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A Competition Study in The Fishery Sector in Cambodia

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Abstract:

Fishery plays an important role in supporting rural livelihoods throughout Cambodia and economic development. The development of the fishery sector, despite its huge potential, however, is being hindered by some constraints on the competitive process therein, caused mainly due to the inappropriateness of the existing regulatory framework, and the bureaucratic and cumbersome governance structure, aggravated by corruption and other private rent-seeking behaviours. This paper attempts to examine the competition concerns in the fishery sector in Cambodia. It is mainly focused on the competition concerns that affect two major part of the industry: fishery catch and fishery trade (domestic and overseas trade).

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A Competition Study in the Fishery Sector in Cambodia

1- Introduction

Fishery plays an important role in supporting rural livelihoods throughout Cambodia, especially those who live around the Tonle Sap Great Lake¹. About more than 1 million people around the Lake depend on its fish resource for employment, income, and food security. With large surplus of fish caught during peak fishing season, fish trade and export is critical to income growth in the sector. Presently, fresh and processed fish are traded widely within Cambodia, exported in significant quantities to neighbouring countries, and in some cases, exported to more distant markets.

With an inland fish catch of more than 400,000 tonnes per year, Cambodia's fishery sector has been identified by the government as an important sector for export promotion. The sector encompasses extensive freshwater fishery within floodplains, river and lakes; marine fishery; rice field fishery; and some aquaculture. Freshwater fishery of Cambodia alone probably contributes more to national food security and the economy than such fishery does in any other country in the world. The annual catch ranges between 290,000 tonnes – 430,000 tonnes, which is the fourth largest in the world.

The development of the sector, despite its huge potential, however, is being held back by some constraints on the competitive process therein, caused mainly due to the inappropriateness of the existing regulatory framework, and the bureaucratic and cumbersome governance structure, aggravated by corruption and other private rent-seeking behaviours. This is because fish is a natural resource and may be easily affected and become extinct if not taken care of and/or given high consideration. Thus, it is necessary to have the government as a regulator in this case, especially via laws and provisions, which regulate the fishery activities in such aspect as when, where and how, and what fish is allowed to be

¹ The Tonle Sap (meaning *Large Fresh Water River*, but more commonly translated as *Great Lake*) is a combined lake and river system of huge importance to Cambodia. It is the largest freshwater lake in South East

caught and etc. On the other hand, some clauses of the laws and regulations adopted were found to have restrained competition in the sector, especially for those who wish to do fishery business. While there is uncertainty of the laws and regulations, fishermen and fish traders/exporters are also faced with a number of other challenges that include corruption and the lack of financing support, which in return, adversely affects competition in the industry.

This paper attempts to examine the competition concerns in the fishery sector in Cambodia. It is mainly focused on the competition concerns that affect two major part of the industry: fishery catch and fishery trade (domestic and overseas trade).

2- Competition Concerns in The Fisheries Sector

2.1. What is competition?

Competition is the foundation of an efficiently working market system. According to Adam Smith, competition is the precondition that protects freedom of decision and prevents actions of self-interested individuals from leading to anarchy or chaos but rather to economically optimal, socially fair and desirable market results. In order for the competitive process to run smoothly, there must be free market entry and exit, transparency of the market, freedom of trade and contract, consumer's ability and willingness to be informed about transparent markets and consumer and producer freedom in decision-making, etc.

Very often, these pre-requisites are not well met in developing countries and the least developing countries alike. In most developing and least developing countries including Cambodia, the markets are severely distorted due to the monopoly by the state in some business sectors and government interference such as price control and restrictive laws and regulations as well as difficult and complicated procedures to apply, which in turn limits the free flow of goods into the market. This in turn affects consumers' freedom of decision-making in situations where basic needs are not guaranteed and the only goal is to survive. In Cambodia where many people still live below the poverty line, it is clear that these people can hardly exercise their 'right to choice'.

