

# THE SITUATION OF AQUATIC AND MARINE PRODUCT EXPORT IN THANH HOA PROVINCE IN THE INTERNATIONAL INTEGRATION PERIOD

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**Abstract:** *In the international integration period, Thanh Hoa province determines to develop marine economy - including aquatic and marine products export development. It is one of the key missions of the province. There are many existing issues relating to aquatic and marine products export that need to be solved. The objective of this study is to evaluate the reality of quality and brand of aquatic and marine products; and, to recommend effective solutions for these issues. The study has three parts: Introduction is in part one; second part is the main part of this research - Research Content, includes the evaluation of the quality and brand of fishery products and the recommended solutions are introduced in part three.*

**Keywords:** *Aquatic and marine, export, international integration period, quality and brand, Thanh Hoa province.*

## 1. Introduction

Aquatic and marine products export under integration direction is one of the very important issues in developing agricultural and rural economy, particularly in coastal areas, which contribute to the economic structure shift, creating jobs and reducing poverty for a large number of people in Vietnam.

During the past years, aquatic and marine sector in Vietnam has gained important achievements with quick and stable growth, becoming one of the key sectors in export, bringing about considerable income for the country. At present, Vietnamese aquatic and marine products have been present in over 164 countries, generating an export ratio of more than 6.6 billion USD (*According to a report on Vietnam Fisheries production in 2015 of VASEP, Vietnam Association of Seafood Exporters and producers*).

Thanh Hoa is the second largest province in Vietnam both in population and area. Statistics shows that Thanh Hoa has the coast of 102kms with 6 coastal towns and districts formed by 5 river mouths to the sea (<http://thanhhoa.gov.vn>). This province also has favorable

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conditions for economic development in general and aquatic and marine product export development in particular. Recently, Thanh Hoa has paid more attention to aquatic and marine products export.

Although the aquatic and marine products sector has been concerned and invested in recent years, new development needs particularly demands of integration into international economy with competitive, quality and branded products has posed urgent issues to the locality. In order to join the playground and integrate into international market and export, Thanh Hoa aquatic and marine products should not only invest in fishing and processing facilities and equipment but also have long-term strategies in branding products and productions to satisfy requirements of technical barriers as well as demands of customers in different countries.

## 2. Research Content

### 2.1. Reality of Thanh Hoa aquatic and marine products export in 2010 - 2015

The province has 76 enterprises specializing in processing, aquatic and marine products export business with total capacity of about 279,870 tons of aquatic and marine products per year. (*Report on the implementation of the 2015 plan for Fisheries and Aquaculture Development*). Total export value in 2010 reached USD 47.8 million (reaching 106.4% compared with the planning target of USD 45 million), 56 million in 2013, in 2015 it was estimated at USD 75 million, mainly export quota.

The main products are shrimp, frozen squid, fried fish. Product has not much added value. Raw materials for export processing is mainly products from fishing and brackish water aquaculture. Raw materials in the province only meet 20-30% of the capacity of the plant, so the raw materials are mainly purchased from other provinces such as Quang Nam, Quang Ngai and Thua Thien Hue.

*Table 1. Aquatic and marine products export turnover*

Year	Total aquatic and marine products export turnover of the country (unit: million USD)	Aquatic and marine products export turnover of Thanh Hoa province (unit: million USD)	Percentage compared to the whole country (unit: %)	Year	Total aquatic and marine products export turnover of the country (unit: million USD)	Aquatic and marine products export turnover of Thanh Hoa province (unit: million USD)	Percentage compared to the whole country (unit: %)
2000	1479	14.952	1.01	2008	4509	37.65	0.83
2001	1778	13.808	0.78	2009	4251	45.85	1.08

2002	2023	16.843	0.83	2010	5202	47.89	0.92
2003	2200	17.5	0.80	2011	6110	43.216	0.71
2004	2408	21.472	0.89	2012	6090	58.1	0.95
2005	2733	23.542	0.86	2013	6712	55.6	0.83
2006	3358	29.12	0.87	2014	7836	69	0.88
2007	3764	30.65	0.81	2015	6660	75	1.126

(Source: - Statistical Yearbook of Thanh Hoa province 2014 year)  
 - The Thanh Hoa Department of Agriculture and Rural Development  
 - The General Department of Customs and VASEP

**\* Export market:**

Aquatic and marine production is increasing, aquatic and marine products export also brings about good results - aquatic and marine products export turnover increased significantly over the years.

