

Measures to Develop the Mekong Delta's Seafood Industry

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1. Status quo of the Mekong Delta's seafood industry

Although the seafood market faced a lot of challenges over the past years, the Mekong Delta's seafood export has attained high growth rate and its product and market structure changed on the right track. Seafood processing companies have extended to new markets while maintaining traditional ones. The ratio of Vietnam seafood exports to major markets experienced a change: Japan 25.3%, EU 21.6%, the US 19.9% ... as compared to 2005: Japan 30%, the US 23%, EU 16%. Positive results also occurred in product variety: Shrimps are also major staples, accounting 44.3% in value; and frozen fishes 33.8% (compared to 51% and 24% in 2005 respectively). The output of tra and basa fishes increased fast. Their export volume reached 250,000 tonnes in 2006, fetching US\$750,000.

Table 1: Performance of the Mekong Delta's seafood industry in 2006

Indicator	Unit	Plan for 2006	Performance in 2006	% of the plan	
				2006	2005
1. Total	Tonnes	1,870,730	2,016,642	107.80	109.60
Catch output	Tonnes	854,090	845,641	99.01	98.72
Breeding output	Tonnes	1,016,640	1,171,001	115.18	119.08
2. Export value	US\$1,000	1,761,700	1,988,702	112.89	121.89

Source: The fishery sector's report in 2006

Although they make progressive steps due to growth and economic structure, the Mekong Delta's economy and fishery sector remains a rather low starting point, indicating the following deficiencies:

- The productivity is still low because of obsolete technologies and poor management. The seafood output is large, but the production scale is small and scattered. This causes hurdles in application of modern and systematical management patterns and improvement of competitiveness.

- To deal with disputes and investments for market expansion, food safety and hygiene (residues of antibiotics and chemicals residues in disease and environment treatment and preservation) is the biggest challenge to input production and post-harvest preservation.

- The irrigation system used for fish breeding fully depends on the agricultural network, so this is a hidden risk in future.

- Seafood entities remain small-sized and incompatible with the development plan. Therefore, commercial disputes and technical barriers are permanent threats to seafood exports.

Vietnam has become an official member of the WTO, that is, the country has pledged to liberalize the trade and cut the tariff in compliance with the WTO regulations. In such a circumstance, the Mekong Delta's seafood industry will receive big opportunities and challenges.

2. The Mekong Delta seafood industry's opportunities

- When Vietnam joins the WTO, the Mekong Delta seafood industry faces opportunities to enjoy benefits from regional and global trade liberalization. According to commitments to the Agreement on the Common Effective Preferential Tariff (CEPT), the fishery sector began to cut import taxes for goods from ASEAN countries since 1997 and the tax rates ranged between 0% and 5% in 2006.

- The Mekong Delta's seafood businesses will enjoy preferential tariff when shipping their products to the WTO's member countries, especially their potential markets including EU, the US, Japan, China..

- When Vietnam joins WTO, the Mekong Delta's seafood companies will have a chance to receive the world's technological advances and use them for production. This helps boost up their productivity and quality, and improve their competitiveness. They can also overcome barriers of technique, food safety and hygiene, and environmental protection of major markets such as the US and EU..

- Moreover, local seafood producers have more favorable conditions to learn experience in production expansion, technological application, business administration, product diversification, and market access and extension.

- The Mekong Delta businesses may have a chance to make contacts with foreign enterprises and entrepreneurs, especially large groups. They will find out new partners and improve their professional skills and competitiveness to cope with adverse changes of the local and foreign markets.

3. Major challenges to the Mekong Delta's fishery sector

Entering the world market, the Mekong Delta fishery sector is encountering very big challenges in addition to the above-mentioned opportunities.

- The Delta's labor cost is low due to its abundant and available working population (60% of the population are under 30 years old). The daily wage in fish breeding entities is VND10,000-15,000 and in seafood processing VND25,000-30,000. Most of workers are untrained so the labor productivity and quality is not high.

- The Delta's economy has a low starting point. Its corporate technologies and managerial skills are lagging far behind other countries.

- The WTO member countries have implemented their export-oriented strategy long ago. As a result, their seafood products obtain very high value-added and competitive edges while the Delta's products are semi-finished and low value-added.

- The Delta's fishery sector takes part in the region economy and the WTO in conditions that the business climate is not stable and there is no favorable legal framework. The institutions and policies affecting the sector's activities often change and do not meet requirements of production, processing and export. In addition, they lack synchronization, and even transparency, thus causing troubles in execution.

In addition, seafood businesses are very unresponsive to development policies; slow to innovate technologies and short of market information. Their possibility to seize business opportunities is thus limited and modest.

4. Measures to make use of opportunities and overcome challenges for sustainable development

- Fish catch:

+ The sector should restructure its fishery occupations strongly including catch and breeding; and plan the fishing ground, breeding areas and registration of fishing boats and fishermen. It needs to secure communications and provide logistics services for fishing boats and breeding sites. The living standard of fishermen and coastal dwellers should be improved.

+ Models of production at sea, cooperation groups, and cooperatives are encouraged. Technological and scientific advances should be applied to production, especially post-harvest technologies in order to ensure food safety and hygiene, product quality and loss reduction.

+ The authorities should enhance the efficiency of information and communication systems to get fast information about activities and location of fishing boats and breeding sites on the sea.

- Fish breeding

+ Reviewing the breeding plans, and strengthening measures of management and devising the master plan for the fishery sector by 2020.

+ Establishing the brand for fish varieties in major breeding regions and fulfilling the task of tracking fish origins.

+ Studying the model of fish breeding in accordance with the community and spreading the models of clean production over the country.

+ Building association models based on securing food safety and hygiene as well as benefits of participants from

credit, breeds, feed, medicine, materials, processing and sales.

- Processing and selling seafood

+ Setting up and stabilizing models of trade promotion to expand seafood markets and deal with disputes and market barriers.

+ Establishing brands for major products such as tra and basa catfish as well as oyster and tuna.

+ Strictly controlling seafood quality, safety and hygiene; preventing injection of antibiotics and chemicals into seafood; and finally simplifying administrative procedures to reduce troubles to producers and businesses.

- Enhancing the role of social occupational organizations

+ Consolidating the system of occupational associations from central to local level and encouraging them to play a dynamic and effective role in dealing with social problems to coastal residents; and diversifying forms of organizations including clubs, cooperatives, cooperative teams, and union of clean fish production...

- Building fundamental infrastructures for the seafood industry's sustainable development

The sector should make investments in infrastructure construction; develop education and training to raise the people's educational attainment and the quality of human resources. Facilities for social welfare and environmental protection need be upgraded.

- Expanding the seafood markets

+ Establishing agencies supporting market expansion for seafood businesses; providing main services such as: market information, trade promotion, market research, research and development of new products; and expanding distribution channels...

+ Giving assistance policies to Vietnam Association of Seafood Exporters & Producers (VASEP) as well as founding assistance funds for them such as funds for training employees and managers; helping businesses take part in exhibitions and fairs or opening rep offices overseas; and technological innovation.

+ Devising policies on tax and credit incentives to help businesses develop distribution channels in local and foreign markets, and diversify seafood export markets to reduce risks and losses.

+ Improving income and generating jobs for people to increase demands for seafood by price subsidy policies given to people living in remote areas.

+ Building the models of seafood exchange, first in major material regions (the Mekong Delta) to draw experience and diffuse in other regions.

+ Organizing fishery international fairs in Cần Thơ City annually for trade promotion and market expansion... ■