

A NOTE ON THE PRESENT MARKETING SITUATION  
FOR MARINE PRODUCTS IN KIRIBATI  
AND POTENTIAL FOR EXPANSION  
BY PRIVATE ENTERPRISE

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1. Introduction

1.1. This note covers both internal trade and exports.

1.2. Certain general points apply to the marketing of any products in Kiribati. Constraints to the establishment of a successful marketing infrastructure are:

(i) Lack of incentive/motivation of producers  
Remedy: Financial incentives - there must be a guaranteed outlet and guaranteed price for quality goods;

Encouragement to maintain production -  
Outlet, Fisheries assistant, 'propaganda';

Increase range of goods available in retail stores so that producer has something to spend his money on.

(ii) Lack of regular timetabled shipping, and freight charges. Remedy: Improve service to outer islands; reduce internal freight charges which prevent competitive prices being offered overseas - Should apply across the board, not just a freight levy for internal use.

(iii) Lack of established marketing infrastructure/marketing centres. Remedy: Establish processing/marketing centres on all islands which can act as processor, wholesaler, retailer, exporter; introduce suitably motivated agent to purchase fish products from producers - could even act as a manager of a marketing centre on a commission basis.

(iv) Poor quality of local produce.  
Remedy: Education through extension programme; guaranteed higher prices for good quality produce.

- (v) Geographical isolation of Kiribati - results in high shipping costs.  
Remedy: Produce and export only material of highest quality which can command a high price; Increase secondary production to increase value of exports; explore other markets within the Pacific.
- (vi) Competition from other income earning products (eg. copra).

1.3. The following analysis the trade within each product type.

## 2. Dried-Salt-Fish

- 2.1. Internal trade in salt fish occurs mostly along family lines, although some traders do 'import' salt fish into Tarawa from the outer islands. The Boboti on some islands purchase this product but it is not sent to KCWS at Betio.
- 2.2. The extent of the internal trade is not known since there is no requirement for a licence to deal in salt fish. Most internal movements are likely to be to Tarawa, rather than outer island to Outer island so the easiest method of monitoring the trade would be to impose a requirement for a licence to import salt fish from the outer islands. This would not be to generate income, simply to enable trade to be monitored, so the fee should be nominal, say \$1.00 per annum.
- 2.3. No formal exports of salt-fish occur, although it is known that some fish is sold along family lines to family members in Nauru. This, strictly, is illegal, but will only represent a very small volume.
- 2.4. A requirements exists for the possession of a Grade C processing establishment licence (\$25.00) before salt fish (any dried marine product) may be exported. Such a licence is currently held by KCWS, only.
- 2.5. Internal trade in salt-fish has only limited scope for expansion. On Tarawa fresh fish is nearly always available and is preferred. Salt-fish sales tend to move relatively slowly. However, a market survey conducted in 1983 concluded that there was a requirement for a wholesale outlet and most traders said they would buy more salt fish if it was available. On Outer islands salt fish is bought during times of bad weather. No market survey exists to show whether there are ever shortages, but should a wholesale outlet be established in Tarawa, and communications were quick and efficient, then it would be possible to "re-export" (ie. re-distribute) salt fish to islands which required it.

- 2.6. The export of salt fish would appear to have potential, but quality must be improved to meet market requirements (steps are currently being taken). South East Asian markets are being approached and the response is awaited. At this early stage, however, the fear is that, due to high cost-prices and shipping costs the Kiribati product will not be able to compete with cheap Asian products. Hence most hope lies in exporting to other Pacific countries, but to date only one response (N.P.C.) has been forthcoming.
- 2.7. On a small scale, internal trade can easily be handled by private investors. The capital outlay required is relatively small. For a larger scale wholesale business more capital is required. Neither K.C.W.S. nor Te Mautari currently act in this capacity. K.C.W.S. has the required infrastructure for successful internal marketing, i.e. collection centres on each island (Boboti), Warehousing/Wholesale facility at Betio, and retail stores in Betio, Bairiki and Bikenibeu and so the potential for success exists. The facility at Betio could also act as the wholesale outlet for other stores.
- 2.8. It may be seen that small scale private exports are successfully achieved. Again, for a larger scale operation, more capital is required and so the choices are limited to government bodies (eg. Fisheries Division), quasi-governmental bodies (eg. K.C.W.S., or Te Mautari) or well established private entrepreneurs. The latter may perhaps be aided by loans through the Government loans board.

### 3. Fresh Fish

- 3.1. Internal trade in fresh fish occurs on Tarawa by the sale of fish from barrows at the road side. Excepting the facility at Betio, no established marketing centres exist. Milkfish are sold from the fish farm at Temaiku. On outer islands fish distribution tends to be along kinship lines. No "imports" of fresh fish presently occur from the outer islands to Tarawa, although with the establishment of an ice-plant at Abemama this situation may change.
- 3.2. "The domestic cash market for fish is capable of expansion by means of better marketing practices" (CARLETON, 1982) In his report, Carleton stresses the value of the distribution/reception/marketing centres established by T.M.L. in Betio, Bairiki, and Bikenibeu. However, these no longer exist at Bairiki and Bikenibeu and TML has effectively abandoned the 'home' market, concentrating on the export market. The establishment of Council financed fish marketing centres (Such as the proposed at Bikenibeu, FDG/3/44, 13/3/84)

would thus help alleviate this problem. Such centres would be too costly for small scale private entrepreneurs to establish. However, the council <sup>could</sup> recoup its money through a licence system, and would at the same time be encouraging private enterprise in fresh fish sales. On a larger scale, the wholesale and distribution of fresh fish from the marketing centre to other outlets in South Tarawa, may need to be handled through some means other than private enterprise owing to the capital required. Fish could be purchased at the centre in bulk, then redistributed and resold. Quality improvements through icing should be encouraged.

