

THE HONG KONG FISH MARKETING SCHEME

by

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The main primary product of the Colony of Hong Kong is fish. Probably the largest fleet of any fishing port in the British colonies is based here, with an estimated fishing population of some 50,000.

The standard of education among local fishermen is low, and for generations there has been little or no incentive for them to increase production or improve their fishing methods. This was mainly due to the "laan" or middleman system which kept the fishermen poor and constantly in debt.

A form of co-operative marketing enterprise in which the fishermen operated their own wholesale markets was obviously the ideal solution of this situation but in competition with the powerful and well-established middleman system such an enterprise was scarcely likely to succeed.

Therefore, immediately after the re-occupation of the Colony in October, 1945, Government decided to set up an organization to control the transportation and wholesale marketing of all marine fish. The introduction of this Fish Marketing Scheme was the first step in a programme to improve the lot of the local fishermen by providing them with orderly and efficient marketing and transport facilities ensuring that the fishermen would receive a fair return for their produce and so be encouraged to increase production. The Marketing Organization is self-supporting and has been so planned that eventually it may be taken over by the fishermen themselves and run as a co-operative enterprise. Towards this end, a Registrar of Co-operative Societies was appointed in 1950, and the Fish Marketing Organization was placed under his guidance in his additional capacity as Director of Marketing in the Co-operative & Marketing Department.

Legislation.—The Fish Marketing Scheme was originally instituted under Defence Regulations, 1940. In accordance with a number of Orders made under these Regulations, the movement and wholesaling of marine fish (excepting shell fish and marine fish "alive and in water") are controlled. All marine fish landed in the Colony is sold wholesale at Government organized markets.

Administration.—The Organization's administrative staff includes a small group of Government servants. All other staff are paid from the funds of the Organization. The Government servants number 30 and the permanent Organization employees 381. Seasonal fluctuations in fish landings necessitate elasticity of staffing arrangements and temporary daily or weekly-paid workers, sometimes numbering 80 or more, are employed during peak periods.

Four wholesale markets have been established; two on the Island of Hong Kong at Aberdeen and Shaukiwan; one in Kowloon; and one in Taipo, which is the main fishing area in the New Territories, on the mainland. The headquarters of the Organisation is in a building attached to the Kowloon Wholesale Fish Market.

Functions.—The main functions of the Organization are the collection and transportation of fish from Fish Collecting Depots and Posts in the Colony to the four wholesale fish markets, and the supervision of sales and financial transactions.

Briefly, these main functions operate as follows:—

(a) **Collection of Fish.**—A total of nine fish collecting depots and posts have been set up in the main fishing villages throughout the Colony and, from these points, the Organization undertakes the collection and transportation of fish to the wholesale markets. The majority of fishermen like to accompany their own fish to market or have a friend or agent look after it for them, but if they wish they can also leave their produce in the hands of the Organization staff who look after it till it is sold in the market.

(b) **Transportation.**

Land transport.—The Organization owns and maintains a fleet of 15 vehicles which, together with a number of hired commercial lorries, is operated in accordance with daily requirements.

Sea transport.—For fishermen sending in their catches to depots established on some of the islands of the Colony, sea transport services are operated

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by commercial transport companies on behalf of the Organization.

(c) **Sale of Fish.**—At the Markets, the Organization's staff sorts the fish into types and sizes, weighs it and prepares it in suitably-sized lots. The fish is then sold by public auction. Fishermen may collect the proceeds of sales (less a 6% commission charged which covers all the services rendered by the Organization) either directly after sale at the market, or, if they prefer, the Organization takes the money back to their local depot or post for them.

(d) **Transport for Buyer's Purchase.**—When the fish is sold at the markets, the Organization provides free transport to the buyers' place of business in the urban areas.

The sketch plan shown in Appendix "A" gives an outline of the wholesale fish market opened in 1952 at Aberdeen, the Colony's main fishing village on the Island of Hong Kong. This market has a large covered auction area of approximately 30,000 square feet, and the long water-front is provided with adequate landing facilities and equipment. Numerous services are also provided in the Aberdeen Market and these include a canteen for the use of fishermen, buyers and market staff; rest rooms for fishermen and buyers; accommodation for those members of the staff who are required to be in the market for the early morning auction; and a cold store with

a capacity for some 250 tons of fish. The lay-out of the market provides for economy as well as efficiency.

An important and popular feature of the market is the provision for the sale of fuel and lubricating oils. The Asiatic Petroleum Co. has erected two large oil storage tanks on the hillside immediately above the market and the oil is piped to a convenient delivery point in the market. Owners of mechanized vessels are particularly appreciative of this service as it saves them many hours of turn-round time, it having previously been necessary for them to go to oil installations in Hong Kong Harbour.

Finance.—As stated above, the Organization is self-supporting. The costs of all services are met from the 6% commission charges.

In 1945, at the inauguration of the scheme, the Organization received from Government two separate loans of HK\$ 50,000 each. These were repaid in June, 1946. The Organization is in a sound financial position. Even if Government subsidies in the way of the small supervisory staff were taken into consideration, it would still be able to pay its own way.

