

# 11 Sitting on the Docks: The SPS Agreement and the Fish Industry in Uganda

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## **Background**

Uganda is a low-income, trade and aid dependent country in sub-Saharan Africa. Exports (primarily traditional items such as coffee, tea and cotton and non-traditional items such as fish and fish products, electricity, horticultural products and vanilla, plus remittances) are 10 per cent of gross domestic product (GDP) while imports (manufactures, equipment and machinery) are about 20 per cent. It is a predominately agricultural-based economy that is self-sufficient in food and has a relatively small but growing manufacturing sector. In an effort to widen its export basket and ease the burden of its chronic trade deficit, the country has been seeking to shift from traditional exports into dynamic primary and higher valued exports such as horticulture and fish and fish products.

The 1980s saw Uganda taking ‘unilateral measures’ to reduce tariffs and remove other trade restrictions. It was ‘persuaded’ by the World Bank and International Monetary Fund (IMF) to take such liberalisation measures and to adopt programmes for further liberalisation as a condition for receiving assistance under structural adjustment programmes. Therefore, trade and market liberalisation were established under these programmes in the 1980s and 1990s. This has been followed by diversification of agricultural crops with the aim of ensuring that producers have a variety of low and high value crops for export.

Uganda has been increasingly involved since 1994 in the Multilateral Trading System (MTS) as a response to the Final Act of the Uruguay Round. The Government is also engaged in a series of legal and institutional reforms not only to implement its commitments under the MTS but also to take advantage of the opportunities created by the system. The most important perceived advantage is the understanding that countries will have access to big markets created by reductions in tariff and non-tariff barriers. However, the country is also required to abide by specific trade rules, as this case study illustrates.

Provision of effective information for improved market access is a major priority in the country’s efforts to modernise agriculture and improve its

industrial base. This study shows that different market access challenges are faced by female and male producers and exporters in terms of information, technical assistance and capacity building. These are embedded in the social, political and economic aspects of the macroeconomy, which are influenced by the way international trade agreements are implemented.

## **The fish sector**

Uganda has substantial fisheries resources. Fish and fish products are among the youngest national export industries, having emerged in the early 1990s, but have grown to be the largest contributor in the non-traditional export sector, accounting for 12 per cent of the country's exports in 2007/2008. The major markets are the EU, Far East (Japan, Australia and Singapore), Middle East (United Arab Emirates and Israel) and the USA. The main exports to these markets are fillets (processed fish), while most whole fish (smoked, salted) are exported to neighbouring countries such as Burundi, Democratic Republic of the Congo, Kenya, Rwanda and Sudan). Fish by-products (fish maws) are mainly exported to Hong Kong and China. It is estimated that the sector provides direct and indirect employment for over one million people.

## **The imposition of SPS standards**

Between 1997 and 2000, Uganda experienced three bans on fish exports to its most lucrative market, the EU (to which 95 per cent of the fish exported is fresh). The bans were a result of higher SPS standards developed by the EU relative to international standards. Export earnings fell to a low of US\$24 million in 1999 as the landed price was reduced to approximately US\$700 (US\$0.50) per kg. Overall, the bans generated a loss of over US\$36.9 million (Sengendo and Tumushabe, 2005) and had widespread effects on the fishing community.

There was reduced economic activity in processing plants, where women were employed to fillet the fish, among agents of exporters and among male fisherfolk who could not sell their catch. Three out of 11 fishing factories were closed and those that remained open operated at 20 per cent capacity. Overall, this resulted in a reduction of the labour force in the sector by 60–70 per cent. According to an FAO report, around 100,000 people involved in various fishing activities – including fisherfolk, fishmongers and transporters of fish – were negatively affected by the ban, with 32,000 unable to find alternative employment, except at less than one-third of their normal earnings. Families and other dependents of these directly employed people were also affected.

In addition, the bans had a spin-off effect on related industries such as

packaging, fishnets and transport and on the economy in general. Legislative reform, additional infrastructure development through technical assistance and increased investment in the sector by exporters had to be undertaken to meet EU standards, as well as a number of other changes (see Box 11.1).

