

FISH EXPORT FROM LAKE VICTORIA – FROM IMPORT BAN TO CASH EARNER

Communication from Uganda

The following communication, received on 30 March 2006, is being circulated at the request of the Delegation of Uganda.

I. INTRODUCTION

1. Uganda is situated in East Africa and has a surface area of 241,000 km². Lakes account for 44,000 km² of its territory. The largest of these lakes is Lake Victoria with a surface area of 31,000 km² within Uganda's border. Its total surface area is 68,000 km² of which 45% is in Uganda, 49% in Tanzania and 6% in Kenya.

2. The Uganda fish processing industry, which is composed of private companies, was established only recently. In fact, the first plants began their activities in 1988. At the time of the ban, there were 12 registered companies for fish processing and export. Ten companies were operational. Almost all the companies are situated on the banks of Lake Victoria and Nile perch is their main raw material.

3. Uganda offers a climate conducive for industrial development. The rapid emergence of the industry has benefited both from political stability and public measures encouraging investment, particularly in "non-traditional" sectors. The total investment by private investors in the fish sector in Uganda is around US\$ 100 million. The fisheries industry employs over 700,000 people involved in various fishing activities including fishermen, fishmongers, fish transporters and boat builders.

4. Nile perch is the most important commercial fish species in Uganda. It was introduced into Lakes Kyoga and Victoria from Lakes Albert and Turkana during the 1950's and early 1960's. The purpose of the introduction was for the Nile perch to feed on small-sized fish, especially haplochromine cichlids (Nkejje), which were at that time abundant but not commercially exploited and to convert them into a larger fish of higher commercial and recreational value (Graham 1929).

5. Nile perch is native to Lake Albert and unlike the other lakes to which it has been introduced, the fauna of Lake Albert has evolved with and are adapted to living with this predator. Examination of commercial fish catch statistics of Lake Albert for the period 1970-1990 shows that Nile perch has been contributing 20% to 25% of the total fish catches from the lake.

6. It is possible that if and when the fishery in the lakes to which Nile perch was introduced stabilizes, the percentage contribution of the predator to total fish catches in those lakes could be close to that recorded in Lake Albert.

Table 1: Estimated total quantity of fish and Nile perch landed in Uganda from 1991-2000

Year	Total fish landed (tonnes)	Nile perch landed (tonnes)
1991	219,520	97,005
1992	224,100	-
1993	276,800	-
1994	218,940	79,559
1995	227,000	-
1996	218,400	-
1997	218,400	-
1998	217,100	-
1999	229,500	89,203
2000	355,800	83,943

II. FISH EXPORTS

7. By the 1980's, Ugandan's fish exports were going through the customs posts of Busia to Kenya, Mpondwe in Kasese and Arua to the Democratic Republic of Congo. However, beginning in the 1990's a few companies started exporting limited quantities of Nile perch fillets to Europe.

8. Before 1991, fish processing plants in Kenya were sending insulated trucks with ice and refrigerated trucks to fish landing sites in Uganda in order to collect whole fish and transport them back to Kenya for processing in Kenyan fish processing establishments. This practice stopped in 1991 when the Uganda Government put a ban on exports of unprocessed whole fish to Kenya. The Kenyan investors started flocking to Uganda to set up fish processing plants to process fish that was previously transported and processed in Kenya.

Table 2: Nile perch exports from Uganda since 1991

Year	Quantity in (tonnes)	Value (,000 US\$)
1991	4,751.00	5,308.70
1992	4,831.00	6,450.50
1993	6,037.10	8,806.90
1994	6,563.00	14,768.90
1995	12,970.90	25,902.80
1996	16,396.40	39,780.90
1997	9,839.00	28,800.00
1998	11,604.00	29,732.70
1999	13,342.00	36,608.30
2000	15,876.38	34,363.10
2001	28,153.39	79,039.10
2002	26,800.00	87,000.00

9. Overall, fish and fishery product exports have grown since 1991 (Table 2). Fish exports have grown from a value of US\$ 5.308 million in 1991 to US\$ 39.78 million in 1996, but fell to US\$ 28.8 million in 1997 due to a fish import ban imposed by the European Communities over fish quality and safety concerns. This ban was lifted in July 1998, but then in 1999 April another ban was imposed on fish and fishery products originating from Lake Victoria because of the concern that some fishermen were suspected of catching fish using pesticides. This ban was lifted in October 2000 after the Department of Fisheries Resources (DFR) introduced a programme of monitoring the levels of

pesticides and heavy metals in fish, water and sediments from Lake Victoria, and also intensified monitoring and surveillance of fishing activities on the lake. These repeated fish and fishery import bans by the European Communities on fish originating from Uganda disrupted the growth of this sector, which in 1996 was Uganda's second largest foreign exchange earner after coffee (MPED 1998).

