COMMITTEE ON FISHERIES

SUB-COMMITTEE ON FISH TRADE

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COFI SUB-COMMITTEE ON FISH TRADE AS INTERNATIONAL COMMODITY BODY AND ITS RELATIONSHIP WITH THE COMMON FUND FOR COMMODITIES

SUMMARY

This paper describes progress in projects that are currently funded by the Common Fund for Commodities. The Sub-Committee’s approval is also sought in relation to one new project proposal that is being submitted for funding by the CFC. Members are requested to present further project ideas or profiles for consideration.
INTRODUCTION

1. The Sub-Committee on Fish Trade (COFI:FT) was designated as the International Commodity Body (ICB) for fishery products by the Common Fund for Commodities (CFC) in February 1991. In this capacity the COFI:FT submits fishery commodity research and development projects for funding by the CFC. The Sub-Committee is also the Supervisory Body for CFC approved projects. The following sections describe progress in ongoing projects and new projects that are seeking the COFI:FT’s approval for submission for funding by the CFC.

ONGOING PROJECTS

2. The project “Production and Marketing of Value-added Fishery Products in Eastern Africa” (Project Executing Agency [PEA]: Common Market for Eastern and Southern Africa [COMESA] /Lake Victoria Fisheries Organization) aims to develop and promote production of value-added products from inland water species (Nile perch and dagaa). Activities involve small-scale cottage enterprises, many of which are run by women (for dagaa), and more structured industrial processing companies (for Nile perch). Implementation started in spring 2002. Since the last Sub-Committee, activities for new product development, such as by-products from Nile perch fillets processing were carried out. A manual on these products was prepared.

3. The project “Consolidation and Expansion of Small-scale Fish Production for Export in Central America and Caribbean” started execution in early 2007. The project aims at improving income and standards of living in the small-scale fishing communities in general and in rural fishing communities in particular. To achieve these objectives, the project includes market analysis activities and improvements in the distribution chain for fishery products coming from the small-scale fisheries. The project already carried out various training activities in the participating countries – Mexico, Honduras and Cuba. In the former two countries, ice plants were installed with the aim of improving the quality of the products and thus allowing a better shelf life and access to distant markets.

4. The project “Improved Market Access for Organic /Aquaculture Products from Asia” was approved by the CFC in 2005 (PEA: INFOFISH) and started operation in late 2007. The project aims at developing standards and market access for products from organic aquaculture in three countries (Thailand, Malaysia and Myanmar). In addition, the project will facilitate greater market access for all aquaculture products through promoting improved farming and processing practices, safety and quality, and sustainability. Shrimp and tilapia have been identified as potential species for this project. An ongoing activity is the market analysis for organic aquaculture products and buyer-seller matching through the participation in international trade fairs and promotion in domestic markets.

5. The project “Diversification and Marketing of Value-Added Fishery Products in Guinea and Mauritania” was approved by the CFC in 2005. (PEA: INFOPECHE). The project aims at organizing pilot production of value-added fishery products relying on transfer of appropriate processing technology and know-how and to develop new market opportunities. The longer-term investment needs for expansion of fish processing in the region will also be assessed. The project was recently launched and has just started its activities.

6. The project “Assistance to small-scale fisheries in Mozambique and Angola”. (PEA: INFOSA) was approved in 2006 and launched in 2007. The project aims at improving the performance of small-scale fisheries in Mozambique and Angola with respect to fish trade. In addition, it will facilitate access to global markets, with positive effects on intra-regional trade and offer a better balance of products in the consumer markets.
PIPELINE PROJECTS

7. The project “Technical Assistance for the Upgrading of the Small-scale Fisheries and their Integration in the International Trade” will help the small-scale fisheries industry in Djibouti, Morocco and Yemen (PEA: INFOSAMAK). The project was approved in late 2007 and is likely to start in the second half of 2008. The project’s main objectives are: upgrading of the small-scale fisheries; reinforcement of quality control; strengthening the fish inspection services, training of fisheries professionals on new techniques of storage, processing, marketing and distribution of fish and fishery products; improvement of the domestic fish marketing, access to export markets.