### **Box 11.1 Meeting the SPS requirements in Uganda**

Changes in the fish sector undertaken to meet the SPS requirements included the following:

- Introducing insulated fish collection boats/vessels to collect fish from the islands;
- Upgrading the landing sites with cold facilities and appropriate sanitation measures;
- Introducing insulated/refrigerated trucks for the transportation of fish;
- Development of another cold store at the airport (adding US\$0.03 per kilo on handling fees to pay for this facility);
- Development of other cold chain facilities;
- Redesigning and construction of processing plants to suit the HACCP system (ceilings, walls, flow of water, workers' rooms, uniforms, stainless steel equipment, etc.);
- Establishment of laboratories at the processing plants, as well as independent ones (US\$80 is charged per test and this costs companies up to US\$15,000 per year for testing for pesticide residues);
- Development of Hazard Analysis Critical Control Points;
- Training of factory personnel in HACCP, critical management points and good hygiene practices;
- Improvements in record keeping and document control.

These new requirements increased the costs of investment in the sector and led most local exporters to abandon the trade, thus leaving it largely to foreign investors with companies in the importing countries. Where technical assistance was provided in terms of training, the capacity built was minimal as it was limited to just a few people, who then ended up being employed by the foreign companies.

## Impact of changes in trade policy on women

Apart from the general employment impact on women as direct employees, the welfare and livelihood of their families and household members were negatively affected by the ban. The changes that were necessary to become EU compliant made it difficult for women and other small-scale business entities to survive. A case study of fisheries on Lake Victoria highlights the following:

- Almost all the small-scale fishmongers and processors were traditionally women.
- They had developed relationships with particular fishermen, from whom they purchased fish.
- They had special markets in which they sold their fish.
- Since factories have taken a larger share of the catch, relationships with fishermen have been severed.
- Fishermen are under contract to supply factory agents.
- The availability of fish for fishmongers is gradually declining; the alternative is factory waste and fish bones.
- Domestic fish consumption has fallen, as fish exports have driven prices up beyond the means of local people, leading to concerns about food security in terms of the availability of fish protein.
- Women are taking greater risks travelling at night to purchase immature fish in order to survive, and poor fisherfolk in general take greater risks fishing at night to dodge soldiers.

(International Gender and Trade Network, 2007)

Sengendo (2005) notes three critical factors that affected women's ability to rebound from the economic contraction generated by the SPS ban on fishing: asymmetry between women and men in access to information on market conditions and requirements (including high search cost for market information that women experienced); differences in utilisation of market information between women and men; and access to technical assistance.

In terms of informational asymmetry, Sengendo (2005) notes that the institutions for generating and disseminating market access information both in the public and private sector are scattered and lack proper coordination. Although a wide array of information is available from different providers, the public institutions responsible for disseminating it are both

centralised and highly bureaucratic. Many of these institutions, such as the Uganda Export Promotion Board, are located in Kampala and have no up-country offices or outreach programmes. Producers and exporters seeking information encounter considerable delays and increased transaction costs in the process. Moreover, dissemination methods do not take into consideration the different needs of women and men that result from the differences in the tasks they undertake.

In terms of differences in access to and utilisation of market information, it was noted that most market information was obtained through verbal communication during the process of selling fish. However, in discussion groups, women who dealt with fish processing and smoking indicated their desire to receive the information via the radio. As one explained, 'We can even listen to the radio while at home instead of coming over all the time even when we don't need to'. Most of the women had radios in their homes and radio was the medium they were used to. Male fisherfolk also agreed that radios would be the most appropriate channel, followed by verbal communication, although men also said that they did not have time to listen to the radio.

In terms of technical assistance, the study found out that at least 45 per cent of fish providers have never accessed any technical assistance to help them in their fishing activities. In fact, a sizeable number of fisherfolk lacked knowledge of standards and were experiencing rising fish losses. Male fisherfolk felt that these losses should be solved in the traditional way, which was through cultural consideration of the right time to fish. Because of the bans, there had been changes in the space and labour used for fishing. Although labour for fishing in the lake used to be provided by men due to cultural taboos and perceptions, women increasingly participated in the aquaculture activities that were undertaken as an alternative fishing production approach.

Female fisherfolk also requested more market information that would help them in identifying set prices. Both female and male fisherfolk identified two problems with the current fish prices: that they were low and that they fluctuated. These problems were caused mainly by the large amounts of un-marketed output (40.9%) and lack of market information (22.7%). In addition, the women wanted loans, while the men wanted more security and rain jackets.

