

IMPACT OF PRODUCTION PRACTICES AND PRODUCT QUALITY ON EXPORTERS

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In today's global economy, in an era of uncertainty where intense competition is the norm, product quality and safety is no longer considered mere marketing showcase. They are now seen as an essential tool for companies in search of long-term results and effective international competitiveness. The terms, reasonable, fair and acceptable quality can no longer be applied. Today, the focus is on Total Product Quality. And in recent years, we have witnessed how the international market gave ultimate attention to product quality and safety that brought about such terms as HACCP, EU's Own Check and the likes. Major importing countries have set and harmonized their own quality standards by which a product is measured and assessed and recommended production practices and control systems to achieve such. Right now, it seems that everyone is all too concerned about quality and safety, and rightfully so.

This is perhaps the general situation in the international market. Thus, the food industry in general, and the aquaculture industry in particular are under extreme pressure to respond to what the market demands.

Therefore, it is quite obvious why our production practices have a tremendous impact on all of us particularly the exporters, because our production practices will dictate the kind of product that we are going to produce. Without being too simplistic about it, let me equate Production Practices with Quality. More appropriately, Good Production Practices equal Good Quality Products. Conversely, Poor Production Practices equal Poor Quality Products.

Through the years, our company has continuously evaluated, reformulated and improved our processes and procedures to be in tune with what the international market requires.

Not once, but several times did we raise our own standards to be at par with the standards of major importing countries. We have witnessed our quality assessment program evolve from the mere Fish Inspection and Quality Control, to Good Handling and Manufacturing Practices, and now to HACCP-based Integrated Quality Management Program and SSOP (Sanitation Standard Operating Procedures). Pretty soon it will evolve anew but we will make sure we are prepared for it.

To complement the said changes, additional investment was needed to hire competent personnel, train and re-train workers, and procure modern equipment and facilities. It may seem costly, and it is, but we look at the long-term benefits rather than the present inconvenience. So why is it important to adopt the recommended Production or Manufacturing Practices vis-à-vis produce quality products? Because:

- It is mandatory – good manufacturing practices is a prerequisite to HACCP. All major exporting countries, including the US, EU, Japan and Canada has changed their legislation to implement HACCP.
- It is a market requirement
- It is necessary to improve and maintain product quality
- It promotes product safety
- It minimizes risk of product contamination
- It minimizes risk of expensive Product Recall
- It is necessary to be globally competitive
- It is essential for the furtherance of trade

While more and more exporters have recognized the importance of adopting responsible and good manufacturing practices to produce total quality products, it is lamentable that a few others have not. I'd like to give a few examples:

Octopus, while not an aquaculture product, probably is the best example to illustrate how poor or more appropriately, bad production practices can severely affect product quality and consequently its marketability. It is well known all through out the industry how rampant is the practice of water injection in octopus. Injection of water in octopus is being done to increase the weight of octopus by as much as 50%, some even say up to 70%. It is being done either by the fishermen, the middlemen or the exporters themselves for temporary gains. But what is the implication of this? Philippine Octopus has gained an awfully bad reputation in the international market. Last year alone, there were quite a number of containers that were either detained or rejected by the USFDA due to poor quality. It is quite normal to encounter such terms as “pumped up”, “watery” or “filthy” to describe these octopus products. What is so frustrating is that, these unflattering labels now encompass all octopus products coming from our country. Not a few of our clients have affirmed to the veracity of these reports. In fact, they say that Indonesian octopus commands as much as US\$0.15 –0.20 premium in price compared to Philippine octopus. But more than the price and market competitiveness, there are bigger and more serious implications to this (i.e. Mandatory inspection by USFDA, Automatic detention). Worse, we might wake up one day and face an all out ban on all octopus products coming from our country. All because of bad production practices.

Another interesting example that is worth mentioning is the emerging practice of using Philippine exporters as conduits for the exportation of fishery products from different origins. Just a week ago, some individuals approached us to offer a significant sum of money in exchange for the use of our EU number and appropriate documentation requirements to export *Penaeus vannamei* (white shrimps) of Chinese origin to Europe. The question that comes to mind is: why can't they export directly to Europe? Because, they too have problems with the quality of their products, which again can be traced directly to poor production practices. Correct me if I'm wrong but I believe that Chloramphenicol is still widely used in China. Reports reaching us say that already, a few exporters have fallen into the trap and are now into this practice. Again, this could lead to a more serious problem in the future if this practice remains unabated.

These are but a few examples that we can share with you today. Hopefully, concerned government agencies together with the private sector will do their own investigation and take appropriate action.

In summary, the world market has presented a need, and at this point in time, it is a need for safe and quality products. And there's nothing else for us to do but to respond to that need. We must all aim for the highest quality possible. For quality is no longer just the measure of what our buyer wants, instead it should now be viewed as the result of all the processes, procedures and practices that we apply, from the raw material source up to the dining table, in order to produce a desired product according to what the market requires, according to market standards and above all according to the consumers' need. But no matter how many definitions we have on quality, unless production can meet them through effective, responsible and good production practices, these definitions are rendered meaningless.

Thank you and good afternoon.