



**REGIONAL FISHERIES LIVELIHOODS PROGRAMME
FOR SOUTH AND SOUTHEAST ASIA (RFLP)**

FINAL REPORT

STUDY ON THE ESTABLISHMENT OF A FISH AUCTION SYSTEM IN HUE-VIET NAM

(3.2.2: Encourage the Establishment of Fish Auction Systems)

**For the Regional Fisheries Livelihoods Programme for the and Southeast Asia
Viet Nam Component**

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LIST OF ACRONYMS

DARD	:	Department of Agriculture and Rural Development
DECAFIREF	:	Department of Capture Fisheries and Resources Protection
FAO	:	Food and Agriculture Organization
HP	:	Horse Power
LoA	:	Letter of Agreement
M	:	Meter
MARD	:	Ministry of Agriculture and Rural Development
MT	:	Metric tons
RFLP	:	Regional Fisheries Livelihoods Programme
SOP	:	Standard Operating Procedures
VND	:	Vietnamese Dong

EXECUTIVE SUMMARY

This study is part of the FAO's project activities on the Regional Fisheries Livelihoods Programme (RFLP), GCP/RAS/237/SPA, funded by the Spanish Government. The main objectives of the study were to review the current fish trading system and provide a framework for the possible establishment of a fish auction system in Thuan An fishing port, Thua Thien Hue province, Viet Nam. To achieve these objectives, extensive observations and interviews with stakeholders in Hue were carried out during the field visit from 8 – 17 March, 2011. A one-day workshop to get feedback from stakeholders was also organized on 22 April, 2011 in Hue. The study only focuses on marine capture fisheries which contributed around 87% of the province's total catch in 2010.

The fish marketing chain in Hue is actually rather simple as the bulk of the landings are sold fresh to the local market or to neighbouring provinces. Trading takes place at sea, in the fishing port, in wholesale and retail markets with the most common marketing channel being from the fishers¹ to wholesalers/agents, then to retailers before reaching final consumers. The market in the port, however, is not properly organized as individual fishers (boat owners) negotiate directly with middle-traders, wholesalers or retailers to sell their catches on the jetty, in the fish hall and also in wholesalers' premises (lots) around the port.

Fishers usually have long term business relationships with middle-traders or wholesalers who in some cases also provide loans to them. Most gillnetters and purse seiners stick to certain wholesalers to market their catches. Trawler fishers, on the hand, usually sell their catches directly to retailers at the fish hall in the port. Individual trawlers will unload their catch on trays and display them on the floor to be sold to retailers who will directly negotiate with the boat owner. The highest bidder gets the fish. There are two types of middle-traders operating at Thuan An fishing port, namely middle-traders or collectors, who buy fish from purse seiners at sea, and middle-traders who buy fish from fishers who land their catches at the port. The 1st wholesalers who buy fish from fishers or first middle-traders at the fishing port then send their fish to the local wholesale market in Hue city (Dai Bao wholesale market), wholesale markets in other provinces, processing plants or export it to China through border trade. Retailers, mainly women, will sell their products in the local retail wet markets all over Hue city. Retailers get their supply directly from fishers, from 1st wholesalers at the port or from 2nd wholesalers in Dai Bao wholesale market.

The transaction method used is usually direct negotiation between sellers and buyers (fishers to middle-traders or wholesalers to retailers) as price changes from time to time depending on the market situation in the wholesale market in Hue. Those who do not have a tie up with wholesalers are free to sell to any wholesaler operating in the port market and price is decided on the spot based on direct negotiation. Payment to fishers is usually flexible and it can be on cash and carry terms, within 2 – 3 days after the transaction, or monthly depending on the agreement between both parties.

¹ The majority of marine fishers are male. Collectors who buy fish at sea from fishers often work with their wives and may fish in the off season. Women fishers are more likely to be encountered on freshwater water bodies including lagoons, but male fishers still predominate in capture fisheries in Thua Thien Hue province.

Based on the observation and analysis of prices along the marketing chain, it can be generally concluded that the trading system in Hue for marine capture fisheries is efficient. The trading system is open, where each player can freely sell their products to whoever they wish to. Though most of the fishers stick to certain middle-traders or wholesalers in order to sell their catches, they have no strict mandatory obligation to do so. The main limitation of the current trading system, particularly in Thuan An fishing port is that it is not well organized, in terms of institutions and practices. In terms of economies of scale, the volume and value of fish traded at the Thuan An fishing port is not as big as in other provinces - less than 15 000 metric tons (MT)/year, and is highly seasonal. This factor creates a feeling of insecurity among fishers, thus they want to ensure that their catches are sold as quickly as possible, during both low (lean) and peak (glut) seasons. Middle-traders domination of fish trading in Hue, particularly for small pelagic fishes like mackerel and skipjack, however, can be a disadvantage for fishers as this condition can be easily manipulated by the middle-traders particularly during the glut season.

Therefore, the introduction of an auction system in Thuan An fishing port has the potential to contribute to the improvement of the livelihood of fishers in the area as there are many advantages of an auction system. The most important is that auction systems are considered to be the best method to create better transparency in fish trading as they reflect the real cost and price of fish supply and demand. Open-bidding allows the market to determine the real value of the fish. In turn, it encourages fishers to act according to market signals, to only catch what the market wants, and to reduce waste. There are two types of auction systems in the fisheries sector namely the decremental (Dutch system) and the incremental system. The former is widely used in Europe, while the latter is practised in many Asian countries. Among ASEAN countries, fish auctioning using the incremental system is practised in many parts of Indonesia particularly in fishing ports along the coast of Java Island. In the northern state of Peninsular Malaysia, Kedah, auctioning is also practised by small scale fishers using a whispering system.

Considering the current fish trading practices at Thuan An fishing port, the auction system should be introduced gradually as an additional option to the existing system instead of replacing it. The following steps are recommended for introducing the fish auction system:

- Organize constructive and extensive dialogues with all stakeholders to discuss and gather feedback from them on the possible implementation of a fish auction system;
- Establish principles or rules for the operation of the auction;
- Conduct an awareness raising campaign for stakeholders and particularly to fishers and fish traders and finalize the rules based on the feedback from stakeholders;
- Draw up detailed operation procedures and record keeping for the auction;
- Provide training for personnel who will be in charge of the auction;
- Organize a study visit for auction organizer (auctioneer) and also selective representatives from stakeholders to a fish auction site in neighbouring countries such as Indonesia;
- Conduct a trial run period to check whether the developed system works and make adjustments if necessary;
- Conduct a pilot project for the implementation of the auction based on the revised system developed during the trial; It is recommended that the pilot project should be done during peak season in the summer when fish price is usually under pressure.
- Full scale implementation of the auction system.

In Thuan An fishing port, an auction system could be organized at the existing fish hall facility but it requires a significant upgrading. The fish hall area is only 400 m² and cannot accommodate all landings particularly during the peak season. The building itself is old, the water supply system (piping) does not work (broken), the floor is dirty and not smooth (cement floor) and there are a lot of holes in the roof. New equipment is also needed to support the operation of the auction such as heavy duty weighing scales, stainless steel tables for sorting of fish, pallets for fish display, loud speakers for auctioning, office equipments and fish trays.

As the auction system is something new in Hue, there are always risks when introducing it to stakeholders. Among the potential risks identified are disruption to the current fish trading system in Thuan An port, opposition and boycott by major players or stakeholders, total failure of the auction system, investment losses and manipulation of the system. To minimize the risks, extensive consultations with stakeholders are crucial before introducing the system to obtain a consensus among them. The auction system, as indicated earlier, should also be introduced gradually so as not to replace but rather to complement the existing system.

