FISH TRADE, FOOD AND INCOME SECURITY:

An overview of the constraints and barriers faced by small-scale fishers, farmers and traders in the Lower Mekong Basin

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The paper reflects work in progress towards the development of new thinking in Mekong fish trade. It represents the synthesis and analysis from the commissioned research, and does not necessarily represent the policy and views of Oxfam America.

Front Cover: Mekong dried fish
Photo: Simon Bush/ Oxfam America

FOREWORD

Oxfam America contributes to create lasting solutions to global hunger, poverty and social injustice. In East Asia our programs aim at strengthening the livelihoods of fishing and farming communities in the Mekong River Basin by improving food and income security, enhancing access to and control over natural resources and their sustainable use.

As riparian governments advocate freer trade and develop physical infrastructure, trade networks, including for aquatic living animals, trade will likely become more efficient through larger investment by fewer traders. Whether this trade efficiency and economic growth are accompanied with a progressive distributional change, among farmers and fishers, is currently under debate. Without a clearer policy agenda that reflects the diversity and social nature of fish trade relations at the local levels, the ability of fishers, farmers and traders to secure their food and income may be compromised.

Ingredients to make Pra-hoc, a Cambodian delicacy, seen in Siem Reap.

Our hope is that this paper will stimulate further debate and critical analysis, and possibilities over the dynamic interactions between limited fishery resource and people's livelihoods. It offers some ideas to develop a fairer and more equitable fish trade. It is also available in Lao, Khmer and Vietnamese. We believe it will be useful to government officials, development organizations, and academic institutions to better assist the people of the Mekong River Basin.

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Dried fish products for sale in An Giang Market, Vietnam.

INTRODUCTION

Fish and other aquatic animals are one of the most important sources of protein and income for nearly 65 million people living in the Lower Mekong Basin. However, increased infrastructure development, widening economic disparities between rural and urban areas, and rapid economic regionalization are all contributing to unprecedented change of water resources and the rural livelihoods. The implications of these changes for small-scale fishers and farmers to secure food and income security need to be better understood as governments try to reconcile economic development with sustainable use of aquatic resources.

This brief examines the role that access to fish trade networks and value-adding play in maintaining food and income security of small-scale fishers and farmers. It draws on the results of a technical report carried out in early 2005 in selected sites of Southern Lao PDR, the Tonle Sap in Cambodia and the Mekong Delta in Vietnam. These case studies demonstrate how fish trade generates enormous benefits for increasingly fewer traders, at the expense of a more equitable share benefiting smaller stakeholders. The complex, multi-scale and socially-embedded nature of rural markets presents a great challenge to the development of pro-poor trade policy.

It is proposed that food and income security is directly linked to the ability of small-scale fishers and farmers to access trade of fish and fish products. This access must be seen as a combination of a range of political, cultural and social forces that influence power and control between fishers, farmers and traders.

The following describes the relationship between sustainable rural livelihoods, artisanal fish trade and policy before illustrating the livelihood contexts of fishers, farmers and traders in selected study sites.

An overview of the political constraints, limitations and opportunities for increasing market access and value-added production across the Basin is then given. Finally, the paper proposes priority areas for the attention of government and non-government organizations alike to support small-scale fishers, farmers and traders.

LIVELIHOODS, ARTISANAL FISH TRADE AND GOVERNANCE

A sustainable livelihood is comprised of capabilities, assets and activities that allow people to cope and recover from stress and shocks while maintaining and building on those capabilities and assets, and providing for future generations. (Chambers and Conway 1992; Scoones 1998)

An important feature of sustainable livelihoods is the capability to diversify between a number of agricultural, non-agricultural, and natural resource collection activities in order to spread risk and reduce vulnerability to environmental, social or political disturbances (Ellis 2000). Fishery-based livelihoods are widely understood to be one of the most risk-prone activities carried out by rural communities, vulnerable to both environmental change and overexploitation of resources (Allison and Ellis 2001).

