

Features of the Seafood Market and Impacts on Vietnam's Seafood Export

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With its over 3,260 km of coastline, 112 river mouths and over 1 million km² of exclusive economic zone and mild climate, Vietnam has a lot of potentials in the fishery development.

Regarding marine products, Vietnam seas have over 2,000 species of fish including 130 ones with high commercial values. It is estimated that Vietnam's resource of fishes may amount to 4.2 million tonnes and the yearly exploitation can reach 1.8 million tonnes. Besides fishes, the seas are still home to crustacean and precious mollusk like abalone and hawksbill turtle and different sea products including fish bladder, fin, pearl, etc. Vietnam exploited 1.94 million tonnes of sea products

in 2004 and some 2 million tonnes in 2005.

In addition to sea products, Vietnam has also aquaculture strengths due to its immense and interlacing networks of rivers and lakes. As many as 500 species of fresh and brackish water fishes and many species of shrimps, mollusks, and oysters are raised in domestic waters. The local fishery sector produced 1.2 million tonnes of aquaproduces in 2004 and over 1.4 million tonnes in 2005.

Apart from advantages of natural conditions, Vietnam's abundant and hard-working labor force is also an important factor for the fishery development. Vietnam seafood is not only produced for domestic consumption, but also exported to many countries and the coun-

try has become one among 20 top seafood exporters in the world. Vietnam's aquaproduces are marketed in about 100 nations and territories. In 2005, Vietnam sold abroad nearly 570,000 tonnes of seafood, fetching over US\$2.74 billion. Table 1 shows Vietnam's seafood export in recent years.

Over the past years, seafood is always one of four major exports of Vietnam. If not mentioning crude oil, the sectors of garments, footwear and seafood always top the list of export earners. This can be proved in the following table.

As mentioned above, in value the seafood export always rank third or fourth; however, in added value the sector produces higher efficiency than the garment

and footwear sectors. Understanding that the seafood export fetches significant sources of foreign currency to build the country, the Party and the Government have created a lot of favorable conditions for boosting the seafood exportation. To reach this target, they should grasp main characteristics of and impacts on the seafood market to give proper directions to seafood production. This is also necessary in the process of global economic integration while foreign markets are open to seafood exports and cause a lot of development opportunities for the seafood industry. Full attention should be given to these features and impacts in the market research to boost seafood export.

I. FEATURES OF THE SEAFOOD MARKET

1. The seafood market includes both consumer market (B2C market) and industrial materials market (B2C market).

Seafood plays an important role in providing nutritive food for human and abundant materials for industries manufacturing medicine, handicrafts, food and animal feed, etc. Therefore, it bears characteristics of these two markets. To understand this will help businesses easily find

Table 1: Vietnam's seafood export in the 1996-2005 period

Year	Total export value (US\$ mil.)	Growth (%)	Seafood export value (US\$ mil.)	Growth (%)	Seafood export value/Total export value (%)
1996	7,255.9		670		9.23
1997	9,185.0	126.6	761	113.6	8.29
1998	9,360.3	101.9	817	107.4	8.73
1999	11,540.0	123.3	938	114.8	8.13
2000	14,308.0	124	1,479	157.7	10.34
2001	15,100.0	105.6	1,777	120.1	11.77
2002	16,706	110.6	2,022	113.8	12.10
2003	20,149	120.6	2,199	108.8	10.9
2004	26,504.2	131.5	2401.2	109.2	9.05
2005	32,223	121.6	2,741	114.2	8.5

Source: National Statistics Bureau

the market segment for their effective operations.

The B2C market is the market whose customers are personal customers or households. Here, aquaproducts will be directly used for their daily needs. As a result, to bring products to their hands and win their trust, businesses have to give attention to customer-oriented factors besides quality and price like convenient package, safe and eye-catching designs, etc.

When entering the B2B market whose customers are other enterprises which buy products in large quantity to process other items with higher value, aquaculture businesses should initially secure adequate and timely delivery up to the customer's request for category and quality.

2. The seafood market faces increasing demand and unsatisfiable supply

Seafood can be easily replaced with other protein food. Nevertheless, it is always a favorite for most of customers because it has a lot of superior advantages and users fear dangers caused by epidemics. Many research projects over the world reveal the more the personal income, the higher the demand for seafood. Even common customers can consume extravagant seafood including: salangane nest, lobster, abalone, fin...

The evidence also shows when there is a shortage of seafood supply (due to bad weather and increased import

duty) pushing the price of seafood beyond customers' affordability, they reluctantly change into another alternative. However, for rich and high income earning people, once they know advantages of seafood, want and like it, they still eat at any costs. In the future, when the living standard of most people is significantly improved, the demand for aquaproducts will boom, especially for high class ones. This makes supply not catch up with demand because some precious fishes cannot be exploited and caught at any time.

