

SENEGAL'S FISHING INDUSTRY FACES CRITICAL TRANSITION (5/98)

- [Homepage](#)
- [Information Chart](#)
- [Commercial Guide](#)
- [Economic Reporting](#)
- [U.S. Trade Presence](#)
- [Trade Ops & Tenders](#)
- [Senegal Links](#)
- [About You](#)
- [E-Mail Us](#)

Summary:

The fishing sector, once a mainstay of the Senegalese economy, is going through a difficult transition period. The fleet remains small and most vessels are too old to supply the needed catch to Dakar based processing companies while capital for investment is scarce and factor costs are high. According to many fishing professionals, some species of high commercial value appear to be overexploited while others, with potential nutritional value, remain relatively unexploited. The industrial fishing sub-sector is maturing, while artisanal fishing continues its unregulated growth. Nevertheless, the entire sector is Senegal's principal foreign exchange earner, accounting for 31 percent of merchandise exports in 1996, or roughly CFA 158.8 billion (USD 265m). Increases in export volume and total production in recent years are not indicative of the sector's overall health. End summary.

The Challenges of Aging Fleet and Decreasing Stocks

Senegal's fishing industry is going through a difficult transition period. Its small and aging industrial fleet is ill equipped to compete with foreign vessels and is incapable of supplying the needed volume of fish to land-based processing facilities. Several fishing companies have ceased operations, while remaining factories continue to face difficulties due to high electricity costs, low productivity, rigid labor laws and strong labor unions.

Other challenges include the scarcity of products of high commercial value and the need to comply with EU sanitation standards on imported fish, requiring equipment upgrades. Some companies have made new investments to modernize and meet these challenges, while others have gone out of business.

In 1996, total production reached 416,682 metric tons (MT), an increase of 10 percent over 1995. However, that increase in catch volume was not indicative of the critical transition the sector faces. Many professionals have raised the following concerns:

- -- an increase in freezer vessels has resulted in an increase in the tonnage and value of frozen fish exported directly from ships at sea, reducing the tonnage supplied to factories in Dakar.
- -- a scarcity of capital has prevented the modernization of Senegal's fishing fleet and processing plants.

Many professionals interviewed claim that foreign trawlers have destroyed the offshore ecosystem with huge drag-nets and that certain species highly valued by European consumers, such as grouper, yellowfin, and mullet, are becoming

rare because of over fishing. The degree of over-exploitation of certain species is difficult to assess, but according to most industry professionals, a more serious problem than total production statistics would indicate.

Suspected Illegal Catch Difficult to Control

Illegal fishing by foreign fleets, as well as over-fishing by countries with fishing rights, have also become a problem in recent years. The Association of Fishing Companies and Ship-Owners (GAIPES) also suspects that Gambian and Senegalese companies or vessels operate as fronts for foreign operators that engage in illegal fishing. Existing regulations are generally not respected and are difficult to enforce, and catches frozen on board at sea and exported directly (i.e., not landed in Dakar) are often under or unreported. According to Ndiaga Gueye, Senegal's Director of the Department of Oceanography and Marine Fisheries (DOPM), these resources lost to the Senegalese economy represent roughly half the total catch.

In order to ensure that foreign boats comply with the DOPM regulations and to verify the size and species of their catches, foreign vessels are required to have a Senegalese observer on board at their own expense. Senegalese officials doubt the efficiency of this system, believing that after several weeks at sea, observers can become loyal to the crew and reluctant to report violations by those responsible for their financial well-being. The DOPM is periodically rotating observers on boats that remain at sea for several months at a time.

The Government of Senegal (GOS) is making progress in strengthening fishing laws and in bolstering fisheries regulation enforcement capability to control illegal fishing, to monitor the catch of foreign and local fleets, and to regulate and control artisanal fishing. The National Assembly approved a new fishing code in February 1998 to monitor, regulate and control the fishing sectors. The resources necessary to finance the surveillance and monitoring effort, however, are far greater than what is available to the GOS. Until price is placed on stopping over-exploitation by artisanal as well as industrial vessels, and by observing a moratorium on rare species, the GOS will lose valuable resources both in the short and long term.

A Key Sector for Exports, Food Safety and Employment

The importance of the fishing sector (both industrial and artisanal) stems from its role as principal source of foreign exchange, food safety, and employment. At approximately CFA 158.8 billion (USD 265 million), the fishing sector is the single most important foreign exchange earner for Senegal, representing almost one-third of total exports. In 1996, just over half the catch was destined for Europe, which represented 58 percent of the commercial value of all fish exports. Sales elsewhere in Africa represented 28.3 percent of volume and 10 percent of its value. The remaining product was exported to Asia (Japan, China and South Korea). Only 0.1 percent of catch volume was destined for the United States.

At the same time, fish is the only source of animal proteins for a very large part of the Senegalese population. The average consumption per year is 4 kilograms in Dakar and 28 kilograms in the other regions. According to the DOPM, 74 percent of the total 416,682 MT of fish caught in 1996 was consumed in Senegal itself.