While the economic climate in Cambodia is not favourable for competition to perform its functions, anticompetitive practices have become more prevailing. As Cambodia has, and

Asia and is an ecological hotspot that was designated as an UNESCO biosphere in 1997. (According to http://en.wikipedia.org/wiki/Tonle_Sap)

continues to, become more integrated in the international economy, the number of threats from external actors to competition in their markets is also increasing.

2.2- Fish Catching (Fishing)

Fishery issues are the most sensitive in Cambodia, probably second to only forestry. This is because the sector provides employment, generates incomes and ensures food security, but is easily affected if it is overused and not well taken care of. Thus, the government not only need to adopt laws and regulations to manage and control the fishing activities, but also has to abide by the international rules and procedures in order to sustain this resource. This also requires the government to establish effective institutions to prevent anarchic and destructive developments and to use the resource in a sustainable manner.

Factors that hinder competition in the fishery sector include: the ambiguity of the fishery law and that of other regulatory frameworks that classify the fishermen and limit access to the fishing domain, the types of fishing gears, types of fish to be caught, and when/where/and how to fish and etc. In addition, fishermen and traders/exporters lack financing support and technique to preserve the quality of fish and they have to overcome a number of challenges such as corruption and other unnecessary requirements.

2.3. The Legal and Regulatory Framework

Cambodia is now a member of the World Trade Organisation, as well as the ASEAN Free Trade Area (AFTA). As a member of these regional and international organisations, Cambodia strives to open and promote its market economy and to improve and vigorously implement governance systems to send a positive signal to trade and investment partners. Article 56 of the current Cambodian Constitution stipulates that the country adopts a market economy system. However, it states that the preparation and development of this economic system shall be determined by the law. Article 61 of the Constitution also states that the State shall promote economic development in all sectors and remote areas, especially in agriculture. Article 62 also points out that the State shall pay attention and help solve production matters, protect the price of products for farmers, craftsmen, and find marketplace for them to sell their products. According to Article 63, the State shall respect market management in order to guarantee a better standard of living for the people.

Concerning the fishery industry, the Royal Government of Cambodia has a policy of centralisation and commercialisation of all fishery resources. Fishery domains are the state property. At the central level, the Fishery Department awards concession right regarding fishery resources to various companies/enterprises. The fishery law of the People's Republic of Kampuchea,² whose most parts are copied from a very old law adopted in 1954, is still being used today. Recently, the Council of Ministers of Cambodia has revised this law and it is now waiting for approval of the National Assembly. Despite so, it is still not a good law, admitted Touch Sieng Tana, member of Expert Team on Economic, Social and Cultural Observation (OBSES), Office of Council of Ministers, during a phone interview conducted with him on 15 February 2006. "The law was revised by the same people who lack scientific knowledge about fishery and its problems," said Tana.

There are three (03) types of fishing activities in Cambodia, according to the new draft law: family-scale/subsistence, medium-scale/artisan and large-scale/commercial fishing. The draft law makes provision for "family scale" (subsistence) fishing, which is distinct from medium scale and commercial scale fishing activities. The definition of "family scale" fishing is based on the type and size of fishing gear used. Family scale fishing is not licensed and family scale fishing gear can be used all year round throughout the fishery domains (except in the 15 classified sanctuaries). It is important to emphasize that this includes inside commercial fishing lots - in special areas designated as "set aside" for people during the open season, but throughout the commercial fishing lots during the closed season. However, privatisation of most of the national inland fishery has brought "family scale" fishermen into conflict with commercial lot operators, who, in spite of the law, prevent subsistence fishermen from accessing the resource through intimidation, violence and false imprisonment.

There has also been a bias when it comes to actual fishing activity. According to the draft fishery law, the family-scale fishermen can operate all time round in any places including commercial fishing lots despite in closed season. However, the commercial fishery enterprises can operate in the fishing reservoirs and industrial fishing can do so, except closed season, in the fishing lots.