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I. INTRODUCTION

As part of the Letter of Agreement (LoA) signed between Food and Agriculture Organization (FAO) Viet Nam and INFOFISH, a field research to study the possibility of introducing fish auction system in Thua Thien Hue Province of Viet Nam was carried out from 8 – 17 March, 2011 by INFOFISH's consultant. This is part of the FAO's project activities on the Regional Fisheries Livelihoods Programme (RFLP), GCP/RAS/237/SPA funded by the Spanish Government. As stated in the Term of Reference (TOR) of the above LoA, the objectives of the study were to:

- a. Describe and analyze the current fish selling systems in Thua Thien Hue Province including their limitations.
- b. Promote deeper understanding on fish auction system among key stakeholders (fishing communities, local authorities, traders) including the advantages and disadvantages of such system in comparison with ongoing systems of fish selling and buying in the Province.
- c. Propose the framework for establishing fish auction system that is appropriate for the current local conditions including the following:
 - Legal basis for the establishment (with consideration to the current laws and regulations)
 - Principles/Rules for the operation of the fish auction system
 - Methods for recording the registration of fish buyers/sellers for the auction system
 - Recommended operation structure for the fish auction systems
 - Recommended facilities for setting up and maintaining the fish auction system
 - Management/Monitoring mechanism of the fish auction system.
 - Any other aspects critical in establishing and maintaining fish auction system
- d. Identify potential risks that may arise in the operation of a fish auction system (if any) and the necessary measures for reducing the risks including the analysis of potential impacts of fish auction systems on poor fisher households in the Province.

To achieve the above objectives, extensive observation and interviews with stakeholders in Hue were carried during the field visit. Among the government agencies met for discussion were officers from the Department of Agriculture and Rural Development (DARD), the Department of Capture Fisheries and Resource Protection (DECAFIREFP) and the management board of the Thuan An fishing port. The main players along the marketing chain of marine capture fisheries, namely fishers, middle-traders, wholesalers and retailers were also interviewed. (See Attachment 1 for detailed programme).

As agreed by the management of the RFLP Viet Nam, the study focused on marine capture fisheries as the main contributor of fishery production in the province. Consequently, Thuan An fishing port, the largest fishing port in the province and located just outside the Hue city, was chosen as the most suitable place to introduce a fish auction system in the future.

II. THE STATUS OF CAPTURE FISHERIES IN HUE

According the director of DECAFIREP, capture fisheries production in Hue province is not big enough and highly fluctuates between the winter and summer seasons. In 2010 capture fisheries recorded production was around 30 500 metric tons (MT), consisting of marine capture fisheries 26 435 MT, capture from lagoon (brackish water fisheries) 3 220 MT and freshwater fisheries 840 MT. The main species for marine fisheries were mackerels (50%), skipjack (10-15%), crustacean and cephalopods (10%) and mixed fish (25-30%). DECAFIREP estimates that the actual landings could be higher than what is officially reported, as there are many small landing sites all over the province where landings may not be recorded. Fish Landings in Hue also fluctuate, high during summer (70% of the total landing) and low during winter (30% of the total). The peak season is in June – August while the lowest landings are usually in November-December.

Table 1: Capture Fisheries Production in Hue Province 2000 – 2010
(in MT)

Year	Marine	Brackish water(Lagoon)	Freshwater	Total
2000	15 430	2 511	588	18 529
2001	14 874	2 508	581	17 963
2002	15 665	2 437	571	18 673
2003	16 363	2 491	568	19 422
2004	17 093	2 597	657	20 347
2005	18 748	2 717	699	22 164
2006	20 490	2 799	781	24 070
2007	21 644	2 719	723	25 086
2008	22 709	3 100	717	26 526
2009	24 544	3 199	830	28 573
2010	26 435	3 220	840	30 495

Source: DECAFIREP, Hue

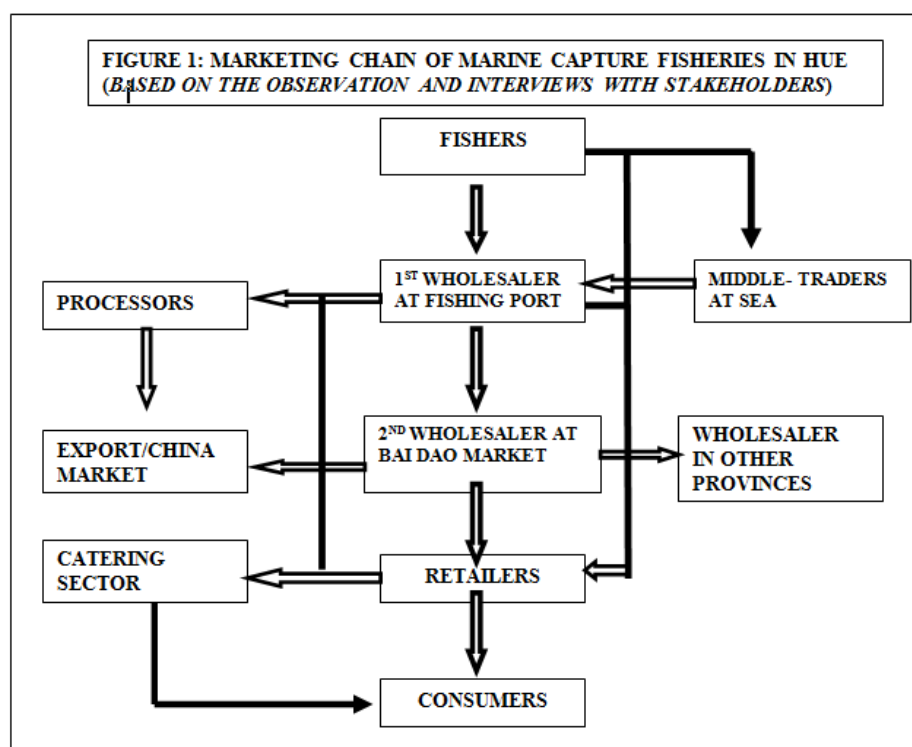
In Thua Thien Hue province there are around 2 000 registered motorized marine fishing vessels and of the total, 200 boats are offshore fishing vessels which have over 90 Horse Power (HP) engines. The most popular fishing methods are gill netting, purse seining and trawling. Around 400 small fishing boats equipped with engines of 20 HP and below operate in the lagoon. There are a total of 6 125 registered fishing vessels of all categories, including non-motorized vessels in the province. The majority of marine aquatic products are landed at Thuan An fishing port. Around 6 000 - 7 000 landings are made at Thuan An fishing port annually, with a total annual landing of approximately 13 000 MT in 2010.

III. FISH TRADING SYSTEM

1. Marketing Chain

The fish marketing chain in Hue is actually rather simple, as the bulk of the landings are sold fresh to the local market or to neighbouring provinces. Trading occurs at sea, in the fishing port, and wholesale and retail markets, with the most common marketing channel being from fishers, to wholesalers/agents and retailers before the aquatic product reaches the final consumer. At Thuan An fishing port, retailers even buy fish directly from fishers. The market in the port, however, is not organized properly as individual fishers (boat owners) can negotiate directly with middle-traders, wholesalers or retailers to sell their catch on the jetty, in fish halls and also in wholesalers' premises (lots) around the port.

Wholesalers then bring the fish to the wholesale market in the city (Dai Bao wholesale market), distribute fish to other wholesale markets in other provinces, or sell directly in the port's compound to retailers. Some wholesalers also export higher value fish like squid, snapper, grouper *etc.* to China by road (border trade). Non-targeted species caught by gill netters and purse seiners like squid are also sold directly to retailers on the jetty. There are wholesalers who only target exportable species such as shrimp and squid as raw materials for seafood processing plants around Hue. The amount of exportable species from Hue is small compared to other provinces in Viet Nam as the landings of higher value export species (shrimp and squid) are much lower than the main species like skipjack tunas and mackerels.



