

Chapter 5

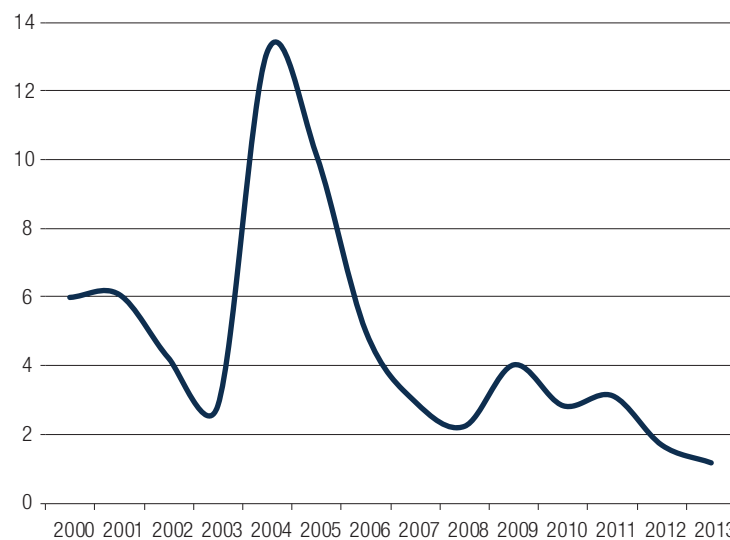
Case study: Cambodia

Overview

The fishery sector plays a crucial role in the economy of Cambodia. Capture and aquaculture fisheries produce around 750,000 tons of fish annually (FAO, 2017a). Fishery production – not including processing and other related activities – makes up around 10 per cent of overall GDP. The fishery sector provides full-time, part-time and seasonal employment for up to 6 million people – approximately 40 per cent of the population – in capture and subsequent value added services (Sothorn et al., 2011). In addition to being a major driver of livelihoods in a country where 80 per cent of the population lives in rural areas (World Bank, 2017a), the fishery sector is vital for food security: on average, fish provide around 80 per cent of daily national animal protein consumption. However, fishery exports are a small proportion of production, and policy changes by the Government have caused further decreases in exports. Aside from a temporary increase in the early 2000s attributable to the break-up of Kampuchea Fish Import and Export Company, a state enterprise that had sole distribution rights for all fish trade into and out of Cambodia, the recorded value of exports declined in 2000–2013, as shown in figure 6.

Figure 6. Cambodia: Value of fishery exports, 2000–2013

(Millions of dollars)



Source: COMTRADE, 2017.

Although there are discrepancies between data released by different government bodies on the volume and value of annual fishery exports, such exports are not a substantial share of international trade in fish products. In 2011, estimates by the Fisheries Administration showed the volume and value of fishery exports to be around 30,000 tons and \$60 million, respectively (The Phnom Penh Post, 2012; Xinhua, 2012). This is above estimates for that year by the Ministry of Commerce, which showed the volume and value of fish exports to be around 1,600 tons and \$3.5 million, respectively, as well as the value of \$3.13 million in COMTRADE (2017). In 2013, the value of fish product exports was \$1.17 million (COMTRADE, 2017). However, the general downward trend in fish exports is clear. The Fisheries Administration estimates are generally about 10 times greater – possible a more accurate representation of actual trade given the large amount of unrecorded activity – than those of the Ministry of Commerce. Officials from both departments suggest that policies introduced in 2010 diverted exports towards the domestic market in order to meet rising local demand (The Phnom Penh Post, 2012). Fish exports from Thailand and Viet Nam – wealthier, more populous neighbours with longer coastlines and established processing centres – have significantly eclipsed those of Cambodia. The low volume of exports and a lack of government support for industrial fisheries help explain the volatile trade flows to Cambodia's main export partners, as shown in table 14.