Table 1 shows that the value of export turnover in 2000 reached USD 14,952 million, accounting for 1.01% compared to the whole country, by 2005 export reached USD 23,542 million, but it reduced compared to the country and just accounting for 0.86%; reaching USD 47.89 million in 2010 doubled compared to the year 2000, but the percentage compared to the whole country decreased 0.09%.

In 2011, the value of aquatic and marine products export increased but export turnover decreased more than compared to the year 2010. The reason is due to the inputs for production on the rise: electricity price increased by 18%, gasoline price soared, the currency market has large fluctuation in interest rates (interest rate is 15%/year, external loans is 20%), which makes great disadvantage for aquatic and marine products processing businesses as well as farmers and fishing in raising funds to invest in production. Besides, Thanh Hoa as well as the whole country has trouble in export market - the modern technical barriers are being applied to aquatic and marine products of Vietnam.

However, by 2012, Thanh Hoa province has focused on upgrading and expanding a number of aquatic and marine products processing establishments for export, encourage private processing facilities to develop; some fisheries infrastructure such as Lach Bach fishing port, Lach Hoi etc., invested to upgrade and meet the development requirement of fishing. Fishing capacity is increasing after the province has invested in a lot of resources to develop. Thus the value of export turnover reached USD 58.1 million, accounting for 0.95% of the whole country, up to 0.24% over 2011.

In the year 2013, the value of export turnover reached USD 55.6 million, a decrease of 0.12% compared to the year 2012, accounting for 0.83% of the whole country. The epidemics, storms, fuel prices and tight credit cause difficulties for aquatic and marine products processing enterprises for export.

By 2014, the value of export turnover reached USD 69 billion, an increase of 0.05%

compared to the year 2013, accounting for 0.88% of the whole country. In 2014, the aquatic and marine products sector of Thanh Hoa continues to face many difficulties and challenge of weather, disease, market and volatility in Bien Dong. But overall the sector has more advantages than the year 2013, because: flood situation occurred less, the domestic economy has been recovering, purchasing power rose in the country, many agricultural products in the market are well consumed.

In 2015, the value of national export turnover reached USD 6.660 million, of which export value of Thanh Hoa is USD 75 million, accounting for 1.126%. If comparing to other export commodities of the province, the aquatic and marine products for years remained at second position after the light industrial goods and handicraft, contributing greatly to the province's GDP growth. In the world, Thanh Hoa aquatic and marine products are increasingly selected by consumers thereby aquatic and marine product export market is expanded, the value of exports has increased.

## ***2.2. The quality assurance in recent years***

Requirement of major markets on standards of quality and food safety of marine and aquatic products is very high. The major markets (EU and the US) just import the products of Vietnam marine and aquatic products processing enterprises that have been issued certificate of standards of quality and hygiene. The stable quality assurance is one of the difficult problems for Vietnam marine and aquatic products processing enterprises today. Due to difficulties in purchasing raw material meeting quality standards as prescribed by Europe, although a lot of ponds, cages are in the harvest, creating instable quality of aquatic and marine products for export and facing problems on the international market.

