

An analysis of the contribution of the fishery industry to the larger economy: An ode to the fishery industry

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This essay will attempt an analysis of the contribution of the Fishery Industry to reach a better understanding of how the industry contribute to the economy over and above the modest share represented in the GDP figures.

A look at the GDP figures

National Account statistics show that the fishery industry grew by only 3.4% during the five-year period (2014-2018) and that it accounted for only a 3.8% share of GDP during the period. Together with 0.5% share for 'fish preparation' (accounted for in the Secondary Sector) the total share of the fishery sector in National Accounts is only 4.3% of GDP during the period.

While the share in the National Accounts are modest at best, the contribution of the fishery, industry arising out of the feedback loop into the economy need to be understood to appreciate the importance of the fishery industry to the economy and the livelihood of Maldivians.

Contribution according to GDP figures

Statistics published by MMA allow even novice analysts to better understand the figures published in the National Accounts for Fisheries. They offer earnings from the fishery industry for exports, volume of in-country purchases and the prices at which landings have been purchased.

During the 5 year period 2014-2018, the country earned a total 12 b. MVR as export earnings from the fishery industry.

Table 1:
Fishery
contribution
to GDP

	Export Earning (\$ in Mn	Export Earning (MVR) in Mn
2014	139.15	2,145.67
2015	137.33	2,117.55
2016	134.80	2,078.58
2017	193.15	2,978.31
2018	173.82	2,680.30

This income was earned in scarce foreign currency by local fishery companies exporting locally caught fishery products to third countries. The export companies are all 100% local companies with local shareholders. Therefore, the export earning of fishery industry is directly attributable to the local economy. Additionally, because of the cost structure of the fish processing, such export earnings are received back in-country instead of being deposited in accounts outside the country.

MMA statistics also show the average prices paid for such purchases by local exporters as input raw material for their production. Using purchased volumes and purchase prices offered by MMA, conservative estimates show that fisherfolk would have earned 10.8 b. MVR

Table 2:
Earning from
Fish
Purchase

	(MVR) Mn
2014	1,722.73
2015	1,909.05
2016	1,989.69
2017	2,531.72
2018	2,671.99

Together, the export earnings for the local companies and fish purchase earnings by the fisherfolk, there's a total of 22.8 b. MVR . an average 4.5b. MVR earning arising from the fishery industry during the period 2014-2018. Table 3.

	Export Earning (\$) Mn	Export Earning (MVR) Mn	Earning from fish purchase (MVR) Mn	Total Earnings (MVR) Mn
2014	139.15	2,145.67	1,722.73	3,868.40
2015	137.33	2,117.55	1,909.05	4,026.60
2016	134.80	2,078.58	1,989.69	4,068.27
2017	193.15	2,978.31	2,531.72	5,510.03
2018	173.82	2,680.30	2,671.99	5,352.29

Table 3: Total earnings from fishery between 2014 and 2018

expatriate labor are presently being used on fishery vessels (even while it is not allowed) anecdotal evidence indicate that they are mostly used as engineers or as cooks in the vessel.

In contrast, there is considerable foreign ownership/management in the tourism industry. The

The feedback loop into the larger economy

The fishery industry is almost unique in the way it is constituted in the economy. The fishermen are local, the boat owners are local and the companies that process fish and export are local. And while a high percentage of the fish processing staff are today expatriate labour (accounted for in the Secondary Sector), the earnings of the industry are, by and large still, retained within the economy and distributed here.

With the infamous local saving pattern, it is probable that a large percent of the received income would be expended and would have worked itself through the multiplier effect. Such expenditure, in the local economy would work itself into the economy through downstream avenues converting into income for other parties.

Entrepreneurs and small business owners running small shops, café's and restaurants. Traders importing the latest cool gadgets, transport companies and their crew, carpenters, welders, mechanics and other skilled craftsmen, and all associated businesses will all have down-stream benefit from this revenue. And of course, whatever amount is saved would work itself back into the economy as small loans to entrepreneurs and enhanced trade facilities for trading companies. A reliable estimate for the multiplier effect not being available, it is best to shy away from conjecturing a numerical figure.