² People's Republic of Kampuchea (a calque of [People's Republic of China](http://en.wikipedia.org/wiki/People's_Republic_of_China)) – was the official name of Cambodia under the rule of the Vietnamese-sponsored government from 1979 to 1989 (According to <http://en.wikipedia.org/wiki/Cambodia>)

Medium-scale and large-scale fishers are limited to 8 or 9 months of fishing per year usually from 1 October to 30 June.³

Fishing gear

As a food staple, fish represents about 70 percent of Cambodia's animal protein intake, with consumption estimated at about 30 kilograms per person (Infofish 2000). Cambodia's fishery laws and other regulations governing the fisheries have restricted fishing activities including fishing gears and types of fish and imposed other requirements and conditions which make fishers hard to catch fish to supply to the market. As in turn, it affects fish price in the market when the supply is lower than the demand. According to the fishery law, not any types of fishing gear are allowed as this can destroy the fish population. Allowable fishing gears are classified and permitted for use according to the types of fishermen. All fishing gears permitted in the fishery domains must be declared legal by the Ministry of Agriculture. The fishery law, the land law and the forestry law prohibit private property rights in the fishery and forestry reserves. Allowable fishing gears include drop net of less than 5 metres, scoop net with an opening of less than 2 metres, spear, harpoon, etc., all of which have been recognised since the French Protectorate regime.

Medium and large -scale fishers are required to get a permission letter and submit their request which clearly states the type and size of fishing gears, location and time for fishing. There are few restrictions on the type or size of fish both fishers can catch.

Fishery Bidding Process

Fishery business is a bit risky. This concern is related to the bidding process involved. Article 7 of the Sub-Decree on the Lease of Fresh and Sea Fishing Domains for Fishery Business issued by the State of Cambodia in 1989, which is in force now, says that one time of bidding for fishing lot allows for two-simultaneous season fishing operations and the rent fees for the first and second seasons shall be of the same amount. This means that the bidder would pay the first and second season operations the same amount of rent fees to the State. The regulation also prevents more than one biddings. Article 13 of the same sub-decree stipulates that anyone who wins the temporary bidding is not allowed to place other bidding for the other fishing lots. The sub-decree also prohibits full possession by the bidder. Article 17 points out that a winner can lease a number of parts of the lot whose fish products, which

are less than 50 percent of the whole lot through contract. The above lease does not allow for any bidding form.

The conditions and restrictions contain in this bidding regulation prevent competition in the free bidding process. However, they prevent sole monopoly in the fishery business by providing rooms and opportunities for more bidders. As a result, this will facilitate free flow of goods into the market with competitive price.

Management of Community Fishery

Another concern may be related to the Royal Sub-Decree on the Management of Fishery Communities. In 2000, the fishery sector was reformed. After a long clash and disputes between the people and fishing lot owners, the Prime Minister, in October 2002, decided to allocate some fishing domains for local fishing communities. A fishing lot area of 536,302 ha, which is 56.23 per cent of the total fishing lots areas, most of them are in or around the Tonle Sap Great Lake, has been allocated to local fishing communities to do family-scale fishing. However, NGOs working on fishery issues complained that the allocated areas are not productive enough.

There are now some 360 fishery communities established across the country. Community fishery is a new system under the fishery reforms programme and part of the government's poverty reduction strategy. The Sub-Decree on the Management of Fishery Communities aims to manage sustainable fisheries resources and ensure the equal division of fishery resources to the people.

Many fishery communities were established, most of them by the Provincial Fishery Office, some with the involvement of NGOs and aid agencies, and some by local groups including former fishing lot owners and local elites. These communities represent a wide range of scenarios, and differ from each other. They are developed, supported or facilitated by a large number of organisations in an uncoordinated manner. Different methods and incentives are used to organise the groups with different goals and objectives for management. And there is different interpretation of the role of community management. The fishery communities facilitated and supported by NGOs and aid agencies function significantly better than those organised by solely fishery authorities. Some communities organised by powerful groups, former fishing lot owners and local elites become completely destructive and only serving the interests of a few at the top of the management structure.

