

Module Three

Value, Variety and Quality of the Indonesian marine fish



Handout

HOW INDONESIA COMPARES TO OTHER COUNTRIES IN VALUE, VARIETY, AND QUALITY OF MARINE ORNAMENTAL FISH EXPORTS?

The following countries supply approximately 98% of all marine ornamental fish distributed around the world:

EXPORTING COUNTRIES

- Indonesia
- Philippines
- Sri Lanka
- Solomon Islands
- Vanuatu
- Fiji
- Palau
- Australia
- Maldives
- Africa
- Middle East
- Mexico
- USA

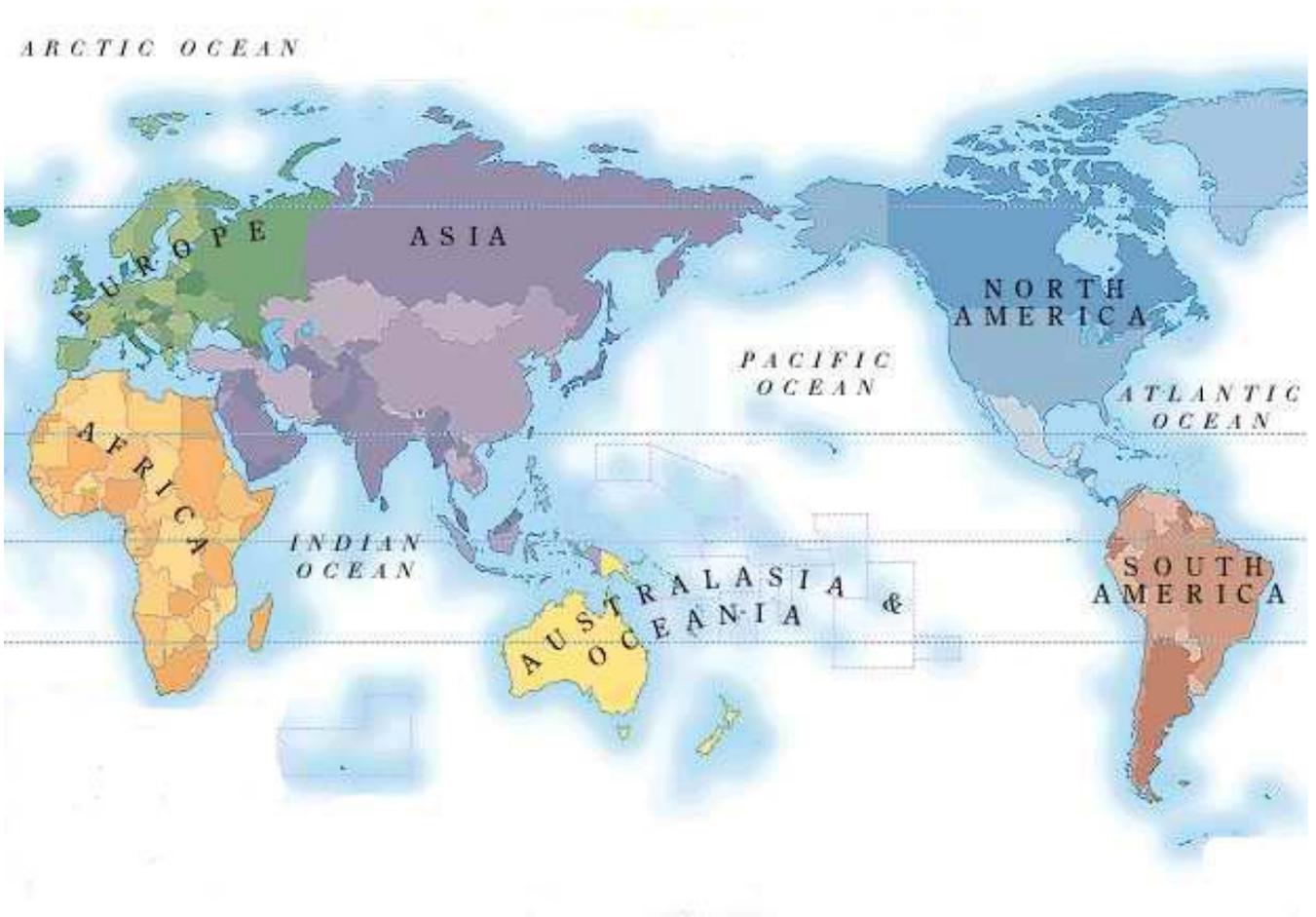
Show the World Atlas used earlier and identify the exporting countries of marine aquarium fish, corals, and invertebrates. Trainees should see the strength of Indonesia's geographic position in relation to the positions of its competitors.