2. Major Players in the Marketing Chain and Their Relationships

a. Fishers (Producers)

As indicated earlier, the main fishing methods used in Hue are gill netting, purse seining and trawling. Gillnet and purse seine fishers catch mainly small pelagic fish like skipjack and mackerel and sell their catches mainly to agents and middle-traders operating at the port. These fishers usually have a long term business relationship with middle-traders or wholesalers who in some cases also provide loans to fishers. Thus, most gillnetters and purse seiners stick to certain wholesalers to market their catches.

It is common practice in Thuan An port that purse seiners also gillnet, as fishing vessels use and change both gears depending on the season. In Hue, from April to August, a boat will use purse seine to catch mackerel while from September to March the same boat will use gill nets to target mainly skipjack. Purse seiners will typically stay out 22 days while a gillnet trip is typically only 5 days. There are around 50 fishing vessels using the same fishing method based in Thuan An port. During fishing operation, purse seiners usually sell their catch at sea to middle-traders or collectors who buy fish after each net haul. Within one trip (22 days) a purse seiner will normally make 13 hauls and the total catch per trip varies between 50 – 60 MT. The purse seiner will bring its last taken net haul directly to land, unload and sell fish at the port to another land-based middle-trader (1st wholesaler). For gill netters, the operation time is shorter around 5 days per trip and all the catch is unloaded and sold at the port. Typically around 800 kg will be caught per trip and 50% is skipjack, while the rest is non-targeted species including higher value species such as squid, swordfish etc.

Trawl fishers, on the other hand, usually sell their catches directly to retailers at the fish hall in the port. Individual trawler skippers after unloading their catch will put their fish on trays and display them on the floor for selling to retailers who will negotiate directly with the boat skipper/owner and the highest bidder will take the fish. Payment is done immediately in cash, but in some cases the boat owner may also give the retailer a few days to settle payment. There are around 200 trawlers registered at the port. The majority (80%), are small boats (45-75 HP) and the rest are larger boats (over 200 HP). Around 50% of trawl owners, however, have some kind of arrangement with middle-traders (wholesalers) and sell their high value catch species like shrimp and squid to them, while low value species will be sold directly to retailers. Larger trawlers go fishing for 3 days and their catches range from 200 – 1 000 kg, valued at around VND² 7 – 15 million per trip depending on the season. In a year, trawlers operate around 8 months. The peak season is from May – July, while the low season is November – January. Some trawlers change their fishing gear to purse seines using lights during April – August. Trawler fishers depend less on middle-traders than purse seiners or gill netters, probably because most trawlers are small scale vessels which fish for only a few days and have catches of usually less than one metric ton per trip. Their catch usually includes a greater variety of high value fish that can be easily sold to middle-traders, retailers or agents.

² At the time of the mission US\$ 1 = VND 20,000.

b. Middle-traders

There are two types of middle-traders operating at Thuan An fishing port namely middle-traders or collectors who buy fish from purse seiners at sea, and middle-traders who buy fish from fishers who land their catches at the port. Middle-traders who own carrier boats go to the fishing grounds where purse seiners operate and buy fish directly from fishers and bring the fish to the port. These middle-traders usually sell on to other middle-traders operating at the port, called 1st wholesalers. There are around 25 middle-traders who buy fish at sea using carrier vessels which can carry around 20 MT of fish per vessel. The boat owner usually sticks to one middle-trader based on long standing business relationships.



Figure 2: Fish trading on the jetty of Thuan An fishing port

The 1st wholesalers who buy fish from fishers at the fishing port then send their fish to the local wholesale market in Hue city (Dai Bao wholesale market), wholesale markets in other provinces, processing plants or export it to China through border trade. When fish is sent to a local wholesale market, the 1st wholesaler may sell their product themselves in the market, or sell to another wholesaler in the market (2nd wholesalers) or just ask the 2nd wholesaler who has a slot in the market to sell the product on a consignment basis. For the latter case, the 1st wholesaler pays 0.5% commission to the 2nd wholesaler in the market. The wholesalers who have lots in the market sell their fish to retailers, send to other provinces or export high value fish to China. Retailers who buy fish from wholesalers pay directly in cash, but some of them are also allowed to settle payment a few days later. Wholesalers sell their fish in 10 kg boxes.

There are 2 wholesalers who buy fish from Thuan An fishing port and sell their fish to processing plants. They usually have the following arrangements with fishing vessels: they have a share in the boat or have partially funded the boat construction; or provide loans to fishers for fishing operation costs. One of the largest wholesalers who acts as an agent for processing plant has arrangements with 200 fishing vessels. This type of wholesaler normally buys all types of fish from fishing vessels, sorts them out into three categories: exportable species like squid, crab, swordfish, snapper and shrimp for sale to processing plants; other high value species for export to China through road-based border trade; and species for the domestic market, whether in Hue or other provinces. There are 3 main modern seafood processing plants in Hue.

One of the largest wholesalers interviewed stated that he buys 200 – 300 MT of product monthly during the peak season and around 30 MT per month during the low season. Around 40% of fish is sold for processing in or around Hue or other provinces. Before sending fish to any processing plant, the wholesaler will arrange fish grading according to pre-agreed standards set by the processing plant, and will contact them for price negotiation and delivery of the raw material to the plant. Rejected fish by the processing plant (only around 1%) will be sold on the local market. The middle-trader does not have any prior arrangement with processing plants, and so is free to sell to any plant in Viet Nam which offers the highest product price.

c. 2nd Wholesalers at Dai Bao market

The Dai Bao wholesale fish market, located in Tran Hung Dao, belongs to local government of Hue city and it is under the bus station management. The location was previously a bus terminal and was not designed as a wholesale fish market. After the bus terminal was relocated, the place was used by trucks and lorries including those transporting fish to retail markets around the city. Over the time the location has grown as a congregation point for fish traders and buyers and has developed into a wholesale fish market. It is not surprising, therefore, that the available infrastructure and facilities are very poor and limited, without any permanent structures (halls) for fish sales. As a result traders sell fish along the muddy road inside the market and fish handling practices are unhygienic. The prime aim of the management of the facility is to collect entrance fees from the vehicles entering the market and to collect rent from wholesalers. No effort has been made to improve the facilities. The wholesale market operates between 01.00 to 07.00 hours, but trading will continue after 07.00 if fish supply is plentiful.

There are around 20 wholesalers operating in the market, of which 4 are large-scale wholesalers. Around 70 MT of fish is handled daily in the market coming from local suppliers around Hue, and particularly from the Thuan An port, as well as from other sources across Viet Nam. During the visit, frozen skipjack imported from China was observed on sale in the market. Live and freshwater fish like catfish and black tilapia are also sold in the market. Wholesale licenses are issued by the local (Hue) government and the license fee is less than VND 1 000 000. In addition, wholesalers also have to pay monthly tax and rental fees. The rental fee for one unit is VND 450 000/month.



Figure 3: Selling fish at Dai Bao wholesale market

d. Retailers

Retailers, mainly women, will sell their products in local retail wet markets all over the Hue city. Some of them may sell their fish to restaurants or other catering outlets. Big restaurants and hotels normally engage agents to buy fish from the wholesale market. Retailers get their supply directly from fishers, from 1st wholesalers at the port or from 2nd wholesalers from Dai Bao wholesale market. Usually they use motorcycles for transportation. Some of retailers at the fishing port also buy fish directly from trawl fishers and from purse seiners for non-targeted species like squid. During the peak season, the number of retailers visiting the port can reach over 300 retailers a day, while during lean season less than ten retailers may go to the port.