In 1996 the fishing sector accounted for around 2.6 percent of GDP. The government estimates that the fishing sector employs more than 200,000 people. In addition, it also generates temporary employment in the informal sector, in particular through artisanal fishery.

Industrial Fishing: A Maturing Industry in Flux

Industrial fishing consists of sardine and tuna harvesting and trawling. In 1996 the total industrial catch netted 88,788 metric tons, a decrease of 4 percent over 1995. Industrial fishing accounted for 21 percent of the national catch principally from fleet catches, but also from traditional fishermen. Senegal's fleet is made up of local and foreign vessels. Foreign vessels land only a portion of their catch in Dakar, while the rest is landed in Europe. In 1996, the industrial fleet consisted of 280 vessels, with 158 vessels flying the Senegalese flag and 122 vessels registered abroad. The Senegalese fleet was made up of 152 fish and shrimp trawlers, and 4 sardine and 2 tuna vessels.

Industrial fishing professionals are organized into three federations. The most important and active is the Association of Fishing Companies and Ship-Owners (GAIPES). GAIPES includes representatives from most of the major fishing companies and has been increasingly active in representing industry concerns to the government, particularly in advocating more effective management of the fishing stocks.

Tuna Catches Are Down...

Total tuna unloaded and transshipped from Dakar in 1996 was 28,392 MT (a decrease of 20 percent over 1995) with a commercial value of CFA 11 billion (approx. USD 18 million). Albacore, listao, and blackfin are the three principal tuna species found in Senegalese waters. The foreign-based fleet which lands its catch outside Dakar includes 2 French, 16 Japanese and 4 vessels of other nationalities. Those landing part of their catch in Dakar include 6 French and 24 Spanish vessels. The tuna fleet based in Dakar includes 2 Senegalese and 8 foreign vessels, almost all of Spanish registry. In 1996, the tuna fleet numbered 62 vessels, of which only two were Senegalese.

Much of the tuna catch unloaded in Dakar is caught outside Senegalese waters and does not reflect local fishing conditions. According to industry representatives, tuna is scarce off Senegal and the port of Dakar is expensive and known for the poor quality of its services. The lack of national vessels contributes to the supply problem faced by tuna factories in Dakar.

According to the marketing director of SNCDS (the new canning company Senegal), one of the leading tuna factories, 23 percent of the tuna require factories is obtained from Senegalese vessels, the remainder coming from foreign vessels. Senegalese firms must pay a modest premium to attract deliveries to Dakar. Of the three tuna companies (SNCDS, Interco, Peche Froid) in Senegal, only two are currently in production.

...But Sardines Are Up

In 1996, the total catch amounted to 7,785 MT, an increase of 45 percent 1995, with a commercial value of CFA 635 million (approx. USD 1 million). The granting of fishing licenses to Russian vessels helped increase total volume. Sardine fishing exploits perhaps the most abundant fish resource Senegalese waters, but represents the lowest in value. While some in the industry here express fear that stocks of some species are being over fish (sardinella, horse mackerel and mackerel), management is difficult because the species' migratory habits.

Sardine fishing is now largely an artisanal fishing activity with 95 percent around sardinellas and mackerel bought from this source. Due to aging vessels, bad management and poor maintenance, the industrial fleet has lost the sardine market to the artisanal sector. The industrial sardine fishing fleet in Senegal is comprised of six vessels, four Senegalese and two Russian.

Trawler Fleet Faces Many Constraints

Trawlers landed 52,611 MT of product in 1996, an increase of 3 percent over 1995, with a commercial value of CFA 23 billion (approx. USD 38 million). Trawler catches are made up primarily of high-value species like shrimp, mullet, sole and cuttlefish. In 1996, the trawler fleet numbered 212 vessels (152 Senegalese vessels and 60 foreign vessels).

Among the major obstacles to increased trawler activity are:

- -- the age of the fleet (23 years for the ice-hold vessels, 27 years for freezer vessels), cash-flow problems, and over-fishing.
- -- the high cost of electricity, which constitutes an important part of processing expenditure. This places ice-hold vessels at a disadvantage and causes serious problems for the processing factories. Factories without an in-house fleet face dwindling supplies and see their survival threatened.
- -- the lack of sufficient processing capacity for products of high market value. The EU which is the main market for these products insists on a form of processing and packaging which few Senegalese enterprises are presently capable of fulfilling. As a result, the companies do not obtain maximum value added on these products, which often must be re-packaged, or can only be sold to consumers at low prices.

