STRATEGY TO IMPROVE THE COMPETITIVENESS OF THE INDONESIAN SHRIMP INDUSTRY

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ABSTRACT

In the macro-environment faced by Indonesia, shrimp industry is getting more important as the competitiveness of the export-oriented industry is enhanced by the devaluation of Rupiah against US dollar. Amidst the crisis shrimp is regaining its role as a leading export commodity. However, similar to other important agribusiness activities, Indonesian shrimp industry only relies on the comparative advantages. Therefore most of Indonesian shrimp are exported to Japan, while the USA and the European markets were not easy to be penetrated. The USA and the European markets which impose high requirement for the products imported frequently embargoed Indonesian shrimp. The objective of this study was to formulate the strategies to find out alternatives solutions that can be applied to solve the Indonesian shrimp industry problems by the Government of Indonesia and the shrimp entrepreneurs. SWOT analysis was used to identify the environmental assessment of shrimp industry to evaluate strengths, weaknesses, opportunities, and threats. Meanwhile, in order to obtain the priority or weight for each element in internal and external factors, Analytical Hierarchy Process (AHP) was applied. Data were analyzed using Expert Choice Version 8.0. The finding of this study indicates that the position of Indonesian shrimp industry is in the average position, neither too weak nor too strong, both internally and externally. Considering SWOT analysis, Expanding the existing products into new market while maintaining the existing market using comparative advantages, is the best strategy at this moment, before the competitive advantages can be increased. Further, the improvement of shrimp pond production management in order to increase the productivity, the development of added value products through the improvement of shrimp processing, the implementation of clean technology to create green products, and the development of alternative inputs for shrimp feed industry are the other important strategies that have to be conducted to increase the competitiveness of the Indonesian shrimp industry.

Keywords : strategy formulation, global competitiveness, shrimp industry

Before the 80's Indonesian shrimp industry was mainly supplied by shrimp trawlers. After the government banned of shrimp trawlers in 1980 and the expansion of shrimp aquaculture from 1985, there has been changes in the supply structure, and the industry is now supported by two sources, sea shrimp and cultured shrimp. However, due to the heavy exploitation which affected the decrease of its stock and the US banned of sea shrimp harvested by harmful fishing technology, the supply will most likely more rely on the farming production. As Indonesia has vast potential for the shrimp farming development, high value and high demand in the expanding world market, export oriented shrimp farming expanded rapidly in Indonesia in the last two decades.

The country is endowed with mangroves and estuaries suitable for shrimp culture. The total mangrove area are 4.3 million hectares of which for the coast balance, only 20 % can be converted into shrimp farming. It means, that as much as 860,000 hectares of Indonesian mangrove forest can be converted into shrimp farming (GAPPINDO, 1997). Traditional shrimp farming has been practiced by traditional farmers for a long time, while semi intensive and intensive types of farming were started only in the last decade by medium and large producers.

Looking closely at the Indonesian shrimp industry, most of 60 % of the value is produced by shrimp farming, while the remaining is harvested from sea (Pawiro, 1997). Culture shrimp has been contributing more to the overall shrimp production. Most of the shrimp farms are located in Java, Southern part of Sumatra, Southern part of Sulawesi and Maluku.

As one of the potential foreign exchange obtainer shrimp export has recorded a marginal growth. The export volume from 1993 to 1996 increased by 9 % from 98,569 million tones to 99,430 in 1996. By value, shrimp has recorded the significant increase in sales growth in the same period of time. During the period of 1993 – 1996 shrimp export increased by 35 % from US $ 876.7 million to US $ 1,186.7 million (Suboko, 1997).

Key markets for shrimp are the USA, Japan, and European Countries. In 1995 these three markets absorbed 990,750 million tones or 37 % from the total world shrimp production (FIS, 1998 *in* Sandaya, 1998). The USA market is a promising market with per capita consumption at 1.2 kg per year. In 1998 import is projected to increase by 7 % fueled by the growing population, strong domestic demands, and strong value of US $. The growth of demand is also projected to increase by 2 –3 % in 1998 in five biggest importing countries in Europe (FAR Singapore, 1998).

Meanwhile, Japanese demand is estimated to remain the same or weaken in 1998. This is due to the saturated demand, low economic growth, weak yen against US $, and the strong international price in US $. However its per capita consumption is relatively high, 3.3 kg per year (FAR Singapore, 1998).

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