

Soaring global food prices: will they affect aquaculture?

According to a recent FAO report, the cereal import bill of the world's poorest countries is foreseen to rise by 56 percent in 2007/2008. This comes after a significant increase of 37 percent in 2006/2007. The increase is due to the sharp rise in international cereal prices, freight rates and oil prices. Bad weather conditions (perhaps as a result of global climate change) and droughts which reduced the expected production of cereals in many countries, along with the use of certain grains in bio-fuel production have also contributed to soaring prices worldwide.

Cereal prices have risen precipitously over the past two months, reflecting steady demand and depleted world reserves. The price of rice increased the most following the imposition of export restrictions by major exporting countries. By the end of March 2008 the price of wheat and rice nearly doubled the levels of the previous year, whilst the price of maize has increased by a third.

Consequently, despite policy measures, over the past few months a number of developing countries have been hit by the soaring prices of bread, rice, maize products, milk, oil, soybeans and others basic food items and also the export restrictions, subsidies, tariff reductions and price controls by governments of both cereal importing and exporting countries to limit the impact of international prices on domestic food markets.

As a result, food riots have been reported in several places during the past month.

The major concern of the fish farming industry is whether the rising cereal prices will have a direct impact on fish production?

In aquaculture, almost 50 percent of the production cost goes towards feeds and feeding. Although considerable variation exists between species, cereal or grains are the usual sources of carbohydrate in most of the aquafeeds and hence the cost of feed will naturally rise along with the rising price of grains. Fishmeal is also an integral component of fish feed. It is used in different quantities depending on the species to be fed. Soaring petroleum prices, el-nino effects, and increased demand have caused a global increase in fishmeal prices. The price of global fishmeal and grain have already caused a serious impact on the fish feed prices. In fact, the average price of feed ingredients commonly used in aquafeed has risen by 30-130 percent over the past year.

There is evidence that co-products from bio-fuel generation can provide protein for fish feeds at a lower cost than the commonly used soybean-corn combination. Research also indicates that fishmeal could be supplemented by various other ingredients. However, the carbohydrate base of fish feed consisting of cereal and grain in formulated diets cannot be economically supplemented by any other source.

The repercussion of rising grain prices and fishmeal prices will undoubtedly have an effect on fish feed prices, which will in turn reflect the price of fish on the market. The major concern is, however, that the small-holders and rural farmers could be the victims of this scenario, which will further contribute to their poverty and vulnerability.

Guest Editor: Rohana Subasinghe

The designations employed and the presentation of material in this information product do not imply the expression of any opinion whatsoever on the part of the Food and Agriculture Organization of the United Nations (FAO) concerning the legal or development status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. The mention of specific companies or products of manufacturers, whether or not these have been patented, does not imply that these have been endorsed or recommended by FAO in preference to others of a similar nature that are not mentioned.

The views expressed in this information product are those of the author(s) and do not necessarily reflect the views of FAO.