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Canthoseapromex

**Do Thi Tuyet
Truong Chi Tien
Phuoc Minh Hiep
Nguyen Pham Thanh Nam
Nguyen Van Duyet**

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1. Introduction

Canthoseapromex, originally called “Hau Giang Sea Product Freezing factory number 2”, is controlled by the “Sea Product Processing Union” (the Department of Marine Products). It was established in 1987 with an initial capital of VND 600 million (USD 60 thousand) and 150 employees.

In June 1992, the Haugiang province in South-Vietnam was divided into two provinces: Cantho and Soc Trang. Canthoseapromex became a self-accounting establishment legally specialised in purchasing and processing frozen sea products for export. Since then, it has been growing and has become one of the top sea product exporting companies in Vietnam with an aquaproduct export volume of 5,000 tons (equivalent to an export turnover of USD 61, 2 million) in 1998.

1.1 Stages of Canthoseapromex’s development

The company's history can be divided into three stages.

1.1.1 From 1987 to 1991

In the environment of a controlled, centralised economy, the company carried out its operations on a limited scale. It was not well equipped and had insufficient raw materials. Only crude frozen products with low economic value were processed. At this stage, the company was not allowed to engage in direct exporting and its major activities were the purchasing and processing of crude sea products according to yearly planned targets set by the government. In addition, it had not yet received its own trade mark. Most of its products appeared on the market under the brand “SEAPRODEX”¹ and “SUNWAH”².

1.1.2 From 1992 to 1994

In 1992, the company entered its first year of operations as “Cantho Sea Product Processing Export Enterprise” (Canthoseapromex being the trade name). It effectively exploited local marine resources and processed seafood produced and eventually exported. Its working capital was VND 10 billion (USD 1 million), and the number of employees 300. By late 1992, the company was given permission to export. The majority of its products were marketed by entrusting the exporting to other companies in Ho Chi Minh City. Consequently, the volume of exported products increased to 924 tons, and the export turnover to USD 5,300,000. Although the company was not very successful in trade activities, it was in recovery. Moreover, it was more successful than before the 1992 province splitting.

In 1993, the company began to develop and register a domestic and foreign trade brand. It also increased its research of the Japanese market. Production of exported products was twice as much as

¹ Trade brand of Seaprodex, a Vietnamese aqua-product export company.

² Name of a Hong Kong company.

1992 (1,741 tons). The same holds for the value of exports, thanks to a high exporting price (USD 12,300,000).

In 1994, the company introduced technological innovation, quality improvement and packaging changes to better satisfy customer needs and to broaden its market share. In the same year, export turnover reached USD 26,500,000, five times the 1992 turnover figures. The export volume was 3,154 tons, three times the 1992 volume.

For the last three years of operation, the company expanded despite many obstacles. It began to achieve success in foreign markets, while at the same time, consolidating its position in the Vietnamese aqua-product processing industry. In 1994, its export volume amounted to the accumulated volume of the previous seven years.

1.1.3 From 1995 to the present time

The company experienced some difficulties in its trade activities due to the business environment. In 1995, a trade conflict between Japan and the United States caused large fluctuations of the Japanese yen. In addition, a series of unexpected events in Japan, such as the earthquake in Kobe and the Aum sect's toxic gas attack at a Tokyo metro station, resulted in a decline in Japan's purchasing power as well as a sudden decrease in prices. These changes affected Canthoseapromex as well as other Vietnamese companies.

Moreover, the serious damage caused by the 1995 typhoon Linda, which destroyed almost completely some coastal provinces of the Mekong River Delta such as Minhhai and Kiengiang, resulted in a decrease in the quality and quantity of material resources and an increase in price. The company again faced difficulties in purchasing raw material.

In 1998, the Asian economic crisis had a very strong effect on ASEAN and East-Asian countries. Because of the economic recession and the financial and monetary crisis, the governments of Thailand and Indonesia devalued their currency, giving them price advantages in the foreign markets to the detriment of Vietnam. In Japan, the declining value of the yen and the decreasing purchasing power caused by the economic recession influenced other world markets. In addition, Indian producers decided to lower their export price to Japan and the USA. In 1998, the world's sea product market was deteriorating. Sea product prices declined and reached the lowest rate in September and October. This situation has remained unchanged up to now. Also, the sales potential declined rapidly due to the customers "wait and see" behaviour. Some markets have also decreased in size. Domestic raw materials became scarce because of an epidemic disease in shrimps in Bac Lieu, Camau, which in turn increased competition in the raw materials market.

However, the company has struggled incessantly to move ahead, developing its production and trade activities. It has broadened the scale of production while simultaneously building up a supply network for the Central Vietnam and Mekong Delta provinces. These efforts helped to increase annual exports from 3,920 tons in 1995 to 5,800 tons in 1998.

2. Organisation and personnel

2.1 Organisation

The management structure of Canthoseapromex includes a Board of Directors, four functional departments, one representative office in Ho Chi Minh City and one aqua-product processing factory.

2.1.1 Board of Directors

The Board of Directors includes one Director General, one deputy director in charge of the business plan and one deputy director in charge of technology. The Board of Directors is responsible for drafting and managing business activities, directing functional offices and developing internal and external relations.

2.1.2 Technology department

This department is responsible for checking and ensuring the quality of input and output, and for realising production methods to meet customers' orders.

2.1.3 Administration department

This department drafts and signs labour contracts, assists the Board of Directors in implementing the labour law and recruits employees. In addition, it is responsible for researching and setting up a salary system, paying for labour insurance and social security, checking work safety, training employees, etc.

2.1.4 Business department

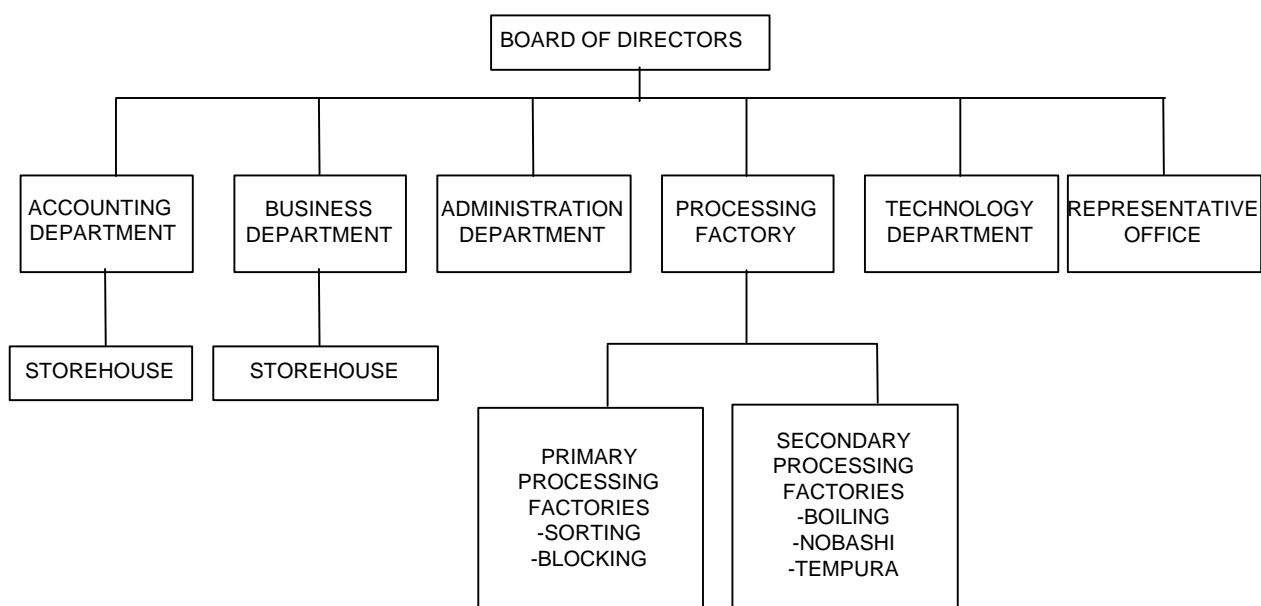
This department, in conjunction with production, develops objectives and assists the Director General in organising and carrying out import-export activities. It also deals with customers and is responsible for the inputs supply and payments, as well as for seeking and widening markets for all of the enterprise's products, especially high-class products. In addition it creates a system of high quality products and a network for selling products abroad.

2.1.5 Accounting Department

This department organises and carries out all financial-accounting activities. It also helps the Director General to handle financial and account issues, including financial and property. It is responsible for writing reports on the accounts and analysing financial activities.

2.1.6 Representative office in Ho Chi Minh City

This office is responsible for trading activities, customer contact and delivering and receiving import-export products.

Figure 1: The organisational chart of Canthoseapromex

2.2 Personnel

The right personnel is considered imperative to remain competitive. Apart from focusing on modernising its processing technology and installing advanced facilities, the company employs a skilled work force.

The company has made an important contribution to the local economy in terms of employment. In 1992, the number of employees was 300, increasing to 1,200 in 1994 and 1,600 in 1998.

Indirect labourers³ are paid a monthly salary. Contract workers, incorporating 95% of the work, are paid according to their production levels.

Table 1: Number of employees and educational qualifications

Norms	Year						
	1987 -1991	1992 -1993	1994	1995	1996	1997	1998
Total	240	300	1200	1300	1500	1600	1600
Structure (%)							
• University, post-university	5	5	12	15	18	20	22
• Intermediate, high school	13	15	35	26	27	30	32
• Elementary, Secondary	60	57	48	46	45	40	36
• + Primary	22	20	15	13	10	10	10

The worker's average income at 1,000,000 VND/month (approximate bu 80 USD) is high relatively to local conditions.

The company frequently organises recertification examinations, upgrading classes and training (on the spot training, training directly in the process of production with the guidance of experts, intensive

³ Indirect labourers refers to administrative workers.

courses organised in the country or in foreign countries). Therefore, the workers and technicians are well trained. Apart from this, the company focuses on recruiting, arranging jobs suitable to each worker's competence, and taking care of the worker's material and spiritual living conditions.

In return, there is a high degree of company loyalty with employees happy to improve their skills and to contribute to the company's future development.

The close relationship between workers and local farmers, supplying raw material, also provides favourable conditions. Through training and the use of state-of-the-art technology, the company has increased both production capacity and the quality of its products, so becoming more competitive in the marketplace.

2.3 Markets - customers

Presently, Vietnamese exported aqua-products are available in forty-nine countries, in particular in Japan, the European Union and the United States. Japan is the largest market, representing half of the company's exports of aqua-product in value. In 1998, the export turnover increased by 10% on the previous year. As a result of economic reforms in Vietnam over the past twelve years (1986-1998), exports have increased at a rate of 15% per annum. The State has specific policies to improve import-export formalities and to give export incentives to companies.

Table 2: The export turnover of the country and Canthoseapromex (1992-1998) (USD million)

Year	1992	1993	1994	1995	1996	1997	1998
Vietnam	305	368	456	550	670	780	850
Canthoseapromex	5.3	12.3	26.5	28.6	28.1	42.5	61.2

The company has always attempted to meet market and customer's demand. When the Vietnamese economy changed from a centrally-planned to a market economy, the company effectuated rapidly foreign market research and penetration strategies. It was able to combine the advantages of the State's policies, with its own policies (creating its own trade mark, quality, renewing product assortment and packaging to meet the taste of customers). The company consolidated its market share in Japan and when the Japanese market became unstable, the company quickly routed its products to the EU and the US market, and readjusted its market structure.

From 1993 to 1996, Japan was the company's main market. However, from 1997 up to now, the enterprise's export drive has been readjusted. The EU and US markets have increased in size while the Japanese market has decreased. In 1996, export turnover went down by 1.75% compared to 1995 as the world's seafood market underwent large changes, particularly since the time of the Kobe earthquake in Japan (1995). From 1995 to early 1996, fewer wedding parties in Japan caused a decrease in aqua-product consumption. In addition, the sarin gas attack at a Tokyo metro station in 1996 discouraged Japanese people from eating out. All these factors have had a powerful impact on Japan's seafood consumption. Furthermore, during the same period, the value of the Japanese yen caused losses in the seafood exporters' business and led to a decline in the world's seafood price.

Generally speaking, the unexpected events in Japan negatively influenced the world seafood market, particularly the Vietnamese, because Japan is not only the largest market for seafood in the world but also the major market for Vietnam.

In 1997, thanks to the stability of the market, the company's exports increased by 150% compared to 1996. The US has become a promising market since the lifting of the trade embargo against Vietnam. Canthoseapromex was one of the first companies to export aqua-products to the US market. Since then the value of its exports to the US has been increasing rapidly. In 1996, the US market represented 17.5% of its total sales (5 million USD). The company has also targeted the EU market and its sales in this market have risen steadily.

At present, the company is decreasing its efforts in some of the secondary markets such as Hong Kong, Singapore, Taiwan, Thailand and Australia. Exports to these markets decreased from 6.64% in 1995 to 4.96% in 1996. The company prefers to focus on establishing a good relationship with customers from the relatively stable direct markets.

In 1997, to avoid being too dependent on the Japanese market, the company balanced its share in the Japanese, American and European markets. As a result, exports to the Japanese market represented approximately 50% of its total exports, the US market 25% and EU market 10%. Apart from this, the secondary market turnover increased by 12%. Although profit margins on these markets were not very high, the company increased production efficiency and reduced general outlays by taking full advantages of its production capacity.

The company marketed its products successfully and established direct relationships with important customers in Japan, the US and the EU where consumption is high and from where products are distributed to other markets. These three markets are also bridges to take high quality products straight to other foreign markets. In addition, they contribute to raise product prices, and increase the ratio of direct exporting products to the detriment of the proportion of indirect exporting.

Market and consumer behaviour research plays a significant role in the company's business development, as it helps to increase export turnover at a fairly high speed. In addition, it makes the company recognise the urgency of producing high quality products to meet the demand of the world's seafood market. Moreover, it requires the company to upgrade its facilities and factories, and to apply state of the art technology.

The change in the company's market structure is illustrated in Figure 2, and in the export turnover figures in Table 3.