Strength of Location

Indonesia is relatively close to Europe while the Philippines is relatively close to the US, Hong Kong, Taiwan, and Japan.

The closer the destination country, the higher the rate of survivorship and the less expensive the landing cost.

Compared to other exporting countries, Indonesia is relatively well served by airlines because of the large tourism industry.



Variety Differences

Coral reefs around Indonesia are the source of more than half of the world's colorful, tropical marine fish. Together with the Philippines, Indonesia supplies an estimated 85 % of the world's saltwater ornamental aquarium fish.



(Show an illustration of the best-selling Indonesian varieties of marine ornamental fish)

There are, however, some varieties that are not available in Indonesia. These varieties command their own market niche. Corals also account for much of the

marine product exported from Indonesia. This practice will soon be replaced by coral culturing, as the current coral collection practice is far too destructive.

(Show an illustration of fish varieties that are available in the training location)

(Show an illustration of other varieties of Marine Ornamental Fish that are not available in Indonesia)

Marine aquarium fish: a highly perishable luxury product

Prices of marine aquarium fish increase dramatically between the exporter and the importer, as can be seen in the diagram.

This results from the high transportation costs, including planes and other shipping needs like documents, boxes, and other packing goods.

High mortality and poor product quality also contribute to the jump in costs between exporters and importers. This cost has to be incorporated inside the fish price.

After the fish arrive at their destination, importers incur further losses by trying to treat the sick animals. Success is not guaranteed, and many of the fish still die.

The long chain of custody is a problem:

- There are too many intermediaries in the chain of custody. These middlemen reduce fisherman income. Many could be removed from the chain, as they play only small roles that could be played by the fishermen themselves.

- Intermediaries often take a commission from the sale of fish that is out of proportion to the service they provide.

- Fishermen have to organize themselves to reduce the number of intermediaries. Intermediaries drive up the price of the produce. If the increase in price is not accompanied by an increase in value, then demand is likely to decrease. Demand for Indonesian fish comes mostly from the low price. But, if importers see an increase in value, they might be willing to pay a higher price to cut the costs incurred through high fish mortality, for example.

Improvements in communication via telephone, internet, and easy travel should reduce the chain of custody within the Indonesian archipelago.

Mortality is the limiting factor:



- As you go along the chain of custody, the losses due to mortality and poor quality fish increase.
- The largest fraction of the final price covers losses from mortality and poor quality product.

Although the initial price of fish is very low in Indonesia, the final price is relatively high due to mortality and poor quality.

Importers will not pay higher prices for Indonesian fish if the quality stays the same. But if quality improves and costs due to mortality and low quality decrease, importers might be ready to pay more.

A transforming market:

As customers get frustrated with buying low quality fish, they look for a new supply with better services and better quality product.

Many of these customers have high expectations regarding the Marine Aquarium Council. These customers are looking for good services and good products. My deciding where to buy them, they govern the trade.

Buyers govern the trade. They decide on price and quantity of purchase according to their criteria. Once quality becomes the buyer's main priority, the demand for MAC certified fish will increase as the price for the fish.

Price Differences

Fishes that are common to all exporting countries vary in export price. Generally, Indonesia and the Philippines command the lowest prices for these species.

Show a table of these fishes and the prevailing selling prices of the different exporting countries to initiate the concluding question:

Why would the market want to buy fish that cost more than ours?

