

CONTROVERSIAL REMEDIES TO MEET LOW LEVEL OF LOCAL FISH PRODUCTION

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The dramatic drop in local fish production and apparent scarcities in the market over 1984 and 1985 (Table 1) invited views of policy planners on alternative sources and resources for fish supplies to the local market in order to improve consumption levels and to help to lower prices. At this juncture the main proposals made by different groups were:

- (a) permitting foreign trawl fishing fleets to operate in Sri Lankan waters;
- (b) importing of more fish, both canned and fresh;
- (c) Expansion of the existing local fishing fleet;

A major part of Sri Lanka's fishing industry is in the hands of small coastal fishermen who operate their small fishing fleets near-shore (Table 11 & 111) with technically unimproved methods; compared to the more developed nations. These fishermen are not capable of utilizing even a small part of the resources in their Exclusive Economic Zone. This situation is common in most of the developing countries and therefore, they are regularly dominated and exploited by technically advanced multinational agencies of the developed countries and even by their local counterparts through investment schemes, joint ventures or assistance programmes.

Foreign Trawl Fishing

Due to the current gap in supplies in local fish production in Sri Lanka it has not been possible to meet the entire local demand. One result is the higher prices at retail fish markets.

(Table IV). In order to provide more employment on the fishing vessels for unemployed local persons and to establish a buffer stock of fish for utilization in a situation of fish scarcity; the Ministry of Fisheries had granted permission in 1977 to foreign trawl companies for the implementation of joint ventures for deep sea fishing from 25 miles to 200 miles off the coast.

According to the agreed terms a royalty payment had to be made to the government and 40 percent of the total catch of the trawlers disposed off to the Fisheries Corporation at an agreed price; while the Corporation had powers to decide on the varieties of fish according to tastes of the local market. The payments were to be made in Sri Lankan Rupees.

Following the commencement of foreign trawl fishing with Singapore, Hong Kong and Japanese based companies in 1978, there were complaints about the violation of the original conditions such as fishing in coastal waters (within 25 miles off the coast) which were reserved for local fishermen, smuggling of local resources etc. Also, in the late 1970's some un-authorised foreign trawlers belonging to Taiwan were captured in Sri Lankan territorial waters while fishing, and stocks were confiscated. However, the original expectations of trawl fishing were not achieved in late 1970's, due to various practical difficulties in enforcing the original conditions of the agreement. Therefore, shortly after the schemes started there was a suspension of

Table 1

Fish production quarterly 1984 - 1985 (Metric Tons)

Duration	1984 1st Q.	1984 2nd Q.	1984 3rd Q.	1984 4th Q.	1985 1st Q.	1985 2nd Q.	1985 3rd Q.	1985 4th Q.
<u>Fish Production</u> Mt. Tons	52,280	37,410	40,418	36,572	30,816	36,595	48,650	51,995

Source: Ministry of Fisheries

Table II

Fish Production - Percentage shared by sub-sectors
1977 - 1985

Year Sector	1977	1978	1979	1980	1981	1982	1983	1984	1985
Deep sea and off shore	.22	1.88	1.25	1.14	1.05	1.06	.35	.49	.90
Coastal	90.35	86.78	88.40	88.06	84.64	84.25	83.12	80.68	80.37
Inland	9.43	11.34	10.35	10.80	14.31	14.69	16.33	18.83	18.83

foreign trawl fishing and no new projects were approved for some time.

The 200 nautical mile Exclusive Economic Zone has given protection to many developing coastal states and exclusive rights and jurisdiction for them to explore and exploit all living resources off their coasts. These countries are protected from bigger nations who have the technology to penetrate the economic zones as these countries have poor fishing technology and gear and fail to utilize a considerable amount of their own fishing resources. Meanwhile, the governments of South East Asia are presently emphasising fisheries development with a special view to:

- (a) increasing supply of domestically produced protein, and
- (b) obtaining more foreign exchange by fish exports.

