Noi Bai airport and Lang Son. One lab has been accredited to ISO 17025.

2.1.2 In plant health sector
• Establishment of a network of pest surveillance which is undertaken by 64 provincial protection sudepartments working with National Institute of Plant Protection and the Plant Protection Division of PPD managing national operations. There is a well established national and provincial structure with nearly 3,000 staff involved in survey operations on a number of key crops such as rice, maize, coffee, vegetables, etc.
• Basic phytosanitary legal instruments (i.e. Ordinance and Decree on Plant Protection and Quarantine) and its subsidiary documents have been reviewed and amended to ensure consistency with the SPS Agreement, IPPC and international standards.
• Development of the National Phytosanitary Database under NZAID project. The 2 major functions have been achieved are export certification and pest surveillance operations. Other components include import certification, training manuals, international standards and contact details of stakeholders.
• Improvement of pest risk analysis (PRA) capabilities: a PRA group has been formed with 14 members of PPD, 6 of which received short-term training in Australia, Malaysia and Thailand; a national standard for PRA guidelines has been adapted on the basis of international standards; PRAs for a number of plant commodities have been initiated with support from external experts.
• Strengthening of competence and involvement in regional and international cooperation: PPD has active role in co-organization and participation of many international and regional meetings, workshops and conferences.

2.1.3 In fishery sector

The fisheries sector provides an example an effective system of control for food safety hazards, although at present the system is focused on exporting companies and overseas market access.

• Effective collaboration between government and private sector has been established, leading to an efficient system of control for food safety. The Ministry of Fisheries requires processing enterprises to apply HACCP, GAP and other hygiene practices, including relevant prerequisite facilities and programs. The policy is strictly implemented with NAFIQAUED’s inspection and approval of hygienic conditions of processing facilities and food safety management. To be approved for export a company must have in place sufficient facilities and prerequisite programs as well as an efficient working HACCP system. To be approved for domestic production and distribution, to date, only the hygienic conditions of facilities and prerequisite programs to a specified standard are required. 175 establishments have been approved by USFDA for export of fisheries to the US and about 153 establishments approved for export to the EU, to which the most strict approval criteria have been applied. Six laboratories are accredited to ISO 17025 to provide the most common microbiological and chemical analyses.

• Monitoring programs for the residues of veterinary drugs, pesticides and heavy metals are implemented in 230 areas according to EU regulations and approved by the EU. Two of the mentioned laboratories are accredited to conduct advanced analytical methods for pesticide and drug residues and heavy metals. The legal framework regarding management of chemical residues in products from aquaculture is, however, not transparent, and there is a need for review and revision. This is addressed in the NAFIQAUED work plan for 2004 and the SPS Action Plan of Ministry of Fishery and NAFIQAUED.

• The legal framework for implementing same principles in supply chains relating to production and trading of raw materials has been provided. During the past 4 years there has been awareness raising and training.

• NAFIQAUED is strengthening its capacity to be able to implement the requirement for authorized inspection and approval of facilities for production and handling of raw materials and semi-products. The major challenge is to mobilize cooperation and shared responsibility between the central and provincial government level. NAFIQAUED is approved by the EU Commission as the National Competent Authority with regard to the fisheries sector in Vietnam. Memoranda of Understanding have been signed with Korea and Canada and negotiations on the establishment of memorandum of understanding are in process with several other countries. The Ministry of Fisheries, including NAFIQAUED has received substantial support from DANIDA since 1996 and commitment to this cooperation is expected to continue until 2010.
2.2. **Problems**

- Current SPS legislation is inadequate, overlapping, inconsistent, and not equivalent to international norms.
- Law making process is time consuming and not responsive to reality requirements.
- The number of procedures and standards issued is small and with level lower than international standards.
- Veterinary sanitary status of Vietnam is not satisfactory to most importers.
- National SPS capacity remains inadequate and under resourced to conduct testing, risk analysis and pest diagnosis.
- Lack of expertise and resources to participate in international standard setting process, training and dissemination of information to domestic stakeholders.
- Lack of a comprehensive and monitorable long-term strategy/action plan for coordination and collaboration among stakeholders, including policy making and, law enforcement agencies.
- There is no consultation mechanism and strong linkage between government agencies and private sector, leaving a big gap with regard to SPS understanding in domestic enterprises.
- Food processing businesses are mainly of small and medium scale without adequate investment, managed mainly by private sector with limited resources and capacity to undertake advanced hygiene practices.
- The involvement of private sector in SPS issues is limited.

3. **Opportunities and challenges**

3.1. **Opportunities**

- With WTO accession, as an export-oriented economy, Vietnam will have opportunities to have access to more markets, particularly those of developed countries and national economy will profit from export gains if Vietnam can fulfill justified requirements of trading partners.
- Establishing a good SPS system and having SPS legislation in line with international norms will attract foreign and domestic investment which, in return would help strengthen national SPS capacity.
- As a result of market opening policy, local consumers will have bigger choice for agricultural products from around the world with competitive prices.
- The competitiveness of Vietnamese products will be enhanced through better SPS implementation and management.
- Private business can make significant contribution to improvement of national SPS capacity.
- Vietnam will have more opportunities to gain technical support and expertise in SPS areas from international organizations and be willing to assist other least developed countries in the region (Cambodia, Lao PDR and Myanmar) as Vietnam has considerable experience and lessons in rapid development. This form of regional cooperation is found to be more cost effective and efficient in attaining capacity development goal for the region.

3.2. **Challenges**

- The domination of small scale production and distribution, which often lack both necessary information, technology and association. Trade-off between efficiency and equity/poverty concern is also an issue;
- Many of SPS requirements of developed countries are legitimate with respect to food safety, however, developing countries find it difficult to meet those standard because of technical and financial constraints.
- Arbitrary and sometimes discriminatory application of SPS measures, and it is also difficult to distinguish legitimate protective measures from SPS measures that are motivated by trade protectionism.
• Many international standards and guidelines introduce new concepts and require adequate infrastructure to implement. Some principles of the SPS Agreement are not fully respected, for example, it is claimed that developed countries often require developing countries to fully comply with their SPS requirement instead of recognizing equivalence of measures.
• Pressure from domestic stakeholders to request SPS agencies working with trading partners to remove SPS barriers.
• Lack of adequate information about SPS requirements and standards for agricultural products in importing countries.
• Higher cost of compliance for domestic enterprise and proof of compliance with technical regulations may impede international trade.
• It is also challenging to assess the equivalence of international standards when determining the appropriate level of SPS protection for domestic market.
• Domestic stakeholders often apply pressure to their national governments to introduce or maintain SPS measures that will make it more difficult or impossible for imports to be competitive.
• Without appropriate SPS measures, Vietnam will be put at high risks of the entry of exotic pests and diseases which may have serious social and economic consequences.
• How to define clear responsibilities among government agencies and between public and private sector in managing and implementing SPS measures; how to get the involvement of private sector.
• Risk assessment process which requires long time frame and significant resources might cause interest conflicts with trading partners.