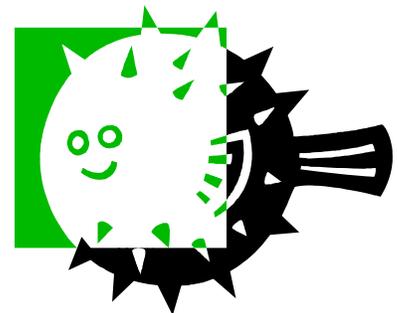
Price(in Rupiah) Table Sample

Species	Indonesia	Solomon Islands	Red Sea
<i>Centropyge bicolor</i>	11250	13500	
<i>Pomacanthus imperator juv</i>	135000	225000	315000
<i>Chromis viridis</i>	1800	2700	3150

Quality Differences

Expensive as the fish may seem in other countries, their fish are preferred over ours because they deliver better quality fish than we do. Their fishes are known to arrive in better, healthier condition, feed well, and live in the hobbyist's aquarium longer than Indonesian fish do.

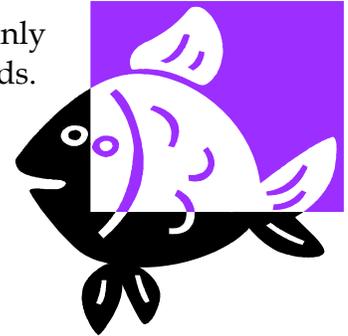
Indonesian fish are known to suffer from the Sudden-Death-Syndrome, alive and kicking at one moment with no apparent sign of illness, and then dead the next moment with no explainable cause. This means that even though the buying price of the Indonesian fish is low, the end cost is not; the cost of treatment and the cost of mortality are actually high. For this reason, additional expense of buying higher-priced fish is justified.



WHY DOES INDONESIA HAVE A REPUTATION FOR HAVING POOR QUALITY FISH?

The poor quality of Indonesian fish and inverts is blamed mainly on improper catching, holding, packing, and transport methods.

Point out the consequences of improper methods on the fish delivered.:



- Use of cyanide to stun the fish for easy collection causes damage to the liver;
- Lack of netting skills causes damage to fish;
- Incorrect or complete lack of decompression stops for deep sea fish being raised to the boat causes swim bladder problems and bloat. Pricking the fish with a needle to remove trapped air is a poor remedy, as it causes infections;
- Inefficient holding procedures cause stress, pH shock, temperature shock, and unrecoverable damage;
- Extended holding period without sufficient water change cause ammonia poisoning;
- Incorrect screening procedures cause delivery of poor quality fish;
- Tight packing due to lack of material resources or as a means to reduce freight costs causes a high mortality rate;
- Delivery of old stock that have not been fed a long time means fish are delivered in poor condition;
- Transport of fish during the heat of the day or leaving them in places subject to temperature fluctuations reduces oxygen levels and subjects them to further stress;
- Prolonged use of Copper Sulfate in the system water damages fish.

So, interest for Indonesian marine aquarium fish is starting to wane. Prices have remained the same instead of increasing, even as the hobby grows at a steady pace and the costs of goods and services have almost doubled. Many exporters are no longer operating profitably and collectors often do not make a living wage.

According to a survey:

“Indonesian fish have the worst quality in the world”

“The poor quality is only tolerated because it is cheap.”

FISHING PRACTICES OF OTHER COUNTRIES KNOWN TO HAVE GOOD QUALITY FISH

Countries (for example Singapore, USA, Australia) with reputedly good quality fish work around a **Catch to Order** system. In such a system, collectors are usually employees of the exporter and they catch only what is ordered from them. In this way, they do not capture any animals needlessly. They do not over-fish.

Providers of good quality fish do not use cyanide or other forms of poison but catch the fish strictly with nets.

Providers with good reputations use divers who wear scuba gear, which is much safer than free-diving.

Providers of good quality fish pack their fish for shipment with lots of water and oxygen, decreasing mortality during transportation and maintaining the condition of fish.

In countries with reputations for good quality fish, the fishermen bring the fish directly to the exporter, reducing handling time and costs and decreasing the length of the chain of custody.

With a little alteration to fit their financial resources and skill capabilities, Indonesian collectors can apply these same principles to deliver high quality fish.

Conclusion:

- Currently, fish from Indonesia and Philippines are for the Supermarket
- Fish from the other countries are for the Boutique
- Can fish from Indonesia enter the Boutique market?

MAC Certified fish do not enter the same market as normal Indonesian fish:

MAC is creating demand for good quality fish from Indonesia. As soon the certified fish are available the demand will slowly grow.