Artisanal Fishing Continues Its Dynamic Growth

Artisanal fishing continues its dynamic growth and in 1996 represented 79 percent of the total national catch. In 1996, the total artisanal fish catch surpassed 327,894 MT, an increase of 23 percent over 1995. The increase in the catch is attributed to the extension to the "pirogue" (traditional boat) fleet of purse seining (a method involving two boats sharing a net that, after the net is secured, can be closed on the bottom as well, like a purse), and to improved marketing channels. This development could jeopardize the possibility of sustained, long run reproduction of marine life. According to sources from DOPM, the artisanal sector employs more than 170,000 persons with a fleet of over 12,000 small boats, of which 9,348 are motorized.

The artisanal catch is mainly destined for the internal market, with the majority purchased by factories for local processing. It appears that the maximum exploitation level has been attained in the most productive artisanal fishing zone, the "Petite Cote," just south of Dakar, where 55 percent of the catch is taken.

The artisanal catch is made up, to a great extent, of pelagic fish (60 percent) and small species (sardines 30 percent). Other species include yellowfin tuna, horse mackerel, mullet, white carp, big horse mackerel and mackerel. This wide variety of species has a relatively low average value at landing. Due to the lack of refrigeration, a considerable amount of artisanal production (about 30 percent) is processed as "*ketiah*" (grilled and dried), "*tambadiang*" (dried and smoked), and "*guedj*" (fermented-dried).

Artisanal fishermen and wholesalers are organized into 630 cooperatives in the 7 fishing regions: 550 for fishermen, 35 for wholesalers, 42 for artisanal processing and 3 for oyster farming. The 12,000 cooperative members are grouped in departmental, regional and national federations. Despite the level of organization, there has been heretofore little effort to regulate the traditional fishing industry. However, in February the government passed a new fishing code that includes this sector in recognition of its growth and impact on the future of the fishing industry as a whole. The new legislation will regulate artisanal fishing, including the registration of boats and the imposition of fees on fishermen.

External Fishing Agreements Bring Revenue to Government

In 1997, Senegal renewed its fishing agreement with the European Union for an additional four years, until March 31, 2001. The agreement provides for annual financial compensation to Senegal of 12 million ECU (CFA 7.9 billion or USD 13.2m), an increase of 33 percent over the previous agreement. The Senegalese government has publicly pledged to reinvest 50 percent of the receipts into the fishing sector. The agreement was challenged by environmental groups in the European Union, as well as several local artisanal fishing organizations, who argued that it discouraged artisanal fishing and would result in over-exploitation of Senegal's fish stock by EU vessels.

A bilateral agreement accords Japanese vessels the access to deepwater tuna (patudo) in Senegalese water for a fee paid to the Senegalese government based on catch volume. Unlike the EU accord, this involves a government-to-government payment. Senegal also has reciprocal access agreements with the Gambia and Guinea-Bissau. Senegal and Mauritania continue to negotiate a new agreement (to replace the one which expired 1989) which would include coordination of fishing regulations. The lack of agreement has resulted in some border tensions as artisanal fishermen in Saint-Louis depend on Mauritanian stocks to complete their catch. Although officially prohibited, Senegal boats are reported to still ply Mauritanian waters.

Market Opportunities for U.S. Companies

As Senegal's industrial fishing fleet ages, there is growing market potential for American companies interested in supplying fish and shrimp trawlers and boats with freezing facilities. There is also a potential for outboard motors with a market of more than 15,000 artisanal fishermen. Johnson outboard motors are currently available on the market, and has developed a good reputation in some areas. Only a small amount of fresh, frozen, or processed fish is exported to the United States. French, Chinese, Japanese and Korean businesses have all developed profitable joint fishing ventures with Senegalese firms which then export a large quantity of their catch to the investor countries.

The following are the most important fishing agencies or organizations and contacts for American companies seeking to explore opportunities in Senegal's fishing sector:

Department de l'Océanographie et Pêche Maritime

Contact: Dr. Ndiaga Gueye

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Amerger Casamance

Contact: Faycal Sharara, General Manager

BP 3348
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Tel: 221- 832 97 81/832 97 82
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Société Nouvelle des Conserves du Sénégal (SNDCS)

Contact: Mr. Babacar Ndiaye, Director

BP 782
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Tel: 221-823 16 21/823 21 26
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GAIPES**Contact: Faycal Sharara**

Dakar, Senegal

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Comment: Some of the challenges facing the Senegalese fishing sector, such as limited credit to modernize equipment or high factor costs, are the same as those faced by the economy as a whole. Most fishing professionals we spoke with observed that the industry is maturing and would probably not experience the same dynamic growth it had in the past. In this regard, Senegal's expectation that the fishing sector will be a leader of growth in the economy might be overly optimistic.

The Senegalese fishing industry of the future is likely to become progressively concentrated as larger and richer fishing companies buy out smaller, less efficient companies that are unable to meet worldwide quality standards. The long-term viability of the Senegalese fishing industry will also depend upon the degree to which the government is successful in its efforts to enforce its upcoming fishing regulations, including the monitoring of small vessels in the artisanal sector. The fishing contribution to the balance of payments, employment, and the Senegalese diet indicates that the sector merits priority attention.

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