However, there are certain provisions in the Sub-Decree on the Management of Fishery Communities, which are quite restrictive in nature, especially regarding community membership, members' activities and the activities of the community commissions. Article 9 of the sub-decree stipulates that one individual can be only a member of a community in which he or she lives. Though the sub-decree aims to sustainably manage the fishery resources, the members of a community and the community commission have no role, duty and rights to safeguard their community fishing domains when illegal fishing occurs. They can only cooperate with and ask for the intervention from the relevant fishery units. Only the fishery department has a role and duty to prevent and suppress the fishery offences in the fishery communities. Inviting fishery officials (to deal with the problem) could mean inviting them to get a bribe and those who give report would be in trouble.

While the community fishing boundaries have not been clearly marked, which makes enforcement difficult as encroachment usually occurs inside the community fishing area, the Sub-Decree on the Management of Fishery Communities makes no distinction of interest of those who are members of the community and those who are not, either. Being a member of a community, one is tied within the rules and regulations, while not being a community member, you are free to fish. To make matters worse, Article 14 gives the non-community member the rights to use the resources in the community fishing area. This same article also provides for non-members to have the rights to leave, enter and use the fishery resources in the community fishing area in accordance with the community's statute, internal regulation, etc.

Local communities at the early stage welcome the initiative for community-based resource management. But this interest was later exhausted due to the unrealistic nature of ownership, benefits and poorly legal supports. In community fishery, people experienced increased fish catch in the early stage, which later decreased due to increased destructive fishing activities in the fishing grounds, by particularly electrocuting and large scale fishing, using long fishing nets with small mesh size.

2.4- Competition Concerns in Fishery Sales

Constraints in Domestic Sales

- Lack of financing support and market information

Thirteen of the twenty one provinces of Cambodia are considered fishing provinces and more than 3 million Cambodians, about 25 percent of the population, live in the six provinces bordering the Tonle Sap Great Lake. The fishery industry seasonally employs an estimated 140,000 persons, not including the tens of thousands of families who subsist on fish and other aquatic resources.

Across Cambodia, most fish are marketed from landing sites located at floating villages or harbour points around the Great Lake and along rivers. Fish are sold live in water-filled metal containers, fresh on ice, and in a variety of processed products. For much domestic trade, retailers purchase fish from traders or go to landing sites to buy directly from fishers. However, distribution centres play an important role in fish trade to urban areas, especially to Battambang and Phnom Penh.

Fresh and processed fish are traded widely within Cambodia, with the majority of trade originating at the Tonle Sap Great Lake. Fish marketing involves a number of steps and challenges including storage, handling, aggregating enough for a shipment, transportation, negotiating sales, and maintaining quality.

Fish marketing involves three main transactions: sales from fishers to traders, from traders to retailers via distributors, and from retailers to customers. Small-scale fishers also sell directly to customers.

There is quite a number of competition constraints vis-à-vis all phases of fishery sales. Very often, fishermen are forced to sell their fish at lower or discounted prices because they are in debt to fish traders. Fishermen borrowed money from traders to buy fishing gears and other stuff. Fish traders also are in debt to fish distributors who lend them money to support fish purchases and trading activities. This market structure supports a stable fish supply for trade, but the problem of credit dependency places fishers and (to a large extent) traders at a disadvantage.

Fishers are usually placed in a poor position when it comes to price negotiation due to a lack of market and price information. They mostly rely on knowledge of the previous day's fish price, "word-of-mouth" information on prices from other fishers, and some understanding about the day's catch levels in the area. "They usually do not have access to information about how prices at distribution centres and retail markets may have changed since the last time they sold fish," according to a study by CDRI (Yim and McKenney 2003).

In contrast, traders, who build regular contact with distributors by I-com or telephone about day-to-day changes in prices and fish demand at markets, have gained advantage in price negotiations with fishers. They usually offer a flat price for fish, sometimes regardless of different fish species and sizes.