Taking advantage of this trend Japanese, Taiwan and Korean fisheries capital has been attempting to expand rapidly into these areas through various means. Many instances are evident of poaching of fish resources or purchasing of fishing rights by these nations in developing coastal states. Large factory vessels have been roa-

ming Third World territorial waters in search of better fish resources; and they dispose their products back to those developing countries in preserved or prepared form; draining out their foreign exchange to buy back their own natural resources.

Explaining the motivation of Japanese fisheries advance overseas, "DAINIPPON SUIKANKAI" (a major association of private fishing companies) described the objective of setting up of joint fishing ventures as "Securing the sales rights". The motivation of private fishing firms in Japan to set up overseas joint ventures in Third World countries are set out in the following extremely frank manner in one of their publications.

- (1) Labour is cheap and abundant, but with low productivity,
- (2) Transport cost cheap, but insufficient;
- (3) Land acquisition is easy and cheap,
- (4) Environmental problems and laws are not as strict as in Japan,
- (5) Resources abundant, unutilized, undeveloped and;

(6) Availability of many sided development/import of marine products.

Also the Japanese government is active through its national policy of overseas fisheries development co-operation or assistance. Their new strategy involves "development" of fishing in non-industrialized Third World countries by Japanese principals, in exchange for "importing" the resultant increased catch to Japan. This is operated through:

- (a) Joint ventures with developing countries;
- (b) Purchases contracts in developing countries, and
- (c) Payment for fishing rights in developing countries.

In 1978, joint ventures of Japan mainly concentrated on Indonesia and the impact on Indonesian nationals was unfavourable for their own fisheries development. There were conflicts between the local fishermen and foreign companies about the scale and the area of fishing operations which depleted resources utilized by local coastal fishermen in their territorial waters. Also, the changes (increase) of local market fish prices coupled with exports of local production and imports of foreign products affected the local consumers. These instances provided examples of how cheap protein available for the mass of the people was restricted by large scale foreign invested joint fishery operations. Some of these tendencies may have been observed in Sri Lanka during the 1970's when there were foreign trawl fishing operations.

The Newsletter of the International Institute of Fisheries Economics and Trade (1985 Winter) referring to the situation in France states that the French position is inconsistent regarding technology transfers in fisheries and therefore;

1. "France is largely dependent on foreign markets for sea food products and know-how. Its global economic policy lends to reduce this dependency, notably in reducing

Table III

Fish Production in Coastal Fisheries: percentage shared by the type of fishing crafts

Type of craft	1977	1978	1979	1980	1981	1982	1983	1984	1985
3 1/2 ton inboard mechanized crafts	31.96	36.43	33.06	33.18	32.25	33.08	31.17	31.12	34.12
Outboard mechanized crafts	32.00	28.29	29.46	34.75	37.42	36.56	38.33	35.61	35.60
Non-mechanized crafts	33.04	35.28	36.68	32.07	30.33	30.36	30.50	30.27	30.28

the volume and value of imports. The fisheries sector does not seem to be an exception and the French government now tries to reduce its involvement in the international fisheries system".

2. "On the other hand French fishing fleets operate mainly outside its own EEZ; a fairly great part of French catches is made outside the EEC zone, notably in Third World EEZ in Africa and the Indian Ocean for Tunas and Shrimps. The French policy is to keep those fleets active, that is to say to preserve or increase its involvement in the international fisheries systems".

3. "Specially France is in a dilemma over the supply of fish, they have to; and therefore, always reconsider and look for new operations and/or fishing agreements to ensure their fleets access to fishing grounds".

Further, the depleted fish resources in the waters off the industrial countries, their advanced technology and financial resources encourage them to harvest the oceans everywhere. Consequently the fishing fleets of the developed nations catch fish in the territorial waters of poor coastal fishing countries in the Third World. Most nations carried out fishing in their coastal territorial waters before World War II, but the post war situation witnessed major changes; with large fishing fleets of factory ships, belonging to many of the industrial nations, harvesting the oceans. These distant water fishing operations in international waters brought industrial nations into direct competition with poorer coastal fishing nations like Sri Lanka. These coastal fishermen seem to be the more backward economically in many countries and they are dominated by the advanced technology of the developed nations.