3.3. The establishment of similar centres on each island should further encourage trade in fresh fish. They could also act as collection centres for the export of fresh fish to Tarawa. Agents would need to be appointed on each island, and a refrigerated collection centre would be required on Tarawa. TML appear to be the best equipped to handle such an operation, since it already possesses the necessary equipment. However, 1.2(ii), the poor communication from outer islands, is particularly pertinent with regard to fresh fish, and a better collection system than that afforded by KSC at present would be required.

3.4. Gilbert Island industries used to export frozen vacuum packed filleted fish (morikoi) profitably, but this operation has ceased. Some fresh fish exports occur through Marine Exports Division at Christmas Island, and TML export frozen Tuna to canneries at Pago Pago. Some milkfish are exported to Nauru along kinship lines, and on a small scale.

3.5. A class B processing establishment licence is required to export fresh fish. Currently only TML hold such a licence. Marine Exports Division used to hold a licence, but it was not renewed. The small scale exports of milkfish could feasibly be monitored by examining customs declarations.

- 3.6. Carleton (1982) notes that any fresh fish landings on outer islands, carried to Tarawa, are effectively surplus to requirements and are thus available for export. Small scale private enterprises could be effective in importing fresh fish to Tarawa if communications were improved, but they would have to sell the fish on to a larger organization such as TML with suitable packaging and freezing facilities. As always, the potential for private enterprise exists, but relatively large capital outlays are required.
- 3.7. The deep bottom resource is currently being re-examined. Such fish are suitable for export. However, the ability of private enterprise to succeed is not limited here to the collection, processing and marketing sectors, but also problems may arise in the production sector. Adequate loans need to be provided to fishermen to enable them to purchase the required boats and fishing equipments (see Report, Taumaia and Gentle, 1983).

#### 4. Sharks Fins

- 4.1. No internal market for sharks fins exists, and all production is exported. At present K.C.W.S. purchases fins through the Boboti on each island, collects them at warehousing facilities in Betio, and exports them to H. Y. Kwan in Australia. Nikon Boon has written to various markets, but has failed to reply to my letters, or apply for a Class C licence. Thus it is not known whether they export fins or not. Billy Shultz has shown interest in engaging in trade with sharks fins, but to date no exports have been made.
- 4.2. The success of private enterprise would depend upon the ability to install agents on each island to purchase fins and send them to Tarawa. K.C.W.S. already has this facility and also offers a very high price for fins. It would thus be difficult to compete with them. However, the indication is that H. Y. Kwan has overstepped itself and may have to lower its price. K.C.W.S. accordingly would have to do so, and this would thus open the possibilities for competition and private enterprise.
- 4.3. A suitable shipment weighs about  $\frac{1}{2}$  to 1 tonne. For individual entrepreneurs purchasing fins on only one or two islands this would take a long time to accumulate and would tie up a large amount of capital. Losses due to lost interest earning capacity thus also need consideration. Hence large scale operations are more likely to succeed, unless small scale operators could pool their resources to create export quantities over a shorter period of time.

Other Miscellaneous Marine Products

- 5.1. K.C.W.S. also handles other products such as sea shells, and in the past, bêche-de-mer. The former are exported on a small scale, whilst the latter were not acceptable to the market so trade has ceased.
- 5.2. If a tourist industry develops, more potential will exist for small scale private enterprise to handle shells, corals and other tourist items. A small potential for internal trade of this nature already exists.
- 5.3. Export of these items is best handled by an organization such as K.C.W.S. with the facilities for "large" scale collection to accumulate export quantities.

6. Summary

- 6.1. K.C.W.S. and Te Mautari Ltd are the best equipped to handle exports. Neither are strictly private enterprises. Internal trade may be handled effectively by small scale private enterprise provided that the infrastructure to enable them to succeed is improved. This cannot be achieved by the enterprises themselves and government/council assistance will be required.
- 6.2. Te Mautari Ltd is best equipped for handling fresh fish. It lacks, however, the infrastructure for dealing with internal imports of fish, and the lack of icing facilities on outer islands (except Abemama) precludes this for the present.
- 6.3. K.C.W.S. is very well equipped to handle 'cured' products. The infrastructure exists right from agents on each island through to a distribution centre in Betio. However, they lack the motivation to increase production or encourage further trade, accepting casual catches as they arrive.
- 6.4. Viable alternatives do not exist that possess the infrastructure provided by K.C.W.S. The fisheries division could provide such an infrastructure through Fisheries assistants on each island, but a better system may be to encourage council run marketing centres within which small scale private enterprise could operate.

- 5.5. Large capital inputs are required to develop the marketing infrastructure. Private enterprise cannot be expected to provide these facilities, although they can help pay for them in the long term through licences.
- 5.6. The government loans board could conceivably assist small scale enterprises in obtaining sufficient capital to accumulate export quantities of marine products.

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