- Monopoly in distribution

From Traders to Retailers via Distributor: Fish distribution centres play an important role in fish trade to urban areas. For trade to Phnom Penh, municipal regulations intended to relieve traffic congestion require fish trucks to stop and sell fish at licensed fish distribution centres a few kilometres outside the capital. This regulation ultimately places fish traders at the mercy of some virtual monopolies in the fish distribution sector. For example, in Phnom Penh, only three licensed distribution centres are legally allowed to deal in fish transported from the Tonle Sap Great Lake. Specifically:

- (i) Chrang Chamres, which is 9 km north of Phnom Penh, deals in fish transported from Great Lake through National Road 5. Here iced fish transported from Great Lake is distributed through 19 distribution shops owned by 18 distributors (Yim and McKenney 2003);
- (ii) The Phnom Penh fish distribution port with 22 shops, located 11.5 km north of Phnom Penh along Tonle Sap River, deals in fish transported by waterway from the Great Lake; and
- (iii) Fish transported along National Road 1 is distributed through 10 shops at Chbar Ampov, which is south of the capital.

No other fish distribution facilities are legally allowed to operate in these areas. Nonetheless, there are several smaller unlicensed distribution facilities, which charge less than the licensed ones and offer better services. While the authorities close their eyes for unlicensed to operate, they punish traders who do not use the licensed facilities. Some traders were said to have received warning that they would be fined if they used unlicensed facilities. Trading activities, therefore, remain limited.

At the distribution centre, fish are unloaded and sold to retailers. Distributors typically work with about 15-25 traders (Yim and McKenney 2003). Distributors, who lend money to traders for fish purchases, provide services such as labour to unload trucks and sometimes assist traders in price negotiations with retailers. As financially tied to their business, traders

agree to supply fish exclusively to the distributor with a verbal agreement that traders will pay the distributor a “commission fee” on each sale of fish to retailers. These fees are typically set at R100/kg (\$0.025/kg) for fish priced lower than R2,000/kg (\$0.5/kg), and R200/kg (\$0.05/kg) for fish priced higher than R2,000/kg (Yim and McKenney 2003). But some distributors set the price line somewhat lower than R2,000/kg and others higher.

In addition, traders have to pay to distribution centre owner a 3 percent fee on all sales (3% of sales at Chrang Chamres and Chbar Ampov and 5% of sales at Phnom Penh fish distribution port). In total, traders are paying about 10 percent of total sales revenue to distributors and the distribution centre owner (6-8 percent to distributors for their financing and services and 3 percent to distribution centre owner). For one tonne of fish sold at a price of R1,500/kg (\$0.38/kg), traders would receive \$380, but need to pay \$25 to the distributor and \$11 to the distribution centre owner, fees equal to almost 10 percent of the sales revenue. For one tonne of fish sold at a price of R2,500 (\$0.63), traders would make \$632, but need to pay \$51 and \$19 respectively, fees equal to 11 percent of the sales revenue.

Traders complain that these fees (fees paid to distribution centre owner) are much higher than those charged by informal distribution facilities operating in the area. For example, traders pay an average fee of about \$22 per tonne on sales made at Chrang Chamres, but unlicensed facilities nearby only charge a nominal parking fee of R3,000-R5,000 (about \$1) per car or pick-up truck of fish. Chrang Chamres and unlicensed facilities offer similar services such as water, electricity, concrete areas for trade, and labour to unload fish from trucks.

From Retailers to Customers: Two major markets in Phnom Penh sell 2-5 tonnes of iced fish per day to urban consumers, but this amount can increase significantly during peak catch periods (Yim and McKenney 2003). Small scale retailers purchase 30-70kg of fish per day. Some purchase mix species but usually less than 5 and some retailers target only one specific species. They often sell all their fish by lunchtime if they are lucky, but sometimes they still have more than half unsold by the end of the day. Due to this uncertainty and to compensate the cost of keeping fish fresh, retailers normally mark up prices by about 30-100 percent over the price of purchase from distribution centres (Yim Chea and Bruce McKenny 2003). These prices are set for early morning buyers, but can decline considerably over the course of the morning depending on sales.

