

SOME OPINIONS ABOUT EXPORT MARKET FOR VIETNAM SEAFOOD IN NEXT YEARS

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With its advantages of geographical location, 3,260 km of coastline and about 1 million km² of exclusive economic zone, Vietnam has enough conditions to develop its fisheries. The problem is how is the Government's macro-level management and businesses' performance in the industry. The evidence shows the seafood export becomes one of leading industries of the country with total revenues reaching US\$1.45 billion in 2000, behind only oil and garment industries. The industry is expected to earn US\$2.5 billion from its exported products by 2005 and US\$3.5 billion by 2010.

1. The U.S. market

+ The value and volume of imports:

Year	1991	1995	1996	1997	1998	1999	2000
Volume (1,000 tonnes)	1,400	1,488	1,517	1,629	1,730	1,830	1,866
Value (US\$ mil.)	6,000	7,043	7,080	8,138	8,578	9,073	10,086

The value of American imported seafood increased 10 times after 10 years while the volume rose only 1.33 times. This indicates the import structure changes in the trend of high price items.

+ Major imported seafood

-Frozen shrimp:

Year	1991	1995	1996	1997	1998	1999	2000
Volume (1,000 tonnes)	227	245	238	236	373	330	345
Value (US\$ mil.)	1,789	2,416	2,245	2,652	3,712	3,138	3,756

The shrimp exporters to the U.S. include Thailand with 126,448 tonnes worth US\$1,480 million, accounting for 40% the to-

tal value of shrimp imported by the U.S., Mexico, Vietnam, India and Indonesia.

Other seafood include crab worth US\$935 million (mainly from China); lobster: US\$870 million, salmon: US\$853 million, freshwater fish: US\$173 million. The U.S. is the largest importer of these marine products in the world.

+ Regions and countries exporting seafood to the U.S.

Region	Asia	North America	South America	EU	Other
Export value (US\$ mil.)	3,573	2,806	1,368	160	160
%	40 %	31 %	15 %	1.8 %	1.8 %

-In 2000, Vietnam accounted for 3% of the total value of seafood imported by the U.S. Its major products include frozen shrimp

tuna fish: 1,500 tonnes and US\$9 million.

2. Japanese market

The Japanese seafood import reached the peak of US\$17.85 billion, accounting for 32% of the world market. However, its import value fell sharply since 1997 due to its economic recession.

-The structure of sea-

Year	1995	1996	1997	1998
Import value (US\$ bil.)	17.85	17.02	15.54	13.27

food imported by Japan include shrimp, lobster, tuna, salmon, conger, frozen cuttle, nautilus, fish-meal...

high tariff on value added items and set up trade barriers to protect the EU members' fisheries. The EU only wants to import semi-finished materials to process products. As a result, the value-added products exported to this market are limited. Major sea products exported to the market include shrimp, basa fish, tuna, cuttle...

The seafood export to this market has to meet technical, quality and hygienic conditions. Tax rates depend on the relationship between EU and the exporters. Profits of some products exported to the EU are only a half of profits of those exported to Japan. The Vietnam's sea-

Top seafood exporters of the U.S.

Country	Canada	Thailand	China	Mexico	Chile	Ecuador	Vietnam
Export value in 1999(US\$ mil.)	1,712	1,558	440	494	371	555	141
Export value in 2000 (US\$ mil.)	1,934	1,816	598	535	514	363	302

Vietnam seafood exports to the U.S.

Year	1998	1999	2000
Volume (1,000 tonnes)	10.6	18	34.5
Value (US\$ mil.)	96.3	141	302.4

food industry must improve environmental hygiene to meet the EU standards.

4. Chinese market

China is the large-size market. Although its seafood import value is now lower than the U.S., Japan, and the EU, its future spending on seafood is potential and may exceed the above countries. Its hygienic conditions are easier than the EU and the U.S.

3. EU market

The EU market requires critical conditions of production and imposes

with 15,718 tonnes worth US\$218 million; frozen sea fish: US\$11.5 million, frozen basa fish: 3,193 tonnes and US\$10.7 million and

Top seafood exporters to Japan

	Export value (US\$ bil.)	Market share (%)
China	1.8	13.8
the U.S.	1.25	9.4
Indonesia	1.07	8.1
South Korea	0.951	7.2
Thailand	0.938	7.1
Russia	0.383	6.8
Vietnam	0.358	2.9

+ The purchasing staff must understand requirements of food quality and hygiene.

- Processing quality

+ All new workers must learn working regulations

+ The workers must be regularly trained to improve their skills including securing food hygiene.

+ Mistakes are reviewed once a month to learn experience.

- Reduce the time of transporting materials to one day and in the transport process, raw materials must be preserved to keep their freshness, for example, they are iced and salted...