Table 14. Cambodia: Fishery export flows by country of destination, 2000–2013

(Dollars)

Year	Australia	China	Japan	Thailand	United States	Viet Nam
2000	89 891	1 161 183	81 089	807 329	166 153	211 743
2001	322 817	1 839 068	13 335	440 469	36 777	26 643
2002	242 392	1 299 124	18 291	246 397	71 124	54 308
2003	188 235	658 674	493	201 864	222 228	116 678
2004	160 064	393 779	528	460 043	11 214 506	53 632
2005	82 032	265 023	20	717 412	8 343 792	3 357
2006	40 323	428 815	0	733 424	3 360 282	41 596
2007	0	351 587	10 900	462 627	1 425 315	0
2008	0	314 874	30 080	136 967	1 242 374	0
2009	8 350	280 669	0	102 488	3 075 269	43 064
2010	17 884	510 353	541 117	0	745 364	81 324
2011	10 480	692 510	1 375 768	20 620	624 512	64 917
2012	0	619 867	593 321	51 281	552	177 933
2013	0	507 098	0	106 484	0	359 466

Source: COMTRADE, 2017.

Importance of inland fisheries

Inland freshwater capture fisheries contribute the majority of Cambodia's fish supply, accounting for 528,000 tons of the 639,468 tons obtained in 2013, with marine fish captures of 111,468 tons and an aquaculture harvest of 90,000 tons (FAO, 2017a). Inland fisheries are highly productive due to the annual flooding of the Tonlé Sap or Great Lake – the largest freshwater lake in Southeast Asia – which, during the rainy season, expands to 3–5 times its normal size, temporarily occupying approximately 44 per cent of the country's total area (Asian Development Bank, 2005). This is due to a unique hydrological cycle whereby the rise of water levels in the Mekong River reverses the flow of the Tonlé Sap River, draining it into the lake and creating one of the world's most productive capture fishery areas. Each year, the Tonlé Sap contributes to approximately 50 per cent of Cambodia's capture production, with the value of catches reaching \$250 million–\$500 million as it passes through the value chain (Asian Development Bank, 2005; Mensher, 2006). The lake also accounts for about a quarter of fishery exports from Cambodia, primarily to Thailand (Asian Development Bank, 2005) and many fishers cross the porous amphibious borders to sell their products unofficially to Thailand traders. The wetlands and flooded forests are a fertile spawning habitat for diverse species, including at least 200 species of fish, such as the endangered giant catfish (Asian Development Bank, 2005; Mensher, 2006). Cambodia supplies a large quantity of freshwater fish species to markets in Thailand and Viet Nam, where processors add value and prepare fish for re-export to major importing countries (Rab et al., 2006).

Export constraints

In 2013, the production volume – 528,000 tons per year – made Cambodia's inland fisheries the fifth largest in the world after those of China, Myanmar, India and Bangladesh (FAO, 2017a). However, since 2000, this natural endowment has increasingly been threatened by the overexploitation of fish stocks. Overfishing has been driven by a combination of systemic factors that have resulted in the gradual environmental degradation of the Tonlé Sap basin.

Until the government-initiated expansion of fishing communes starting in 2000, access to the Tonlé Sap was governed by the Fisheries Management and Administration Law, 1987, which divided the majority of common resources into publicly auctioned lots and an open-access system for the benefit of rural communities. The Government sought to eliminate the problem of the commons with the establishment of private lots, yet lot owners frequently sub-let access to an excessive number of fishers and, where there was common access, competition among small-scale fishers to stake out the best areas resulted in the rise of housing communities on stilts. The subsequent soil erosion was worsened by the destructive harvest methods employed by the high number of IUU fishers operating in the industry. The increasing use of the samra method – using tree branches placed in the water to concentrate and harvest fish using seine nets – resulted in the loss of habitats for many migratory fish species that use the roots of trees as spawning territory during the annual flooding of the lake (Mensher, 2006).

Overfishing and the nutrition requirements of Cambodia's domestic population inhibit Cambodia's export potential (Nam, 2008). In addition, inadequate storage, handling and packaging facilities at landing sites and a lack of knowledge of modern processing methods and international hygiene standards among the large number of small-scale fishers has hampered the transition from artisanal to industrial fishing. Moreover, until the early 2000s, all exports had to be sold to the Kampuchea Fish Import and Export Company, limiting local operations from accessing lucrative export markets (Rab et al., 2006).