10. Local companies have been exporting most of their fresh or frozen fillets to the European Communities; Japan; Hong Kong, China; Singapore; Australia; Dubai; Israel and United States of America since 1989. The current capacity of fillet processing in Ugandan factories is estimated to be at least 400 tonnes of fish per month. The smallest unit exports 50 tonnes of fillets per month as compared to over 400 tonnes for the big units.

III. COMPLIANCE WITH OFFICIAL STANDARDS

11. Fish exports, which had grown tremendously since 1989, suffered from the bans imposed by the European Communities in January 1998 and in March 1999. The first ban was due to failure by fish factories to meet EC quality assurance standards. As a result of that ban, fish exports dropped from US\$ 34.6 million in 1996/97 to US\$ 31 million in 1997/98.

12. Early in 1997, European countries, notably Spain and Italy, detected high levels of bacterial contamination including Salmonella in fish from Lake Victoria. The two countries requested the European Communities to impose a ban on fish from the riparian states of Lake Victoria. Following an outbreak of cholera in East Africa, the European Communities banned importation of fresh and chilled fish and imposed mandatory tests on frozen fish, fruits and vegetables from East African countries.

13. The second and longest ban was imposed in March 1999 for pesticide residues for which the Government left the responsibility to the Department of Fisheries Resources (DFR) and the Competent Authority, i.e. the Uganda National Bureau of Standards (UNBS). The European Communities demanded a comprehensive monitoring programme which would determine levels of organochlorine pesticides, organophosphate pesticides, PCBs, and trace elements in fish, water and sediments from the lake. This ban was officially lifted on 4 August 2000 and fish exports to the European Communities resumed on a bilateral basis.

IV. CRISIS IN THE FISH INDUSTRY DUE TO THE BAN

14. The loss to Uganda in terms of reduced returns as a result of the continued ban from March to July 1999 was estimated at US\$ 36.9 million. Loss to the fishermen community on account of reduced prices and less activity of fishing was US\$ 1.0 million per month.

15. Out of the 11 factories which were operational, three were closed and the remaining factories were operating at 20% capacity. Consequently, 60-70% of the directly employed people were laid off. Around 35,000 people involved in various fishing activities including fishermen, fishmongers and fish transporters became jobless. The remaining indirectly employed people earned less than one third of their normal earnings. Families and dependants of the directly and indirectly employed people were affected.

16. Other related industries like packaging, transport and the economy in general were directly affected and all people involved suffered direct consequences because of the EC ban on fish.

Table 3: Revenue for Uganda in US Dollars

Month/Year	Revenue, Million US\$
January, February and March 1999	17.0
April, May, June and July 1999	2.5
September 2000	2.0
October 2000	1.5
November 2000	2.1
December 2000	2.5
January 2001	5.0
February 2001	4.7

Table 4: Export market shares for European Communities (EC) and Non European Communities (Non EC) after the ban was lifted

Month/Year	Product Quantity (Tonnes)			Value in Millions, US\$
September 2000	EC	:	958	1.9
	Non EC	:	731	1.41
October 2000	EC	:	783	1.4
	Non EC	:	983	2.0
November 2000	EC	:	981	4.0
	Non EC	:	994	2.0
December 2000	EC	:	852	2.5
	Non EC	:	1,123	1.2
January 2001	EC	:	155	3.0
	Non EC	:	215	2.0
February 2001	EC	:	586	3.3
	Non EC	:	392	1.4

V. EUROPEAN COMMUNITIES MISSIONS OF VETERINARY INSPECTORS TO UGANDA

17. The European Communities missions of veterinary inspectors have so far carried out four inspections to assess the health control and monitoring of production conditions to comply with EC Directive 91/493.

18. The following inspections were carried out:

- In March 1997 and December 1997 for overall hygiene standards;
- In November 1998 for harmonization of Uganda following which Uganda was put on List II and Tanzania on List I;
- In August 1999 for guarantees regarding absence of pesticide residues in fish; and
- In October 2000 for harmonization and guarantees regarding pesticide residues.