Table 1: *Marketing Margins of Three Fish Species Traded from Kampong Luong to Orussey and Thmei Markets, Phnom Penh (December 2002)*

Average Selling Prices	Chhlang		Chhkok		Chhdor	
	Price (R/kg)	% of Final Retail Price	Price (R/kg)	% of Final Retail Price	Price (R/kg)	% of Final Retail Price
Fisher to trader	1,000	24%	1,500	34%	1,700	35%
Trader to retailer via distributor	2,200	52%	2,450	56%	3,586	74%
Retailer to consumer	4,239	100%	4,396	100%	4,867	100%
Marketing margin	3,239	76%	2,896	66%	3,167	65%

(Source: Yim Chea and Bruce McKenny 2003)

Fish marketing is also affected by a number of costs and constraints, including spoilage and weight loss, distribution controls, transportation and ice costs, financing costs, and fees charged along the road.

Spoilage and weight loss represent a substantial cost at 10-15 percent of shipment weight or about \$55 per tonne. These value losses are compounded by the retail marketing practice of displaying fish for sale without ice. Retailers remove ice because it is the common perception of customers that the presence of ice indicates a lack of fish freshness. The study by the Cambodia Development Resource Institute (CDRI) shows that in total, these constraints result in marketing costs that average about \$308 per tonne from the Great Lake to retail markets in Phnom Penh (Yim and McKenny 2003). As a result, marketing margins account for roughly 65-75 percent of fish retail prices; fishers receive 25-35 percent, the same study concludes.

Constraints in Fishery Export

Cambodia is a country capable of exporting fish. From 1980 to 1996, the country export about 60,000 ton per year (see Table 2).

Table 2: *Freshwater Fish Production in Cambodia (1980-1996)*

Year	Production (tons)
1980	18,400
1982	65,700
1984	55,093
1986	64,181
1988	61,200
1990	65,100
1992	68,900
1994	65,000
1996	63,510

(Source: Nao Thuok, *Inland Fishery Management and Enhancement in Cambodia*)

High value-added fish processing for export using modern facilities is undertaken at two locations: Phnom Penh and Sihanouk Ville. The Phnom Penh plant exports live, iced and frozen freshwater finfish (mainly snakehead and sand goby) to markets in Australia, France, Hong Kong, Malaysia, and Singapore. In Sihanouk Ville, the plant processes shrimp (about 20 tons tail-weight per month) for export to France in 0.2 – 0.5 kg blocks. The shrimp is purchased from small-scale fishermen.

Cambodia is now short of high-quality fish, which are valuable for export, though this year fishery catch has been reported as abundant. There are two companies that handle fish export in the country: the Kampuchea Fish Import Export Company (KAMFIMEX) and the Import Export and Civil Development Construction Company (CDCO). KAMFIMEX, which was established by the Government in 1981 to collect fish from fishery solidarity groups and state fishing enterprises, ceased to play an active role in fish marketing and export in late 2001. Before this, all fish for export had to be sold to KAMFIMEX. CDCO, which was founded in October 2001 by a number of former KAMFIMEX managers, plays a more service-oriented role in fish exports, providing more support to its “agents”. CDCO provides its agents with information about price changes and inform them about the status of fish supply. Besides, there are many unlicensed fish exporters who operate year round, none specialising in any particular fish species.

Here again, credit plays a critical role in the market structure for fish exports. Fishers only sell to their trader/creditor and traders only sell to their exporter/creditor.

Overseas fish exporters have to face export constraints and costs, which negatively affect the income earned by small and medium-scale fishermen and others working in the fishery sector. “The costs, fees, uncertainty, and risks associated with fish export make it difficult for exporters to earn a profit.” For example, to export 3.1 tonnes of fish from the Great Lake to Thai Long Koeu Market, exporter was made to pay 27 different fee payments to 15 institutions in 16 different places (i.e., landing site, 13 checkpoints, and two sides of the border), which was worth US\$236. This actual fee (US\$236) was unofficially paid through brokers who helped facilitate and negotiate the fees of fish shipment. It is worth noting that if officially paid, exporter had to pay US\$681, which is higher than the unofficial payment. This is true due to the fact that according to a study by CDRI a transport permit issued by Provincial Fisheries Office before exporters can make fish shipment commonly notes only about one-fourth to one-tenth of an actual shipment amount. For instance, a permit will

generally indicate 300-500 kg for an actual shipment of 2-3 tonnes (Yim and McKenney 2003).

