

ON A STRATEGY TO DEVELOP THE FISHERY INDUSTRY IN CURRENT CONDITIONS

by MEcon. NGUYỄN THỊ BÍCH CHÂM

To work out and realize the development strategy is always a great problem to all ministries. In the trend towards globalization and regionalization, the international competition become much fiercer, especially when Vietnam is integrating into the regional economy. If local companies, including the fishery one, fail to adjust themselves to new conditions, they will certainly end in failure.

Many fishery companies have tried to apply new technologies, improve the product quality and expand their market share. However, realities show that the cooperation between them is still lacking with the result that the Vietnam's fishery industry fails to reach its full potential. In this article, we want to take a closer look at causes of this situation and present our opinions about a strategy to develop the fishery industry in the coming years.

1. Causes of slow progress of the fishery industry

a. Lack of relations between suppliers of raw materials and processing and export companies: In the last ten years, most processing factories met with imbalance between their freezing capacity and supply of raw materials. According to statistics provided by the Ministry of Fishery in 1998, the fishery industry included 186 fish processing factories, 21 IQF production lines and 14 vacuum packing machines. Their total

freezing capacity was 885 tonnes a day and processing capacity 200,000 tonnes a year (or 1,075 tonnes a year on average for a factory). Distribution of this capacity among regions is as follows: 6% in the North, 35% in the Middle and 59% in the South.

Experts estimated that the existing freezing capacity had exceeded the supply of raw materials. Governmental bodies have failed to link processing factories with suppliers all over the country with the result that unfair competition forced the factories to raise purchasing prices and thus damaging their competitiveness in the world market.

b. Lack of a strategy to integrate finished products into the world market: The industry fails to decide what its main products are. That is why it couldn't ensure big and reliable supplies of raw materials of high standards (of size, freshness and processing). Full attention wasn't paid to the innovation of preservative techniques used in factory-ships, which are important to the quality of

raw materials. As a result, the list of aquatic products for export is so short and limited to such items as shrimp frozen in blocks, squid fillets, and some kinds of fish, crab, clam, etc

The data show that the supply of raw materials wasn't big enough to allow processing factories to work at full capacity, especially during periods of bad weather (such as bad catch in 1996 or shrimp plague in Cà Mau).

c. Lack of information about international and regional markets: Although aquatic products from Vietnam are exported to 56 countries and territories, Japan is still the most important one, accounting for 50% revenues from export of aquatic products. Europe and North America are also importing an increasing amount of these products from Vietnam. The growth rate of export volume increased by 168.3% in the 5-year period from 1991 to 1995 and by 463% in the past ten years (1990-99), and brought in US\$858 million in 1998.

However, prices of Vietnamese aquatic products are being slashed by foreign buyers because of a lack of cooperation between local exporters. They usually compete against one another to supply the same products (such as lobster frozen in blocks, squid fillets, mackerel fillets, etc.) to the same Japanese buyers. No exporter controls the local supply of raw materials, therefore they miss the chance to ask a better selling price and make more profit from these staples. In addition, many import companies from Hong Kong (Sung Sang, Sunwa, Hing Lung); Singapore (Marrico, Thái Hưng Long, VietSing) and Taiwan (Shen Hui, Sun Moon Star Co) usually go to fishing ports, buy and have fish processed by local factories and then exported by agents. That is why they get full information about prices of raw materials and cost of processing, and they could fix exact buying prices. To make use of the freezing capacity of their factories, supply jobs to laborers and ensure amortization of production lines, many processing companies are ready to do subcontract work for foreign companies. This situation, for one thing, allows foreign companies to slash buying prices, require high standard for processed products and make contact with suppliers; and for another, forces local processing factories to compete

Table 1: Processed aquatic products in 1991, 1995 and 1997 (tonne)

Item	1991		1995		1997	
	Quantity	%	Quantity	%	Quantity	%
Total	64,700	100.0	127,000	100.0	187,500	100.0
Frozen shrimp and lobster	40,000	61.82	66,500	52.08	72,800	38.75
Frozen squid	4,500	6.96	11,300	8.85	18,800	10.00
Fish	11,110	17.16	31,400	24.60	49,200	26.19
Dried squid	4,100	6.34	4,000	3.13	6,000	3.19
Others	5,000	7.73	14,500	11.35	41,050	21.85

against one another for raw materials and thus suffering higher costs and lower profits.

d. Lack of cooperation between processing factories, scientists and the government: This cooperation is important to the industrialization and modernization of the fishery industry. This lack prevents factories in the industry from getting business opportunities and making the best use of existing resources.

other countries, spending power in economies consuming aquatic products, etc.). The analysis of these factors could help identify opportunities and dangers to the fishery industry.

- Internal factors: They are developments in the business of fish catching and sea farming, processing techniques, market demand for aquatic products, competition between fish processing factories and mechanism for managing the fishery industry. By analyzing these factors,

jectives and strategy for the fishery industry.

b. Establishing objectives, making the strategy and programs to achieve these objectives:

In working out the development strategy, there should be the participation of all parties in the industry: managing organizations (Services of Agriculture and Rural Development), research institutes (Institute of Sea Farming), quality controlling agencies (Fishery Sanitation and Quality

Thus, the strategy-making process should aim at solving the following problems:

+ Working out long-term objectives that will be approved and realized by fishery factories.

+ Establishing a mechanism for regulating sources of finance and other resources linking all factories, governing bodies and the government with a view to orienting investments by factories and helping them improve their competitiveness.



2. Main directions for a strategy to develop the fishery industry

a. Analyzing basic factors to work out the development strategy

- External factors: They are factors outside, that is beyond the control of, the industry and factories. To the fishery industry, they are government policies on the fishery industry (investment and incentives, tax, subsidies, etc.), and changes affecting the demand on the international market (environment, supply and competition from

strengths and weaknesses of the industry could be found out.

- Interactions between external and internal factors: We can estimate these interactions by classifying effects caused by strengths, weaknesses, opportunities and threats and working out measures to overcome threats and weaknesses, and exploit strengths and opportunities. After estimating these interactions, we can find out key elements that could serve as a basis for establishing long-term ob-

Control Center), fishery factories and representatives from consumers and local residents. Their participation should be encouraged right at the beginning of the strategy-making process. Objectives, strategies and programs to achieve these objectives could only be realized with the participation of all these parties because they will directly carry out these strategies and programs after gaining complete knowledge of these objectives, strategies and programs.

+ Protecting national interests in international cooperation and competition, making the best use of opportunities and overcoming threats.

The making of the development strategy for the fishery industry should be based on a new approach that ensures the harmony of interests of factories and of the country and the regulating role of the government. We hope that our opinions will be helpful to the process of working out the development strategy for the industry.