



THE IMPACTS OF THE CURRENT ECONOMICS CRISIS TO SEAFOOD EXPORTING COUNTRIES

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BANGLADESH: GLOBAL FINANCIAL CRISIS MAY AFFECT FROZEN SHRIMP EXPORTS

Bangladesh could see a slump in frozen shrimp exports for the fiscal year up to June 2009 if the global economic downturn continues, the Bangladesh Frozen Foods Exporters Association (BFEEA) said. Frozen shrimp exports fell 2.53% to US\$ 445.41 million in the fiscal year 2007/08, but exports of frozen fishery products other than shrimp rose nearly 52% to US\$ 88.66 million and the total export earnings of seafood rose 3.69% to a record US\$ 534 million.

Fisheries are Bangladesh's largest export after garments. In the last fiscal year, 30 000 MT of shrimp were exported, down from 39 000 MT in the previous year while fish exports rose to 19 270 MT from 10 810 MT.

VIETNAM: SEAFOOD EXPORTERS TURN TO THE DOMESTIC MARKET

As demand from major export markets hit by the global financial crisis, some companies are looking for compensation in the domestic market. They are targeting domestic consumers by processing more catfish products to supply restaurants and supermarkets. The industry players believe that this year's export target of US\$ 4.2 billion has become difficult for Vietnam's seafood industry to achieve as the volumes shipped to major markets like the US and EU decline in the wake of the global financial crisis.

The Vietnam Association of Seafood Exporters and Processors (VASEP) said more than 930 000 MT of seafood were shipped in the first nine months of this year, generating US\$ 3.35 billion, up 23% year-on-year basis. However, seafood exports were in a downward trend in the fourth quarter of this year. With banks are tightening up their credit policy, importers are often asking for delay payment.

As exports to traditional markets of Western Europe and North America tumbled, Vietnamese seafood companies are also trying to penetrate deep into other markets like Japan, South Korea, Singapore, Malaysia, the Philippines and Eastern Europe.

Pangasius catfish: Seafood processing companies said that *tra* fish prices have been sliding dramatically due to the financial crisis worldwide. The credit tightening policy applied in many countries had led to importers to delay payment. This has resulted in the slowdown of *tra* and *basa* exports. According to the An Giang Industry and Trade Department, white meat raw material price of *tra* has decreased by VND 800/kg to VND 15 800–16 000/kg (US\$ 0.94-0.95), while pink meat and yellow meat fish were sold at VND 14 800-15 300/kg (US\$0.90-0.91), down by VND 900-1 000/kg. In Can Tho city, grade-1 fish is sold at VND 16 000/kg (US\$ 0.95).

Vietnam's *tra* products are now exported to 80 countries and territories, with the three markets, the US, EU and Eastern Europe, taking 80% of total exports. Russia and Ukraine rank second and third among Vietnam's catfish export markets, after the EU. However, recently the two markets have stopped importing Vietnamese catfish as banks have tightened their credits.

The Ministry of Agriculture and Rural Development in Vietnam has set an export target of US\$ 1.5 billion for *pangasius* products this year. However, it is believed that the target is fast becoming unfeasible. The Mekong River Delta now has some 120 seafood processing companies for export which have the production capacity of 3200 MT/day.

INDONESIA: Indonesian tuna packers are feeling the pinch from the current financial crisis. According to the Chairman of the Indonesian Association of Canned Fish Producers (APIKI), demand for Indonesian's canned tuna in the overseas markets fell by 10% with export to the USA declined by 40% since the economic crisis as nearly 60% of buyers have requested shipments to be postponed for one month. The situation has also led to the softening of the Indonesia's canned tuna price that dropped from US\$41/carton (48 x 185 gm) to US\$35 recently. The Indonesian canned tuna industry has a production capacity of 300 000 – 350 000 MT per year, but it would probably produce around 120 000 MT this year.

PHILIPPINES: The economics crisis in the United States has also affected canned tuna industry in General Santos City that can force canneries to stop operations, according to industry sources. The president of the Tuna Canners Association of General Santos said that factories warehouses are piling up with canned tuna because orders from the US have ceased. The US market accounted for around 24% of the country's canned tuna export for the first half of 2008, according to the Department of Trade and Industry (DTI)-Central Mindanao. Canned tuna export rose to US\$70.6 million in the second quarter of 2008 from US\$46.9 in the first quarter, bringing the first half total to US\$117.5 million. The European Union was the main destination importing 24 600 MT valued at US\$70.8 million, while the US took 17 300 MT worth US\$35 million of canned tuna during January-June 2008.

THAILAND: EXPORTERS EXPECT SLOWER GROWTH

Thailand's exports are most likely to record slower growth of 10-11% next year, should the US and European authorities fail to harness their financial crisis, a new study warns. The export target of 15-19% growth recently set by the government is unlikely to be achieved if the world's economy is not restored, said the Director of the Centre for International Trade Studies of the University of the Thai Chamber of Commerce (UTCC). The Commerce Ministry recently projected an export growth of 15-19% next year to a total value of US\$ 200 billion.

According to a new survey on export prospects to the US conducted by the Chamber and the UTCC, 68.9% of respondents admitted that they expected to feel the pinch in the fourth quarter of this year. Seventy-seven percent expect that the slowdown would last until the first quarter of next year. The survey was based on telephone interviews done from September 25-29 with 300 exporters from five sectors: seafood, computers, textiles, gems and jewellery and plastic products.

According to the industry, the impact of the current crisis is already being felt by the Thai export sector, with some companies reporting difficulties obtaining Letters of Credit from commercial banks, as they are forced to place bank guarantees to reduce risks. The Thai agricultural sector will definitely see trouble over the next six months with the possibility of small and medium-sized enterprises (SME) being forced to close or be liquidated.

ICELAND: FINANCIAL CRISIS HITS SEAFOOD INDUSTRY

The nationalization of Iceland's banks, Landsbanki and Glitnir banks has raised a lot of concern not only in Iceland but also in other countries in Europe and North America.

Iceland's second-largest bank, Landsbanki was nationalized recently, as the country of 313 000 people struggled to prevent the complete failure of its banking system. Earlier, Iceland nationalized Glitnir bank late last month amidst homegrown economic problems and the turmoil in the global financial system as a result of a freeze in the world's credit markets.

The two Iceland banks had worked hard to establish themselves as the financiers for the world's seafood industry. They basically got involved in the seafood industry in the US, the UK, Norway and other countries. Reportedly Landsbanki and its subsidiaries operate in 17 countries offering services to the seafood industry including in the tuna industry.

USA: The current financial turmoil in the USA has badly affected Maine's lobster fishermen as the market for live lobster is virtually collapsing. As a result, the ex-vessel price of live lobster has plunged to US\$2.60/lb, from the normal US\$4-5/lb, as demand dropped in all market segments. The price paid to fishermen is below cost at around US\$3/lb. With consumers confidence dented by the current economic situation, demand for live lobster at restaurants is currently very low. It is roughly estimated that around 80% of the live lobster caught in Maine has usually been shipped to processors in Canada. However, right now only three of the eight processors who usually buy lobster from Maine are still working. To get rid of inventories, local supermarkets are reportedly running special live lobster sales at only US\$3.99-4.99/lb. The timing of the current crisis is hurting fishermen a lot, as the Maine lobster industry usually makes around 80% of its income in the 12 weeks between the beginning of October and the end of the year.