8. The project “Enhancing Amazonian Seafood Products on the World Market” was discussed in the Consultive Committee of the CFC in January 2008. The project will develop processing, quality assurance, trade and marketing aspects of Amazonian fisheries and aquaculture. (PEA: INFOPESCA). Freshwater species from the Amazon region have been neglected in the international market, but could have a significant potential in world supply and trade. The project will promote international markets for species with white flesh, few bones and offering good filleting possibilities, and those species for which fish farming technology already exists. Two species, paiche and surubi, are already recognized as meeting these conditions.

PROJECT PROPOSALS

9. Two new project proposals were received for the approval of this Sub-Committee meeting. Annex I give short profiles for these proposals, in order to give the Sub-Committee the possibility to fully evaluate the substance of the project ideas. In addition, the complete project proposals are available upon request.

SUGGESTED ACTION BY THE SUB-COMMITTEE

10. The Sub-Committee is requested to comment on this programme and approve the project proposals described in Annex I. The Sub-Committee is requested to suggest additional avenues to be followed in the identification process of possible co-financing sources. The Sub-Committee is requested to present further project ideas or profiles for consideration.
DETAILED PIPELINE PROJECT PROFILE

PROMOTION OF PROCESSING AND MARKETING OF FRESHWATER FISH PRODUCTS: BANGLADESH, INDIA, INDONESIA AND SRI LANKA

BACKGROUND AND JUSTIFICATION

Over 60 percent of the global aquaculture production comes from inland waters while the remainder is from the marine environment. Asia also accounts for nearly two thirds of inland freshwater capture production, which stood at 6.2 million MT in 2005. In spite of this vast resource base, market access for freshwater species from Asia has shown limited progress, except for exports of tilapia and pangasius catfish from Viet Nam. In all the four target countries, freshwater resources do not realize their full economic potential with a large volume of fish being under-utilized and consumed in the domestic market, without any significant value-addition or product/market diversification. Large quantities of freshwater fish are also traded in informal cross-border trade, denying the producers their full economic benefits. An alternative to such a situation would be the exploration of potential international or regional markets. Product diversification has shown limited success due to various reasons, including lack of information on markets and products and unavailability of technical know-how/processing techniques or expertise. Introduction of methods of processing and presentation of freshwater species, to suit export markets, needs urgent attention. Exploring export/regional markets will thus help the continued growth of the freshwater sector, bringing additional income to the inland communities.

When compared to the marine environment, inland water areas are more vulnerable to pollution and contamination from agriculture runoffs and industrial pollutants. This necessitates application of careful environmental management and monitoring. Application of the principles of risk assessment and traceability are considered effective methods of assuring product safety. Contamination of aquaculture produce by antibiotics, agrochemicals, and various chemical residues has become a serious issue in international trade. Inland capture fisheries and aquaculture products are also prone to disease problems, unique to the inland capture fishery/aquaculture environment. Considering the growing demand for fish and fishery products globally and the increased focus on aquaculture as a source of supply, freshwater production could play an increasing role in satisfying the future global requirements of fish and fishery products.

OBJECTIVE

The project's immediate objectives are: to encourage sustainable utilization of fresh water resources towards the welfare of the population as a whole, and inland communities in particular, in the target countries and beyond. Efforts will be made to improve domestic marketing of production, and to focus on exports of value-added products, where appropriate, through environmentally friendly processing and marketing activities.

The main purpose of the project is to achieve a regular flow of freshwater fish products to major markets/emerging markets as well as regional markets, adhering to internationally accepted quality and safety standards as well as market specific requirements. The project will lead to sustainable growth of the freshwater sector through improved income generation and employment.
ACTIVITIES

Ten key activities will be carried out by the project:

- identification of potential freshwater fish species and market studies to assess demand and supply of the products identified;
- cost analysis;
- development/trial production of products for export/domestic marketing;
- assess consumer acceptability of the products by sending samples to potential buyers and present them at trade fairs and through market acceptability trials;
- establish buyer-seller relationship between exporters/importers, producers/buyers;
- preparation of documentation for selected products emphasizing technical, economic and environmental aspects and information on market specific packaging, labeling and presentation requirements;
- conduct a series of workshops on emerging safety/sustainability criteria, including eco-labeling and application of traceability;
- dissemination of technical, economic and environmental data to industry, potential promoters and policy makers;
- encourage investment in processing and marketing of freshwater fish products catalyzed through investment;
- setting up computerized market/technical information centers or upgrading of the existing ones at locations to be identified by national focal points.