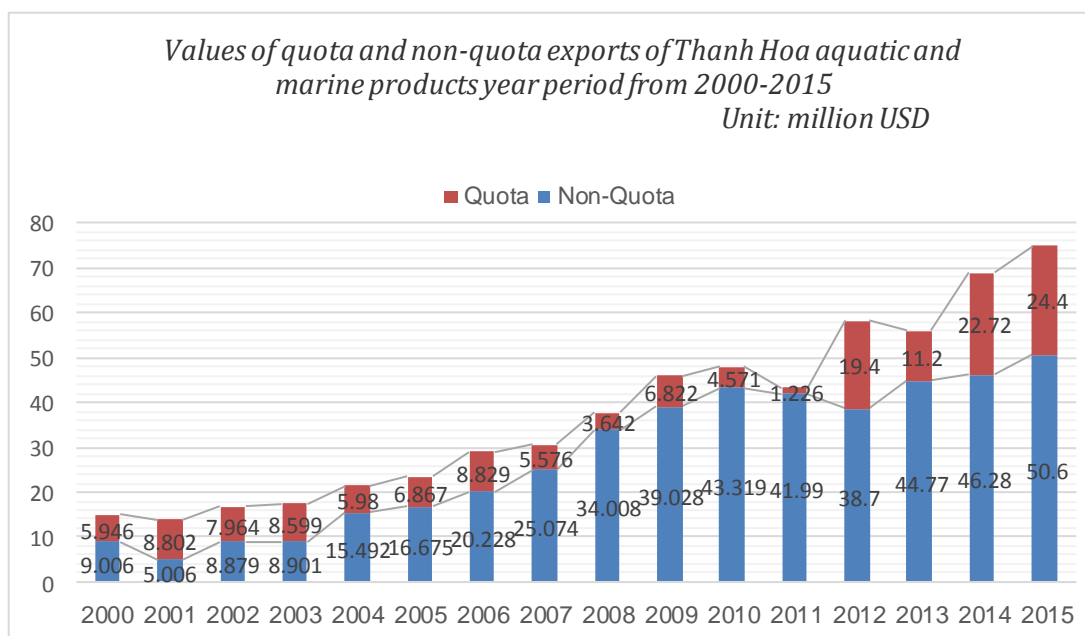
So far, some shipments detected not to ensure food safety and hygiene have been returned, but Thanh Hoa has not had any marine and aquatic products belonging to that shipment. Most products of Thanh Hoa marine and aquatic processing enterprises have not met the standards of foreign markets, especially on the major markets. Currently, quota export of Thanh Hoa marine and aquatic products mainly concentrates in two businesses (Thanh Hoa Marine Products Import-Export Joint Stock Company and Long Hai Trading Transportation and Seafood Processing Joint Stock Company) with the main products: surimi, steamed clam, other seafood to market of Thailand, Korea, China, Japan and the EU countries.

## ***2.3. Issues in Brand Building***

For Thanh Hoa processed aquatic and marine products, most aquatic and marine product exports do not have their own brands, they are mainly consumed in foreign markets under the brands of the importers or distributors, supermarkets. This affects export prices, while the other competitors have been successful in building and promoting their brands. Current export method of Thanh Hoa province is mainly by informal way with simple purchases and procedures between enterprises, vessel owners with countries (particularly

China). Preserving techniques and technologies of the province are still poor, so long day offshore fishing boats usually sell to purchasers of other countries offshore. Thanh Hoa's majority of aquatic and marine enterprises are of small scale and they cannot meet the demands of formal orders in big quantity.

Values of quota and non-quota exports of Thanh Hoa aquatic and marine products are showed in Figure 1. In 2000 total export value was USD 14.952 million, including non-quota export value of USD 9.006 million, accounting for 60.23%, in 2005, non-quota export value of reached 70.83% with an increase of more than 10%, in 2020 this ratio was increased to 90.46% and in 2015 it was 80.05%.



**Figure 1.** Values of quota and non-quota exports of Thanh Hoa aquatic and marine products

### 3. Some suggestions for developing aquatic and marine products

#### 3.1. Solutions to improve product competitiveness

Thanh Hoa aquatic and marine products are determined for consumption in other provinces and for export. However, trend of regional and international economic integration generates increasingly fierce competition especially for imported goods. To overcome difficulties, stimulate production and development, market solutions should focus on the following issues:

Investing in improving market forecast capacity, especially medium and long-term forecasts of quantity, quality and type of goods that the market needs; the situation of supply-demand and price of each type of goods. Based on market information making investment and

production plans, and then chooses form and timing of market penetration for the highest effectiveness.

