

The **Future**
of our **Aquaculture:**
Challenges for the sector and
the **insurance industry**

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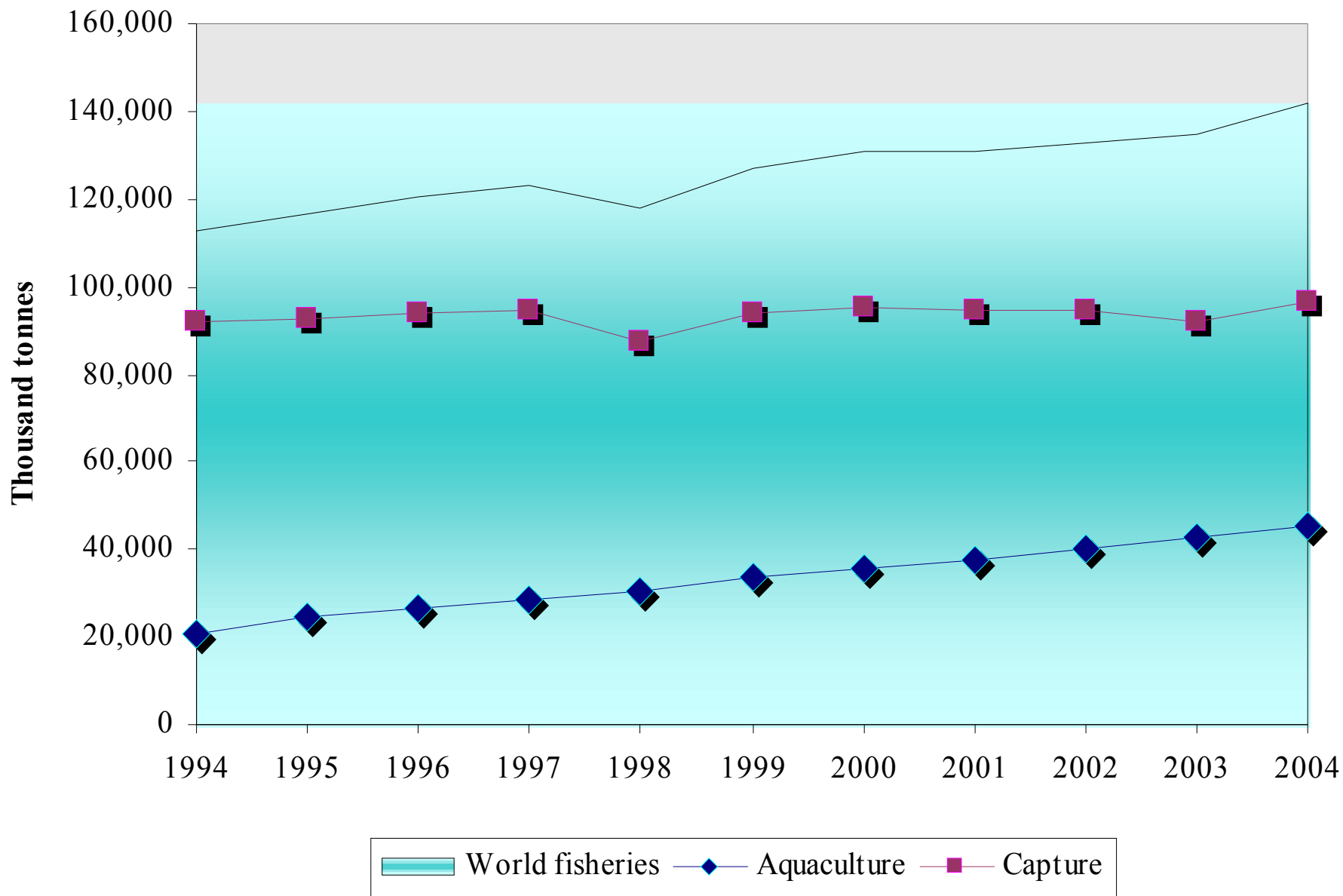
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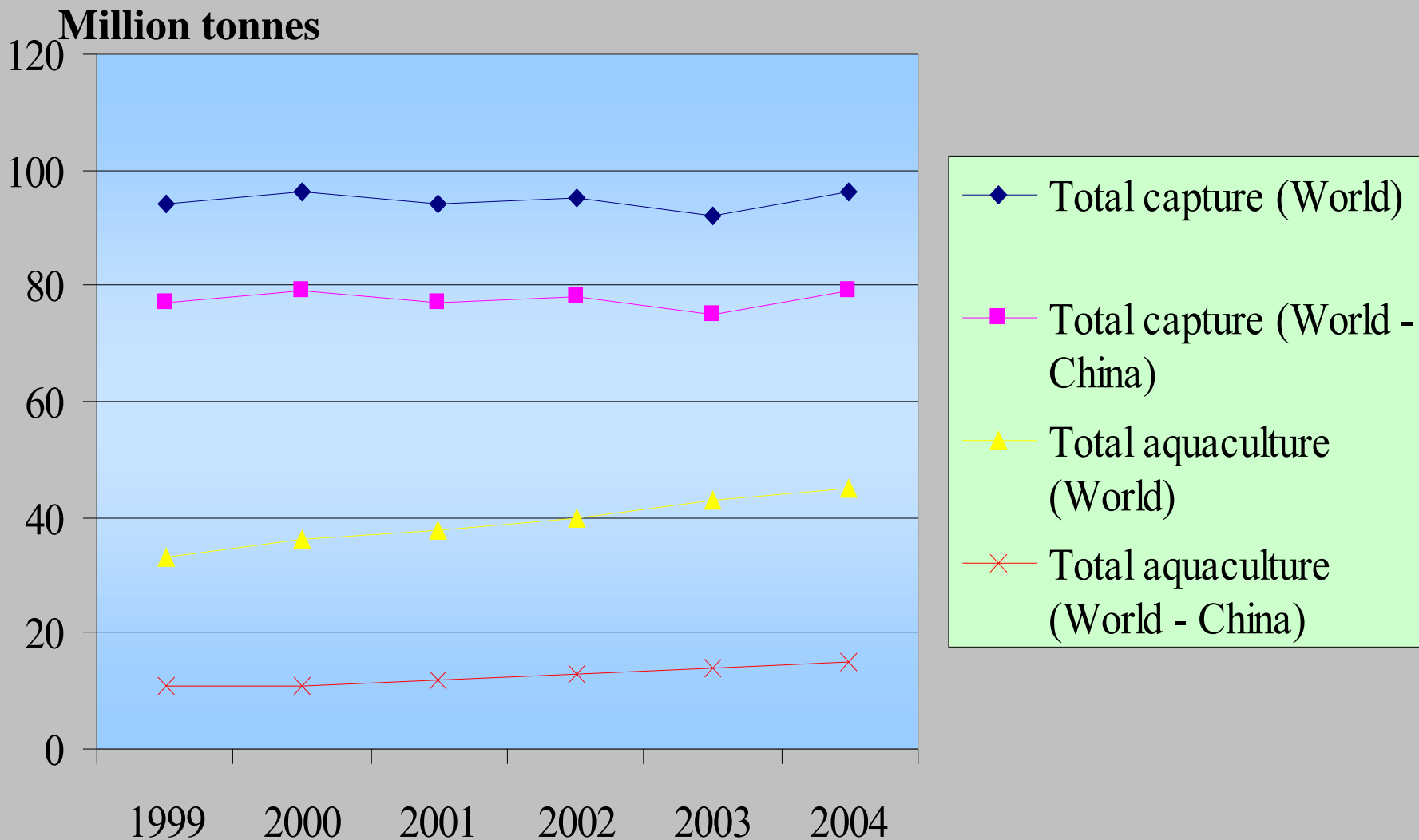
Where are we now in Aquaculture?



