

A PERSPECTIVE PLAN FOR THE DEVELOPMENT OF THE  
MALAYSIAN FISHING INDUSTRY

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Summary

The importance of the fishing industry in the national economy is highlighted. The current state and prospective problems of the Malaysian fishing industry are reviewed, indicating the need for a master plan to develop the industry. Targets of the master plan are defined and the strategy to be adopted in developing the fishing industry outlined.

## 1. INTRODUCTION

Fisheries play an important role in the Malaysian national economy. The three main contributions of fisheries are (a) supply of food, (b) earning foreign exchange and (c) providing employment for the population. Fish constitutes about two thirds of the animal protein intake of the population in Malaysia because it is the cheapest source of protein food acceptable by all the multi-racial groups in the country. Moreover, fisheries not only supply protein rich food vital to the health of the indigenous population but also provide employment and incomes. In 1972 there were some 80 000 fishermen and numerous other persons engaged in the secondary and tertiary sectors as well as in the ancillary industries. As a foreign currency earner, fisheries is continuously gaining in importance. The main export commodities are fresh and frozen fish, crustacea (mainly prawns) and salted and smoked fish. In 1972 a total of 116 000 metric tons (product weight) valued at M.\$142 million were exported.

## 2. STATE OF THE FISHING INDUSTRY

The Malaysian fishing industry has developed in a laissez-faire fashion and as such contains numerous inherent problems. The major constraints identified are lack of capital, the prevalence of traditional methods, low productivity, an imperfect marketing system and the existence of surplus labour within the industry. These have resulted in generally low incomes for fishermen and underemployment in the industry especially in the east coast of Peninsular Malaysia. The fishing community is thus depressed both socially and economically. Apart from this, the statistical returns show that landings over the last 5 years have stagnated in the region of 360 000 metric tons. This lack of growth of the fishing industry following an earlier period of rapid progress indicates that production has reached its maximum level with the present capital investment and range of operations. Having identified the socio-economic problems of the fishing community and the current state of the fishing industry, it is therefore, necessary to evolve a consolidated master plan for the future development of the fishing industry.

## 3. TARGETS OF THE FISHERIES DEVELOPMENT PLAN

In line with the national economic policy of Malaysia, the four basic targets of the fisheries master plan are as follows:

- (i) Production
- (ii) Employment
- (iii) Income
- (iv) Restructuring of the fishing community

The production target aims at increasing the landings of fish so as to meet the demand projected over a period of 20 years up to 1995. This projected demand includes the quantity of fish that will be consumed by an increasing population, fish exports and fish meal requirements of the livestock industry.

The employment target is aimed at increasing employment among fishermen by making more jobs available through an enlargement of the fishing fleet, the development of ancillary industries and aquaculture.

Presently a large proportion of Malaysian fishermen earn very low incomes, when compared with other sectors of the economy. The income target is therefore directed towards increasing fishermen's incomes through modernization of the industry.

The last target is aimed at correcting the imbalance existing within the industry where the bulk of investment made is controlled by a small percentage of the population. This has an important bearing upon the income distribution pattern and earnings of fishermen. The aim therefore is to increase the number of fishermen boat owners in the modern sector. However it is realized that not all fishermen can become boat owners even with Government assistance. Hence this last target also includes helping fishermen become part owners of their means of production in the form of equity participation or share holding in fishery projects organized and managed by Government sponsored agencies.

#### 4. STRATEGY OF THE FISHERIES DEVELOPMENT PLAN

Broadly the strategies to be adopted are of two types. Firstly the plan provides for the development of the support facilities and infrastructure needed for the expansion and modernization of the fishing industry. Secondly, it provides for the direct involvement of the Government in the commercial and social aspects of production, processing and marketing of fish. The implementation agencies for the above are the Fisheries Division and the Fisheries Development Authority. The Fisheries Division will be solely concerned with the provision of the supporting services to the industry while the Fisheries Development Authority will concentrate on active involvement in commercial fisheries enterprises with close liaison and coordination between the two agencies. The broad strategies for fisheries development are as given below:

##### 4.1 Broadening the Capital Investment Base

Up to the present, the expansion of the fishing industry has been largely financed by the private sector, which through its own initiative and enterprise has produced rapid progress in particular on the west coast of Peninsular Malaysia. Government efforts and expenditure have been directed mainly toward providing basic infrastructures and other supporting services. As a result, the capital investment base has been lopsided, and economic imbalance created in the industry. The bulk of the investment made in the industry is controlled by a small percentage of the fishing population, and hence the benefits of the technological advance in the industry are not enjoyed by the majority of fishermen especially those in the east coast of Peninsular Malaysia and East Malaysia.

Most fishermen operate small boats with traditional gears, requiring small capital investment, but in the process of modernization, larger capital investment is needed. Such funds are usually not readily available to traditional fishermen. This necessitates the Government playing a more active role in promoting the broadening of the capital investment base of the fishing industry. This can be achieved by using public funds to finance the purchase of boats and equipment, the funds being channelled through supervised credit programmes.

##### 4.2 Deepening the Investment Structure

This area of development covers several aspects, including public investment in modern fishing vessels and equipment for extended fishing operations at significant distances from shore.

To man such boats, well-trained fishermen are needed. Consequently, deepening of the investment structure must also be accompanied by heavier financial commitments to training fishermen and other manpower requirements of the industry.

13. Another significant contribution of Government to the process of deepening the investment structure of the industry would be the construction of modern port facilities, fully equipped to service and handle the increasing number and size of fishing units. With bigger boats, better service facilities are needed. Other supporting facilities like ice factories, refrigeration space, processing plants, etc. should be established to support the modernization and expansion of the industry.

