

Resource analysis on seafood sector business essay

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People Food Industry has strong market in Asia and EU countries. People Food Industry makes the best frozen seafood quality and providing the world-class seafood products. Now the company decided to expand its frozen food manufacturing business in Myanmar. This report is based on a critical analysis of the frozen seafood industry and opens up business opportunities in Myanmar. Myanmar represents the largest country in mainland Southeast Asia and has a population of over 60 million, making it the largest population in the world. Its geographical location makes it the ASEAN link to China and India - the two largest, most dynamic and most rapidly developing emerging markets in the world. Myanmar (Burma) consists of 7 states and 7 divisions. Among these states and divisions, some potential market places in Myanmar can be observed from the descriptions below... Naypyi Daw is a new administrative capital since 2005 and all administrative jobs are done in this capital. Yangon is the capital and largest city in Myanmar. Many industrial companies are located around Yangon. Mandalay is the second largest city and has high growth in Chinese population and many business industries are over there. Kyaukphyu is situated in the Rakhine State (Western Part of Myanmar), another important place for country business because of planning for a deep port and oil pipeline to supply the southwest of China. Dawei is relatively close to Bangkok, which is only 350km away and plan for another deep sea port of Myanmar. China and Thailand become the largest Foreign Direct Investment (FDI) contributors in Myanmar in FY10-FY11. South Korea is the fourth largest investor, being undertaken since 1988. South Korean companies are looking to further increase their investments in various sectors such as construction, mining, communication and multimedia and

hotel and tourism etc. Singapore and Malaysia are also among the top sources of FDI to Myanmar, particularly since the latter joined ASEAN in 1997. According to the detail status of FDI Country can study from the below table

Table 2: Foreign investments by Country

Refer to the below figure, country GDP is 59.8 in 2011 and future estimated GDP can see. Myanmar Key Industries Sector, oil and gas is the main sector of FDI. Myanmar county economic is heavily depend on exporting to US and EU countries from the mid 90s to 2004. Prior to the sanctions, Myanmar is the largest export market. US sanctions on Myanmar in 1997 and EU sanctions in 2000. From the result of sanction and mismanagement activity of government, Myanmar has left behind Economics compared with other neighbouring countries. While Myanmar is compared with neighboring country, Thailand has a higher GDP. Cambodia with a workforce almost a quarter the size of Myanmar has half the volume of exports. Detail analysis for neighbouring three countries can investigate from the below table. Despite rich resources, Myanmar is a poor, undeveloped nation due to 50 years controlled by a brutal military government. In 2010, the new president of Mr. Sein Thein, decided to open the country to foreign capital and investors. For years, the economy has been under mismanagement, international sanctions and isolation. This is now changing, with better economic policies put in place as the reform process moves forward, and Myanmar attracting the potential investors worldwide and connection with the global economy standard (Asia Report 2012). Agriculture is the key player of Myanmar's economy and fisheries are also one of the most important primary sectors in country business development. For business registration process, two options are available.

Registration with MCA Trading and services companies can register.

Registration with MIC Some important business such as manufacturing, agriculture and transportation need register with this option according to Myanmar Foreign Investment Law through the Myanmar Investment Council (MIC). It takes longer processing time and required a greater amount of capitalization. On 31 January, Myanmar's new Foreign Investment Law is officially release. This new legislation to start investing or can increase foreign investments. The key features of the new Law can study below. Investments can either by a 100% owned by foreign company or joint venture in which share percentages can determine by both parties agreement. But some of the restricted activity such as Manufacturing, Agriculture, livestock breeding, fishery is not allow is limited to 80% owned by foreigner and at least 20% have to owned by Myanmar Citizen. Exemption for five year income tax is welcome opportunity for foreign investors. If the investor is beneficial to the State, this exemption time frame can extend for acceptable reason.

An unlimited period of exemption from income tax for profits from revenue Re mit profits after tax and foreign employees to remit their salary after income tax and living expenses.

3. Land Use Rights

In new law allow to use land until 50 years with

The New FIL allows for land use rights of up to 50 years with 10 year renewal periods. Government may allow longer period if investors want to invest in poor area due to country development.

4. Labour Issues

As to unskilled workers, investors are needed to employ Myanmar citizens only. As to skilled workers, quotas apply. At least 25% of the skilled worker must be Myanmar Citizen in first two years, 50% in the third and fourth year and 75% in the fifth and sixth year. On the basis of nationality, salary discrimination is not allowed for employing between foreign skilled workers and Myanmar skilled works.

Entry Strategy to Myanmar

After base on New FDI, joint venture market entry strategy can only do because of manufacturing sector is the restricted area. The company should decide to take 40% market share of business. Some of the below advantages can get by using joint venture in MyanmarMarket can penetrate quickly because of local partner. Enable faster entry and return on investment. Less government regulation force in JV. Avoid tariff barriers and satisfy local content requirements. Activity Restricted to Myanmar NationalsForeign Investment Possible Only Through a Joint Venture

Selection for Joint Venture Partner

In Myanmar, there are a lot of experienced Business consulting services for market entry. Company should discuss with one of the experience consultants and can get best solution for choosing the joint venture partner. Joint venture partner selection process is the important role of company future business development. Company business success or failure is totally depending on joint venture partner.

Resource Analysis on Seafood Sector

Myanmar has large coastal line and very rich in aquatic resources. This section will analyse of Myanmar Seafood Production. In 2011, Myanmar produced over 4. 1m tonnes of seafood and the total for 2012 is expected to reach 4. 5m tonnes. The main source is marine capture fisheries (52%) but inland capture fisheries (28%) and aquaculture (20%) are also important sources. Shrimp framings are mainly located in the following regions: Western Part of Myanmar -Rhakine (75%)Ayeyarwady (20%)-is a river, country's largest river that flows from north to south through Myanmar. Capital City-Yangon (5%). Fish firming are mainly located inBago-located in the southern central part of the country (11%)Ayeyarwady (50%) and Yangon (28%).