The landing effort too are very much a local activity. The fishing boats are locally owned by local entrepreneurs and the fisherfolk are local. Even while, it is evident that some

Statistics Yearbook published by Statistics Bureau, published a table offering the breakdown titled 'RESORTS BY TYPE OF LEASE HOLDER, OPERATOR AND MANAGEMENT' until 2015. In 2015, the last year this table was published, 77 resorts, 66% of the total were local. Additionally, only 49 resorts (42%) were operated by locals and Management were under local parties for only 40% of the 115 resorts in operation. This means that in 2015 Joint ventures and total foreign investments held the lease for 34% of resorts, operated 58% of resorts and managed 60% of resorts.

While, the current break-down is not accessible publicly, the industry today boasts 145 resorts and all indications are that local ownership and operation/management has in effect decreased % wise.

Meanwhile, even as the Construction industry grew by a massive 17.8% during past 5 years, with above 25% growth in 2014 and 2015, the majority of projects were large-scale infrastructure projects. These mega projects that drove the construction industry of the last 5 years arrived in the country en masse, as it were, with a full complement of equipment, material, labour, housing and even on occasion, the majority of the food requirements for the workforce already having been already procured.

Even in the absence of large-scale infrastructural projects, financed and implemented by foreign companies, our construction industry will always continue to depend on imported labour and raw material as a high percentage of the input cost of the industry.

In sharp contradiction, the fishery industry of the Maldives is very much a home-grown activity with local fisherfolk fishing on vessels owned by local entrepreneurs. Even while there is growing evidence of expatriate labour active in fishing vessels, the traditional pole and line fishery and the hand line fishery that drive the majority of landings and income to the industry are overwhelmingly local.

The Nutrition Effect

In bygone days, Maldivians lived and subsisted, for a main part, from the landings of the fishery effort. Fish and fish products provided much of the dietary requirements for the people. While our diet is much more varied now and protein in-take comes from a larger more varied menu, even today, a large proportion of our daily food intake consists of items made with fish. Fish flavors our breakfast, lunch, dinner and all tea breaks in-between.

Even while landing figures for 2018 has not been published (as of end August 2019), only 43% of the total landings in the preceding 4 years (2014-2017) had been purchased for by local companies for processing for export. Which leads to an estimated average of 75,000 mt of landings being consumed in-country each year for the period 2014-2017.

Today, it is not only locals who consume fish and fishery products, the 1.4 million tourists who grace our shores on an annual basis and the 150,000 plus expatriates who live with us every day, consume and nourish themselves from the landings of the fishing industry.

While a monetary value can be approximated for the average 75,000 mt of fish consumed yearly, the nutritional benefit arising from consumption is much harder to determine. Even more difficult to approximate would perhaps be the opportunity cost that otherwise would have to be borne if the major source of nutrition is met from imported poultry or meat and the increase in foreign currency requirements to pay for the elevated imports.

Therefore, even while this analysis does not attempt to arrive at a monetary figure for the benefit of the nutrition derived from the local landings and the opportunity cost of alternatives, it is important to recognize the Nutrition Effect of the fishery industry in the

livelihood of the Maldivian people and the Maldivian way of life.

Even if a majority of us today live in more crowded urban environments, as a nation we grew up by the sea and live our lives near the sea. As a nation we have always depended on the bounty of the Maldivian seas for nutrition and for protection. We are a nation of fisherfolk and our meals and accompaniments are made of fish and taste of fish. We have grown and learnt to subsist on the nutrition and protection provided by our seas.

Conclusion

Private and State fishery companies have invested in considerable infrastructure with 2 canneries already operational and a third under live testing and are all locally owned and managed. The more modestly sized yellow-fin factories and the smaller smoke-drying houses are too, largely locally owned and locally managed. Even with, the proviso that the processing staff are totally expatriate, the businesses are largely locally owned and under local management.

Therefore, even while there's no doubting that direct input of the fishery industry is below 4% of GDP estimates, the contribution of the fishery industry to the nation, through its contribution to nutrition requirements and its unique feedback loop through the multiplier effect, make the fishery industry a more vital and essential industry to the Maldivian way of life and our Economy.