Mohamed Aftab writing in the Far Eastern Economic Review of August 1984 commenting on the situation in Pakistan states that technical backwardness and various other problems common to the Asian Third World countries, have opened the doors of

Pakistani territorial waters for the foreign trawl fishing agencies, mainly from Singapore, South Korea, North Korea, and Taiwan to exploit their resources through joint ventures. While the foreign companies provide the capital and technology the Pakistani government issues licences to launch joint fishing operations. But, both the technical and financial backwardness of the Pakistani's tends to be to the advantage of foreign companies to absorb the bulk of resources for their benefit. Further, most of these foreign trawlers have been charged with violating the terms of joint ventures, by fishing inside the 35 mile coastal belt which is reserved exclusively for Pakistani fishermen whose operations are taking place within their own coastal zone. Presently, the Pakistani government is paying more attention to the problem of poaching of marine resources and recently enacted laws to prevent this happening. Taking these experiences into consideration, it is very necessary that we be careful in exploiting resources jointly with foreign companies since the terms and objectives set out in the contract documents are not being practiced in favour of Third World countries when it comes to the operational level.

Hence, it is necessary to be aware that, proposals to launch trawl fishing ventures jointly with foreign counterparts could give them easy access to our fishing grounds and this could turn out to be in favour of the leading fishing nations. In other words, in such

instances licencing of joint fishing projects with foreign agencies can amount to the authorisation of poaching instead of unauthorised fishing in the territorial waters, of the less developed countries, and this could also pose a threat to these coastal fishing nations. It could create an imbalance in both marine and socio-economic environments. Therefore, it is very necessary to make an assessment of the actual gains obtainable to the country of origin by direct and indirect ways and means through the implementation of bilateral trawl projects with the foreign countries, before the project starts. It has been observed that often though it appeared that the objective of most foreign enterprises is to assist the development of the fishing industry in the Third World countries with modern technology transfers what happens in reality is that they attempt to maintain a better position as sea food suppliers to their markets through these projects.

Fish Imports

Since local fish production was not meeting the recommended level of per capita fish consumption succeeding governments have as a matter of policy been compelled to permit the import of different forms of fish products and fish.

A short supply of fish in the markets throughout the country caused by the drop of fish production in the Northern and Eastern coasts of Sri

Table IV

Annual average fresh fish prices (Rs/Gr.500)

Year Variety	1980	1981	1982	1983	1984	1985 (March)	1986 (May)
Seer	14.40	15.69	17.39	20.34	23.92	27.15	36.00
Paraw	9.92	11.89	13.72	15.24	17.31	16.50	21.67
Kalawalla	-	-	11.81	12.97	13.60	15.00	18.32
Balaya	7.08	8.25	9.89	11.02	12.44	13.35	17.50
Talapath	-	-	13.17	14.50	17.29	17.50	24.50
Kor a	6.39	7.35	8.47	9.48	10.87	11.69	12.37
Red Mullet	6.61	7.59	9.02	10.42	11.16	11.05	15.00
Kumbala	6.40	6.91	8.23	9.32	11.48	12.11	16.50
Hurulla	5.20	5.33	6.48	7.48	8.06	10.44	11.33
Salaya	3.31	3.68	4.25	4.96	5.18	5.72	7.07

Source: Ministry of Fisheries

Lanka during the months of Nov. 1984 May 1985 resulted in prices of fish to the consumer going up steeply (Table V). This situation gave further impetus to the policy of encouraging imports. Meanwhile, the scarcity situation changed with a heavy supply of blood fish catches from the Western and Southern coasts during the usual glut season. During this season of glut middlemen traders paid Rs 8/- to Rs 12/- per kilogram of blood fish at landing centres and, they sold it at Rs 20/- to Rs 30/- or even more per kg to the consumer. Hence, though the fish prices came down at the producers end the retail seller did not reduce his price comparatively when selling to consumers.