Business Support Organisations for Myanmar Seafood Sector

There are two important organisations, Department of Fisheries (DOF) and Myanmar Fisheries Federation (MFF) for Myanmar seafood sectors.

DOF is the major government institute and responsible for licensing and management of coastal aquaculture development. MFF is the non profit organisation and also main support of the development seafood sector and responsible for fix the gap between DOF policy activities

Analysis on Myanmar Seafood Export Market

Seafood export is main support of Myanmar Economic Development. The five most important export markets for three species groups in 2011 can study from the below table. Five Export markets For Asia countriesMyanmar

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seafood export rate will increase to EU and US countries because of being withdrawn sanction result. Exports to the EU by country in 2011 can investigate from the below table.

Marketing Strategy

To penetrate the Market, company need to know the Market Nature and understanding of customer requirements. After analysing the Myanmar Seafood Markets, company should choose two ways, Selling to the Big Super Markets and another way is exporting because our company has loyal customer from Asian and EU Market. Analysis on Local Market

Population

In Myanmar, 10 Most Densely Populated Areas can see from the below table. All these cities are big potential market for Myanmar according to the crowd population.*10 Most Densely Populated Areas (Myanmar), 2011So, analysis on the population, the best place to set up business in Yangon Industrial Zone which only allow for set up manufacturing business. Currently, frozen sea food market is not very popular in local market because people think fresh one is better than frozen food. But there are big potential markets for Myanmar frozen sea food because of so many hotels and supermarket are opening more and more in Myanmar because of open up business opportunities. And then there are a lot of job opportunism offering, all family members will work for the whole day. At that time by consuming frozen sea food can save their time consuming. Company should give this advertisement message to the customer for the development of Myanmar Frozen Food Market.

Distribution and Pricing Strategies

For distribution strategy for both local and export market, there are a lot of outsourcing agents in Myanmar Logistic Firms. These agents can give the necessary services for company frozen seafood products. Outsourcing can save the company starting up business. For pricing strategies, company will define appropriate price compare with other competitors and current market situation by discussing joint venture partner and Market Price Consultant.

Analysis on Financial Management

Startup Capital Budget is only 3 millions and estimated monthly cost are described below.

Average Monthly Overhead Expenses

(\$) Cost

Item:

–rent or mortgage payment

5000

–utilities

2, 000. 00

–phone lines (landline, cell, FAX, Internet)

1, 000. 00

–phone charges (tollfree, long dx, voice mail, cell, pager)

500. 00

–salaries

7, 000. 00

–equipment (lease/purchase, maint., repairs, depreciation)

1, 000. 00

–office supplies

800. 00

–postage

300. 00

–shipping/courier services

1, 000. 00

–licenses and permits

2, 500. 00

–legal fees

1, 200. 00

–accounting and other professional fees

1, 000. 00

–consulting or coaching fees/training

1, 500. 00

–bank charges

500. 00

–credit card processing fees

600. 00

–travel and entertainment

1, 000. 00

–vehicle expense

2, 000. 00

–marketing and advertising

1, 500. 00

–miscellaneous

100. 00

TOTAL

\$ 30, 500. 00

For financial management, banking system is also important for business investment. Financial industry is still very underdeveloped in Myanmar and is mostly represented by banks. This is due to tight controls exercised by the government resulting in lack of competition and legal infrastructure for vibrant financial markets. Currently, improving of banking sector is such as introducing ATM, Credit Card, Master Cards etc and opening legal exchange counter etc. In Myanmar there are a lot of Public and Private Banks and some of the international bank try to p joint venture with Myanmar Banks in the Future Plan. Currently, Myanmar will reduce bank loan interest rate from 12 percent to 10 to attract private entrepreneurs to carry out business with low interest rate. All the banking function is control by Central bank which is under by the Myanmar Ministry of Finance and Revenue.

Human Resource Management

Human resource management is the main point of successful company business because quality people can make quality standard. In Myanmar there are a lot of employment agencies and we should choose one local agent and discuss our business requirements for employment. For seafood frozen food manufacturing, at least 50 to 100 employees including technical and general workers. In Myanmar, Labour cost is not expensive compared with other countries. That is the main attractive of investing business in Myanmar. Company need to follow the FIL law for employments. For the employment status, company will employe accoding to the draft originzation structure. General Workers30Skilled

Workers15Supervisory10Managerial5Executive3*Estimated Employment

Table

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ANALYSIS ON RISK MANAGEMENT PLAN

Some important risks from economic and political points of view-under developing banking and finance sector-Ethnic & Religion Conflict-Under develop Banking Sytem-electricity shortage-shortage of skill workers-Food SafetyThe below some risk can occur by Joint ventureIt takes time and efforts to form the right relationship. 2. The objectives of each partner may differ. The objectives needs to be clearly defined and communicated to everyone involved. 3. Imbalance in the share of capital, expertise, investment etc., may cause friction in between the partners. 4. Difference in the culture and style of business lead to poor co-operation. 5. Lack of assuming responsibility by the partners may lead the collapse of business. 6. Lack of communication between the partners may affect the businessTo cover Joint venture partner risks, both parties need to make sure certain agreements in contract. To cover shortage of technical skillful worker, company can support by sending professional workers to Myanmar Company Side. For the food safety, company need to make sure the frozen food quality control plan such as temperature control, use the advanced technologyEffective measure is also being constantly taken to ensure factory cleanliness, hygiene in preserving and maintaining the nutritional value of our product. For the electricity shortage, company should buy big transformer.