### **Measures to help women and men deal with policy changes**

The changes in the fisheries sector led to the setting up of community-based institutions such as beach management units that worked as channels for

increasing participation of male and female actors who used to be left out of decision-making about sanitation, health and clean environment around the fishing and landing areas. Women also used such initiatives to participate in decision-making on strategies to address the income and labour use that had been lost due to the ban.

In addition, women mobilised institutions in other ways to respond to their needs and those of their families. An example is the Katosi Women's Fishing and Development Association, formed in 1996 by eight women fisherfolk. The Association has grown to more than 50 members and includes six other women's groups established at parish level (Yawe, 2006). Such mobilisation has enabled the Association to form a trust. It has played a role in skills development to support women's participation in the value chain for fish. This required changes in perceptions of women's roles in fishing, a task which the Association has successfully focused on.

The members manage a group fishing business with four motorised boats and have built their capacity through business and enterprise management training. They have responded to technological innovations that support SPS measures by having ice container boats and fishing gear. They have also devised strategies to address cultural limitations to women's participation in fishing by hiring men in cases where fishing has to be done in deep waters.

Women's response to the fish ban also included diversifying their businesses to include cattle rearing, poultry, tailoring and other activities. They have continued to work on such diversified businesses even after the lifting of the ban, and the income from the fish business is put into a revolving fund that members can utilise (Yawe, 2006). Members have been empowered in ways that have enabled some of them to occupy leadership positions that they use to advocate for women's concerns and interests to be priorities in the fishing business and other fields of development.

## **Lessons learned**

Uganda must invest in SPS capacity and the associated knowledge infrastructure. Institutional mechanisms for gender-responsive planning and implementation are available in terms of a national gender policy, capacity building for key ministries, including planning and finance, and civil society organisations dealing with the economic empowerment of the poor. However, the practical integration and mainstreaming of gender in trade-related aspects remains a challenge in the work of officers responsible for this, because of perceived problems of combining gender with economics at macro, meso and micro levels. Participation of female and male representatives of the private sector, academia and civil society in the preparation of national

positions in the MTS negotiations has been limited, although that was possibly the best place to ensure the integration of gender concerns in the negotiations. In terms of the inclusion of women and men in consultative efforts and co-ordination of trade policy-making, some progress has been made with the formation of the Inter-Institutional Trade Committee (IITC). However, the process of constituting this as a national trade policy co-ordination body is hampered by the same limitations.

Female and male producers and exporters require market access information that can help them make relevant and reliable production and export decisions. While there are similarities in the market access information needs of female and male producers and exporters, differences exist in the ranking of priority needs. Whereas male producers search for and demand information on improved seeds and organic certification that link directly to the requirements of the international market, female producers consider information on production skills as their immediate and priority concern. This difference can be attributed to male producers' exposure, as they are usually the ones involved in training and information dissemination on new issues in trade.

Local intermediary centres acquire information from international sources. They then pass it to their clientele, who are the appointed focal points, projects and private organisations. The focal points are mainly public institutions appointed by the WTO, UNCTAD and IITC. They include the government ministry in charge of trade, the business community, academia, the National Bureau of Standards, and the ministry in charge of agriculture. These institutions acquire, store and disseminate information to private and public institutions, and researchers. The Ministry of Agriculture, Animal Industry and Fisheries provides information on fish products. There are also some stand-alone projects that support private sector organisations and operators.<sup>22</sup> While these also target producers and exporters, some face constraints due to the cost of dissemination to rural areas.

While public bodies indicate that they attempt to supply information on a wide range of categories, the level to which they can supply most information types – particularly market information and regulations – is limited. In general, there is a need to build and strengthen partnerships between public and private sector information providers. This would encourage efficiency in information generation, repackaging and dissemination to producers and exporters. In addition, in order to ensure co-ordinated and coherent interventions to address the various limitations on the market access information chain, Uganda needs to move rapidly to put in place a national export policy which should articulate in concrete terms the gaps in current market access information.

Furthermore, due to the political economy of the MTS, the Government needs to build strong alliances with civil society advocacy organisations. The IITC is therefore a welcome idea, although there is still much which needs to be done. It is through such alliances that collective action can be brought to bear on WTO member states to implement the in-built agenda on agriculture and services and make technical assistance to developing countries a priority.

While at first the EU-imposed standards were considered in a negative way by actors in the fish value chain, the technological innovations that were undertaken to respond to the situation helped to improve Uganda's fisheries sector (Kiggundu, 2006). The sector has continued to utilise and benefit from these technological improvements.

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