

Economics Today

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Seafood



**Cracking a Multi-Billion
Dollar Industry**

Interview

Sam Peou

Nautisco Seafood's CEO





NAUTISCO SEAFOOD MANUFACTURING'S CEO SAM PEOU

Why did Nautisco choose to invest in seafood processing?

We are interested in this sector because, after we did research seafood processing in 2007, we found that Cambodia had a high potential for seafood processing industry as there hadn't been any investments in this sector. Because our company has combined experiences of European's product development and quality control management processes, we can compete with other seafood producing countries

In March 2008 we started to construct a factory with a US\$3 million investment for phase 1. The complete investment will be around US\$5 million.

We have absorbed 500 workers this year, of a capacity of 1,000 workers. At the beginning of 2010 we have already sent products to Japan and will export to South Korea and plan to export to Canada, the US and other countries. We have sold a small amount in the domestic market.

How much potential does Cambodia have in this sector?

Cambodia has comparative advantages with raw materials; our wild seafood is fresh before processing because fishermen take a short time to send seafood from fishing areas to the factory.

Cambodia also has cheap labor and space for constructing factories. In addition, we see that 70 percent of

total exports of seafood are from countries in Asia; Cambodia will become one of these countries with increasing investment in this sector.

Now there are few investments in seafood sector and almost of these investments are household sized so cannot compete with other countries. It is a big opportunity for an international standard company.

What is Nautisco's target market?

We target both domestic and international markets, but our company plans to send 90 percent of our product to the international market, with only 10 percent to the local market, based on the real market demand.

Most of Cambodian people have little interest in processed seafood, while processed seafood is needed by hotels, restaurants, supermarkets and other institutions. But in the future the local market demand trend will increase and the company will be flexible to market demand.

How about export standards?

To succeed in this business we have to understand clearly about the standards that each country needs; there are many international standards that we should know and focus on.

Different countries can require different standards; we have to go along with the regulation of those countries.

Quality and safety management is

■ Nautisco Seafood Manufacturing Ltd. was established in 2007 by Nautisco Inc., a Canada-based company whose shareholders include individuals with prior seafood processing experience in Eastern Europe. Nautisco Seafood's new facility is located near Steung Hav port in Cambodia's coastal Sihanoukville province, and is Cambodia's largest and most modern seafood processing plant.

Nautisco, 31.48 percent owned by the Leopard Cambodia Fund, is initially focusing on processing wild shrimp, but plans to later expand into other seafood products. The company currently distributes its finished products in Cambodia, but is planning to export to Japan and Korea, and later North America and Europe.

Nautisco Seafood's CEO, Sam Peou, met with Economics Today's An Channthla to discuss his company's investment in Cambodia.

important factor to imply the standard of the product. If we cannot follow these regulations, we will meet difficulties in running a business. For our company I think that we can meet international standards.

What obstacles are there to seafood processing here?

The big problem in this industry is human resources. Cambodia lacks of skilled technical workers, while neighboring countries have had 30 or 40 years of experience.

Neighboring countries have included this technical skill course in their university courses, different to Cambodia, which hasn't done this.

It is the challenge for Cambodia to increase investment in this sector. In the future Cambodia should establish university that cover technical skills, rather than see foreign technical skill workers brought over, like our company is doing now.

However, at the same time Cambodia invests in education in related to technical skills, Cambodia also has to invest in seafood farming to expand raw material supply. If Cambodia depends on only wild seafood, there is concern over future sustainability. Investing in seafood farming areas not only ensures sustainability in seafood processing, but it can also attract new investors to join the sector and can create new opportunities for local people to invest in seafood farming. ■