

FISHERIES

Potential in marine products exports

Marine products emerged during the past decade as a major non-traditional export industry in Sri Lanka and today ranks in importance, among the new exports ready-made garments, minor agricultural commodities, and gems. The further development of marine products has been restricted through factors such as limited resources and the priority placed on production of sea foods for local consumption. The Export Development Board and the Ministry of Fisheries have realised the potential in this sector, and have now launched a programme to upgrade the industry.

The result is a joint project between the Ministry and the Export Development Board to popularise prawn culture among private sector firms and individuals in the coastal areas. The EDB has indentified the dearth of knowledge both in respect of culture methods and also among processors regarding maintenance and improvement of quality as factors constraining the development of marine export products. The Board, under its new project, is offering assistance including free technical advice to those who want to engage in this industry in special ponds of over one acre in extent.

Two centres have already been set up in Batticaloa and Chilaw to undertake prawn culture on 20,000 acres. Workshops are also being held to provide technical advice on prawn-culture, cold storage, processing and export for those engaged in this industry.

The demand for shrimps and prawns has grown steadily in markets such as Japan, USA, Western Europe and South Africa. Sri Lanka's exports of shrimps and prawns in recent years have varied at around 2,000—2,500 metric tons; while export earnings had moved up from Rs 183 million in 1980, and Rs 258 million in 1981, to Rs 326 million in 1982, and Rs 280 million in the first six months of 1983, according to latest available figures.

Over the past few years Japan has been a major market for Sri Lanka's prawn and shrimp exports taking as much as 75—80 percent. The market potential is high in Japan and Asian countries such as India, Thailand, Malaysia, Indonesia, China and Vietnam have capitalised heavily on this market. India was top producer in 1981, with a production of 245,000 tons.

A recent warning from India's experience, however, indicates the danger of directing all a country's products (whether it be shrimps or prawns or any other fish) into one market. Sea foods has been one of India's leading export items and Kerala has accounted for the bulk of these exports, which in 1982/83 were valued at Rs 3,610 million. As much as 85 percent of these exports have been shrimps and prawns, mainly to the Japanese market. The dangers of this over-dependence on a single market was brought home to Kerala's exporters very recently when Japan put up its shutters on shrimp exports from India. The reason, according to reports, is that with the heavy summer demand prices reached record levels and had moved up sharply to Rs 160 per kg; but Japan was not prepared to pay and refused to take any more Indian shrimp. With this single stroke India's entire shrimp industry was in turmoil. Meanwhile, shrimp prices came down to Rs 100 per kg in Japan, while India's exporters searched in vain for alternative markets. The desperate situation for India's shrimp exporters was relieved, however, when Japan re-entered the market, once its existing stocks were depleted and exporters were offering competitive prices.

A warning from India's experience

As one Indian journal summed up strongly on that country's plight: "earlier the US was the main buyer of Indian shrimp. But with repeated problems with the US Food and Drug Administration (FDA) over the salmonella content in Indian shrimp, this market soon evaporated. Exporters have found a way around this by selling shrimp to Western Europe, which repackages the shrimp for the US market. But off-take is limited, and Japan now provides the main sustenance for the mass-employment industry. And as the recent events have shown, the Japanese market too is unreliable".

In India an official "task force" has now looked at the problem and as a solution suggested "joint ventures with international firms which could help in the processing and marketing of marine products. This is badly needed, because the export of canned shrimp has in fact been registering a steady decline: from almost 2,000 tonnes a decade ago to no more than 65 tonnes last year".

India's task force has also offered some reason for optimism: Japan is in the market for Indian shrimp only because local production there is unable to meet demand. This would result in a virtual doubling of prices for shrimp in the next couple of years — holding out the promise of much higher profits in the future".

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