Figure 2: Market structure of Canthosapromex, 1993-1995-1998

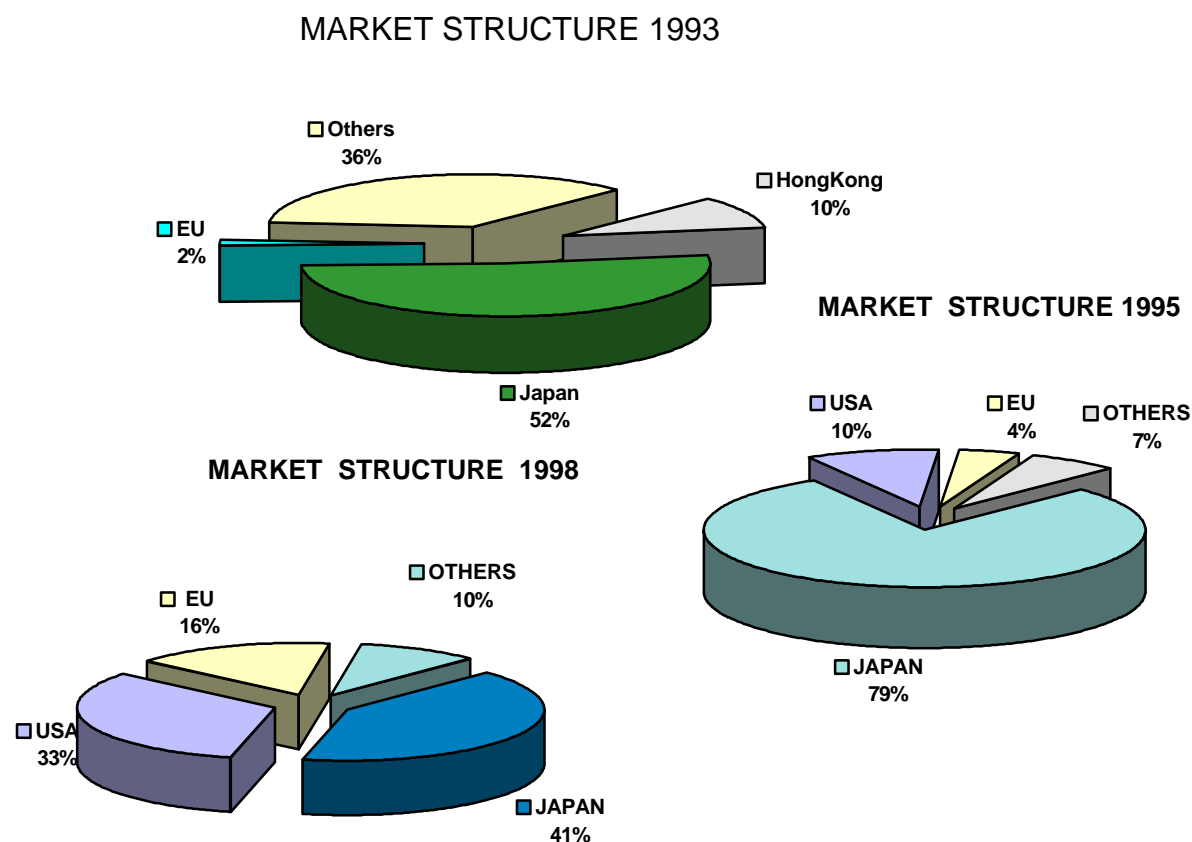


Table 3 : Export turnover (in the period 1992 - 1998)

Norms	1992		1993		1994		1995		1996		1997		1998	
	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%
Total	5.315	100	12.326	100	26.530	100	28.678	100	28.150	100	42.539	100	61.242	100
Directly (1)	364	6.85	9.932	80.58	25.410	95.78	28.126	98.08	27.749	98.58	42.108	98.98	60.711	99.13
H.kong	326	89.56	992	9.98	1.778	6.99	-	-	-	-	-	-	-	-
Japan	-	-	5.164	52.00	16.012	63.01	22.256	79.13	21.279	76.68	21.834	51.85	24.892	41.00
USi	-	-	-	-	1.270	5.00	2.774	9.86	4.777	17.22	10.889	25.86	19.833	32.67
EU	-	-	199	2.00	762	2.99	1.228	4.37	315	1.14	4.170	9.90	9.892	16.29
Others	38	10.44	3.577	36.02	5.588	22.01	1.868	6.64	1.378	4.96	5.215	12.39	6.094	10.04
Indirectly (2)	4.951	93.15	2.394	19.42	1.120	4.22	552	1.92	401	1.42	431	1.02	531	0.87

UNIT : 1.000USD

(1) Direct export: The company sells its products directly to the end-user market.

(2) Indirect export: The company sells its products to a Vietnam-based agent, or distributor, who then exports the goods.

3. Products

The major products of Canthorseapromex are aquaproducts and agricultural products. They are grouped as follows:

3.1 Crude aquaproducts

- Headon Shellon Freshwater Prawn with two types : IQF (Individually Quick Frozen) and IWF (Individually Wrapped with Poly bag)
- Headless Shellon Freshwater Prawn - Scampi, 2kg frozen blocks.
- Headless Shellon Black Tiger Shrimp, 1.8kg frozen blocks.
- Headless Shellon Flower Tiger Shrimp, 1.8kg frozen blocks.
- Headless Shellon White Shrimp, 1.8 kg frozen blocks.
- Headless Shellon Pink Shrimp, 1.8 kg frozen blocks.
- Peeled Deveined White Shrimp, 1.8 kg frozen blocks.
- Peeled Deveined Pink Shrimp, 1.8 kg frozen blocks.
- Peeled White/Pink/Cat Tiger Shrimp, 1.8 kg frozen blocks

3.2 High-quality aquaproducts

These products can be served immediately or after re-heating, including:

- Cooked Peeled Deveined Tailon Black Tiger Shrimp, 10% icecoated, Individually Quick Frozen
- Cooked Peeled Deveined Tailoff Black Tiger Shrimp, 10% icecoated, Individually Quick Frozen
- Boiled Powdered Peeled Deveined White/Pink Shrimp, Individually Quick Frozen
- Breaded Peeled Deveined Tailon Black Tiger Shrimp, Individually Quick Frozen
- Deep Fried Tempura White/Pink Shrimp, Individually Quick Frozen.
- Peeled Deveined Tailon Stretched Black Tiger Shrimp, Individually Quick Frozen without water.
- Peeled Deveined Tailon Stretched Black Tiger Shrimp, vacuum packed in PSP tray.
- Headon Peeled Deveined Tailon Black Tiger Shrimp, vacuum packed in PSP tray.

3.3 Other agro-products

The company endeavours to produce and export its first batch of boiled soy-bean to Japan. Other kinds of products such as egg-plants, carrots and pumpkin will also be exported to Japan in the near future.

Since 1997, the export product structure has changed:

- Japan: Frozen shrimps comprised over 80% of the total export product volume in the years before 1996 decreased to 55% in 1997, and 50% in 1998. Meanwhile, high-quality products increased from 7.5% in the years before 1996 to 44% in 1997, and 48% in 1998, as is evidenced by Table 4.
- The United States: Frozen shrimps - the main export product in 1995 - decreased from 99.5% in 1995 to 4.5% in 1997 and 4% in 1998. Meanwhile, high-quality products increased from 41% in 1996 to 96% in 1998.

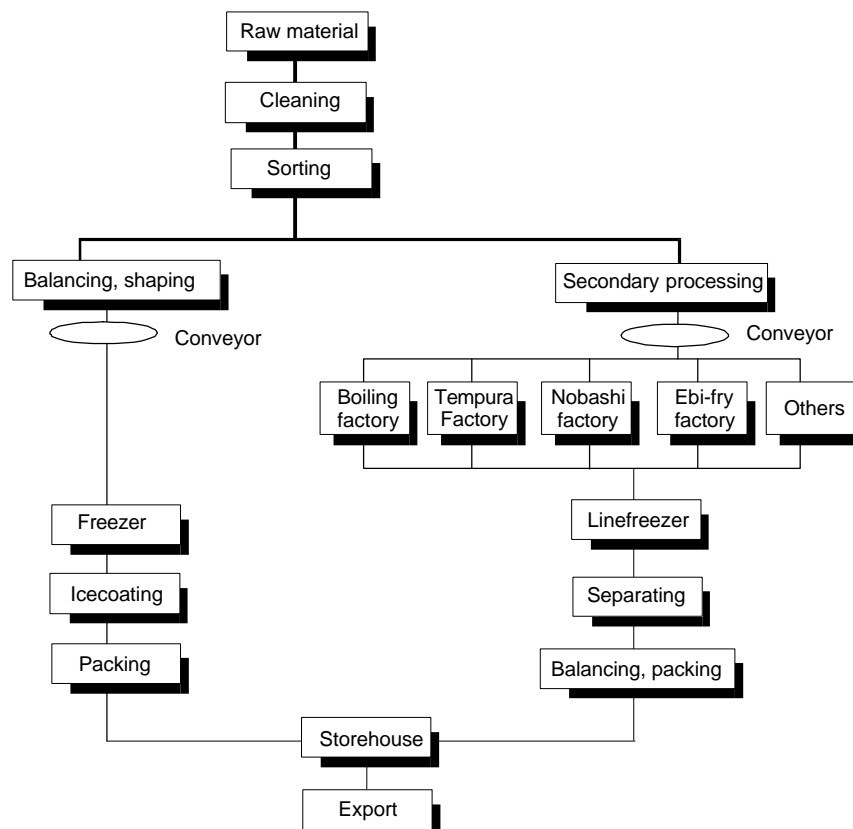
- European Union: Frozen shrimps representing the total of the enterprise's exports to the EU, only represent 62 % today. High-quality products rose to 38% of the total exports to the EU in 1998.
- Other export markets: frozen shrimps - the main export product - declined from 90% in the years before 1996 to 48% in 1998. Meanwhile, high-quality products rose to 24%.

Table 4 :Export products structure according to destination (1995 - 1998)

Markets	Products	1995	1996	1997	1998
Japan		%			
	Frozen shrimp	79.10	86.01	54.64	50.23
	High-quality products	0	7.45	43.91	47.68
	Frozen squid	19.63	6.45	1.40	1.12
	Other aquaproducts	1.27	0.09	0.04	0.05
	Agroproducts	0	0	0	0.02
The United States	Frozen shrimp	99.45	59.24	4.52	4.08
	High-quality products	0	40.76	95.48	95.92
	Frozen squid	0	0	0	0
	Other aquaproducts	0.55	0	0	0
European Union	Frozen shrimp	98.92	100	79.19	62.31
	High-quality products	0	0	20.81	37.69
	Frozen squid	0	0	0	0
	Other aquaproducts	1.08	0	0	0
Others	Frozen shrimp	98.92	93.96	49.88	47.89
	High-quality products	0	3.71	22.48	23.98
	Frozen squid	1.08	1.18	27.64	28.13
	Other aquaproducts	0	1.15	0	0

Due to the reorganisation of the product structure, Canthoseapromex continuously increased export turnover despite the unstable prices. As mentioned above, the change in the product structure originated from the company's concentration on market research, on the development of training facilities and processing technology, and on factory upgrading.