Seafood is a rather special product whose thriving cycle has not yet faced recession. This is an important feature for the fishery sector's long run and sustainable development, at the same time creating valuable chances for aquacultural expansion in those countries having favorable conditions of weather like Vietnam.

3. The world's seafood market is focused on some both importing and exporting countries

and exporting countries

There are over 180 entrants in the world's seafood market, but three markets of Japan, the US and the EU account for above 75% of total import value in the world seafood market. In addition, China including Hong Kong is also a potential market because of its huge population and increasing seafood demand (annual per capita consumption of 65.2 kg in Japan, 54.6 kg in Hong Kong and 30 kg in the EU). Many forecasts say the seafood demand in these markets keeps on rising in the time to come.

In these above markets, Japan imports seafood mainly for consumption, remaining countries such as the US, the EU and China buy seafood not only for domestic consumption but also for processing and selling in other markets. As such, large importers are also large exporters which control the world's trading in aquaproducts. This feature also indicates entering into and increasing market segments of large potential markets

is not easy due to its fierce competition.

4. The seafood supply depends upon natural weather conditions.

Apart from other sectors like clothing, footwear as well as protein sources raised in farms, the seafood supply is strongly affected by natural conditions of weather and sea environment. Consequently, the unfavorable weather will reduce the seafood supply and thus badly affect its trading activities.

At present, the volume of seafood exploited from sea remains over 70% of the world's total seafood. However, this resource is not infinite and tends to shrink. According to FAO's research, more than 25% of 200 seafood species are overexploited and hardly produce high efficiency in the future. The increasing exhaustion and danger to the marine ecosystem caused by human will also slash off the seafood supply. As a result, protecting the natural environment, promoting the aquaculture in farms and revitalizing the seafood supply resources are activities of many countries to ease their dependence on natural conditions, at the same time nurture the seafood resources to meet the increasing demand.

5. The utilization of processed seafood sees an upward trend

In the globalization trend, human activities are so busy. People always want both to eat nutritive food and to save time. This trend

Table 2: Export value of major products (US\$ mil.)

Year	Garment	Footwear	Seafood
1995	765.5	296.4	621.4
1996	993.1	530	696.5
1997	1,502.6	978.4	782
1998	1,450	1,031	858
1999	1,746.2	1,387.1	973.6
2000	1,891.9	1,471.7	1,478.5
2001	1,975.4	1,587.4	1,816.4
2002	2,732	1,875.2	2,021.8
2003	3,609.1	2,260.5	2,199.6
2004	4,385.6	2,691.6	2,401.2
2005	4,806	3,005	2,741

Source: National Statistics Bureau

strikingly impacts the market of food including seafood.

On the other hand, like other food, seafood encounters low demand elasticity. For example, one person commonly uses 0.2 kg of seafood, according to his/her taste, advantages and values of certain kind of seafood, he/she can increase his/her consumption to 0.3-0.4 kg daily, but he/she cannot eat over 1kg of seafood per day.

This feature indicates to boost needs and sales, the processing stage must be improved to diversify and add more value to products and satisfy customers' tastes in time. This is a very important requirement for the seafood industry's development. Today, thanks to achievements in renovation of preservation and processing technologies, aquaproducts are diverse and abundant with original flavor and very convenient for customers' consumption.

II. MAIN FACTORS IMPACTING THE SEAFOOD MARKET

With the above mentioned characteristics, besides general factors impacting the seafood market as well as other markets, the seafood market are also affected by additional factors as follows:

1. Socioeconomic changes in major seafood markets.

Socioeconomic changes in major seafood markets including the US, Japan, the EU, and China will directly impact not only their seafood market but also

the world seafood market. Their turnabouts in economic growth, per capita income, trade relations, stability of foreign currency will influence the demand, consumption, prices of seafood. The economic crisis in 1997-1998, for example, lowered the Japanese seafood import value from US\$18.3 billion in 1995 (accounting for 32.6% of the world total import value) to US\$13.3 billion in 1998. Similarly, the shrimp import value fell from US\$3.9 billion in 1995 to US\$ 2.67 billion (down 31.5%) in 1999. In addition, the crisis also pushed down prices for the long time. The imported frozen shrimp was sold for US\$12.5/kg in 1995 and the price went down to US\$11.6/ kg in 2000 because although the economy was revitalized, the people still bought goods according to lower prices in the crisis. In recent years, when the Japanese economy shows signs of recovery and its spending power

increases, Japanese seafood prices and import volume also tend to go up.