Fisheries production (1994 - 2004)



Fisheries production (1994 - 2004)

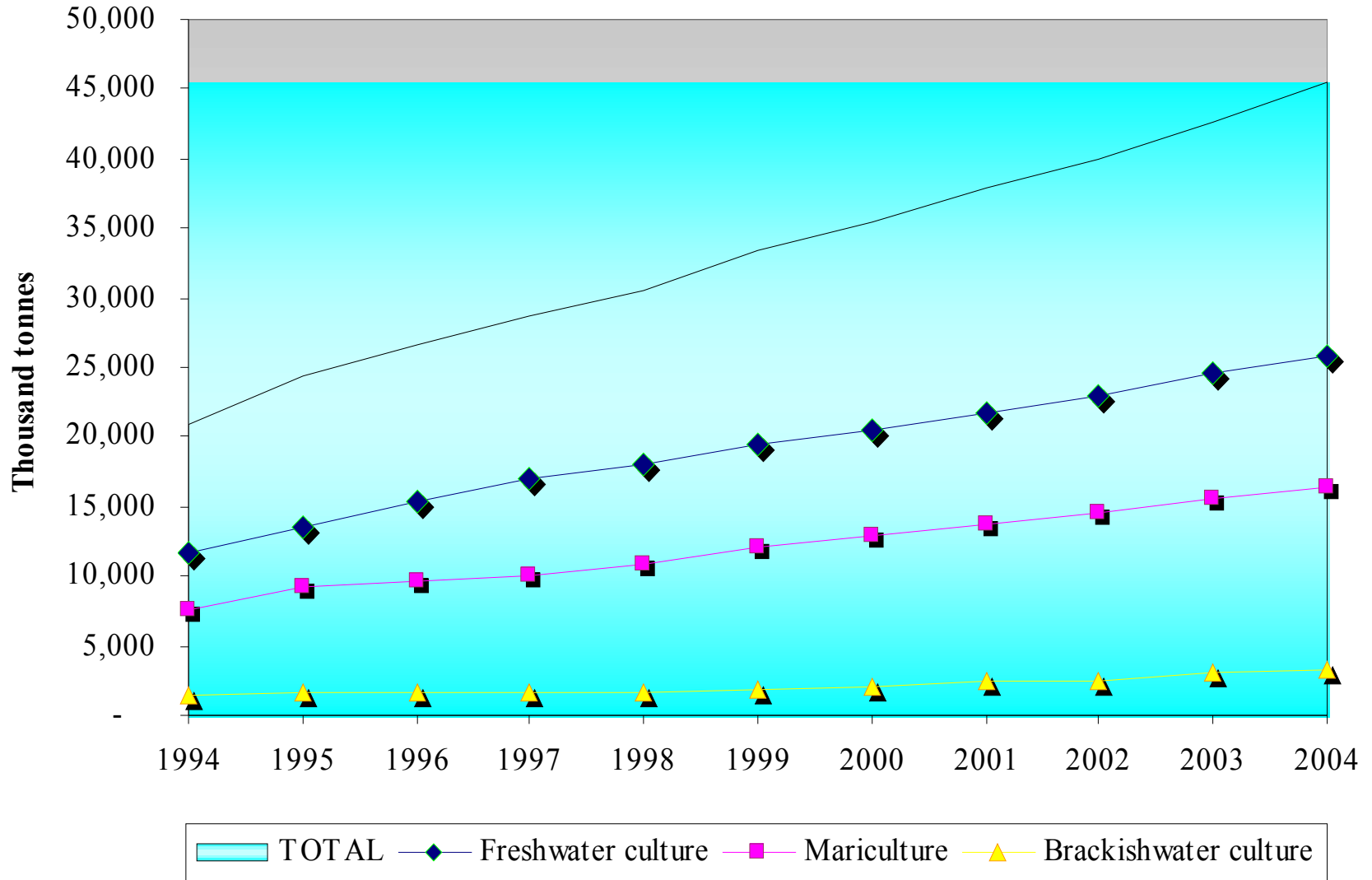


Aquaculture as a Growth Sector

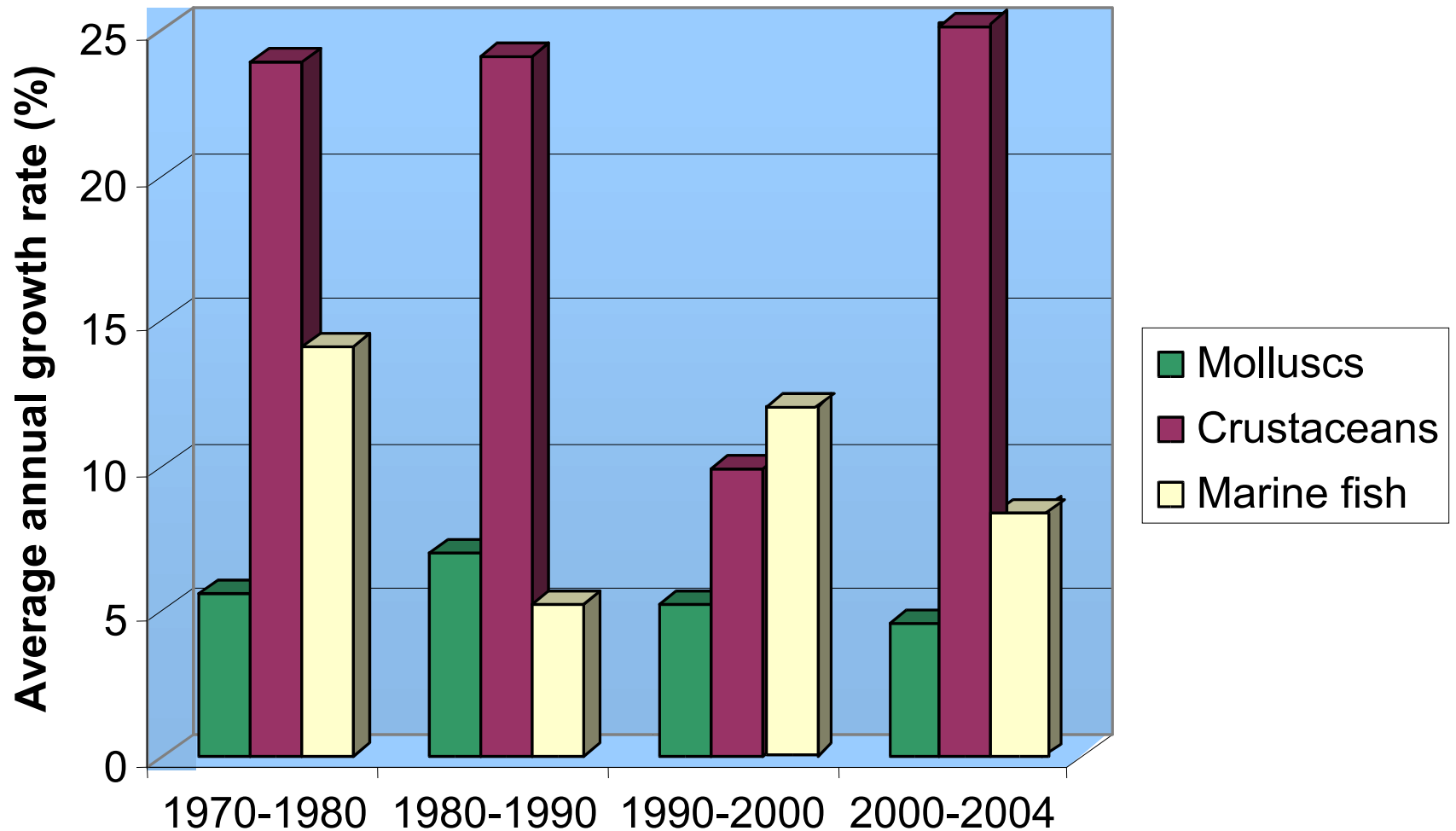
- **Fastest-growing food sector**
- **Fish is world's most internationally traded food**
- **Aquaculture: 210+ fish and aquatic plant species**
- **Employment in fisheries sector increases at an average rate of 2.6% per year since 1990**
- **Currently 10 million+ fish farmers world-wide**
- **Growing importance for food security and poverty alleviation in the world**



Aquaculture Production (1994- 2004)



Growth of brackish and marine water aquaculture since 1970



Aquaculture as a Growth Sector

Growth in last few years was 5 to 6 percent per year in terms of volume.

But growth was not homogeneous:

- **Steady growth in Asia**
- **Stagnation in Europe and Oceania**
- **Rapid growth in Latin America**
- **Slow growth in most of Africa**



Growth yes, but.....



“FISH farming has a bad reputation. Its supporters argue that it promises to meet the growing shortfall as the world's wild fisheries become more and more exhausted. But its critics have the louder voice. They argue that farmed fish is fatty, dyed, polluting and stuffed with antibiotics. Moreover, they say that it is unsustainable.”

The Economist, August 2003

Article on the “Blue Revolution”



The way forward?