Although these livelihoods should not be seen outside of the wider rural economy, more attention should be given to the constraints fishers face in increasing the efficiency of production without placing further pressures on the resource.

Most fishery-based livelihoods in the Lower Mekong Basin are semi-subsistence. They depend on catching fish and other aquatic animals for personal consumption and supplement income through often localized trade. This dependency, nonetheless, differs considerably throughout the Basin, conditional on the location of the fishery, the availability of species, distance from markets, price fluctuations, individual capacity, and relationships with traders. In order to develop policy strategies that promote equitable benefits from rural trade it is necessary to understand how small-scale fishers and farmers cope with and adapt to risk and vulnerability in the contexts of their livelihoods.

Governance is central to equitable management and development of fishery resources by understanding how different stakeholders participate, control and use resources in a transparent way (see Pellizzoni 2004; Davidson and Frickel 2004; Bene and Neiland 2004). The power of some groups over others in the context of livelihoods and markets both limits the

capability of people to utilize their assets and capabilities, and determines their access to resources – including trade networks (Ellis 2000; Scoones 1998). Fisheries governance needs to move beyond decentralization of management through state sanctioned regulations. Instead, it should better address the capability of fishers and farmers to not only have the opportunity to access resources but also to negotiate better access to income through the market. If developed in a participatory and transparent way, such an approach can enhance the access of the poor to trade and provide them the opportunity to reduce their vulnerability.

FISHERY-BASED LIVELIHOODS IN THE MEKONG BASIN

Identifying the diverse range of livelihood strategies that exist in each country is an important starting point to understanding the capability of fishers and farmers to improve access to fish trade, food, and income security.

Lao PDR

Fisheries in Southern Lao PDR are characterized as small-scale and seasonal, practiced by predominantly semi-subsistence communities dependent on a combination of cyclic fishing activities to maintain food and income security. The seasonal fisheries target the migrations of both large-size and high-value species, and locally-consumed smaller-size species. The fish trading networks from these areas were once extensive (Bush 2004), but are now increasingly concentrated along new transport corridors and controlled by a fewer number of large-scale traders.

The government's economic liberalization and regional integration policies have led to a rapid transformation of once isolated rural economies. However, across the country people lack commercial skills and knowledge to effectively compete in national and international trade. The continued dependency of many rural Lao communities on natural resources and lack of alternative income generating opportunities makes them particularly vulnerable to change.

Mekong Delta

Small-scale farmers use a number of strategies, ranging from the VAC (integrated livestock, pond and vegetables) systems, used for family consumption and local trade, to large, intensive cage culture sold directly to processing companies for export markets. The capture fisheries are accessible to the majority of the households who fish the extensive canal systems and flooded areas during the wet seasons. Catch is dominated by small species that are either consumed

locally, or sold as feed to aquaculture. However, the specific contribution to food and income security is not well understood.

Fishers and farmers in the Delta are exposed to swift environmental change coupled with rapid economic development. With government support to export-led trade, the number of small- and medium-scale intensive farming systems have quickly increased, while the capacity for effective economic management has lagged behind. This disparity is seen as a key factor in limiting the ability of poorer farmers to take advantage of fast change in infrastructure development (World Vision Australia 2004).

Furthermore, while communities in the Delta are well integrated into a market economy they are increasingly vulnerable to international market fluctuations. Development activities, especially in fisheries, have not given due attention to post-production and the barriers to trade faced by poor fishers and farmers – especially those dependent on low-value capture fisheries.

Tonle Sap

The floating communities of Tonle Sap are some of the only full-time fishers in the Mekong Basin. Most are landless Khmer, Vietnamese or Cham people with limited alternative sources of income. Despite a

One of the mobile groceries vendors on the Tonle Sap.

series of state reforms to the fishery sector since 2000, small-scale fishers remain highly vulnerable to inequitable competition for resources because large-scale concessionaires continue to utilize illegal fishing gears (Keskinen 2003). This further restricts small-scale fishers' income and food security potential.

Tonle Sap fish trading systems facilitate a high volume of trade concentrated in three main landing ports. Export markets are increasingly controlled by efficient, capital-intensive, large-scale traders and trading associations. In contrast, domestic fish markets are 'traditional and habitual', characterized by a lack of managerial and entrepreneurial skills resulting in low quality and "low price" of fish and fish products (Sok 2004). Fishers are marginalized within both export and domestic trade by the high levels of informal taxes and gratuities arbitrarily paid to a range of government sanctioned concessionaires (Yim and McKenney 2003a; Yim and McKenney 2003b). The complexity of ownership and diffused trading systems have hindered a clear understanding and

Fish for sale at Pakse Market, Lao PDR

working solution to address the main barriers faced by small-scale fishers and traders.

MARKET ACCESS AND VALUE-ADDED PRODUCTION

Market access

Market access is defined as the *ability*, rather than the *right*, to benefit from social relationships and institutions controlling participation in trade (see Ribot and Peluso 2003). In particular, access is a form of *social capital* comprised of trust, rules, norms and sanctions used to establish and maintain participation in trade.

Fishers and traders in each country negotiate their position within trade networks through a broad set of cultural and societal factors. Market access is most often limited by: i) availability of marketable fish; ii) flexible, low interest finance, and; iii) ability to negotiate trade relations with traders and middlemen. In addition, access is controlled by a combination of debt-tied and social obligations based on ethnic, familial and socio-political relationships between fishers and traders. Often the importance of the initial credit transaction is secondary to the social obligation of the fisher to ensure supply to the traders to whom they are indebted.

Despite often being grouped together as 'middlemen', the traders, collectors and wholesalers that facilitate trade are made up of a diverse range of individuals who negotiate their position in response to prevailing social and environmental conditions. Although frequently perceived as exploitative to small-scale fishers and farmers, these 'middlemen' play an important entrepreneurial role in trade, absorbing considerable risk, and financing market access for otherwise disenfranchised people.

VALUE-ADDED PRODUCTION

Value-adding is broadly defined as post-harvest activities that increase the value of fresh fish. It includes the knowledge, skills, and investment needed to produce products

including (but not limited to) dried, smoked and fermented fish.

Fish processing is traditionally linked to surplus catches in the wet season migrations. The excess fish that was not immediately consumed is preserved for sale and consumption later in the year. Small-scale operators appear to maintain considerable control over fish processing, especially traditional activities such as fermented fish sauce. Nevertheless, this pattern is changing throughout the Basin.

Greater investment in transport infrastructure by people from outside, often long established networks, is leading to a loss of local control over value-added activities. This in turn, has led to increased investment in refrigeration, which further reduces spoilage, and increases the amount of fresh fish available in the market. Nonetheless, a series of value-added activities have emerged in the Delta and Tonle Sap which focus on increased efficiency and specialization in value chains, using a number of pre-processing and re-processing skills.

▲ **Product diversification** - traders have responded to the demand for dried, smoked, and fermented fish in growing urban markets. Small-scale fishers and farmers are unable to invest in these activities and access high-value retail markets, but in some cases have adapted their activities to contribute to pre-processing (e.g. removing bones and heads of fish to be dried**).**

Simon Rush/ Oxfam America

Household processing of dried snakehead fish on the Tonle Sap lake, Cambodia.

▲ **Grading and labeling** - some fishers and farmers are adapting to changed market conditions by improving skill-based activities such as grading and labeling, requiring fishers and farmers to use information to respond to market demand. However, their production remains limited by daily cash flow, the variable quantity of suitable species, and limited technical and marketing expertise.

▲ **Economies of scale** - the significant investment required for commercial fish processing indicates a fundamental obstacle to small-scale fishers in getting extra income. It is widely evident that the larger**,** intensive-scale operators manage to force the price down and effectively out-compete household level operators.

Fishers at Tra Vinh, in the Vietnam Delta

PROMOTING EQUITABLE FISH TRADE

Equitable access and value-added production can be improved by developing individual capacity to negotiate access and more efficiently negotiate the specific social, cultural and political constraints farmers and fishers face.

INFRASTRUCTURE

Infrastructure development is a major focus of national governments and international organizations alike to address market development throughout the Basin. Careful consideration is needed on the positive and negative impacts of both physical and social infrastructure.

▲ **Physical infrastructure** is promoted as an important precursor to increasing national and regional trade flows. However, there is little understanding of the impact of physical access on competition, and increasing the value for rural poor communities. In short, it neglects social issues of power, control and ethnicity.

▲ **Social infrastructure** development needs further research, but can be critical in improving the capacity of the poor and disenfranchised to access markets and value-added production. Collective action strategies, promoted in extension policy and supported in legislation (e.g. cooperatives and community fisheries law), can increase bargaining power, and reduce the exposure of individuals and households to both economic and environmental risks. The benefits are twofold. First, legitimacy facilitates access to finance, advertising and tax incentives. Secondly, improved bargaining power increases confidence to assess and renegotiate trade arrangements with support from relevant government authorities.

ECONOMIC MANAGEMENT

A series of market reforms since the 1980s have caused the rapid transition of rural markets through simultaneous processes of liberalization and regional integration. After decades of conflict and isolation mixed national and local economies are opening up to domestic and regional trade alike with both positive and negative impacts on fishers and farmers.

- **Fiscal decentralization and taxation** - local tax systems that have emerged target the largely externalized natural resource trade, including living aquatic resources. However, due to the ad hoc basis in which legislation has been implemented and enforced, state jurisdiction has failed to supplant established patriarchal systems of control. Informal taxes or gratuities are often imposed by local elite who have control over transport infrastructure.

- **Regional and global markets** - exposure to international markets appears to have both positive and negative affects on small-scale farmers. Both customary and formal institutions that address financial risk should be promoted to mitigate the impacts of global economic fluctuations, protecting already vulnerable farmers and fishers.

- **Economic and business management** - the ability of poor and marginal farmers is often associated with a lack of management expertise. Capacity building of both individuals and farmer groups to better understand market processes will encourage stronger negotiating power and market access.

PRODUCTION MANAGEMENT

Increasing the production of fish is perceived by government and communities alike as a way of improving both the access to and returns from the fish trade. Often the onus is placed on the state, rather than individuals and communities, to improve production with little reflection on the contribution it makes to trade, food and income security.

- **Aquaculture** is noted by both government and communities as showing greatest potential for filling the growing deficit between supply and demand. However, the ability of farmers to adopt and practice aquaculture**,** and the contribution to increasing market access and value-added production should be studied further.

- **Enhanced fisheries** are also noted as having potential to supplement declining stocks. Its contribution to secure livelihoods for small stakeholders is not yet well understood except in small**,** enclosed water bodies. In addition, widespread promotion may lead to a false economy, with increased fishing effort based on a perceived rather than actual increase in production.

While production is an important aspect of agricultural and fisheries management aquaculture and enhanced fisheries should not be developed in lieu of responsible management of existing capture fisheries resources. Capture fish remains valuable to the majority of rural communities in the Basin in terms of both food and income security and

its management should be supported in both government and non-government policy.

SUPPORTING FOOD AND INCOME SECURITY

Governments and development agencies have an opportunity to improve market access and value-added production as key areas of support to food and income security. Identifying the specific role that different fish species and products play in the livelihoods of fishers, farmers and small-scale trader alike is an important starting point to addressing their vulnerability to resource decline and market fluctuation.

- **Consumption of fish and fish products**- large and small fish species are used differently by fishers and farmers. The higher price of larger species means that fishers and farmers are forced to mainly consume smaller non-marketable species. In addition, income generated from native fish trade is often used to purchase 'luxury' food products including canned fish and mackerel.

- **Changes to value-added production** - fermenting and drying fish remain important income-generating activities throughout the Basin. The increased physical access to markets and the decline in transport times mean that fishers are forced to sell their catch fresh to speed up cash flow which, in turn, has changed patterns of their food and income security.

- **Social and financial debt** - traders, fishers and farmers alike are dependent on their ability to secure a supply of fish by retaining trading capital and relations. It minimizes their risk through indebting fishers and supplement fish trade with alternative products.

- **Employment** - fishing, farming and post-harvest activities all require high labor inputs. Nevertheless, it is not only the number of jobs created that improves food and income security, but how wealth is distributed within family and community networks, especially between seasons.

Food and income security is reliant on an individual or groups' ability to invest and compete in processing and marketing fish products at the same time as much of the wealth from fish trade is concentrating within a smaller, more powerful group of people. Government policy must therefore address both the management of fish stocks, and negotiation of equitable trade agreements throughout the Basin. Furthermore, assistance to fishers needs to support diversification of livelihood activities both within and outside the fishery in order to minimize their vulnerability to both resource and market fluctuation.

PRIORITIES FOR RESEARCH AND DEVELOPMENT SUPPORT

Both development agencies and governments have an opportunity to promote better access and value-added production of fish products that improve food and income security of small-scale fishers, farmers and traders. The challenge is to address the diversity and complexity of local conditions while also promoting systemic change through regional sharing and cooperation.

Future initiatives should examiney the pervasive role of markets and trade on livelihood decisions that exploit fishery resources. It should further question the social, political and economic constraints to equitable access for small-scale producers to secure food and income security.

These proposals from government and non-government organizations alike should:

▲ develop a strategic research agenda across the Basin advocating: i) the shared importance of fish for food and income security; and ii) the complexity of local trade dynamics and their contribution to national and regional economies. Specific attention should be given to the dynamics between economic regionalization, market liberalization, resource access and transforming local semi-subsistence livelihoods;

Sunrise at Nakasang village in Khong district, Southern Lao PDR: a large-scale trader awaits collectors from the villages.

▲ facilitate more equitable access to trade and value-added production through cooperation between government, non-government and community stakeholders. Greater awareness of participatory resource management strategies is required to address issues of exclusion, power and control within local, social, cultural or political agendas;

▲ advocate and support taxation strategies that encourage local investment in fish trade. Specific attention should be given to building the capacity of local government to identify and strategically implement pro-poor taxation. Greater support to alternative financing services for small-scale production and trade should also be addressed, especially highlighting the social and cultural constraints of credit provision in existing trade systems;

▲ promote value-added production strategies that include alternative pre and post processing activities such as packaging, labeling and grading. Attention should focus on improving the efficiency and returns from

Fishing boats anchored at the mouth of the Mekong in Hiep Thanh village, Tra Vinh province, Vietnam.

existing levels of production and catch. Activities should build on existing socially-embedded systems of control in fishing communities instead of promoting capital-intensive activities; and

▲ support collective community-based strategies which maximize bargaining power and market share in established trade networks. Attention should focus on improving the capabilities of communities and individuals to better market their products.

Equitable use of fishery resources in the Lower Mekong Basin requires governments to look beyond sustainable production to equitable distribution of wealth and nutrition. First, this requires the maintenance of production through a combination of fish farming, and responsible fisheries management which recognized the finite nature of this resource, to generate sustainable wealth. Secondly, it is imperative that this wealth be equitably distributed to promote national economic growth, while also ensuring the sustainability of poor and marginalized natural resource-based livelihoods. In order to achieve this, resource managers must identify both trade and traders as integral components of both fishery management and sustainable rural livelihoods.

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