The above situation gives strong impacts on seafood exporters in the world, including Vietnam. Therefore, in the process of export market expansion, local businesses should recognize this factor to orientate their markets and products appropriately.

2. Requirements for hygienic quality, safety and environment

The seafood industry's feature is its dependence on conditions of weather and natural environment and this factor strongly impacts the seafood supply and prices. To ensure seafood supply for increasing domestic consumption and export, the development of breeding farms is a measure to stabilize materials for processing. Thanks to raising fishes, the supply will avoid fluctuations, shortages and much dependence on natural conditions.

Nevertheless, at present, importing countries tend to increase their standards of safety and hygiene for imports and attach importation with protection of the environment and wild nature. As a result, the expansion of areas and capacity of aquaculture should be carried out in the trend of sustainable development and combined with environment protection and eco-friendly practice, regular inspection of quality and microbes with a view to avoiding bad effects on the environment and pollution to waters. According to forecasts, farm aquaproducts will be preferred and their import volume will increase sharply.

3. Preserving and processing technologies

The demand for seafood is still increasing. Nevertheless, like other products and according to the current consumption trend, the seafood demand will depend on its value added. This is



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only implemented thanks to application of new achievements in preserving and processing technologies for new diverse, abundant and useful products.

As a result, seafood exporters are steadily investing their available resources in research and innovation of processing technologies to produce commodities having high value added and meeting customers' tastes. The evidence shows the more advanced technologies one country has, the higher efficiency its seafood industry produces.

III. WHAT SHOULD VIETNAM DO TO DEVELOP ITS AQUACULTURE AND BOOST ITS SEAFOOD EXPORT?

From the above mentioned features and factors, Vietnam has a lot of favorable conditions to make the best use of its comparative advantages to develop the seafood industry into one of the country's important industries. It should:

- continue to use its comparative advantages to promote resources of precious aquatic species with high value which the nature bestows upon Vietnam.

- increase the areas of aquaculture farms in order to take the initiative in supplying seafood, even precious aquatic species which are hardly exploited.

- apply scientific and technological achieve-

ments and innovate equipment to preserve and process seafood for domestic consumption and export.

- diversify seafood with the concept: it is not only an important nutritive for human life and a source of materials for other industries but also a product to improve human spiritual life. The evidence shows the raising of ornamental fishes is a highly

profitable job and Vietnam has begun to export ornamental fishes since 2001. In 2004, this sector reached nearly US\$10 million and the sector will enhance its export value in the next years.

- promote the competitiveness of aquaproducts. This is an inevitable requirement in the integration process in the world economy. In addition to price reduction, quality enhancement, and product diversification, seafood businesses have to meet requirements for food quality, hygiene and safety.

- build human resources for the seafood industry's development. To solve this issue, the industry has to improve knowledge and professional skills for its workers, generate jobs, restructure the labor force and rural economy, increase income and living standard for farmers and fishers and contribute to the national defense in remote islands.■



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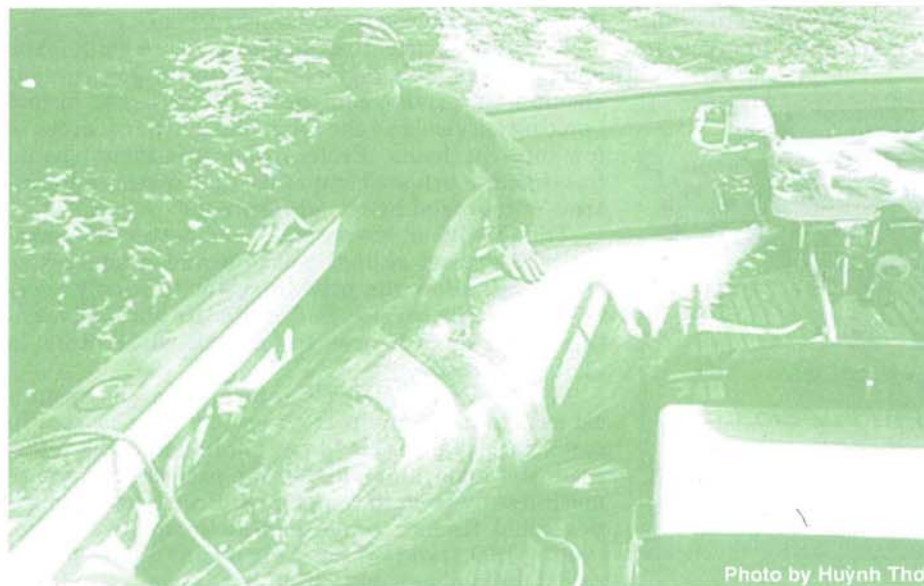


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