

Higher production costs reduce seafood product sector competitiveness

Vietnamese seafood product competitiveness is negatively affected by rising production costs, specially those of feed, material input, electricity and labour.

The Ministry of Industry and Trade (MoIT) announced that the average retail price for power increased 8.36 per cent and that power tariffs for businesses and industrial zones are now divided into two levels: peak hours and off-peak hours, Vietnam News reported.

The increase in power prices has worried tra fish producers because rising input costs will impact production and selling prices, as it was explained by Dương Nghĩa Quốc, chairman of the Việt Nam Pangasius Association.

In his view, at present, electricity consumption for farming and processing of aquatic products as well as operation of aquatic feed factories is significant. Competition at home and abroad is also becoming increasingly fierce.

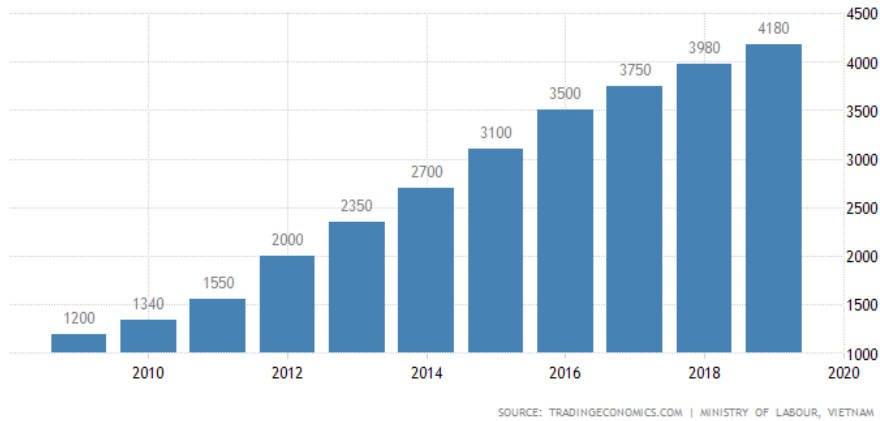
The executive offered the example of a tra fish (pangasius) processing factory with medium capacity in Đồng Tháp Province, which usually pays VND 10 billion (USD 429,789) for electricity each month. With the latest increase in power prices, factories will be paying many times more.

“Freezers and air conditioning systems at seafood processing enterprises, especially factories processing seafood products for export, accounts for over 85 per cent of total power consumption,” he said.

The tra fish industry has suggested that the electricity sector should consider and adopt reasonable policies to create favorable conditions for production, especially in the agricultural and fishery sectors.

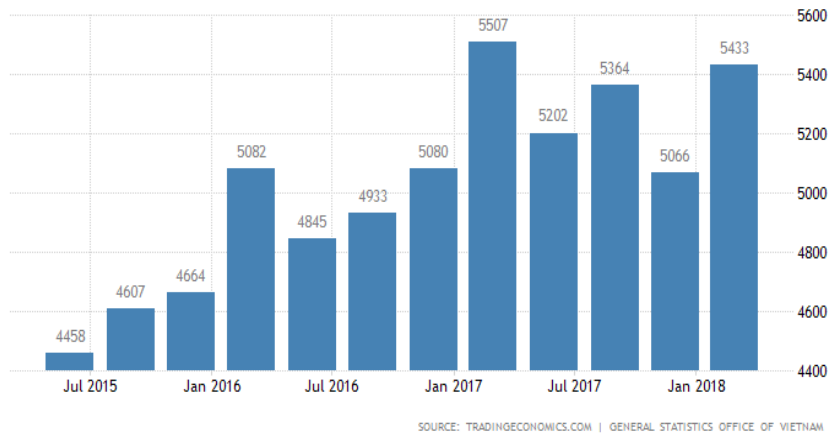
Quốc pointed out that the State should offer preferential loans for businesses to convert old electrical equipment to new machines, as well as promoting the use of renewable energy resources.





He said businesses will have to increase the price of products due to higher production costs. If tra fish consumption is slow, meaning the products are stocked for longer, selling prices will increase due to fees paid for warehouses.

In addition, seafood processing enterprises also face pressure from increasing labour costs due to difficulties in finding workers, especially enterprises in HCM City and the Mekong Delta.



Hồ Quốc Lực, general director of the Sao Ta Food Joint Stock Company, a leading shrimp exporter, said the cost of feed in Việt Nam is higher compared to other countries. The production cost for one kilo of shrimp in Việt Nam is about USD 1 higher than in neighbouring countries.

Additionally, the cost of antibiotics has put pressure on the domestic shrimp industry.