Figure 4: Retail fish market in Hue city

3. Transaction System, Payment and Price Formation

Transaction is usually made by direct negotiation between sellers and buyers (fishers to middle-traders, or wholesalers to retailers) as prices change from time to time depending on the market situation in the wholesale market in the city of Hue. Those who are not tied to particular wholesalers are free to sell to any wholesalers operating in the port market and the price is decided on the spot based on direct negotiation. Payment to fishers is usually flexible and it can be cash when purchasing, within 2 – 3 days after transaction, or on a monthly basis depending on agreement between both parties.

Boat owners will sell fish to wholesalers at the port by direct negotiation without prior grading (all sizes mixed), and wholesalers will usually grade the product for sale on to retailers. For purse seiners the price is negotiated between the boat owner and the buyer, with the price being fixed based on the selling price of the first vessel which arrived at the port the same day and also upon the supply situation. The wholesaler, then sorts skipjack into 4 grades based on their sizes (>4 kg/piece; 2.5 - 4 kg/piece; 1.0 - 2.5 kg/piece and below 1 kg/piece). During the survey the average ex-vessel price for skipjack was VND 25 000/kg and the on jetty price ranged from VND 20 000 – 35 000/kg. Meanwhile, the wholesale price for skipjack at Bai Dao market ranged from VND 30 000 – 40 000/kg, while retailers in Hue city were selling it on at around VND 40 000 – 50 000/kg. For squid ex-vessel prices ranged from VND 100 000 – 120 000/kg, while retailers were selling on at around VND 130 000/kg.

The ex-vessel price at sea for mackerel fluctuates around VND 4 000 – 7 000/kg, which is around VND 2 000/kg less than the price at the port. The price at sea is decided or negotiated for each net haul and the boat owner will usually set the price based on price information received by mobile phone from the port. First (1st) wholesalers and agents for fish processors,

operating at the port will negotiate prices with boat owners each time a fishing vessel approaches the port, based on the market situation.

A largest wholesaler interviewed at the port (March 2011) said that he bought skipjack for VND 30 000 and sold at VND 33 000, while for squid the price ranged from VND 40 000 – 100 000/kg and was marked up at VND 1 000/kg when sold. The reason for the smaller mark up margin for squid was that squid price is more stable than that of pelagic fish species like skipjack or mackerel. Smaller sized squid are normally sent to processing plants, while larger squid are sold on the domestic market

4. Analysis and Limitations of the Current System

Based on the above observation and analysis on prices along the marketing chain, it can be generally concluded that the marketing chain in Hue for marine capture fisheries is efficient. The trading system is open with free access where each player can fairly freely sell their products to whomever they want. Though most of fishers stick to certain middle-traders or wholesalers to sell their catch, they have no strict mandatory obligation to do so. They can change buyers, or sell directly to retailers. Many fishers said they have had a long term business relationship and trust that has been built over the years and that is the main reason why they stick to certain wholesalers or middle-traders.

It was also found that the price increment or margin between levels along the marketing chain was minimal, reflecting that the distribution channel and the marketing chain is quite efficient. For example, ex-vessel price for skipjack (all sizes) were around VND 25 000/kg and it sold in the retail market at around VND 40 000/kg. One wholesaler said that she usually takes a maximum margin of 10%, but can occasionally also lose money, as the competition is getting tough and traders cannot afford to cheat fishers, or they risk losing regular suppliers to their competitors. Wholesalers sets price based on the quality and size of the fish as well as on the supply situation. The supply of fish is determined by arrival of fish from local landings/harvest and from other provinces around Viet Nam. It is normal, however, that prices vary principally according to season. For seasonal species like mackerel, prices can fluctuate between 20 – 50%, while skipjack prices vary between 10 – 20% between the peak and low seasons.

Technology, particularly, the widespread use of mobile phones make the market more transparent as fishers, middle-traders and retailers have access to market information and usually check the latest market prices, not only in Hue but also in other provinces before beginning price negotiation.

In short, generally, players in the market are satisfied with the current trading system and they expressed some reservations about accepting new trading methods, such as an auction system. The main limitation of the current trading system, particularly in Thuan An fishing port is that it is not well organized, in terms of the institution and trading practices. There are no fish trader or fisher associations in the port. Though there are Fisheries Associations (FA) in Hue, very few fishers using the fishing port are currently members of it and there is no FA representative at the port. In many countries the existence of stakeholder association is very important when the government wishes to introduce an auction system, as the stakeholder association usually conducts or organizes the auction system. Trading in Thua Thien Hue province is conducted all over the place, on beaches, on jetties, at fish halls and wholesale premises and there are no rules to regulate the players. In terms of economy of scale, the

volume and value of fish traded at the Thuan An fishing port is not as big as in other provinces (less than 15 000 MT/year) and it is highly seasonal. This factor creates insecurity among fishers, thus they want to ensure that their catches are sold as quickly as possible, during both the bad (lean) and peak (glut) seasons. Therefore, loyalty to certain buyers is a least risk option taken by fishers to increase the likelihood of selling their catch at a reasonable price.



Figure 5: Retailers buy fish from wholesaler premises at the port

In addition to the above, the location of, and facilities at, Thuan An fishing port, according to the chairman of the FA, are not good enough to attract fishing vessels from other provinces to land their fish at the port. This is also because of the limited market demand in Hue, whether from local market or from processing plants. There are only 3 processing plants scattered around Hue, while neighbouring Danang has 13 seafood processing plants just outside the Tho Quang fishing port. The average daily catch landed at Danang is around 100 – 150 MT, compared to less than 50 MT at Hue.

Middle-traders dominate the trading of fish in Hue, particularly of small pelagics like mackerels and skipjack, which can also be a disadvantage for fishers. The situation can be easily manipulated particularly during peak or glut seasons. If fishers set the price of their catch too high, middle-traders or wholesalers can easily bring fish from other provinces to suppress the local price.

IV. AUCTION SYSTEM

1. Theory and Practice

As described above the fish trading system in Hue is basically through direct negotiation or private sale between seller and buyer. Some fishers and also wholesalers claimed during the survey that they also practice a kind of “auction” as they offer their catches to buyers and sell

their fish to the highest price bidder. However, this is not the same as an auction system. An auction in general is defined as a regulated public sale where there are three parties involved, namely sellers, buyers and an auctioneer who acts as a neutral third party who conducts the auction. In Viet Nam the definition of an auction according to Article 452 - Civil Code issued by the Ministry of Justice, says that an auction is a “public sale where price is published openly for buyers to bid, (where) the highest bidder shall be allowed to buy the good”.

As per definition, auctions should also be carried out based on formal or informal rules and regulations set by the government, local authority, fishing port or merely based on informal agreement among the players or unwritten tradition that has been practiced by local fishing communities over the years. The auctioneer meanwhile could be the port authority, local government, a fisher co-operative, traders association or other stakeholders in the fishing industry.

Two main auction systems exist in the fisheries sector, namely the decremental (decreasing) or Dutch system and the incremental (increasing) system. In the Dutch system, the auctioneer begins with a high price then reduces the price gradually and the first bidder is the winner. Conversely, in the incremental auction system the price starts low price and increases gradually and stops when the last (highest) bidder is the winner. The Dutch system is popular and widely practiced in Europe, while the incremental system is more widely used in other parts of the world.

Among ASEAN countries, the incremental auction system is practiced in many parts of Indonesia particularly in fishing ports along the coast of Java Island. The auction in Indonesia is carried out by local fisher co-operatives, but the rules and regulations are issued by local district government. Usually a total 5% fee is charged from the total value of fish auctioned which is divided between the fishers (3%) and buyers (2%). Both fishers and traders or participants of the auction need to be registered at the co-operative and traders need to deposit a certain amount of money before being allowed to participate at the auction. The auction is done openly using a loud speaker and buyers signal by raising their hand to the auctioneer when bidding.