The analysis of expenditure for the financial year 1953/54 may be of interest. For purposes of easy comparison, the figures have been rounded off:—

Total value of fish sold		HK\$ 44 900 000
Income from commission		HK\$ 2 691 000
Income from sales of supplies		29 800
Income from sundry items		82 300
Total Income		2 803 100
<i>Expenditure</i>		
Salaries and allowances	63.99%	
Rent and rates	2.84%	
Printing and stationery	3.17%	
Light, water and telephones	1.1%	
Maintenance of building	1.19%	
Transport and travelling	13.31%	
Baskets and Tubs	2.5%	
Incidentals	1.46%	
Education	2.14%	
Insurances	1.4%	
Sundry loss	.1%	
Depreciation on capital	6.8%	
	100.00%	
		2 307 400
Surplus		HK\$ 505 700

The Organization's accounts are subject to independent audit by a firm of commercial auditors.

Trading and Progress.—From the figures given below, it will be noted that local landings of marine fish have more than doubled since 1947. This is an outstanding achievement, and is due in no small measure to the fact that efficient marketing and transport facilities have helped to provide the local fishermen with the necessary incentives to increase production.

are making determined efforts to find new outlets and there has been an encouraging increase in the export of salt fish during last year. The main overseas markets are now Singapore, Formosa, Macao, Indonesia, Siam and the Philippines, and there is now every indication that the U.S.A. will also become one of our main export markets.

Prices.—By far the greater part of fresh fish consumed in the Colony is inexpensive. Over 95% of fresh fish sold through the Organization last year

	Fresh Fish		Salt Fish		Total	
	Piculs*	Value†	Piculs*	Value†	Piculs*	Value†
1945 (3 months only)	4 184	382 664	40 704	2 813 651	44 888	3 196 315
1946	31 998	3 120 457	211 559	18 476 431	243 557	21 596 888
1947	44 418	3 355 513	189 272	11 166 576	233 690	14 522 089
1948	121 818	8 651 356	246 368	11 941 515	368 186	20 592 871
1949	181 817	17 689 029	270 626	18 740 369	452 443	36 429 398
1950	275 948	24 414 750	237 912	13 873 411	513 860	38 288 161
1951	371 924	30 424 349	134 682	8 697 688	506 606	39 122 237
1952	443 199	30 080 433	135 306	7 537 428	578 505	38 517 861
1953	418 590	33 615 385	109 594	8 060 969	528 184	41 676 354

Prior to the Korean War, there was a large market in China for the low and medium grades of salt/dried fish; some 60-70 per cent of the total quantity of salt/dried fish sold in the Colony was exported to China. In June, 1950, however, the Chinese authorities imposed an embargo on imports of salt/dried fish from Hongkong and, in February 1951, the Chinese Customs Control was tightened up to such an extent that exports to China ceased completely.

This embargo is still in force, but local dealers

had a wholesale price of HK\$ 1.10 per catty or less. The more expensive fish (wholesale price of HK\$ 1.61 per catty and more) includes Garoupa, White Pomfret and other types of luxury fish, which form only 2.52% of the total catch, and are mainly in demand by the wealthier classes.

It is significant that the wholesale prices of both fresh and salt/dried fish, given below, have not increased in conformity with the general increase in the cost of living:—

	Fresh Fish Average Price— HK\$ per picul	Salt Fish Average Price— HK\$ per picul
1945 3 months	91.50	69.10
1946	97.50	87.30
1947	75.50	59.00
1948	75.00	48.50
1949	97.30	69.30
1950	88.50	58.30
1951	81.80	64.60
1952	69.90	55.70
1953	83.01	73.55

* 100 catties = 1 picul = 133.33 lbs.

† HK\$ 1.00 = 1s. 3d. sterling.

Ancillary activities—Supplies to Fishermen.—As an additional service and for the convenience of the fishermen, the Organization maintains a Supply Section for the purpose of making a number of basic and necessary supplies available for sale at depots, posts and markets. These supplies include rice, ice, fish hooks, drinking water, diesel fuel oil and lubricating oil.

Loans to Fishermen.—In September, 1946, a loan of HK\$ 250,000 was received from Government for the purpose of establishing a revolving fund from which to issue loans, at low interest, to fishermen for productive purposes. This loan was completely repaid in April, 1949, and the Organization now operates its own revolving fund.

Since 1946, this fund has revolved many times and to date 1,990 loans amounting to some HK\$ 1,250,000 have been granted, of which over HK\$ 1,000,000 has been repaid.

An encouraging and important development towards financial independence among local fishermen was the registration of the first Fishermen's Thrift and Loan Co-operative Society in September, 1952. The establishment of this society caused much interest, and its development was carefully watched by fishermen all over the Colony who, by nature, are extremely conservative and cautious in adopting new ideas.

The progress made by this first thrift and loan society was most impressive and a total of 17 such societies are now registered.

Education.—Education plays a large part in the welfare programme of the Organization, and there are now over 1,000 fisher-children receiving education at schools wholly or partially financed by the Organization.

Conclusion.—In Hong Kong, Government took the initiative by providing legislation which, while it gave the producer protection and a greater incentive, instituted an element of compulsion as to how he should dispose of his catches. It is, however, within this frame-work that co-operative societies will eventually be formed and, as the Organization achieves an ever greater extent of co-operation, it will be possible for Government to withdraw gradually from the scheme.

It is emphasised that this scheme was adopted to meet the particular needs of this Colony. However, it is thought that the principles of the scheme might be applicable to many other countries in the Far Eastern region, although operational practices would have to be modified in accordance with local circumstances.