- The enterprise has to set up an appropriate production plan so that the raw materials are processed just at the time they are brought to the factory.



Vietnam and China are neighboring countries, so the costs of transport and preservation are lower than that of exporting to other markets.

At present, Vietnam and China have not yet inked a trade agreement. This will restrain Vietnam's seafood export to this market.

5. Suggestions

Based on the above mentioned facts, we would like to propose some solutions with a view to expanding the Vietnam's seafood export market as follows:

a. To improve quality and hygiene of products

The product quality is the most important standard of all markets. It refers to specifications, category, and hygiene depending on requirements of each market. If it is not secured or unstable,

the customers' confidence will be lost.

To gain its product quality, the Vietnam seafood industry is required to secure quality in the three important stages: raw materials, processing and preserving.

- Quality of raw materials:

+ To assign staff who are highly experienced and have enough knowledge to assess quality of raw materials when purchasing.

+ To make the purchasing staff know the quality is first.

+ To have necessary equipment to detect substances in materials to be purchased (for example, metal detector).

+ To examine purchased materials before processing.

+ To fine those workers who do not fulfill the task of examining materials.

+ The hygiene standard of each shipment must be closely examined.

+ Processing areas must be isolated from others to prevent pollution and production time shortened.

- Preserving after processing:

+ The equipment used to preserve products after processing must be modernized.

+ The workers' skill should be trained to adapt themselves to modern technologies.

The seafood industry should implement the following solutions in accordance with each market:

Regarding Japanese market:

Japanese like products which are exploited from natural resources but remain freshness. To ensure the seafood freshness, the industry should:

Regarding American market:

The Vietnam seafood industry's goal in the next years is to gain a firm foothold on the potential market to offset saturation of the Japanese market. The sector is required to respect strict regulations of the HACCP standard as follows:

- To implement regulations and guidance of American food hygiene inspectors.

- To pay attention to the origin of raw materials and the post-harvest preserving process.

Regarding raised raw materials, attention should be paid to both stages before and after harvest, including the process of processing and distributing products. Pre-harvest treatment is very important. The products raised onshore are infected

easier than those caught offshore. This may be overcome by selecting the breeding location and controlling the water resource.

As such, the quality of raw materials will be ensured when removing antibiotic and infectious bacteria as well as avoiding physical deformation.

b. To promote advertisement and sales

- To advertise products in importing countries.

- To diffuse Vietnamese product categories, prices and suppliers on Internet and step by step implement e-commerce. This is a cost-effective method in seeking trade partners.

- To take part in trade exhibitions and fairs to find direct purchasers and collect feedback from customers.

- To open rep offices to get access to local customers and investigate the market for long-term strategies of the seafood industry.

- To apply flexible methods of payment and sales for each customer.

The seafood supply depends on the market demand, crop, and supplier's capacity. There is surplus in one period and shortage in another. Therefore, some importers may order a great quantity in one time and small in another. The seafood exporters have to foresee this situation with the aim to meet the customer's demand as well as attract more importers. This may be done when there is a close link between enterprises in the industry in supporting goods, finance and human resource.

However, the seafood industry may take measures to promote sales in line with each market.

Regarding Japanese market:

Japanese customers are featured by clusters or associations. As a result, if one of customers in that association accepts to purchase Vietnamese seafood, there are many chances to sell products to other members. This characteristic shows it is very important to keep trust of Japanese customers. Attention should be given to

the following factors when delivering goods:

(1) Size of seafood items in each package;

(2) Time of delivery; and

(3) Expiry date for each kind of seafood.

Regarding American market:

The Vietnam seafood sector should take part in international seafood fairs annually held in the U.S. Here the Vietnamese enterprises will discuss technologies of processing and packaging, prices, markets and taste with customers.

In addition, the seafood businesses may learn experience in packaging, marketing, and services from foreign partners. They also select latest technology, equipment, materials and chemicals for the local industry. This helps the industry know what processing technology is appropriate to its investment.

c. To set up the distribution network in importing market:

The distribution channel in importing countries is as follows:

In the above figure, those companies which se-

lect the shortest channel and reduce intermediaries will gain the largest benefits. The seafood sector must specify what products should be processed, sold to supermarkets, or distributed to restaurants. The company will obtain great advantages if its products are ordered by a restaurant network with sole processing technique. The designs of these products will be continuously changed to compete with another restaurant network.

In addition, the selection of partners is very important and needs careful investigation. As a great distributor, the partner will help the seafood company develop their product categories. Vietnam seafood companies also pay attention to the product consuming cycle of this market (peak season occurs in the fourth quarter of the year) with the aim to make proper strategies and plans on prices, supply and reserve and avoid falling prices in the slow-down stage.■