Figure 6: Traditional auction in Brondong, East Java, Indonesia

In the Northern state of Peninsular Malaysia, Kedah, small scale fishers practice a whispering auction system. Batches of fish are packed in pails or plastic containers and transported to the landing site. Potential buyers, usually local fish mongers, wholesalers, restaurant owners or sometimes visitors will approach the seller and whispers discreetly the offer price for the batch placed on the auction floor. There are no shouts, no nods of heads of approvals or disapprovals or arguments as the seller (fishers) points to the bidder that has offered the highest price.

While auctions in many countries in Asia normally serve local fishing communities, Tsukiji wholesale market in Tokyo, Japan serves as a global auction system. It is the most popular and the largest auction particularly for tuna, which come from all over the world. Inside the Tsukiji market, the tuna auction begins early in the morning with the fish numbered and displayed on the floor of a vast tuna shed. Before the auction the bidders cut off small pieces of dark red meat from the fish and examine it for color, texture and fat content and make notes on scraps of paper. Bidders use hand gestures to make their bids. There are dozens of auctioneers and each one has his own chant, and his own rhythm. It is important that the fish stay fresh, so everything is done at a rapid pace.

The Honolulu Fish Auction is based on the famous Tsukiji auction, where large fish, again mainly tuna are sold individually to wholesalers. The catch is unloaded in sequence based on arrival time to the dock with unloading beginning early in the morning shortly after midnight. Fish are weighed, tagged, inspected and displayed for auction bidding. Before being offered for sale, each fish is carefully inspected by the United Fishing Agency staff to ensure fish quality and safety. Buyers arrive before the auction begins to inspect the fish. By tradition, the auctioneer rings a brass bell at 5:30 am and the bidding begins. Hundreds of fish are displayed on pallets on the auction floor. The United Fishing Agency auctioneer moves down

the rows of fish surrounded by buyers who openly bid against each other for value, the best price and quality of fish. The majority of fish are sold individually. This competition continues until all the fish are sold and fishers are paid the same afternoon.

In Europe, the Dutch auction is the most popular and is also the fastest. It uses modern technology and major fishing ports and/or auction floors in Europe are networked for communication. This computerized auction system uses a large clock which shows data like the description of the lot on sale, the lot number, the number of crates, the weight per crate, the species, its size, the quality and origin. The auctioneer starts the clock above the price of the lot and the price descends every three seconds with each sweep of the clock face until a buyer stops the clock by pressing the bid button on the electronic keypad of their registered seat, thereby stopping the clock. The same system is also used at Sidney Fish Market, Australia which uses the Dutch clock system.



Figure 7: The Dutch clock auction in Urk, the Netherlands

2. Advantages and Disadvantages of Auction System

From various publications related to fish marketing, there are many advantages of the auction system. The most important is that auction systems are considered to be the best method to create a transparency in fish trading as they reflect the real cost and price of fish supply and demand. Open-bidding on each fish lot allows the market to determine the real value of the fish. In turn, it encourages fishers to act according to market signals, only catching what the market wants and reduces waste. As the product is graded and priced based on the freshness or quality of fish before auctioning, fishers are also given an incentive to handle and their catches better. Fishery spoilage and waste occurs when fish are not handled properly, thus waste is minimized because of the economic incentives. Ultimately auctions can contribute to the sustainable exploitation of fish resources.

Auctions are also viewed as the most suitable method for selling perishable products like fish which needs to be sold quickly at the landing site to avoid deterioration before distribution, particularly if there is an abundant supply of product on the market. This is because auctions are normally conducted early in the morning and are completed within a few hours. Auctions also standardize trading practices as there are agreed grading systems employed based on objective criteria of freshness, size and other quality attributes. As fish at auctions is handled properly and quickly, auctions can also contribute to improving the overall value of catches. Moreover fishers who sell their catches through auctions normally get paid the same day.

All transaction methods, whether contract systems, direct negotiation or auctions, have weakness or disadvantages. Auction systems can not be successfully organized unless there are sufficient buyers to participate at the auctions. Buyers may be reluctant to participate in auctions for a variety of reasons including restrictions for new buyers to join the auction, or the location of the market is unattractive because of limited infrastructure and facilities, or there is insufficient fish landed at the auction. Having too few participants or buyers at an auction may also result in collusion among buyers, thus dictating and suppressing the product price. Traditional whispering auctions may also be open to abuse of power by the auctioneer and bidders who create false prices. These disadvantages, however, are minimized by the use of modern technology like clock auctioning or electronic systems where bid can be made from anywhere.

3. Auction and the Current Fish Trading System in Hue - A Comparison

The current fish trading system in Hue, particularly at the first point of sale at Thuan An fishing port, is quite open and straightforward as explained earlier. Some fishers and wholesalers even claimed that there is already a certain degree of “auction” being practiced. It may be true to some extent that the trading is done through open and direct negotiation process between sellers and buyers and that the highest bidder will get the fish similar to an auction system. The current trading practice is also done quickly and the fish is transferred smoothly from fishers to wholesalers, retailers and then consumers. Payment seems to be no problem, as fishers can get payment immediately, or within a few days depending on the oral agreement between both parties.

There are however, some discrepancies between the current system and common practices at fish auctions. The current trading system is not well organized and is done by individual fishers and/or wholesalers; fish prices are not publically declared to allow every potential buyer to bid for the fish; and there is no third party auctioneer. In addition, the current system is not done in a designated place, instead it is conducted on beaches, at jetties, at sea, in fish halls and in wholesaler premises. Fishers, particularly gillnetters and purse seiners, sell their catches in bulk without grading them as it is normally done in auction. And the most important missing aspect from the current system in Thua Thien Hue province is that there are no apparent rules and regulations enforced in the current trading system in Thuan An port or other ports in Viet Nam.

These discrepancies need to be addressed if the local government or RFLP wishes to facilitate the introduction of a fish auction system in Hue. To successfully introduce such an auction system it is also important to provide necessary infrastructure and facilities needed to ensure the smooth implementation of the system. These are discussed in detail in the following chapter.

V. FRAMEWORK FOR THE ESTABLISHMENT OF FISH AUCTION IN THUAN AN FISHING PORT

Having discussed the current fish trading practices, the limitations and deficiencies, it can be concluded that an auction system could potentially be established as an alternative to the current aquatic product trading system in Thuan An fishing port in the future. The main positive aspects of the current system that can be used as an entry point for the introduction of an auction system are the openness of the current trading system and the fact that some groups of fishers and particularly trawler fishers are less dependent on middle-traders. The DARD, Thua Thien Hue province and the fishing port management are also positive about the idea of introducing an auction system.

1. Legal Basis

Having checked the current local and national rules and regulations related to fisheries in Viet Nam, there are no regulations or legislation specifically designed for fish auctioning. There are, however, regulations pertaining to general auction systems particularly related to property auction as defined by article 452 of the Civil Code issued by Ministry of Justice: which states that Auction is a public sale in the form of a published price for potential buyers to bid and to get the highest bidder. An owner may sell their property by auction, but generally, auctions are only used in cases such as inheritance that cannot be split or for sell off of bankrupt enterprise assets which have been confiscated by the state. Auctions are allocated to agencies and organizations which have been given legal rights to carry out auctioning. The procedure for the auction is governed by law.