Figure 3: Canthoseaproducts production procedures



4. Competitors

4.1 Major competitors

At present there are twenty-seven Vietnamese state enterprises authorised to export marine products to the EU and another forty state enterprises exporting to the United States. Compared with Thailand's shrimp breeding area of 80,000 hectares, Vietnam has a shrimp breeding area of 200,000 hectares. However, Thailand exports USD 5 billion per year while Vietnam exports less than USD 1 billion.

4.2 Some domestic competitors

4.2.1 Seaprodex Vietnam (Vietnam national Sea products Corporation)

Seaprodex Vietnam was established in 1978 by ten companies. Today, there are thirty members. Over the past twenty years, Seaprodex Vietnam has become a powerful economic group in Vietnam.

Seaprodex has been allowed to develop specific countertrade arrangements (capitalise and borrow materials in return for products) with its customers. It has a good relationship with its members, fishermen and domestic producers.

Capital investment structure has changed dramatically and the invested capital was used efficiently in order to rebuild both fixed capital and working capital, and to increase the export volume. In the 1990s, Seaprodex Vietnam was the first establishment to update processing technology towards more modern and industrial production. Moreover, it was also first to change its output from 2 kg blocks of frozen products to high-value processed products. Total invested capital in the period 1991-1997 was 100 billion VND. Most of its members have upgraded their process technology to apply an IQF (*Individually Quick Frozen*) line, sucking vacuum packaging equipment, ozonised producing of high-quality products such as instant oyster, instant picked-up-frenum cuttle-fish, cuttle-fish stewed with spice, cuttle-fish rolled in thin layers and crab rolled up with cabbage, thus catering to the changing needs of customers.

Seaprodex was the first Vietnamese state company to register their trade mark at WIPO in Geneva, becoming Vietnam's quality label worldwide. So far, the company has twelve frozen food processing factories, two dried food processing workshops, two canned food factories, one fish powder factory, and one shrimp feed processing factory. Apart from this, Seaprodex has established a thousand-ton freezing storehouse and contact refrigerator, as well as shrimp-breeding facilities. Therefore, the freezing capacity of Seaprodex Vietnam increased quickly from 13 tons per day in 1990 to 200 tons per day in 1998, and that of the freezing storehouse from 500 tons up to 10,000 tons today.

Regarding finance, total capital increased to 400 billion VND in 1997 (*approx. 36,5 million USD*). A joint-stock company with more than 10 billion VND (*approx. 910.000 USD*) registered capital was established. The number of employees is 9,186, profits increased from USD 11 million in 1980 to USD 127 million in 1992 and USD 245 million in 1997. It is clear that Seaprodex plays an important role in

the Vietnamese processing of aqua-products, representing a large proportion of the branch's exports (the marine branch's 1997 exports amounted to USD 770 million)

4.2.2 Fimex

Fimex was established in February 1996. The company soon proved itself to be a prominent player in the export sector. Due to the diversity of its products, from primary processed products to high-quality refined products (for supermarkets), Fimex's processed shrimp volume has increased constantly. In 1996, 1,700 tons were exported, reaching USD 15.1 million in value. The volume of exported shrimp products increased to 3,350 tons in 1997 - a 100% increase on the 1996 figures, and export turnover reached USD 33.5 million. In 1998, Fimex exported approximately 3,500 tons of aquaproducs, with exports reaching USD 65 million. As a result, the company is now the number one state enterprise exporter in the marine industry.

At present, Fimex is investing VND 17 million to build a high-quality seafood processing zone, with a planned target of 40 - 50% high-quality exported products.

4.2.3 Kim Anh Co.Ltd

Kim Anh Co. Ltd. is a joint-venture and therefore has the important advantage of a capital supply from foreign partners. Kim Anh Ltd. researched foreign markets and the varying demands of foreign customers. It processes high-quality shrimp products for export to foreign markets. In 1997, output and export turnover increased by 40% compared with 1996. In 1998, output and export turnover increased by 43% compared with 1997. Kim Anh's high-quality products comprise almost 50% of the export product volume of the sector.

4.2.4 Stapimex

Stapimex is run by the Department of Marine Products with an average output of processed aquaproducs between 300 - 350 tons per month (about 3,500 - 4,000 tons per year).

Like Canthoseapromex, Stapimex's major products are frozen shrimps. Stapimex also supplies popular specialities such as diverse frozen fish, cuttle fish, frozen eel and other dried seafoods (dried shrimp, dried cuttle fish, fried fish, fish bladder).