Therefore, taking into consideration the size and the position of Sri Lanka's fishing industry; imports is a decisive/critical factor, since import policy and rate of duty can influence the market for the home industry, either for its benefit or affect it adversely.

Further, it is very important to analyse the basis for deciding on imports in the context of the present situation of the country's fishing industry. For instance, if import duties were reduced, the price of the imported fresh fish could come down below that of local fish prices, and the imported fish would be welcome by the consumers with no hesitation. This policy could lead to the domination of imported fish in the local market and in turn cause harm to the development of the local fishing industry. Fortunately local fish prices have remained lower than prices of any imported fish and therefore imports have not affected the local industry as such.

Many news items carried in the local media in the first part of 1985 emphasised the high prices of fish at retail markets; but not the lower prices offered to producer/fishermen which is hardly adequate to meet their bare minimum requirements. Also several complaints were made to the Ministry of Fisheries about high fish prices.

Table V

Monthly average fresh fish prices (Rs/500 gm.)
1984 - 1985

Period Variety	1984 Nov.	1984 Dec.	1985 Jan.	1985 Feb.	1985 Mar.	1985 April	1985 May
Sea	22.08	24.50	26.33	25.27	27.15	29.00	38.58
Parav	13.88	16.57	16.11	16.64	16.50	18.66	23.14
Kalawalla	12.08	12.46	14.44	12.82	15.00	17.66	19.57
Bala/Atrumilla	10.40	10.71	13.62	11.18	13.35	15.58	16.57
Thalapath	16.09	18.08	20.37	17.65	17.50	21.00	22.10
Kora	9.64	12.33	11.50	10.39	11.69	13.80	16.33
Red Mullu	10.46	12.50	12.50	11.12	11.85	12.83	16.75
Kumbala	9.50	12.30	11.30	11.14	12.11	14.00	16.25
Hurrala	6.31	8.63	9.28	9.11	10.44	11.33	12.83
Selaya	4.25	4.44	5.25	5.27	5.72	7.08	9.43

Source: Ministry of Fisheries

These pressures led the Fisheries Ministry to request the Ministry of Finance to reduce the duties on canned fish imports by 5 percent and to permit imports of 2,000 tons of frozen/fresh fish at a 55 percent duty rate which could possibly open the doors to imports of fish and cause a flood of imported fish in the local market. The idea behind the request made was to have adequate fish in the local market at a cheaper and more competitive price and to help in maintaining fish consumption levels at those of previous years. Imported fish/products at competitive prices could always affect the local producer. Since the local fish trader/ middleman is placed in a situation where where he can dictate terms to the producer he pays low prices for the local fish at landing centres and thereby transfers market competition to the producer level. More than 85% of small coastal fishermen are not able to raise their voices against a situation where they are sandwiched between production costs and fish prices not rising to the same level.

On the other hand a free import policy will only drain out foreign exchange to the countries of origin of imports and help those countries to improve their industries and incomes. The annual import bill on fish and fish products during the last few years gives a clear picture of rising contribu-

tion in terms of Sri Lanka foreign exchange to the development of fisheries abroad.

TABLE VI

TOTAL VALUE OF FISH AND FISH PRODUCTS IMPORTED (RS MN CIF)

Year	Value	Quantity (tons, dried weight)
1977	19.9	5,135
1978	33.9	5,113
1979	139.4	18,495
1980	297.9	22,285
1981	108.8	6,905
1982	317.8	13,595
1983	345.1	16,780
1984	619.8	28,243
1985		

Expansion of existing fleet

Sri Lanka's existing (1986) fishing fleet consists of 97, 10 to 11 ton small fishing trawlers, 2,755, 3½ tonners (inboard motors), 9,674 outboard motors, and 14,036 non mechanized crafts and several artizanal fishing gear without any craft. Government's have