A variety of fisheries laws and regulations however, give details on how to run and organize fish retail and wholesale markets. The following are some of the important regulations that guide fish markets:

- a. Fisheries Law No. 17/2003/qh 11:, article 42 on fish wholesale markets
 - Fish wholesale markets are where the wholesale sale of fish is conducted in places located in concentrated fish production areas or areas where fish is consumed in large quantities.
 - The development of fish wholesale markets shall be done in accordance with the development master plan of fisheries sector.
 - The State shall issue policies to support the investment in the establishment of fish wholesale markets; shall encourage the organizations and individuals to take part in investment in setting up, trade and management of fish wholesale markets.
 - The Ministry of Fisheries shall coordinate with relevant Ministries and Provincial People's Committees to issue standardized management rules for fish wholesale markets; shall provide guidance and inspect the enforcement of management rules; shall formulate technical standards on fish wholesale markets.
 - The Provincial People's Committee shall be responsible for approval of the rules, the management and operation of fish wholesale markets; and the examination of the food hygiene and safety at fish wholesale markets.
- b. Decree No 27/2005/ND-CP: Decree of the government regulating and guiding the implementation of certain articles in the fisheries law article 15 on Wholesale fish markets: The State shall support the construction of

infrastructure including: transaction places, roads, electrics, water supply and drainage systems within wholesale fish markets. The State shall encourage and facilitate all economic sectors, organizations, individuals to take part in construction, exploitation and management of wholesale fish markets.

- c. Code of standard: Fish market - Conditions for ensuring food hygiene and safety. Fish markets - Conditions for food safety Number: 28 TCN 165: 2000 VND issued by the Ministry of Fisheries.

Subject and scope: This standard specifies the conditions to ensure food safety for wholesale or **auction** of Fisheries (hereinafter referred to as fish markets). Fish markets are built in places to meet the following requirements: Near fishing ports, wharves or areas with concentrated material; Road convenient for travel and transportation; Have clean water supplies to meet hygiene standards and user requirements; Have reliable power to meet the requirements of fair use; isolated from residential areas and away from sources of contamination for seafood.

Based on the above laws and regulations, local governments have room to further regulate the operation of fish auctions in greater detail. In Indonesia, for example, the rules and regulations of fish auctions are issued by local government at provincial and district levels. Fish auction regulations should explicitly describe how to organize, manage and monitor the operation of fish auction systems. Among the aspects to be covered are the organizational structure of the auction system and its function, the procedure for auctioning, fees or charges, distribution and management of collected fees, monitoring procedures, and fines and sanctions.

During the workshop with all stakeholders organized in 22 April, 2011, there was a strong suggestion from the participants that provincial government of Hue should establish fish auction regulation to provide legal basis for implementing the system. In response, representatives from the project and the DARD said that they will facilitate the local government in establishing fish auction regulation (see chapter VII for the details of the workshop).

2. Principles and Rules of Fish Auctions

Detailed rules and regulations for fish auctions vary from country to country and the method used, i.e. whether the incremental or decremental auctioning system. There are, however, principles and rules for fish auctions that need to be formulated:

- a. Auctions should be conducted in a designated area that can technically accommodate the amount of fish traded at any one specific time.
- b. An independent auctioneer should be appointed who is acceptable to all stakeholders, i.e. by both sellers and buyers, and the auctioneer must be able to act independently and professionally to best represent the interests of all players. In Indonesia and also in the Netherlands the local fishers co-operative manage the auction and act as the auctioneer. In Hawaii, the United Fishing Agency is the auctioneer.
- c. The auction method used, whether incremental or decremental must be agreed and defined. If incremental system, a method has to be drafted and agreed by all

parties for determining the floor price or start up price. This could be determined using historical price data.

- d. Regulations have to be drafted, agreed and registered detailing who can participate at and buy fish from auctions.
- e. A licensing or permit system needs to be drafted, and approved for traders participating at the auction.
- f. Fee or commission scale need to be agreed that will be paid to the auctioneer, to be charged to both fishers and traders. If the fee is, for example, 5% of the total value of fish, fishers and traders can pay 2.5% each.
- g. Grading for fish should also be conducted using national standards if they exist. Otherwise players must agree on a classification system that can be used to grade product according to quality and size.
- h. Berthing times for boats and auction times should be agreed and set. Normally auctions start early in the morning or at midnight and last for only a few hours.
- i. Minimum amounts of fish that can be purchased should also be set. In the current wholesale market in Hue, one 10 kg box of fish is set as the minimum amount of fish that can be purchased.
- j. Technical regulations such as cleaning, hygiene and quality inspection must also be formulated and enforced based on national standards.
- k. Payment procedures must also be established, including whether traders must pay a certain percentage or minimum deposit amount with the auctioneer.
- l. Detailed actions to be taken for unsold fish should also be clearly formulated.
- m. Last but not least, the procedural steps for conducting the auction must also be established and widely disseminated.

3. Recommended Steps to Introduce Auction in Thuan An Fishing Port

Considering the current practices of fish trading at Thuan An fishing port, if an auction system is to be introduced, it should be introduced gradually as an additional option to the existing system, instead of replacing it. The auction system could first be introduced to trawlers as they are less dependent to middle-traders, unload their catches on the jetty close to the fish hall, and sell their catches directly to middle-traders and also to retailers. The followings steps should be taken before introducing fish auction:

- a. Conduct comprehensive dialogue with all key stakeholders, fishers, fish traders, the port management board, DARD, DECAFIREP, the Fisheries Associations, and other relevant representatives from local government agencies to discuss and gather their feedback on the possible implementation of a fish auction system.
- b. Establish principles and rules for the operation of the auction as explained above (point 2).
- c. Conduct an awareness raising campaign of the proposed auction system rules for stakeholders and particularly fishers and fish traders and finalize the rules based on feedbacks from the stakeholders.
- d. Draw up detailed operation procedures and record keeping for the auction (see below).
- e. Provide appropriate training for personnel who will be in operational charge of the auction system.
- f. Conduct a study visit for auctioneer staff to a fish auction practices in another neighbouring country such to Jakarta Fishing Port, Indonesia.

- g. Operate the auction system for an agreed trial period to check whether the developed system works and make adjustment as necessary.
- h. Operate a pilot project to introduce the auction based system developed during the trial for the sale of aquatic products. Preferably the pilot project should be conducted during the peak season when fishers are vulnerable to be exploited by middle traders. It is also strongly recommended during the workshop
- i. Evaluate the pilot project, and revise as necessary.
- j. Subject to the results of the pilot project evaluation, full scale implementation of the auction system.

4. Recommended Operation and Record Keeping

Auction procedures everywhere are almost the same and involve the following common steps: unloading of fish, grading, weighing, displaying and inspection by buyers, followed by the auctioning process, payment and distribution of fish from the auction hall. In addition to the auction process, the institution assigned to operate the auctioning is also responsible for product labeling and record keeping. The auction process should take a maximum of a few hours depending on the nature of the local fishing industry operation.

Below is a flow diagram showing the standard operational procedures (SOP) for any fish auction.