The company's exports between 1995 and 1997 changed as follows:

- 1995 : USD 17,300,000
- 1996 : USD 22,000,000
- 1997 : USD 30,000,000

Compared to Canthoseapromex, Stapimex's export turnover is about USD 10,000,000 less. Currently, Stapimex's processing technology and product quality are inferior to Canthoseapromex. Like other aquaproducs processing companies, Stapimex concentrates mainly on crude frozen shrimps. There-

fore, it is not a serious competitor. However, the company should not be overlooked by Cantho-seapromex as a competitor.

4.2.5 Agifish (Angiang Marine Product Import - Export Company)

Agifish is a large exporting company. In 1991, production totalled 2,341 tons and export turnover was USD 25 million.

Competition from Agifish does not greatly effect Cantho-seapromex as the former produces and processes fish as main products, with squid and agroproducts playing the second role.

4.2.6 Kisimex

Kisimex is one of the largest import-export companies in South Vietnam, with a turnover in 1997 of USD 15 million.

- Over 65% of its exports are processed products, including frozen shrimp (15%), frozen fish (58%), frozen squid and other frozen aquaproducts (27%).
- Initially processed products and materials (33%)

The company exports to:

- Japan : 16.6%
- Europe : 3.4%
- Rest of Asia (Thailand, Malaysia, Singapore, Korea, Taiwan, Cambodia) 80%

In general, Cantho-seapromex has not many difficulties in competing with Kisimex because of the differences in main products and export markets between the two businesses. However, Kisimex is one of Cantho-seapromex's biggest competitors in the raw materials purchasing sector.

4.2.7 Cataco Cantho

Cataco Cantho is a state company. Although it is not located in the Mekong region which is rich in raw materials, it has a well organised raw materials purchasing system from the Central provinces to the Mekong Delta provinces. In 1998, exports reached more than USD 20 million, of which 20% represented high-quality refined products. Cataco has been operating more efficiently since 1998. Since 1996 annual turnover and profits have increased by 50%. At present, Cataco is focusing on improving high-quality refined product processing capacity by constructing one or more new factories with a USD 1,000,000 investment capital.

4.2.8 Camimex

Producers in the marine industry in the Camau province have merged including the province's top seven aquaproduct processing companies. At present, Camau has a large fishing field with a diversity of sea products and a shrimp breeding area of 90,000 hectares. The annual volume of caught fish reaches 135,000 tons and the annual volume of shrimps amount to between 20,000 tons and 22,000

tons. Meanwhile, the maximum capacity of the top seven companies was 30,000 tons per year in 1998, and exports reached USD 110 million. It is clear that the province's exploiting potential is large. In the past few years, Camau aquaproducts were exported mainly to Japan and some other Asian countries.

However, processing capacity is not high enough to correspond with the fish catching capacity. Most companies have installed modern machinery and concentrate on frozen shrimp products. Camau Seaproduct Processing and Exporting Company invested VND 7 billion using ODA to install a refined product production line (Danish technology, used since November 1998). Apart from developing a state-owned company, Camau has encouraged private companies to operate in its marine fields. At present, there are three private companies working on a large scale. One company is investing more than VND 10 billion to install a production line of high-quality refined products.

4.3 Advantages and disadvantages

Vietnamese aquaproduct companies have some advantages as well as disadvantages.

4.3.1 Advantages

Thanks to important changes in the product structure of exports, investment, privileges and government policies, exporting operations are now in a new phase promising the best results.

- Vietnam's marine industry recovered quickly after Typhoon Linda thanks to the government's financial assistance. For example, VND 950 billion invested under the offshore fishing government programme in the two years 1997-1998, has promoted local fishing capacity.
- A lot of Mekong Delta seaports were built up thanks to ODA and soft loans from Asian Development Bank.

Seaproduct processing companies have had many opportunities to export world-wide and to set up trading relations with the EU, the US and Japan.

The Marine Industry Department organises trade visits to the Boston Fair and the Brussels Fair, and helps to establish a lasting relationship with the American Seafish Association.

Foreign partners have shown their goodwill in trading and transferring up-to-date processing technologies.

4.3.2 Disadvantages

The companies have found raw material purchasing difficult over the past decade because of the intense struggle between the private companies and the state-owned companies in this area.

Some companies have broadened their operations and improved their production capacity. In the meantime, the production of sea farming has not yet reached full capacity.

Other companies, having suitable conditions for developing their production capacity, are widening their investment into sea farming to ensure a steady supply of raw materials or are preparing to import such materials.

Among the disadvantages we can list:

- Disadvantageous market and weather.
- The shrimp breeding area in South Vietnam was damaged seriously by Typhoon Linda and has not yet recovered.
- Due to the financial-monetary crisis in South-east Asia, traditional Vietnamese consumption markets have decreased significantly. The volume of consumption in Japan, the largest consumer market, fell by 20%, whereas there was a decrease of 30% to 40% in some other important markets such as Korea and Hong Kong.
- Companies are actively seeking new consumption markets and are investing new production technology, applying HACCP (*Hazard Analysis and Critical Control Point*) and GMP (*Good Manufacture Practice*) - the typical quality assurance systems in the food industry, raising the exported product quality to meet the varying demands of their markets, etc.