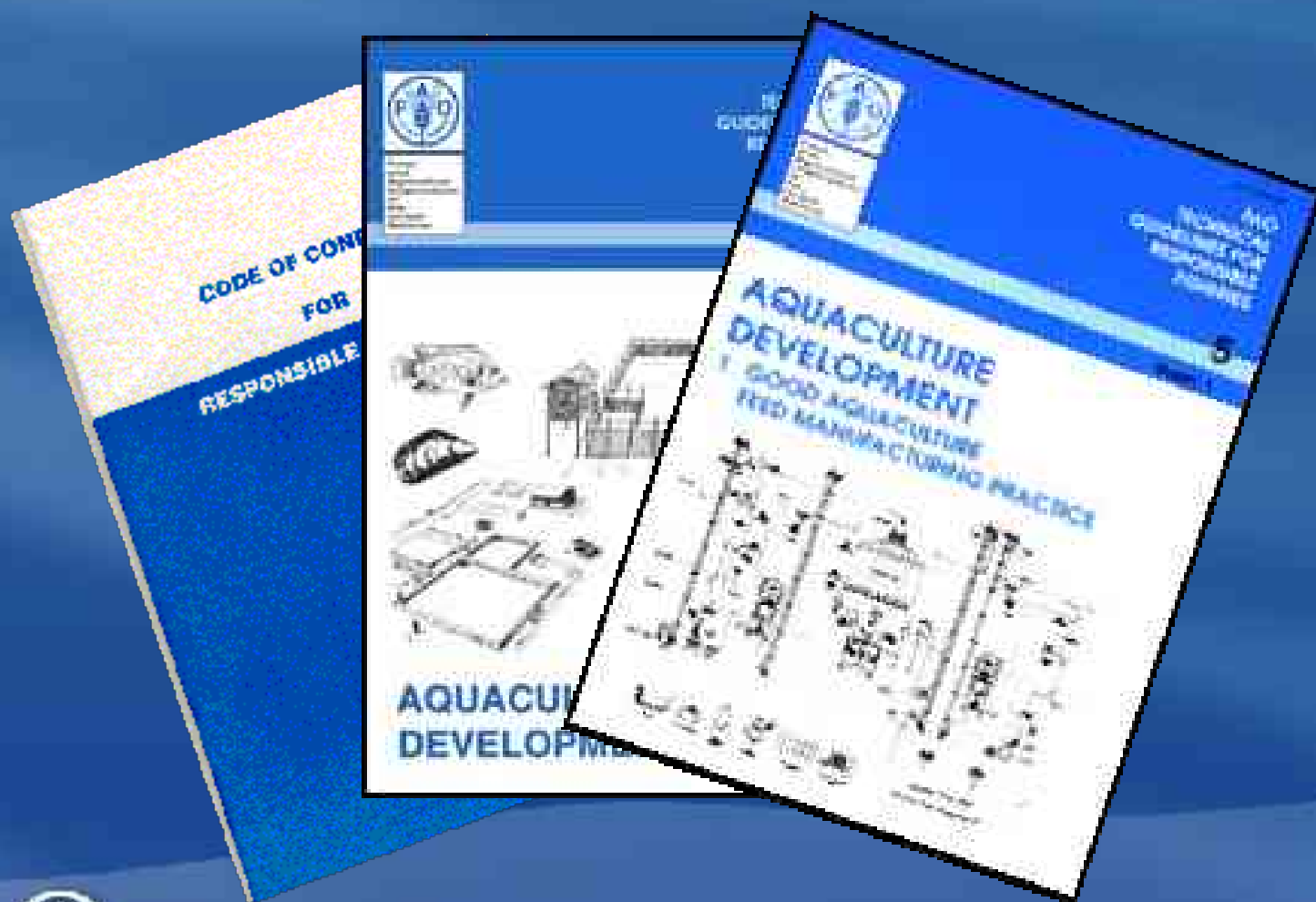
- ***“Well managed aquaculture”***

- **safe for the ecosystem**
- **sustainable**
- **people centered**
- **socially just**
- **safe for people**
- **generating food**
- **generating work**
- **generating income**

- ***“Responsible aquaculture development”***



The way forward?