RECOMMENDED STANDARD OPERATIONAL PROCEDURES FOR FISH AUCTION

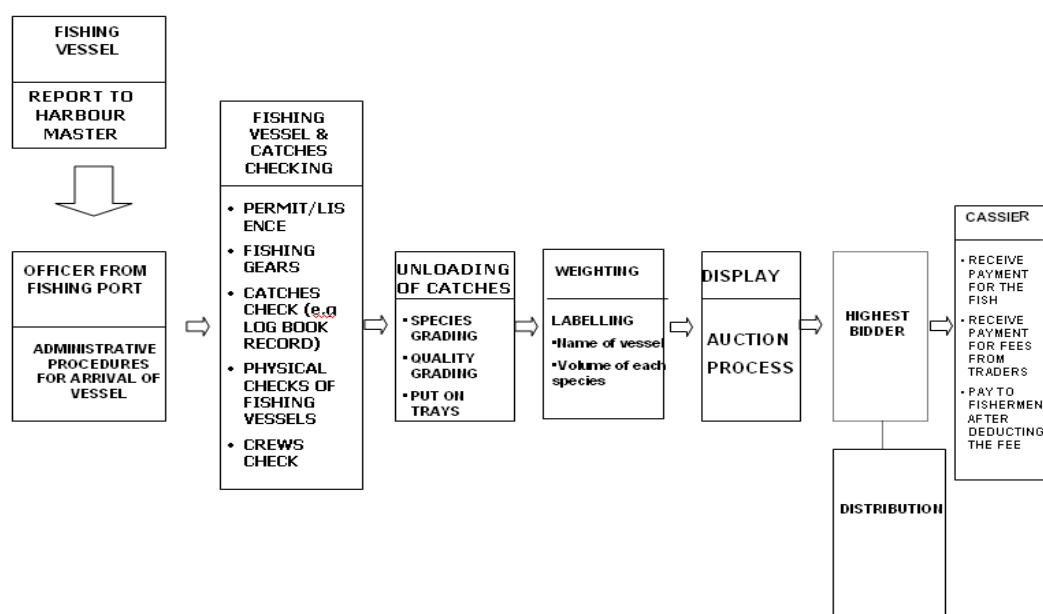


Figure 8: Recommended Auction Process

The record keeping usually covers:

- Details of fishing vessel: name of fishing vessel/owner, registration number, fishing ground, catch details (species, quantity) and fishing gear used;
- Fish to be auctioned: vessel/owner, quantity for each species/grade;
- Buyers: name, quantity and value of each species bought; and,
- The amount of fee collected.



Figure 9: Labelling of fish products being displayed

The number of staff required to operate and manage an auction facility depends on the volume of aquatic product trading. At the very least the following positions are needed:

- Auctioneer
- Unloading and sorting staff
- Weighing staff
- Cashier
- Administrative staff
- Group of contracted workers/labourers (to unload from vessels, grade fish, weigh and arrange fish on trays, display and upload fish for distribution).

5. Recommended Facilities and Equipment

As indicated earlier, to organize an auction requires good infrastructure, facilities and equipment to facilitate smooth transaction and movement of fish from fishing vessels (unloading) to distribution and exit from the auction facility. In Thuan An fishing port, auctioning could be organized at the existing fish hall facility but it needs significant upgrading. The fish hall area is only 400 m² and cannot accommodate the total daily catch on days during the peak season. The building itself is old, the water supply system (piping) does not function (broken), the floor is not smooth and dirty (cement floor) and there are a lot of holes in the roof.

The following would need to be done to improve the fish hall for auction of aquatic product:

- a. The hall area needs to be expanded to at least 600 m² and it should be located closer to the jetty. The hall area should be divided into 4 areas:
 - i. Unloading, sorting and weighing area;
 - ii. Display area and auction area;
 - iii. Administrative and cashier area; and,
 - iv. Loading bay.
- b. Water supply system (pipes) to be repaired.
- c. The level of the floor should be raised by between 50 – 100 cm from the ground and given sufficient slope to drain, and covered with heavy duty ceramic tiles

for easy cleaning. The high floor will also make it easier for loading fish into trucks and prevent vehicles from entering the hall.

- d. If necessary a chain link fence should be erected around the fish hall to prevent unauthorized people from entering the area.

Supporting facilities and equipment needed for auction are:

- a. Weighing scales that are big enough to weigh fish up few hundred kg;
- b. Stainless steel tables for fish sorting;
- c. Pallets for fish display;
- d. Loud speaker for auctioning;
- e. Office equipment for auction organizer staff (computer, table, stationary, calculator etc.);
- f. Fish trays/boxes;
- g. Specialized cleaning equipment; and,
- h. Labels



Figure 10: Weighing aquatic product before auction

6. Monitoring Mechanism

To ensure that the operation of the auction is done according to the rules and regulations, a monitoring mechanism should be established. The following principles can be considered when establishing a monitoring mechanism:

- Monitoring should be carried out by the government institution which has given the authority to act as auctioneer or auction organizer. It can be DARD, DECAFIREF, the Port Management or another local government authority. In the case of Hue, DARD or DECAFIREF may be the right institution to conduct monitoring of the auction.

- Monitoring should be done on a regular basis to evaluate the overall operation of the auction against the existing rules, to identify problems, and to gather feedback and ideas from the key stakeholders.
- Evaluation reports should also include recommendations and follow up actions needed to rectify problems and to improve the auction system.
- The auction organization should be given a license to operate the auction for at least 1 – 5 years and this should be subject to renewal, depending on satisfactory performance. This will encourage the auctioneer to perform better.

VI. POTENTIAL RISKS AND POSSIBLE IMPACTS

Among the potential risks identified following the introduction of an auction system for fisheries products are disruption to the current fish trading system in Thuan An port, opposition and boycott from major stakeholders, total failure of the auction system, investment losses and manipulation of the system. The current fish trading system has been in operation for several years and both fishers and fish traders are comfortable with the current system. The introduction of a new system like an auction system which does not guarantee to be better than the current system, will obviously disrupt the rhythm of the existing system both technically and physically. An auction system as explained above will need certain rules and regulations, discipline by the stakeholders to follow the rules and will also need some additional physical space where the auction can be conducted and these are all new things for the stakeholders. Fishers are traditionally very conservative and it is difficult to change their behavior and attitude unless they see real economic benefits of a new system.

Some of them will feel uncomfortable with the auction, and stakeholders particularly fish traders may feel their interests are under threat by the auction. Because of these factors, strong opposition may arise from stakeholders, particularly from fishers and fish traders that could trigger a total boycott or even sabotage of the auction system. If fishers and fish traders do not want to participate in the auction, then this could result in the total failure of the new system. The failure in introducing the auction system would mean losses in terms of money and resources which have been invested to develop it.

To minimize the above risks, intensive consultation with stakeholders is crucial before introducing the system to obtain consensus among them. The auction system, as indicated earlier, should also be introduced gradually not to replace, but rather to complement the existing system. Thus, it should be implemented as an additional system whereby fishers and stakeholders can participate voluntarily. A trial run and a pilot project for auctioning are crucial to demonstrate the benefits of the system, so that it slowly attracts more participation from stakeholders. With strong support from the government and the RFLP Viet Nam, the organizer of the auction should be able to provide better services while the collection of fees and charges may be delayed until the system running well.

When the auction system is already in full operation, there is still the possibility that an interested party may attempt to hijack the system to manipulate the auction process and subsequently the product price. Collusion between traders to act as a cartel to control price or under table arrangements between the auctioneer and fish traders may also occur. To minimize this risk, free entry for fish traders to participate in the auction is an option. With no restriction, there will be large number of traders participating at the auction making it almost impossible to create collusion, and instead improving the competition on the trading floor.

Regular monitoring done by government agencies to evaluate the performance of appointed auction agent can also reduce possible manipulation of the system.

Experiences in many countries have shown that having a fish auction system provides real economic benefits to fishers particularly to small scale fishers. This is because an auction system, if done correctly, reflects the real supply and demand of fish, while the price paid also represents the real value of the product in the market. In other words, it creates total transparency in the trading system. With the auction system small fishers who are vulnerable to exploitation and manipulation by fish traders, have direct access to fair and transparent trading and ultimately get a fair price for their products.

Auction systems usually introduce grading of fish sold, which also provides an incentive to fishers to handle their catches more carefully in order to get a better price, resulting in improved incomes for them. If the grading system also includes sizes of fish, where bigger size usually fetch higher price, it will also encourage fishers to catch fish selectively. Small fishers using hand lines for example have a better chance to get a better price for their catches if it is sold through auction. If the auction is also organized by a fisher's association, the fees collected can be used for the development and improvement of the livelihoods of small scale fishers.