BUDGET AND TIME FRAME

The cost of implementing the proposed project, in the four target countries over a period of three years is estimated at US$1,460,000. The total contribution sought from the CFC is a grant of US$725,000, which represents 50 percent of the project cost. The beneficiary component from national governments and the beneficiary companies of the four participating countries stands at US$408,000 or 28 percent of the project cost. The PEA will contribute US$155,000 (10 percent) and US$172,000 (12 percent) will be obtained from other sources.
DETAILED PIPELINE PROJECT PROFILE

VALUE-ADDITION AND DEVELOPMENT OF INTER-REGIONAL TRADE OPPORTUNITIES FOR FISH IN EMERGING MARKETS: BRAZIL, MOROCCO AND INDIA

BACKGROUND AND JUSTIFICATION

Growing economies in some of the developing countries such as India, Brazil and Morocco provide new opportunities for trade in seafood and technology transfer in aquaculture, fish processing, value-addition and marketing. Shrimp has been the major fishery product in international trade in value terms. Traditional markets for shrimp have been the developed countries, European Union, United States and Japan, but in recent times, the shrimp market has been affected by a number of factors such as declining prices, devaluation of the dollar, slow down in US economy and anti-dumping tariffs.

Consumers in developed countries are also concerned about sustainability, environmental considerations and quality and safety issues like residues of veterinary drugs. FAO with other organizations like the Network of Aquaculture Centers in Asia Pacific (NACA) and World Wide Fund for Nature (WWF) have been developing guidelines for certification of aquaculture products. There is a need to increase competitiveness of shrimp in international markets, by developing national certification programmes and value-added products. Worldwide, there has been 10.2 percent growth in imports of processed shrimp during 2000-2005. There was a 15 percent increase in import of value added shrimp in Japan in 2006, compared to 2005. India and Brazil are significant players in international shrimp trade, but Indian and Brazilian export of value-added shrimp products is very small.

Increased demand for processed value-added products is a worldwide trend. During 2001-2005, there was negative growth for imports of block frozen fishery products, but imports of processed/value-added products increased 20 percent by volume and 26 percent by value. Morocco is a significant exporter of fishery products from capture fisheries. Morocco has also considerable experience in value-addition to pelagic fish, but has a small aquaculture industry. India and Brazil have made significant progress in shrimp culture, but have very little marine fish aquaculture. These countries also have considerable pelagic fish resources, which are generally consumed fresh locally and there are small attempts at value-addition and export of pelagic fish. Morocco has a well established fish canning and semi-preserved products industry and holds over 50 percent of the US market for semi-preserved anchovy. India and Brazil are large countries, where the economies are growing rapidly and the domestic retail sector is expanding. This has created a significant domestic market for processed and value-added fishery products.

In this context, there is a need to improve marine fish and shrimp aquaculture in Brazil, Morocco and India, improve competitiveness by certification of aquaculture and by promoting value-addition. The synergies in these countries are: (a) appropriate technology transfer on aquaculture and value-addition between Brazil, India and Morocco; and (b) improvement of national markets and expansion of regional and international market opportunities for the three countries.

OBJECTIVE

The immediate objective of the project is to broaden the range of marketable and exportable fishery products and improve their competitiveness in three developing countries with emerging economies, one in Africa (Morocco), one in Latin America (Brazil) and one in Asia (India) and promote transfer of appropriate technologies and trade between these countries. The competitiveness of shrimp and marine fish cultured in India and Brazil is to be improved by
certification programmes and value-addition by processing, which appeal to customers in major markets and the improved aquaculture technology is to be transferred to Morocco. The market for pelagics from Morocco is to be expanded to emerging economies, such as India and Brazil and value-addition technology from Morocco is to be transferred to India and Brazil. These are measures expected to improve investment opportunities and contribute to enhanced market shares of these countries in international fish trade.

ACTIVITIES

The major activities under the project are:

- Develop national certification programmes for shrimp and marine fish aquaculture in India, Brazil and transfer aquaculture technology to Morocco;
- Promote value-addition for pelagic fish in Brazil, Morocco and India, and conduct workshops and training programmes to improve handling, quality and safety of the products; and
- Organize meetings to encourage investment opportunities and improve market access for fish in these emerging markets.

BUDGET AND TIME FRAME

The estimated cost of this project for three years in three countries is US$2 000 000, of which 75 percent is sought from CFC and 25 percent would come from national governments and the beneficiary companies in the three participating countries and FAO.