Stepping up trade promotion, market forecasts, encouraging and creating favorable conditions for businesses, scientists inside and outside the province in signing production and consumption contracts to expand and develop domestic market of aquatic and marine products and for export. They conduct the program “Link 4 sectors” to promote aquatic and marine products via contracts.

Investing in the construction of aquatic and marine product processing facilities to generate stable output markets, add value to aquatic and marine product.

Investing in development of market system, quickly forming exchange venues in rural areas for consumption of aquatic and marine products. In the immediate run, developing towns, townships and centers of “industrial - rural services”, wholesale markets in association with main traffic routes and rural markets for consumption of aquatic and marine products to farmers, they encourage all economic sectors to participate. Guiding and creating conditions for cooperatives to ensure and cover outputs for aquatic and marine products.

### ***3.2. Solutions to ensure quality standards in accordance with international market requirements***

Solutions to improve quality of aquatic and marine products as required by international markets should be carried out from the phase of breeding, caring, exploitation, preservation and processing. It is necessary to boost fishing extension programs, investments of province for seed research and advanced processes to ensure food safety and hygiene. At the same time, it is required to support and encourage enterprises to build and manage product quality according to ISO, HACCP, etc.

Organizing regular activities of education and communication fishermen, farms, businesses and economic entities engaged in aquaculture, exploitation and processing of aquatic and marine products of the province by multiple channels such as radio, seminars, training, etc. on requirements of aquaculture, exploitation and processing of aquatic and marine products to ensure quality and food safety in accordance with requirements of international economic integration, the business knowledge in production, processing, consumption, etc.

Among the factors that affect the quality of aquatic and marine products for export, seed is considered as an important factor. To boost the efficiency of seeds, it is needed to make more investment in research and application of seed with high yield, quality and economic value and suitable with each locality and the tastes of consumers.

### ***3.3. Brand development solutions***

In the current context of integration, competition does not only limit at quantitative criteria such as price, quality, but also open to the intangible values such as reputation, image,

etc. of products. In recent years, Thanh Hoa aquatic and marine products have not created rightful position in domestic and international markets due to lack of its own brand. Therefore, building and developing brands for Thanh Hoa aquatic and marine products is very necessary and required from enterprises and the State.

*For businesses*

They should promote activities of establishing and advertising brands of aquatic and marine products in domestic and international markets. The branding for aquatic and marine products requires a coherent strategy from selection of seeds, farming, fishing, preservation and processing. When brands are available, it is important to pay attention to protection and preservation, promotion of brands a sustainable way. It is required to register protection of trademarks, product labels, brand at home and abroad so that consumers will be initially familiar with labels, brands and quality of aquatic and marine products of each enterprise and each locality. The key issue to ensure sustainable preservation and development of brands is to continuously improve product quality and developing sales network. At the same time, constantly investing in research and development creates new products to meet consumer demands.

*For the province and the State*

It is necessary to facilitate policies in management, support and create favorable conditions for enterprises to invest in building and developing brands. At the same time, it is also important to simplify legal procedures to create favorable conditions for enterprises to register trademark protection most quickly. Supporting enterprises in training, provision of information and advising enterprises on registering products trademark, commercial names, geographical guidelines, names and origin of goods in land and abroad. Preventing and protecting trademarks against acts of infringement, counterfeiting, imitation, infringement of intellectual property, etc. the authorities should speed up issuing detailed regulations guiding the implementation of the Law.

#### **4. Conclusion**

The issues in quality and brand of aquatic and marine products of Thanh Hoa province are analyzed. They obstruct the international economic integration of Thanh Hoa, especially when Vietnam was an official member of the WTO in 2007 - when low-cost imports extended to all goods. The Trans-Pacific Partnership (TPP) was signed, it means the challenge for Thanh Hoa's fishery products. Looking for the solutions for developing Thanh Hoa aquatic and marine products export are important. Business enterprises must have strategy to build up the brand, improve product competitiveness, ensure quality standards in accordance with international market requirements, etc. It is needed to implement such solutions synchronously since they have close relations and support each other.

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