5. SWOT MATRIX

5.1 Opportunities

- 0.1 The world-wide preference for seafood rather than meat.
- 0.2 Northern European countries' exploitation limit to protect exhausted marine resources
- 0.3 Vast sea product import markets such as Japan, the US and EU.
- 0.4 Vast national marine territory, rich offshore marine resources, high biological recreating ability.
- 0.5 Low labour costs.
- 0.6 Partners agreeing to exchange equipment for products.

5.2 Threats

- T.1 High hygiene standard requirements in importing countries
- T.2 Aggressive competition from Thailand, Indonesia, China.
- T.3 Thailand and Indonesia's competitive advantage due to currency depreciations.
- T.4 Other companies modern processing technology.
- T.5 New entrants into the marketplace.
- T.6 Increasing competitive characteristics of the raw materials sector.

5.3 Strengths

- S.1 Prestige and experience in aquaproduct export, valuable relationship with customers.
- S.2 Adequate equipment.
- S.3 Guaranteed production capacity.

- S.4 High quality products.
- S.5 Modernised machinery.
- S.6 Good research and new product development facilities.
- S.7 Privileged investment policies to encourage exporting of aquaproducts.

5.4 Weaknesses

- W.1 Located far from shrimp farmers; high logistics costs.
- W.2 Higher selling price than that of other companies located near material sources.
- W.3 Falling market share of the company in Vietnam.
- W.4 High material losses due to transportation and preservation.

6. Alternative strategies

6.1 S.O. strategies

- Integrating into Japanese and American market. (S1,S2,O1,O2,O3,O4,O5,O6,O7)
- Developing EU market (S1,O7)

6.2 S.T. strategies

Developing new products with high increasing value. (S4,S6,T2,O6)

6.3 W.O. strategies

Investing in materials source region, hiring employees from supplying material region(W1,W4,O4,O7)

6.4 W.T. strategies

Increasing and diversifying types of high-ranking refined products, planning to purchase materials from other countries. (W1,W3,T2,T6)

7. Finance

The development of the company in the areas of personnel, markets and technology requires efficient use of invested capital. The company is always careful to maintain and preserve capital resources. The trading capital of the company has increased continuously, from VND 10 billion (*USD 1 million*) in 1992 to VND 58 billion (*approx. USD 5.3 million*) in 1995, and VND 148 billion (*approx. USD 11.39 million*) in 1998.

Table 5: Some main objectives to evaluate Canthoseapromex business activities(1995 - 1998)

Objectives	unit	1995	1996	1997	1998
1. Invested capital	Million	58000	66000	118000	148000
2. Total debt	VND	60000	57000	79000	87000
3. Debt ratio	%	87.0	86.0	67.0	58.0
4. Current ratio	%	1.06	0.99	1.38	1.37
5. Liquidity ratio	time	0.003	0.03	0.02	0.02
6. Profit / Turnover ratio	%	0.5	0.19	6.94	3.26
7. Profit / Invested capital ratio	%	2.31	0.88	27.25	16.88

The rate of turnover and capital in the year 1996 was low in comparison to 1995 since the company focused attention on updating processing technology and equipment, upgrading jobshops, increasing production capacity, and preparation for the product structure renewal.

The rate of profit in 1998 was smaller than in 1997 because of the downward fluctuation in seafood prices and consumer spending, together with the effect of the Southeast Asian monetary and financial crises. However, the rate of profit/turnover and profit/invested capital have remained assured to recreate capital and to save for future development. Payment capacity remains stable and the current ratio is usually higher than **1** and raises through the years. These figures have proven that the company's financial status is secure and sufficient for future growth.

8. Conclusion

Since its establishment, Canthoseapromex has expanded rapidly and has earned a good reputation in the market. It has become one of the top aquaproduct processing enterprises in the Cantho province, and Vietnam. The company is cunning at searching for and integrating new markets. It is also proactive in increasing processing capacity, developing markets, diversifying products, marketing actively, focusing on food hygiene, and changing management methods.

As a result of detailed market research, the company identified consumer demands. It based its product strategy on this information. It identified its weaknesses and worked to improve on these. For instance, although the company is not located in the region which is richly endowed with raw materials, it has organised its purchasing system to supply enough materials for production. The company has also rapidly updated machinery to give its workers a chance to improve their professional skills. Taking into account its accomplishments in business, Canthoseapromex has made a strong impression on domestic and foreign customers and has won their respect. In the future, due to up-to-date processing technology, an active and skilled team of workers, and proper investment in research and development, the company's products will become prominent in the world market, increasing the company's growth.

TEACHING NOTES

This case study can be used by students of Business Administration, Foreign Trade and International Business. Depending on the courses in which the case study is introduced, teachers can encourage their students to discuss the following issues:

- Business strategies
- Business plan
- Marketing strategies and plan
- New product development.
- Input and output management.

Some suggestions for questions are:

- How can the company have enough raw materials to maintain and develop its business ?
- How is the company applying the marketing strategies in the foreign market?
- What kinds of new products should be developed and for which customers?
- How should the company improve its employees' skills?