#### 4.3 Developing and Exploiting the Offshore and Distant Water Fisheries Resources

The fishing industry in Malaysia is principally an inshore fishery and indications are that the inshore fisheries resources (with few exceptions) are already fully exploited. The further intensification of effort would definitely lead to a decline in productivity and income. Expansion of the fishing industry has to be seawards to take advantage of the substantial fisheries resources in the offshore and distant water areas of the South China Sea and the Indian Ocean. This necessitates the establishment of a deep sea fishing fleet consisting of modern trawlers and purse seiners so as to exploit the fisheries resources in these areas.

#### 4.4 Providing Support Services to the Industry

Other important support services required by the fishing industry in its programme of modernization and expansion are research and extension. These services are being provided by the Fisheries Division but its scope needs to be widened and deepened to meet the needs of the expanding industry. Through such a service, research findings and other technological advancements made from time to time can be passed on to the fishermen for application.

#### 4.5 Promoting Institutional Activities

The activities considered here are fish marketing, fish export promotion, fish inspection and quality control. It is widely accepted that the fish marketing system in Malaysia is inefficient. This is reflected by the high marketing margins and the high cost of providing marketing services. Competition is far from being perfect. There are few wholesalers and auctioneers in most major fishing centres. Information about fish prices is rarely available to fishermen, and the grading system is very crude and ambiguous. Manipulation during weighing of the catches is a common occurrence. There is therefore an urgent need to improve the marketing system so that fishermen can be assured of a fair and equitable return for their efforts and that consumers do not have to pay high prices for fish. At present, Malaysian fish exports consist mainly of frozen or chilled prawns and a very small quantity of canned fish (tuna).

Because of the lack of a fish inspection and quality control scheme in the processing industry, the export of these products is regulated and controlled by the health services of the importing countries by default. It is time for Malaysia to recognize the fact that the observance of strict health standards in the fish processing industries would boost export of fish and fishery products. To maintain a high standard and a good reputation for quality it is necessary to establish a quality control inspectorate to enforce strict observance standards for the export of processed fish.

With the expansion of the fishing industry, there is a great potential for fish export either in the fresh or processed forms. The bulk of fresh fish exports goes to Singapore. Up to the present, this export has been taken for granted since Singapore virtually accepts any amount of fish that Peninsular Malaysia sends across. In view of the anticipated surplus of fish resulting from the industry's expansion, there is a need for a more effective and comprehensive campaign to promote the Malaysian fish and fish products in overseas markets.

#### 4.6 Developing Ancillary Industries Related to the Fisheries Sector

Ancillary industries related to fishing include ice manufacturing, fishing gear manufacture, boatbuilding and fish preservation and processing. These ancillary industries need to be integrated with the production aspect to avoid bottlenecks which might impede the development of the whole fishing industry.

In a modern fishing industry, ice and refrigeration are very important. At the moment the prices of ice are high owing to monopoly practices among the manufacturers. There is a need to rectify such practices so as to reduce the price of ice and encourage greater use of it among the fishermen. Availability of cold storage facilities at reasonable prices would enable fishermen to store that part of their catch which cannot be disposed of immediately. In this way fishermen would be less vulnerable to low prices and market fluctuations.

A large proportion of fish landed by trawlers consists of trash and inedible fish which could be processed into fish meal for use in animal feed. There is a ready market for fish meal from feed manufacturers in the country as well as overseas.

The manufacture of fishing gears to meet local demand constitutes another step forward in the modernization of the fishing industry. Local manufacture of nets and gears, apart from creating employment, would also reduce the cost of fishing gears to the fishermen. At present there is only one Malaysian-Japanese joint venture company manufacturing fishing nets. With the anticipated expansion of the fishing industry more companies need to be established.

One of the prerequisites for the rapid expansion of the fishing industry is adequate boatbuilding capacity. Because of the lack of technically skilled workmen there are at present very few boatbuilding yards in the country which can construct boats to specification. Inadequate boatbuilding facilities, aggravated by lack of skilled workmen, are indeed providing to be a major constraint in the expansion of the fishing industry. This important aspect of the fishing industry will be reviewed and steps taken to solve the problem.

#### 4.7 Developing Aquaculture

Promotion of inland and coastal fish culture opens up tremendous opportunities for the fishing industry. The increase in production of high value fish, crustacea (prawn and crab and molluscs (cockles and oysters) would contribute significantly toward meeting the requirements of the nation and gaining foreign exchange for the country through the exports of quality products. In Malaysia the main problem faced in developing aquaculture, especially marine culture, is the lack of technical know-how and scientific management. Thus the development of aquaculture, for which tremendous scope exists in Malaysia, would involve considerable investment in research to systematize aquaculture techniques and produce suitable seed material for culture and in the training of personnel. The promotion of aquaculture therefore calls for the strengthening and expansion of research staff and facilities to meet the development needs of this potentially important fishery.

### 5. CONCLUSION

In order to develop a rationalized, well-balanced and viable fishing industry, it will be necessary to coordinate activities at all stages from the primary right up to the second and tertiary levels including the ancillary industries. This includes fishing operations a fleet development, resource exploration and management, supporting infrastructures; handling and preservation of catch, catch utilization and product development; marketing and sales outlets; associated industries, e.g., ice manufacturing, boatbuilding, net manufacturing, ice processing etc.; fishermen's associations, governmental and semi-governmental agencies involved in fisheries and fishery enterprises, and private sector participation both domestic and foreign; the training of manpower at all levels; taxation policy on basic fisheries utilities; and legislation governing the industry. All these aspects are merged in the master plan so as to ensure a smooth and coordinated development of the fishing industry.

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