VII. STAKEHOLDERS WORKSHOP

A stakeholder's workshop was organized on 22nd April, 2011 to present and discuss the findings and recommendations of this study and to obtain feedback from representatives of all stakeholders including fishers, fish farmers, middle-traders, fisheries associations and officers from Thuan An fishing port management, DARD and DECAFIREP as well as from the RFLP Viet Nam project. About 30 people attended the workshop and generally positive responses were received from most of the participants on the possible implementation of a fish auction system in Thuan An fishing port. Both fishers and fish farmers expressed an interest in having auction system for their catch and harvest respectively.

The following important issues were raised by participants during the workshop on the proposed fish auction system in Hue:

1. The local government should first establish a regulation as a framework for the implementation of a fish auction in the province. The regulation should provide detailed rules and mechanisms for auctioning and also clearly define the roles of government, fishers, fish traders and other stakeholders in the system.
2. Infrastructures and facilities in Thuan An fishing port should be improved to support the implementation of an auction system and particularly the fish hall at the port should be expanded to accommodate better handling of all catches during the peak season.
3. A pilot project for fish auctioning should be carried out before the full implementation of the system and the RFLP project should provide financial and technical support for the pilot project.
4. The pilot project should be conducted during the peak fishing season in the summer as supply is abundant and fishers are more vulnerable to price fluctuation then.

5. The stakeholders agreed that the auction system should be implemented gradually and should complement, and not replace, the current system as recommended by this study.
6. Having a successful pilot project for auction system will be an important step to demonstrate the benefits of the system to stakeholders. This will subsequently give better prospect for future implementation of the system not only in Thuan fishing port but also in other provinces in Viet Nam.



Figure 11: Group Photo of the workshop participants

VIII. CONCLUSIONS

From the above facts and findings, it be concluded that fish auction system can be potentially introduced in Thuan An fishing port of Hue. It is supported by the fact that the current fish trading system is quite open with certain principles of auction systems already being practiced by fishers and fish traders in the port. Stakeholders have generally a positive opinion about auction systems, though some concerns were raised. Basic infrastructure exists such as the fish hall, but it would need upgrading.

The main challenge to the introduction of a fish auction in Hue is the fact that the stakeholders are generally happy and comfortable with their current trading system. Therefore, it will be tough to introduce a new system which has no guarantee of providing better economic benefits to them. It is important therefore, to demonstrate that the auction system can provide better alternatives for fishers and also fish traders. To achieve this, the implementation of a fish auction system in Thuan An fishing port should be introduced in a step wise process with minimal disruption to the current trading system, and should be complementary to the existing system. It is also important to consult all stakeholders and involve them in the decision making process before introducing the auction in Thuan An fishing port.

ATTACHMENT

FIELD VISITS TO HUE AND QUANG NAM, VIET NAM 7 - 18 MARCH, 2011

Date	Activity
<u>Mon, 07/03</u>	- Kuala Lumpur – HCMC – Hue (Arrive at Hue Phu Bai airport at 2040 hrs, VN256H from HCMC)
<u>Hue</u>	
<u>Tuesday, 08/3/11</u>	
0730-0830	- Discussion with the National Consultant (NC)
0900-1000	- Meeting with staffs of RFLP and PMU, the National Consultant (NC) : Mr Tho, Mr. Duy, Mr Nguyen Song Ha, Mr. Baku Takahashi, Mr. Nguyen P. Hai
1030-1130	- Meeting with an officer from the Department of Agriculture and Rural Development (DARD) Hue in charge for fisheries planning development (Ms.Phan Thi Thu Hong)
1400-1500	- Meeting with DECAFIREP of Thua Thien Hue (Director Mr. Nguyen Quang Vinh and his three staffs, Mr. Toan, Mr.Bon and Mr.Giang)
1600-1730	- Visit Thuan An Fishing Port and observe landing practices, interview fish traders and the port management
<u>Wednesday, 09/3/11</u>	
0330-0430	- Visited Bai Dao wholesale fish market in Hue, met with the Manager (Mr.Nguyen Nihn Hai), interviewed wholesalers and observed trading practices
0830-1200	- Discussion with the management of Thuan An fishing port (Director Mr. Nguyen Van Nhuan and Deputy Director Cao Quoc Cuong)
1430-1500	- Interviewed with wholesaler from Thuan An fishing port (Ms.Phan Thi Hang)
1500-1530	- Continued observation at Thuan An port and visited premise of wholesalers and observed fish handling and packaging practices and interviewed with retailers
1600-1630	- Discussion with FSPS staffs (Mr. Pham Quyen and his staff)
<u>Thursday, 10/3/11</u>	
0830-0930	- Interviewed the Chairman of Fisheries Association, Hue Province (Mr. Nguyen Luong Hien)
0930-1030	- Visited retail market to interview retailer and observed fish prices
1100-1200	- Interviewed trawler owner (Mr.Le Van Ghe)
1430-1530	- Interviewed the Manager of Bai Dao wholesale fish market (Mr. Nguyen Nihn Hai)
	- Interviewed a wholesaler operating in Bai Dao market (Mr. Bui Nihn Qiang)

<u>Friday, 11/3/11</u> 0830-1100 1100-1130 1430-1530	<ul style="list-style-type: none"> - Visited Vinh Hien fishing port - Discussed with the project regarding the programme in Quang Nam (Mr. Baku T) - Interviewed fisher, boat owner of gillnetter and purse seiner (Mr. Nguyen Van Hoi)
<u>Saturday, 12/3/11</u> 0900-1000 1000-1230	<ul style="list-style-type: none"> - Interviewed the largest middle-trader who supplies fish to processing plant (Mr. Nguyen Van Phuc) - Interviewed ice plant owner operating at Thuan An port (Mr. Tran Van Thu) - Discussion and data compilation with NC
<u>Sunday, 13/3/11</u> 1230 1400-1500	<ul style="list-style-type: none"> - Leaving for Danang - Visited Tho Quang fishing port and wholesale fish market, Danang City
<u>Monday, 14/3/11</u> 0345-0500 0700	<ul style="list-style-type: none"> - Visited Tho Quang fishing port Danang and observed the handling and trading practices at the port - Leaving for Quang Nam
<u>Quang Nam</u> <u>Monday, 14/3/11</u> 0900-1000 1030-1130 1400-1800	<ul style="list-style-type: none"> - Meeting with the Director of DECAFIREP Quang Nam, Mr. Nguyen Van Gioi - Meeting with Vice Director of the Department Fisheries' Project Management Unit in charge for the development of new An Hoa fishing port (Mr. Nguyen Hong Lam) - Visited An Hoa fishing port and held discussion with Mr. Pham Tun Binh, staff of the project management - Visit Ky Ha landing site (fishing port) - Visit shelter for fishing vessels near Ky Ha port
<u>Tuesday, 15/3/11</u> 0800-0915 1000-1200 1200-1400	<ul style="list-style-type: none"> - Meeting with Vice Director of DARD, Quang Nam, Mr. Vo Van Nam, and his staff Mr. Tran Ngoc Tai - Meeting with officers from the Economic Dept of Nui Thanh district (Mr. Le Van Hiep and Mr. Tran Van Truong) - Meeting with Mr. Nguyen Hun Dinh, Tan Quang Commune coordinator - Interviewed fishers and fish trader at Ky Ha fishing port

<u>Wednesday, 16/3/11</u> 0800 0900-0930 <u>Hue</u> <u>Thursday, 17/3/11</u> 0830-1000 1000-1200 <u>Friday, 18/3/11</u>	<ul style="list-style-type: none"> - Leaving Quang Nam for Hue - Discussed with officer from Tho Quang fishing port, Danang City <ul style="list-style-type: none"> - Debriefing at the project office - Discussion with NC for preparing the workshop programme and compilation/translation of documents collected <ul style="list-style-type: none"> - Leaving for KL
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