TABLE VII

CATCH PERFORMANCE AND THE INCREASE OF INPUTS RELATING
TO THE FISH CATCH

Year	1977	1978	1979	1980	1981	1982	1983	1984	1985
Catch performance	+ 2.13%	+ 12.84%	+ 7.52%	+ 11.46%	+ 10.21%	+4.87%	+1.78%	-23.30%	+ 3.57%
Inputs	-28.52%	+111.17%	+ 44.02%	+ 123.64%	- 44.16	+1.63%	+5.04%	+ 7.40%	- 27.84%

adopted a policy of upgrading and expanding the existing fishing industry by providing it with the mechanized crafts and gear. This policy which has been in practice for the past 3½ decades has resulted in considerable growth in the overall fishing fleet in technical and operational terms despite the economic and ecological conditions of the country's fishing. The adverse effects that can occur to the coastal resources and environment with the increasing number of fishing gear and crafts with similar capacity and fishing methods have been discussed and accepted in the Fisheries Development plans in the past. Therefore, it was decided to issue crafts and gear with different capacities and gear for deep sea and off-shore fishing. On the other hand, this factor helped in protection of small scale indigenous fishing operations, particularly for those who could not go out deep sea fishing. But due to increasing operational costs, namely, fuel and spare parts for these craft the mechanized fishing fleet which was intended to exploit the deep and off shore resources has now rushed into the coastal zone creating high fishing density and competition in fishing operations in the nearshore waters. Further, this has resulted in the use of hazardous and harmful fishing methods in the waters near shore (dynamiting, light trawling etc.) to ensure a profit margin; rather than give any consideration to coastal environmental conditions and resource conservation. This has led to a critical depletion of fish resources conserved for the users of small indigenous fishing methods who do not have access to the deep sea resources.

Although the governments of developing countries do not permit such

practices of harmful fishing in their territorial waters, the local entrepreneurs are mostly able to deal from a position of power and strength, and sometimes together with their foreign counterparts are involved in heavy exploitation of resources threatening once flourishing seas which could become barren of their resources.

Pressures have been brought on responsible authorities, against unauthorised and or harmful fishing, by the indigenous small fishing sector. The authorities have taken this factor into account and laws are in force but not with much effect on these matters. This situation is evident by the frequent complaints, conflicts and clashes of the coastal fishermen. Hence, the increasing density of fishing operations together with competitive and harmful fishing activities, have impoverished the conditions of the coastal aquatic environment and reduced its growth below expectations or up to the natural level. This situation has resulted in landings which have more or less declined or are not comparative with catch increases compared to the fishing inputs in recent decades.

Fishing income per craft or production unit has dropped significantly in the last decade due to the increased number of operations in the near shore zone, together with diminishing fish resources on the other hand.

Furthermore, increasing incomes of people involved in fishing in high traffic zones have resulted in further difficulties, particularly when they were compelled to make necessary commitments and to pay off their credit ob-

tained from various sources. Therefore, financing of coastal waters fishing has been recognised as a high risk endeavour by the organized sector. While institutional finance is restricted or inadequate to supplement and retain the industry in a viable position; their personal incomes would have been further lowered and the government has to compensate the people and maintain the sector with heavy subsidies which can be a considerable burden on public funds.

Therefore, it is necessary to expand the existing fishing operations on economically and ecologically feasible lines to meet the demand particularly when local production is low; but this does not mean that the number of crafts or operational units in the same zone should be increased. Therefore, the solution would be either the improvement of the coastal fish habitat where the fish can grow and produce more under greater care and consideration and or to place greater emphasis on deep sea and off shore fishing, with special efforts to ensure that fleets operate particularly in these zones.

These remedies that have been suggested to meet the shortage of local fish production should not adversely affect either existing fishing operations, the fish economy, or the aquatic environment. If these critical paths can pave the way for better conditions in fishing and the fishery sector with such practices as mariculture and conservation measures, they would be gladly accepted by the people who wish to expand the resource base of the developing countries fisheries.