

TUF contracts 185 shrimpers

Thai Union Frozen Products Plc (TUF), Thailand's major producer and exporter of canned and frozen seafood, teamed up with 185 shrimp farmers to arrange farming contracts of 10,000 tonnes, worth about 1.2 billion baht. TUF will buy from farmers at specified prices based on production costs plus a level of profit agreed between the farmers and the company.

The farming contracts will help reduce risks for all involved parties. The farmers will have better production management and cut market risks from price fluctuations, when shrimp is normally in abundant supply between May and December. The food processors like TUF will have better quality control, freshness, food safety, punctual delivery and traceability in order to meet customers' expectations. Moreover, the scheme will reduce the government's financial burden from annual farm price intervention schemes during the oversupply period.

TUF currently buys about 40,000 tonnes of shrimp from farmers to supply its processing plants. The shrimp business generated about US\$180 million for TUF last year, excluding \$380-million sales by its American subsidiaries Empress International and Chicken of the Sea Frozen Food. TUF forecasts sales from its Thai operations will increase by 15% this year and those from subsidiaries, such as Chicken of the Sea, by at least 15%.

TUF and shrimp farmers have been in discussions over contract farming for some time, with a shared goal of collaboration between upstream, midstream and downstream players in the shrimp industry, said Mr Rittirong.

Udon Songserm, a farmer from Rayong province, welcomed TUF's initiative, saying the guaranteed prices would reduce farmers' worries over future shrimp prices.

Source: Bangkok Post