

4. High price of shrimp feed which accounts for 50%-60% of the cost of production. Quality shrimp feed production must use fishmeal with 60% protein content, while Thailand can only produce 20,000 to 30,000 tons of high protein fish meal.
5. Lack of cold storage facilities. Freezing prawn requires freezers that can reduce the temperature down to -20 C. in 3 hours.
6. Unreliable water supplies.

Conclusions

1. The prawn feed industry is controlled by a few large firms, particularly the giant agro-industrial conglomerate Charoen Pokphand Group. These larger companies have been criticized for manipulating the market to put smaller breeders out of business.
2. Since Thailand does not have adequate cold storage facilities, all the shrimp harvests went straight to the market, increasing the glut.
3. Despite the price drop, the prawn industry is not in a crisis and the future remains very bright. Farmers who were once making 200-300% returns on their crops are now making around 50%. Therefore, there will be lower prices and lower margins in the future.
4. Prawn business in Thailand is no longer production driven, but market driven.
5. Shrimp production in Thailand is being transformed from a luxury food to a relatively low-cost, steadily supplied item.
6. Thailand should diversify its export market from a reliance on Japan where presently 70% of shrimp production is exported.
7. Thailand has all the resources available, but requires technological innovations. Thailand will remain in the forefront of the prawn industry in ASEAN for another 5-10 years until competition with Indonesia increases. It is anticipated that Indonesia will eventually lead the industry.

Recommendations

1. Opportunities exist in producing value-added products.
2. Intensive producers must reduce input costs. Feed costs make up over half of the production costs. Find alternatives to fishmeal and introduce new breeding technology.
3. Joint venture forming a shrimp marketing and sales company. The Canadian entity would market and sell the shrimp products purchased from the Thai entity.