Trends in aquaculture



Some major trends in aquaculture development

- 1. Restricted aquaculture expansion will tend towards increasing intensification**
- 2. Continued diversification of species and need for their responsible use**
- 3. Continued diversification of production systems**
- 4. Increasing influence of markets, trade and consumption**
- 5. Enhanced regulation and better governance**
- 6. Drive for better management**



Challenges for aquaculture



Some Challenges for aquaculture development

- **Continue to increase aquaculture production to meet growing demand for fish as capture fishery production is unlikely to increase further.**
- **Competition with other sectors for suitable locations for aquaculture and for access to clean water resources.**
- **Adjust to changes in consumer preferences through diversification and value addition.**
- **Implementation of The Code and related instruments**
- **Improve the image of sector and its products**
- **Decrease dependence on fish meal & fish oil for sectoral growth**



Review of the current state of world aquaculture insurance



Aims of the Review

- 1. To provide an overview of the current status of aquaculture insurance in the world.**
- 3. To increase the awareness of aquaculture producers world-wide, and particularly those in developing countries, on the opportunities that aquaculture insurance can offer to their businesses.**
- 5. To inform decision makers at national government levels as well as internationally about the role of aquaculture insurance in sustainable aquaculture management and development.**



Some conclusions (1)

- **High demand for aquaculture insurance**
- **Widening between the demand for and supply of aquaculture insurance**
- **Estimated number of aquaculture insurance policies in force is around 8 000 world-wide**



Some conclusions (2)

- **Asia “named perils” type policies, in other regions often “all risks” type**
- **Many insurers just focus on a small number of traditional aquaculture species and are hesitant to include “new” species and culture systems**



Some conclusions (3)

- **Since the start of the new millennium the underwriting experiences are improving - aquaculture insurance is turning to be profitable-**
- **Mutual insurance schemes in aquaculture are still insignificant**
- **Awareness of aquaculture entrepreneurs of insurance is increasing through services from life- and health insurance companies**
- **The lack of enabling policy and regulatory frameworks for aquaculture and fisheries insurance is affecting negatively the development of insurance services for the sector**



Recommendations to underwriters (1)

- **Recognize the benefits of providing and widely disseminate information on insurance programmes for aquaculture**
- **Invest in capacity building on aquaculture insurance**
- **Widen the focus from large-scale companies also to include the small-sized enterprises**
- **Design aquaculture insurance policies that suit the needs of aquaculture entrepreneurs better**



Recommendations to underwriters (2)

- **Search actively for insurance capacity and re-insurance for aquaculture in the international market**
- **Develop linkages with rural credit institutions for joint marketing of products and development of “new” products**
- **Support initiatives like the Aquaculture RiskWatch project and NATural Hazards Assessment Network (NATHAN) that provide valuable database functions**



Next steps

Next steps



All stakeholders

- **Support initiatives to share information**
 - **Establish capacity building programmes**
 - **Develop legal and policy frameworks at national level in support of aquaculture insurance**
- stakeholder participation is the key–**



The Role of FAO (1)

- **Act as honest broker between Public – Private sector stakeholders**
- **Assist in the development of tools in support of increasing access for small-scale producers to aquaculture insurance services**
- **Encourage and assist governments to establish the legal, policy and institutional frameworks necessary**



The Role of FAO (2)

- **Organize international seminars to identify constraints to and opportunities for increasing the contribution of aquaculture insurance to the sustainable development of the sector, the sustainable use of resources, food security and alleviation of rural poverty**
- **Regional Workshop on the promotion of inland fisheries and aquaculture insurance in Asia (late 2006- early 2007)**



Regional Workshop on the promotion of inland fisheries- and aquaculture insurance in Asia

- 1. Increase awareness of insurance services amongst national level policy makers in inland fisheries and aquaculture and finance in Asia**
- 3. Discuss ways and means to promote inland fisheries and aquaculture insurance services**
- 5. Work towards consensus on “Guidelines for insurance in support of inland fisheries and aquaculture development in Asia”**



Thank you for your attention

More information on

- ✓ **the Code of Conduct for Responsible Fisheries**
- ✓ **Aquaculture statistics and publications**
- ✓ **Committee on Fisheries (COFI)**
- ✓ **Regional Fishery Bodies**

can be found at:

<http://www.fao.org/fi/default.asp>

**Please also look at our Rural Finance Learning
Centre website:**

<http://www.ruralfinance.org/>