VI. PROBLEMS FACED BY THE FISH INDUSTRY

Structure of Competent Authority

19. There was a problem with the structure of the Competent Authority identified by European Communities, Dutch Authorities and Council of Ministers in the meeting in Dar-es-Salaam in June 1999. Furthermore, there was lack of a clear line of command since two bodies, namely UNBS under the Ministry of Tourism, Trade and Industry, and fish inspection services in the DFR under the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) were involved.

Inspection

20. The inspectors of DFR could not perform their duties. They did not have clear guidelines and standard operating practices in particular with regard to inspecting batches of fish being landed, hygiene conditions at landing sites, sampling procedure records of their own activities and documents required for traceability of origin and transportation of fish.

Laboratories

21. Non-availability of a suitable laboratory for pesticide residue analysis was a key concern. A Government Chemist had been put in charge of performing pesticide residue analysis in fish products, however, the performance and capacity were considered totally inadequate by the European Communities inspection team.

Legislation

22. The Fish and Crocodile Act had not been upgraded to meet the present requirements of the fishery industry.

Decentralization

23. District Fisheries Officers (DFOs) were not answerable to DFR and hence not following the instructions regarding hygiene and handling of fish as required by European Communities regulations.

Landing Sites

24. Most public landing sites had not been upgraded and their facilities did not meet minimum EC requirements.

Fish Handling

25. Fish was generally unhygienically handled throughout the chain.

VII. IMPACT OF UNIDO'S SUPPORT

26. UNIDO received funding from NORAD to support the Food Component under Phase 1 of the Uganda Integrated Programme (UIP).

27. The focus was put on the fish sub-sector to address the ban imposed on Uganda's fish exports to the European Communities and its related economic consequences. UNIDO's support contributed greatly to the lifting of the EC ban, hence, the resumption of exports to the European Communities. UNIDO provided technical assistance in preparing responses to the EC Commission regarding guarantees put in place by Uganda to meet the EC requirements.

28. As a result of the achievement in the fish sub-sector, Norway has approved additional funding to support the Food Component under Phase 2 of UIP to strengthen the fish inspection systems and replicate the so-called "fish model" in selected priority sub sectors including honey, fruits and vegetables, dairy and meat.

Fish Inspection Services

29. The fish inspection services have been streamlined and the capacity of the Competent Authority (DFR) strengthened through training of inspectors, provision of equipment and introduction of a fish inspection manual. Achievements in this sub-sector will be used as a model for other sub-sectors sensitive to the public health of consumers and/or having export potential. The inspection system will be used in development of the Food Control System.

30. As a result of strengthening the fish inspection services, Ugandan fish got access to the US market, which demanded approved HACCP systems from the fish factories.

31. Laboratories were provided with equipment and technical support. UNBS Microbiology Laboratory having been fully equipped introduced a Quality Management System which was internationally accredited by the South African National Accreditation System (SANAS) in April 2001. Chemiphar (U) Ltd., a private laboratory, which benefited from UNIDO support, was approved by the EC inspectors for pesticide residue analysis. The Government Chemist Analytical Laboratory is still undergoing upgrading. Availability of internationally recognized laboratory services locally in Uganda will greatly facilitate exports of products and also reduce the costs of laboratory analysis abroad.

Fish Processing Pilot Enterprises

32. The enterprises have been able to implement ISO 9000 Quality Management Systems and the principles of HACCP. All enterprises have been certified to ISO 9001:2000. Implementation of HACCP made it possible to export fish to the US market. In addition, the enterprises have improved in quality management through introduction of the uniform "Code of Practice". Experiences in these pilot enterprises will also act as a model for other sub-sectors.

33. UNIDO proposed hygienic fish handling practices on the lake and at landing sites in conformity with the EC quality/safety requirements. Two pilot boats were constructed and handed over to the Uganda Fish Processors and Exporters Association (UFPEA) to conduct trials for assessment of the socio-economic and technical impact. Based on the results, the most suitable designs will be disseminated to the 20 local boat builders already trained in boat building and design by UNIDO, the whole fishing fleet and regulatory authorities to facilitate adoption.

Economy of Uganda

34. With the resumption of fish exports to the European Communities, the increased revenue from exports strengthened Uganda's shilling. Factories resumed operations at full capacity. Laid off staff during the ban have been recruited. The fisher folk is back to earn a livelihood. More fish processing factories have been opened.

35. Uganda was harmonized and promoted to List I status with effect from 15 October 2001 which made it possible to export to any EC member S

36. tate without restriction. This resulted in increased revenue from fish exports.