For fish exporting from the Great Lake to Thai Long Koeu Market, fish exporters first are required to obtain a transport permit from the provincial fishery department who charges them \$17-\$20 per tonne for issuing and checking the permit. A practice, which was launched as a control mechanism for domestic trade across provincial boundaries under a planned economy (Sub-decree on Transport of Fisheries Products, November 5, 1988), provides the most common basis for informal fee collection. Fish exporters must then pay export tax to the Customs Department with an export rate of 10 percent. In practice, however, they pay a little less than one percent (about \$7-\$8 per tonne) (Yim and McKenney 2003). To comply with the official tax rate would likely be impossible for both exporters and importers in nearly every business sector in Cambodia. Fish exporters also pay about \$6-\$7 to a road investment company that holds responsibility for repair and maintenance of the road linking the landing sites to the national road. In addition, fish exporters have to pay about \$5 per tonne to obtain an unnecessary “sending goods” letter from KAMFIMEX. As pointed out, KAMFIMEX no longer plays a significant role in fish exports. Lastly, fish exporters are required to pay what we call ‘*pheasi*’ (a charge usually paid for doing hygiene in the market areas) of 0.8-4 baht for every kg of fish exported. Actually, they pay 0.1-0.2 baht per kg (or about \$3 per tonne) to a *pheasi* company, which is licensed and approved by Banteay Meanchey province and the Ministry of Finance to collect fees. In return, a company pays 10 million riels (about \$2,500) annually to the provincial treasury. Exporters complained that a *pheasi* company only collects fees but provides no service. Exporters also pay to economic police, fishery officials and military police who check the transport permit at the landing site.

Table 3: *Total fees to transport fish per tonne from the Great Lake to Thai Long Koeu Market through Poipet*

<i>Items</i>	<i>Fees</i>
Transport permit:	US\$17-20
Customs tax:	US\$7-8
Road investor:	US\$6-7
Sending goods letter (KAMFIMEX):	US\$5
<i>Pheasi</i> :	US\$3
<i>Total</i>	US\$38-US\$43

(Source: Yim and McKenn 2003)

3. Conclusion

Fishery sector plays important role in engendering Cambodia's economic growth, employment and raising welfare of the people. This sector should be paid great attention to both catching and trading fish (domestic and export trades). The current fishery law and other regulations such as sub-decrees need to be re-examined and updated to tackle the challenges and constraints in fishery catch and fishery trade. Cambodia lacks a number of legal instruments such as corruption law and competition law which can ensure socially fair and desirable market (for fish), free market entry and exit and transparency of the market as well as freedom of trade. In order for protecting smooth and fair competition in the fishery sector a number of issues should be tackled such as the need of establishing a Competition policy.

As has been seen, Cambodia lacks a corruption law and this encourages more illegal activities and bureaucracy. Attention should be paid to reducing or eliminating unnecessary procedures and costs that have no clear legal basis along domestic fish trade routes. Cambodia does have a good investment law in which its provisions provide a one stop service. However, this law seems to cover other sectors but not fishery. The same attention should be paid to this sector because as pointed out earlier fish traders/exporters are also required to obtain a number of procedural permission letters which obstruct their smooth business. As discussed in the fish sales section, fishers need financial support and market and price information so that they can make better decision on sales. A thorough study or technical research on spoilage problems in the marketing of fish from fishing grounds to distribution centres should be conducted so that the problems can be overcome or reduced. Fish distribution services should be enlarged to ensure better practice of competition.

Other priority issues should also be covered such as equitable access to the fisheries by all categories of operators, particularly subsistence fishers; updating restricted and permitted fishing gear; including allowable catch as one of the criteria for setting the base price of lots; earmarking other fees for fisheries activities; and eliminating unnecessary fees which put more burden to fishers/traders/exporters.

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