Cambodia currently does not have access to the European Union market because of non-compliance with HACCP systems, but showed considerable export potential in 2003–2005 when the Kampuchea monopoly was first eased to incentivize private-sector participation in fish exports. An almost 30 per cent rise in fish exports was recorded during this period (Van der Meer and Ignacio, 2007), as shown in figure 6, partially because a substantial share of previously unrecorded trade was brought into the purview of the official system. However, in 2006, Cambodia only had four processing factories with export permits, of which one was owned and operated by Kampuchea, one was owned by a conglomerate based in Hong Kong (China), and two were owned by a Cambodian firm (Rab et al., 2006). Available information on the industrial sector suggests that the landscape has not changed since 2005. In 2013, the chair of the conglomerate, Sun Wah, cited a longstanding 10 per cent export tax on seafood as a major obstacle to the growth of a modern processing and export sector in Cambodia (The Cambodia Daily, 2013). Sun Wah has recently scaled back its presence in Cambodia by reducing factory staff from more than several hundred to less than 100 and operating seasonally due to the limited supply of high quality catches (The Cambodia Daily, 2013).

Changes in government policies create opportunities

Over the last decade, the Ministry of Agriculture, Forestry and Fisheries has encouraged the development of sustainable fishing practices and promoted cooperation rather than competition in the national fishery industry. In 2011, the Prime Minister announced the suspension of all commercial lots on the Tonlé Sap, in favour of community fisheries gradually established by the Government over the last decade (World Fish Centre and European Initiative on Agriculture Research for Development, 2013). The promulgation of a new fishery law combined with the establishment of the Strategic Planning Framework for Fisheries 2010–2019 also strengthened the regulatory regime governing the conservation of Cambodia's fisheries (Sothorn et al., 2011). The Strategic Planning Framework outlined the aim of the Government to develop the aquaculture sector to boost both food security and the volume of exports.

After the Government took steps to divert production to the domestic market, exports fell from \$3.13 million in 2011 to \$1.17 million in 2013 (COMTRADE, 2017; The Phnom Penh Post, 2012). The Director General of the Fisheries Administration expects fishery exports from Cambodia to be worth \$1 billion by 2019 (The Phnom Penh Post, 2011).

A rapidly growing aquaculture sector and increased focus on sustainable fishing practices may help authorities build capacity to implement HACCP-compliant systems in the long term. Moreover, the rapid growth of aquaculture in Thailand and Viet Nam, which fuelled their rise as leading global exporters, has levelled over the last few years, providing an opening for exporters in Cambodia to gain market share in regional trade for fish products (World Fish Centre, 2011). The potential opportunities through the Economic Community of the Association of Southeast Asian Nations (ASEAN)³ provide a further basis for improved intraregional export performance. However, without collaboration with the private sector – both industrial and artisanal – to develop industry-wide capacity to meet international requirements in the quality and handling of fish, aims or efforts to boost exports to the most lucrative foreign markets may be hindered. In 2013, the European Union proposed a ban on fish imports from Cambodia in response to IUU fishing by vessels bearing the flag of Cambodia (Xinhua, 2013). While the ban would not impact exports from Cambodia, as national exporters do not sell their products to the European Union, the dent in the national reputation and worsening relations with the European Union might hamper opportunities for exporters to access its markets.

Assessment and lessons

The fishing industry made progress following institutional reforms begun in 2000, particularly in the break-up of the Kampuchea monopoly and the establishment of community-based initiatives to control overfishing and environmental degradation. Despite the significance of the sector – the fish industry provides employment for 40 per cent of the population – Cambodia's fish exports are a relatively small proportion of overall production. In the global market, Cambodia's fisheries are behind those of industries in neighbouring Thailand and Viet Nam. The country's insufficient institutional climate and lack of processing capacity mean that its mainly artisanal fishers supply processing centres in Thailand and Viet Nam, limiting domestic value added. The Government has strengthened its regulatory mechanisms, yet may allow the private sector to develop a modern processing sector, and make further commitments to building institutional and industrial capacity to meet international quality and safety standards.

³ Member States are Brunei Darussalam, Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam.