

Development of Off-Shore and Deep-Sea Fishing in Sri Lanka

By

V. L. C. PIETERSZ*

In retrospect

For about the last 20 years a practice has grown up in Sri Lanka of dividing the marine fisheries into three different classes depending on the location of the resource being exploited viz. coastal fishing, off-shore fishing and deep-sea fishing. Since this terminology is localised and differs from terms more commonly used in other countries, it is perhaps necessary to explain their connotation. Coastal fishing consists of the activities in the area of the sea up to about 25 miles from the coast which includes the continental shelf and an area extending a few miles beyond the shelf. Off-shore fishing refers to exploitation of the area beyond a distance of about 100 miles, while deep-sea fishing refers to the exploitation of the waters beyond 100 miles.

When our commercial fishing activities in the past are viewed in terms of this definition, it is seen that deep-sea fishing has been confined to the operations of four tuna long liners operated with Japanese collaboration during the period 1960-61 by a private sector company, the operation of a freezer trawler for a short period during the late sixties, also by a private sector company and the operation of two tuna long-liners by the Ceylon Fisheries Corporation during about the past ten years. Off-shore fishing operations have been confined to commercial trawling on the Wadge Bank on a more or less regular basis since 1926 with the number of trawlers ranging from one to five, and sporadic trawling on the Pedro Bank since 1956. These trawling operations have been carried out mainly by the public sector the Department of Fisheries up to 1964 and the Ceylon Fisheries Corporation thereafter. Private sector fishing companies have also carried out trawling operations for short periods.

A notable feature of the off-shore fishing operations in the past is the concentration on bottom trawling. The chief reason for this was probably the identification of the Wadge Bank in the nineteen-twenties as a productive fishing ground which could support a large fleet for commercial trawling. In a context where the limit of territorial waters was three miles and later, even at the end of the fifties was only six miles, a situation involving loss of this fishing ground was not predictable. The introduction of a fishing method familiar to those in charge of fisheries policies in colonial times and a preference for bottom fish by consumers whose main source of fish supply was the beach-seine may have been among the other reasons. The legacy of off-shore bottom trawling is still with us, even though the basis on which it was started and continued has been vitiated.

Another notable feature was an assumption that deep-sea and off-shore fishing operations would be mainly carried out by the public sector. Originally, public sector operations were regarded as an interim phase until the fish merchants who constituted the private sector in the fishing industry were ready to expand from investments in the coastal fishery to investments further afield. This "holding operation" however, became fossilized with very little private sector interest in taking it

*Secretary, Ministry of Fisheries, P.O. Box 1707, Galle Face, Colombo.

over forthcoming. Among the factors involved in the failure of the private sector to invest were the following : greater interest on the part of fish merchants in investing in landed property than in fishing, a trend probably connected with social security and prestige ; lack of banking and financial facilities ; problems of technology and management ; lack of incentives for investment ; foreign exchange scarcities and import controls from the early sixties ; and the absence of any clearly defined fisheries development policy.

With the establishment of the Ceylon Fisheries Corporation in 1964, deep-sea and off-shore fishing came to be regarded as a purely public sector preserve and the Corporation's plans provided for heavy investments in this sphere which however failed to materialise in practice. One notable result of the Ceylon Fisheries Corporation's concept of treating off-shore and deep-sea fishing as the preserve of the public sector however was a considerable investment in infrastructure harbours and shore facilities for servicing an off-shore and deep-sea fishing fleet. The Five-Year Plan of 1972 while not shutting out the private sector, also acknowledged the principle that deep-sea and off-shore fishing would be the concern of the public sector.

Changes

A number of changes in the situation, some features which have been outlined above, emerged during the past few years.

One change was reflected in the Asian Development Bank financed Sri Lanka Fisheries Project which incorporated the principle that the private sector was eligible to invest in vessels of the 38', 45' and 60' classes proposed to be introduced under the project into the off-shore fishery. The same principle has been recognised in connection with the loan of 5 million that has been negotiated with the Abu Dhabi Fund for the introduction of vessels of the 32'-38' and 60' classes into the off-shore fishery.

Another change has been the involvement of financial institutions in the sphere of fishing. The D. F. C. C. financed a private sector company for the purchase of four shrimp trawlers for the off-shore fishery. The two State banks and the Central Bank are performing functions which are an integral part of the A. D. B. Project.

Closely connected with the implementation of the A. D. B. Project, but nevertheless, generally applicable to the sphere of deep-sea and off-shore fishing are certain subsidies and tax concessions that have been granted in the recent past, viz : subsidies of 35% and 25% on the cost of the hulls and engines of fishing vessels of the 32'-40' class and the over 40' class respectively ; lump-sum depreciation allowances and development rebates. Further concessions in the form of a five-year tax holiday and an exemption from income tax for the subsidies granted by Government, are now being offered.

The incentives given during the past few years for the export of non-traditional products has led to the involvement of a new category of private sector business interests in the fishing industry, different in many ways from the fish merchants who earlier constituted the industry's entire private sector. Initially concerned only with the export of sea-food purchased from coastal fishermen, these interests have gradually come to display an increased inclination to make investments in off-shore and deep-sea fishing.

A significant change has also taken place in regard to the types of fishing appropriate to the off-shore fishery. The developments connected with the declaration of 200-mile exclusive economic zones by India and Sri Lanka and the conclusion of agreements between the two countries for the demarcation of maritime boundaries in the north, north-west and north-east have resulted in a considerable constriction of the off-shore fishing grounds in which bottom trawling is feasible. The

Wadge Bank will be available for taking a restricted annual quota of 2,000 tons by Sri Lanka vessels on licence only till the end of 1979. The northern portion of the Pedro Bank now lies within the Indian E. E. Z. In the Gulf of Mannar and Palk Bay a medium line leaves us with only a restricted portion of these areas. These developments mean in effect that the only fairly extensive off-shore trawling ground available to us is the Pedro Bank.

Our knowledge with regard to pelagic resources in the off-shore and deep-sea fisheries has been gradually improving in the past few years, particularly as a result of the work done by the FAO/UNDP Fishery Development Project. It has been established that there are valuable pelagic resources which can be fished with combinations of pole and line, drift-nets and long lines. The studies done by the project have also established the indicative parameters of the vessels that can be used for viable fishing operations in the off-shore and deep-sea ranges.

One of the most important changes is one that has taken place in the immediate past, namely, a policy decision by the present Minister of Fisheries that the public sector will not engage itself in fishing operations. Since public sector fishing operations are now being carried out only in the off-shore and deep-sea fisheries, this decision in effect makes these fisheries the exclusive preserve of the private sector.

Prospects

The following are among the most important factors relevant to the development of the off-shore and deep-sea fisheries: knowledge of resources, suitable vessels, fishing gear and equipment, operative and management skills, essential infrastructure, existence of investors, incentives for investment, financing facilities, marketing and processing facilities, a development-oriented research programme, and a consistent and constructive development-oriented official policy line.

All these factors are to be found at the present time in varying degrees. Probably in respect of most of them, a great deal of further development is necessary. The climate for such further development is seen to be favourable.

As a result of developments referred to in the foregoing section the prospects for off-shore bottom trawling appear to be limited. If not for the change in official policy in regard to public sector fishing operations there would have been no prospects for private sector investment in this sphere at all. Due to the change in policy, however, the way is open for the private sector to take over the existing and committed public sector investments in fishing vessels.

There appears to be good prospects for fishing by methods other than bottom trawling, particularly for pelagic fishing. Evidence presently available seems to indicate that small and medium-size vessels using a combination of methods will give the best results.

National capability already exists for harvesting the resources of the above ranges of the off-shore fishery. The 38' boats under the A. D. B. Project are being made available with a view to utilizing this capability, and some of the private sector companies which have invested in these boats have found that there is excellent scope for viable fishing operations.

At the present stage, it appears to be necessary to consider foreign participation in fishing if the resources particularly of the deep-sea fishery are to be adequately exploited. The existing deficiencies in some of the factors referred to above can probably be remedied in this manner. The form of foreign participation that is most advantageous to us is currently under examination at the policy-making level.

DISCUSSION

A view was expressed that the Government should be the sole marketing agency for the industry. The Secretary explained that the Government would not like to have the monopoly of marketing, but would allow the public and private sector to do the marketing in competition with each other so as to ensure a better deal to the consumer. He also pointed out that no guaranteed price is paid to fish anywhere and that the Ceylon Fisheries Corporation would be organised to pay a fair price so that fishermen's interest would be looked after even in the event of a glut.

Attention was focussed on the shortage of ice available to the industry. This resulted in fishermen undergoing heavy losses particularly during periods when there is a glut of fish. The Secretary admitted that the present production of ice is not adequate and assured that necessary action would be taken to remedy the situation.

Criticism was also directed at undue delays in the procurement of fishing boats due to long drawn out administrative delays. It was stated that arrangements would be made to simplify these procedures.

A request was made that 32 feet boats should also be given the 35% subsidy. Moreover the valuation of the boat should also take into consideration the fibre glass sheathing that is incorporated in some of the boats. Fear was also raised that, with the removal of the FEECs and prevailing parity rates of the Sri Lanka rupee with external currency the cost of the engines would increase by as much as 50%.

The management of the two corporations attached to the Ministry came in for criticism. Attention was drawn to the scarcity of trained personnel for the off-shore and deep-sea fisheries. The need for training and educating fishermen in proper handling and processing of fish both on land and sea was stressed. The Secretary indicated that all the matters will be looked into. He indicated that the Fisheries Training Institute has been set up to train personnel for the off-shore and deep-sea fishing industry. The recently set up Fish Technology Unit would be making contribution towards improving the handling, processing and marketing of fish and fish products.