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Privatisation of fisheries in Romania: further efforts to commercialise the industry. Report on a visit to Romania supported by the UK Know How Fund.

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SUMAR ŞI RECOMANDĂRI

1.Guvernul României a îndepărtat controlul formal pentru preţurile la peşte pe data de 1 iulie 1993. Pe aceeaşi dată a fost introdusă taxa pe valoarea adăugată (TVA), dar care nu se aplică pentru peştele proaspăt sau îngheţat.
(Vedeţi paragraful 19)

2. Un sondaj preliminar, calitativ, de opinie a consumatorilor a fost comisionat de proiect de la Institutul "Virgil Madgearu" din Bucureşti. Scopul sondajului este de a stabili cerinţele de bază şi preferinţele consumatorilor şi de aceea de a identifica posibilităţile de îmbunătăţire. Raportul acestui sondaj urmează să fie prezentat la sfîrşitul lui Decembrie 1993.
(Vedeţi paragraful 24)

3. Cu toate că producătorii au manifestat o dorinţă fermă, prin asociaţia lor comercială (Rompescaria), pentru introducerea vînzării angros în majoritatea centrelor urbane, nu s-au efectuat nici un fel de testări ale pieţii.
Nu a fost posibil de a se organiza testări ale pieţii pe durata vizitei. Pieţele de desfacere existente pentru vînzarea cu amănuntul de peşte proaspăt în România sînt efectiv legate de anumiţi producători, iar pînă cînd comercianţii care vînd cu amănuntul pot să cumpere liber şi în competiţie, vînzarea angros nu este posibilă. (Vedeţi paragraful 29)

4. Se recomandă ca Rompescaria să organizeze, la începutul lui 1994, o întîlnire a producătorilor şi a comercianţilor cu amănuntul pentru a discuta problemele şi a stabili o strategie de iniţiere a testării pieţii pentru vînzarea angros în Bucureşti. Inspectorii piscicoli din Departamentul Veterinar trebuie să fie consultaţi pentru a se putea introduce un sistem de inspectare corespunzător.(Vedeţi paragraful 33)

5. Numărul limitat de pieţe de desfacere pentru peşte şi produse din peşte reprezintă un handicap pentru un marketing efectiv.
Peştele este încă vîndut pe piaţă în baza faptului că cel care cumpără se va mulţumi cu orice ofertă. Foarte puţin efort este depus pentru a îmbunătăţi modul de prezentare al produselor (felii, fillet-uri sau porţii), sau în ceea ce priveşte accesibilitatea produselor la timpul şi locul potrivit.
Peştele este vîndut ne-porţionat şi chiar crapul chinezesc care este mai ieftin este prea scump pentru consumatorii cu salarii mici.(Vedeţi paragraful 35)

6. S-au completat cîteva proiecte simple cu cost scăzut, în colaborare cu organizațiile echivalente, pentru puncte de desfacere cu amănuntul mobile și fixe. Se speră că aceste puncte de desfacere vor fi viabile din punct de vedere comercial, accesibile financiar pentru comercianții independenți și vor mări accesibilitatea produselor din pește în zonele urbane și semi-urbane. Estimările de cost sugerează un cost de 1,4 milioane de lei(875 dolari S.U.A.) pentru un chioșc mobil, dacă este produs comercial, cost care include toate modulele de depozitare și de vînzare. Costul probabil al unui chioșc fix poate fi de trei ori mai mare.(Vedeți paragraful 38)

7. O estimare financiară inițială pentru chioșcul mobil de pește propus a fost compilată. (Vedeți paragraful 42 și Anexa V) Aceasta indică că, în circumstanțele descrise, chioșcul mobil poate fi viabil din punct de vedere financiar, asigurînd un beneficiu net pozitiv și o perioadă scurtă de returnare a capitalului investit, chiar sub o analiză stringentă de sensibilitate. Date suplimentare, care vor fi colectate din procesul de testare al pieții, sînt necesare înainte de a considera cazul pentru introducerea comercială a chioșcurilor mobile.

8. Se recomandă de a se considera finanțarea producerii a două chioșcuri mobile și fixe pentru testarea practică a pieții în sezonul de vînzare 1994, dacă proiectul este continuat în faza a doua. Dacă chioșcurile se dovedesc a fi comercial viabile, este recomandat de a se considera stabilirea unei scheme de creditare/acordare de împrumuturi pentru cumpărătorii interesați. (Vedeți paragraful 44)

9. Sistemul existent pentru controlul calității și de inspectare este birocratic și greoi și nu satisface necesitățile pentru o distribuire/vînzare rapidă și efectivă a peștelui proaspăt pe piața internă. Pentru piața de export, vor fi necesare schimbări dacă România dorește să satisfacă Directivele Comunității Europene referitoare la comerțul cu pește. (Vedeți paragraful 46)

10. Se recomandă ca orice extindere a proiectului trebuie să considere prezentarea unui curs tehnic de instruire despre inspectarea, sistemele de control al calității și Directivele C.E. pentru pește și produsele din pește, pentru inspectorii din Departamentul Veterinar, managerii societăților producătoare/de procesare, comercianți și oficiali din Ministerul Agriculturii. (Vedeți paragraful 50)

11. Un curs de operare pe computer pentru personalul din Rompescaria se apropie de completare, iar persoanele cheie pot începe să producă Buletinul planificat.

Un titlu nou a fost propus pentru Buletin (Rogers), "Buletinul Comercial al Firmelor Piscicole", pentru a reflecta seria largă a problemelor pe care le confruntă industria, titlu mai indicat decît cel original care se referea numai la distribuire și marketing. (Vedeți paragraful 51)

12. O listă provizorie pentru primul număr a fost pregătită împreună cu Rompescaria și discutată cu Ministerul Agriculturii, cu Ianuarie 1994 ca dată planificată de publicare. (Vedeți paragraful 53)

13. Cu toate că Guvernul României dorește să privatizeze industria piscicolă, nu a fost fixată o dată fermă. Baza de la care s-a pornit la evaluarea firmelor agricole s-ar putea să fie prea ridicată pentru a fi posibilă cumpărarea lor de către managerii și salariații existenți. Evaluarea totală se bazează, într-o mare măsură, pe capitalul investit anterior și nu poate fi realist pentru o operare comercială viabilă pe viitor. (Vedeți paragraful 56)

14. Se recomandă ca Rompescaria, poate cu asistență pentru proiect în faza a doua, să examine baza criteriilor de evaluare a bunurilor și a privatizării, pentru a vedea dacă se poate argumenta că industria piscicolă trebuie să fie considerat după criterii speciale. (Vedeți paragraful 59)

15. Sugestia de atașare a unui voluntar din Serviciul Britanic Executiv Internațional unei societăți producătoare pe o perioadă extinsă pentru a constata metodele prezente de management și de finanțare și de a identifica opțiunile pentru operarea unui sistem de piață liberă a fost acceptată de către Rompescaria și de Ministerul Agriculturii.
Directorul S.C. Iași a primit cu interes oportunitatea de a găzdui această atașare și a acceptat să asigure transportul și o cazare corespunzătoare. Se recomandă de a se considera această atașare dacă se va extinde durata acestui proiect și dacă se va putea identifica un voluntar calificat și cu o experiență corespunzătoare. (Vedeți paragraful 60)

16. Cursul de planificare și management a început după cum a fost planificat la Universitatea din Galați cu ocuparea tuturor locurilor alocate. Rapoartele inițiale sugerează că acest curs a fost primit cu interes și a avut un nivel înalt de participare.
Participanții au luat parte într-un exercițiu de evaluare la sfîrșitul cursului, iar rezultatele sînt așteptate înainte de sfîrșitul lui Decembrie 1993. (Vedeți paragraful 65)

17. În cele opt luni care au trecut proiectul a ajutat industria pentru a identifica problemele care au rămas referitoare la un număr de subiecte specifice. Activitățile rămase de a fi completate în decursul proiectului existent sînt listate. Mai multe contribuții sînt necesare pentru a consolida progresul făcut și pentru a asigura un impact pozitiv și cu impuls propriu. O listă cu proiecte viitoare posibile este prezentată. (Vedeți paragraful 69) Activitățile care au rămas pentru faza actuală a proiectului sînt prezentate, iar persoanele răspunzătoare identificate. (Vedeți paragraful 70)

SUMMARY AND RECOMMENDATIONS

1. The Government of Romania removed formal controls on fish prices on 1 July 1993. On the same date a value added tax (TVA) was introduced, but fresh and frozen fish were zero rated. (See Para 19).

2. A preliminary qualitative consumer survey was commissioned by the project from the Institute 'Virgil Madgearu' in Bucharest. The survey is intended to establish the basic requirements and preferences of consumers and thereby focus on key areas for improvement. The survey report is expected by the end of December 1993.(See Para 24).

3. Although the producers have indicated a firm wish, through their trade association (Rompescaria), for the introduction of wholesale marketing in major urban centres of population, no preparation for the trials had been made. It was not possible to organise practical trials during the visit. The existing fresh fish retail outlets in Romania are effectively tied to particular producers and, until individual retail traders can buy freely and in competition, wholesale selling is not possible. (See Para 29).

4. It is **recommended** that Rompescaria organise, at the beginning of 1994, a meeting of producers and retail traders to discuss the issues and agree a strategy to initiate wholesale marketing trials in Bucharest. The Veterinary Department fish inspectors must be consulted so that an appropriate inspection system can be introduced. (See Para 33).

5. The limited number of retail outlets for fish and fish products provides a constraint to effective marketing. Fish is still supplied to the market on the assumption that consumers will take whatever is supplied. Very little attempt is made to provide the consumer with a service in terms of presentation (steaks, fillets or portions), or making the product available at the right time and place. Fish are sold whole and even the cheaper Chinese carps are too expensive for the lower income consumers. (See Para 35).

6. Designs for simple, low cost fixed and mobile retail units have been developed in collaboration with counterpart organisations. It is hoped that the units will be commercially viable and affordable to independent traders and will make fish more available to consumers in urban and semi-urban areas. Cost estimates suggest that a trailer with all storage and selling modules would cost 1.4 million Lei (US$875) if produced commercially.

A fixed kiosk is likely to cost three times as much. (See Para 38).

7. An initial financial appraisal for the proposed fish trailer has been compiled (see Para 42 and Appendix V). This indicates that, under the circumstances described, the trailer could be financially viable, providing a positive net benefit stream and fast pay-back period, even under stringent sensitivity analysis. Further data, to be collected during the proposed practical trials, is required to confirm the case before commercial introduction of the trailer units is considered.

8. It is **recommended** that consideration should be given to funding the construction of two trailer and kiosk units for practical trials during the 1994 selling season, if the project is continued into a second phase. If the units prove to be commercially viable it is **recommended** that consideration should be given to assisting in establishing a loan/credit scheme for prospective purchasers. (See Para 44).

9. The existing system for fish inspection and quality control is cumbersome and bureaucratic and does not meet the requirements for rapid and effective distribution and marketing of fresh fish within the domestic market. For the export market, changes will be necessary if Romania is to meet European Community Directives on export trade in fish. (See Para 46).

10. It is **recommended** that any extension of the project should consider presenting a technical workshop/training course on fish inspection, quality assurance systems and the EC Directives on fish and fish products, for Veterinary Department Inspectors, Managers of producing and processing societies, traders and MAF officials. (See Para 50).

11. A training course in computer operation for Rompescaria staff is nearing completion and the key individuals are now able to prepare the proposed Bulletin. A new title for the Bulletin, was proposed (Rogers), 'The Romanian Commercial Fisheries Bulletin', to reflect the wide range of issues the industry is facing, rather than the original title that only referred to distribution and marketing. (see Para 51)

12. A provisional list for the first issue was prepared with Rompescaria and discussed with MAF, with January 1994 as the publication target. (See Para 53).

13. Although the Government of Romania intends to privatise the fishing industry no firm date for this to occur has been fixed. The basis on which aquaculture

businesses are valued may be too high for an existing management and employee buy out. The overall valuation is based, to a large extent, on previous capital investment and may not be realistic for viable independent commercial operation in the future. (See Para 56).

14. It is **recommended** that Rompescaria, possibly with project assistance in a second phase, examine the basis of the guidelines for asset valuation and privatisation to see if a justified case can be prepared for the fishing industry to be given special consideration. (See Para 59).

15. The suggestion that a British Executive Service Overseas (BESO) volunteer be attached to a producing society for an extended period to establish present financial and technical management practices and identify options for free market operation was accepted by Rompescaria and MAF. The managing director of Pescaris SC in Iasi welcomed the opportunity to host the attachment and agreed to provide essential transport and identify suitable accommodation. It is **recommended** that consideration should be given to making such a placement if the project is extended, providing an adequately experienced and qualified volunteer can be identified. (See Para 60).

16. The fisheries planning and management course began on schedule at the University in Galati with all available places taken. Initial reports suggest that the course was well received with a high level of participation. Participants will take part in an evaluation exercise at the end of the course and the results are expected by the end of December 1993. (See Para 65).

17. In the eight months since it began the project has made positive progress in helping the industry identify the outstanding problems with a number of specific issues. The remaining activities to be completed under the existing project are listed. Further inputs are needed to consolidate the progress made to date and to secure a positive and self perpetuating impact. An outline list of possible future project activities is presented. (See Para 69). The activities remaining under the present phase of the project are presented, with individuals responsible to action identified. (see para 70).

INTRODUCTION

18. This visit provided the first opportunity to begin work on a number of topics, mainly post-harvest, identified in the Blake/Domaniewski and Rogers/Bennett identification missions in 1992 and subsequently included in the current project document.

19. Although there has been no substantial progress towards privatising the fishery industry, a number of steps have been taken by the Government of Romania towards the liberalisation of trade. The exemption of fresh and frozen fish from the value added tax (TVA), introduced on the 1st.July 1993 was a significant indicator of Government attitude. At the same time formal price controls on many goods, including fish, were removed, allowing producers and traders to sell fish at the best price available.

20. The Fisheries Technical Workshop Initiated by the project and held in Bucharest in August this year provided the first forum for the industry to discuss the issues facing it. Meetings with senior managers of producing and processing societies, during the current mission, revealed that many of the issues identified in the workshop are now being actively considered, with increasingly realistic attitudes.

21. The Terms of Reference for the visit and the Itinerary and people met are presented at Appendices I and II, respectively.

CONSUMER SURVEY

22. Almost no valid data is available in Romania on consumer demand for fish and fish products in a free market situation. Supply and demand data has been collected in the past, but this was essentially related to the management of a centrally controlled economy and had more to do with producing to the required level, rather than consumers being supplied with what they wanted and were prepared to pay for.

23. Similarly, producers have very little reliable information on what consumers actually want in terms of, species, size and presentation, when and where they would like to buy it and, equally importantly, what they are prepared to pay. Any sensible rationalisation of production, particularly where several species can be grown in different proportions, at different costs in polyculture systems, will depend on reliable information on the likely returns from the market.

24. Negotiations were held with the Institute of Domestic Trade, a unit of the "Virgil Madgearu" National Institute for Trade Research, which is in itself an agency of the Ministry of Commerce and Trade. This Institute was identified as a suitable local consultant to conduct qualitative market surveys. Miss Carmen Balan, a research scientist with the Institute, attended the post-harvest fisheries workshop in August 1993. The Institute has had considerable experience of conducting quantitative market research, but very little experience of qualitative research and would benefit from directed field experience. They are acceptable to the main counterparts, the Ministry of Agriculture and Food and are much cheaper than a commercial company. It is likely that a local commercial consultant would probably turn to them to conduct the study in any case. The proposed study would provide for the transfer of "know how" to a local organisation and, although concerned exclusively with fish, would enhance the ability of the Institute to win similar work in the future.

25. A proposal was compiled for four focus group interviews, each of eight people, in the Bucharest area. The groups will be divided evenly by age and social status. Recruitment of interviewees will be from the 7,000 broadly representative families already contributing to the regular surveys of the Institute. A topic list for the focus group interviews and a briefing paper for the interviewers was agreed. Interviews are to be held in local halls, with the interviewers coming from the Institute and the Department of Economics of the University of Bucharest. The proposal was discussed with Mr Robert Macaire of the British Embassy who agreed to commission the study, with costs being met from existing project funds.

26. The study interviews were completed in the first half of November and a draft report will be submitted to NRI for comment and approval by the end of December 1993. A condition of the study is that the survey and results will be written up as an article for publication in the new Commercial Fisheries Bulletin.

27. This initial, low cost, consumer study is intended to test the capabilities of the Institute Virgil Madgearu, provide a description of the language used by consumers in Romania, form the basis for considering further market studies and provide producers and traders with valid consumer information on aspects of demand.

WHOLESALE MARKETING

28. The introduction of wholesale marketing was one of the recommendations of the technical workshop organised by the Romanian Fish Producers Association (ROMPESCARIA) in August 1993. Discussions with a number of senior managers and Government officials during the course of this visit consistently reiterated this demand.

29. It was not possible to organise, or conduct, wholesale marketing trials during the visit. Although a site in Bucharest was identified where trials could be conducted, using the existing facilities, no arrangements had been made for fish to be supplied from a number of producers, or for open purchase by retail traders. The existing retail outlets in Bucharest number approximately 22, eight are managed by Pescaral SC, with the remainder privately operated. Of the few privately operated shops visited, all were apparently tied to a single regular supplier of fish. Pre-1989 there were many more retail fish shops, most controlled by the Ministry of Commerce. Control was transferred to the Ministry of Agriculture and Food after the 1989 revolution, but many of the shops have subsequently been leased to private tenants to sell other goods.

30. Wholesale marketing trials will only be possible if the existing suppliers will permit the shop managers to buy competitively on a daily basis.

31. Twenty two retail outlets, servicing a population of 2.5 millions, seems inadequate, especially as fish is not available through general food stores or supermarkets, apart from some canned products. In the longer term wholesale marketing will only become viable if an open access and competitive retail sector is established with a variety of different types of retail outlets. At the present time it is probably fair to comment that fish consumption is constrained by a retail sector that does not make fish sufficiently available to consumers. The proposed trials to test simple kiosk and trailer mounted mobile fresh and frozen fish retail units, discussed below, are intended to encourage affordable expansion of the retail sector. Information from the market survey (see para 6) should tell us if there are significant pockets of latent demand.

32. Discussions were held with Mr Serban Ghinescu at the office of the European Bank for Reconstruction and Development (EBRD) in Bucharest on the proposal for a wholesale fruit and vegetable market to be established in Bucharest. In the initial phase only fruit and vegetable marketing is being considered, but the project is intended to cover other commodities, including fish, in the future. It was suggested that EBRD should be kept informed of developments within the fish sector.

33. To make the necessary arrangements to conduct wholesale fish marketing trials next season (1994) it is **recommended** that Rompescaria organise a meeting, or meetings, with managers of Producing Societies likely to supply a wholesale market in Bucharest, and officials from involved Government Ministries and related organisations, to discuss the issues and agree a strategy. Trials will only be possible if all likely suppliers agree to sell all their fish through the wholesale market and permit managers of retail outlets to purchase independently. Collaboration by Ministries, particularly the Sanitary Police, will be essential, to ensure speedy quality inspection and completion of essential formalities.

34. Most fish from aquaculture is marketed between September and December to coincide with the end of the main growing season and re-stocking for the following year. Producers make very little effort to extend the marketing period. With the removal of price controls there may be opportunities to maximise the prices achieved by marketing for a greater part of the year.

35. Retail fish prices have doubled, or trebled in the past 11 months. An indication of the current trade and retail prices for fish and competing meat products in Bucharest is shown in Appendix IV.

RETAIL SELLING

35. The limited number of retail outlets for fish in Bucharest and most other towns and cities is considered to provide a constraint on the effective marketing of fish. This has been exacerbated by the reduction in the number of outlets since the 1989 revolution and the fact that all fish products, with exception of canned fish, are only available from specialist fish shops.

36. Before 1989 fish was often the only readily available animal protein food, as much of the meat production was earmarked for export. Fish now has to be sold in direct competition with a wide and increasing range of meat and meat products that are now available in many urban centres from a wide array of retail outlets. The high proportion (70-80%) of Chinese carps in the present fresh water aquaculture production poses additional problems. Chinese carps are very bony with a dry taste and are generally a "least preferred" species, they are also associated with the communist regime who introduced the species and used them to replace preferred endemic species in all the lowland farms.

37. The bulk of fresh and frozen fish is sold in the round, without gutting. No attempt is made to offer the consumer any service in terms of cleaning, steaking or filleting. Chinese carps are frequently put on the market weighing 2-3kg per fish. Even as the cheapest fish available it is suggested that many of the poorer consumers cannot afford to buy a whole fish; yet no attempt is made to cut the fish into portions. Retailers claim that the regulations do not permit them to cut fish in the shop, but discussions with the Veterinary Department suggest that this is permitted, provided basic hygiene precautions are observed. Convincing traders and their retail staff that offering consumers improved service, which the consumer would be expected to pay for, should increase takings has not been readily accepted.

38. Designs for simple, low cost retail units for fresh and frozen fish, based on the widely used kiosks and car trailers used in Romania have been developed. The designs provide for basic, but hygienic selling, with facilities to prepare fish to the customers requirements and storage for stock, offal and waste water. Only insulated storage is provided as it is intended that stock will be sold off each day or, with iced fish, re-iced for overnight storage.

39. Both designs are intended to be affordable to new, private sector entrants to the retail sector. The kiosks should provide an alternative to conventional shops that can be easily re-sited if required. The trailers are intended to supply smaller towns and villages surrounding the larger cities and, in Bucharest, the suburban concentrations of high rise apartment blocks.

40. Both designs are based on a modular concept, with individual modules for fresh fish storage, frozen fish storage, offal and utensils, etc. The mobile unit also includes fresh water and waste water tanks. The Veterinary Department of MAF, the Ministry of Commerce and the Office for Consumer Protection were individually consulted on the general concept of the proposal. All consulted accepted the concept of low cost fixed and mobile retail units for fish and agreed that trials could be undertaken. Veterinary Department agreement that the designs provide adequate hygiene facilities will be required before trials can begin.

41. Mr. Vladimir Titinschneider, Design Engineer at the Fisheries Research Institute in Galati, prepared scale drawings and preliminary costings for the trailer mounted and kiosk sales units. Prototypes are expected to cost 2.0 million Lei (US$1,250) for the trailer unit, including the purchase of a new trailer. The kiosk is estimated at 2.75 million Lei. On a regular production basis a cost of 1.4 million Lei (US$875) is anticipated for the trailer unit. The drawings and specifications are presented in Appendix V.

42. A cost benefit analysis, based on the available information, shows that a trailer mounted retail unit, including the cost of the towing vehicle, could be financially viable, provide a positive net benefit stream and fast pay back period, even under severe sensitivity analysis. The analysis is presented in Appendix V. The net present value of an investment in a trailer unit at an interest rate of 90% over 10 years is 47,883,592 Lei. The annual benefit stream (ie, total benefits less total costs) under these conditions varies around Lei 15 million, easily enough to allow full pay-back in the first year of operation. The analysis includes wages for the owner operator and an assistant.

43. Outline design drawings and costs for the kiosk unit suggest a cost around 2.75 million Lei (US$ 1,720), based on a commercially available, sectional, pre-fabricated construction kiosk unit.

44. It is **recommended** that consideration should be given, as a future activity, for the project to fund the construction of two trailers and two kiosks for practical trials next season (August-December). The kiosks should be tested in Bucharest and a provincial city. The trailers should be tested in the suburban areas of Bucharest and in rural towns and villages. The trials should be carefully monitored to technical and financial information on all aspects of operation. If the units prove to be viable for private, commercial operation it is **further recommended** that consideration should be given, at that time, to assisting in the creation of a loan/credit scheme for prospective purchasers.

FISH INSPECTION AND QUALITY ASSURANCE

45. Discussion were held with the Veterinary Department and their Sanitary Police Section on the procedures in force for inspecting and authorising the marketing of fish for human consumption. The Veterinary Department is also responsible for the regulations controlling the movement of live fish, larvae and eggs between farms.

46. Each capture of fish for human consumption from a pond should be inspected by a qualified veterinarian at, or close to, the pond to check that the fish are healthy. The fish are then re-inspected at the final destination before sale to the public. The practise of checking each haul of fish at the point of capture seems unnecessary and, in any case, does not always take place. It is not likely to provide effective consumer protection. It is **recommended** that a system is introduced where farms, or individual ponds, are approved each season for the removal of fish for human

consumption. This would allow the ponds and fish to be screened for pollutants (heavy metals, insecticides, etc.). Fish pose very few public health risks for the consumer from transmittable parasites or diseases. Once a farm or pond is issued with approval the manager should be able to put fish into the marketing system without further documentation or inspection. If a pond or farm is polluted and the fish are contaminated it should not be allowed to put fish onto the market. Annual screening of the pond water and fish, followed by random spot checks are considered sufficient. It is not necessary to delay the distribution cycle whilst waiting for inspection to be undertaken.

47. Inspection of the fish should be carried out when it arrives at its final destination, such as urban wholesale markets, with spot checks at retail premises. Spoilage and adulteration are most likely to occur during distribution and marketing.

48. The inspection system used should provide essential protection for the health of the consumer, but cause the minimum disruption of free trade. A distribution and marketing system for fresh fish should get the product to the consumer as quickly as possible, with the fish as fresh as possible. In most situations in Romania it should be possible to arrange to catch fish in the afternoon for marketing early the next morning, even in distant towns and cities. The present practise seen in some shops in Bucharest, where fish does not arrive until late afternoon does not allow the manager to obtain the best prices, or provide a sensible service to consumers.

49. The existing fish inspection system is cumbersome and bureaucratic. There is a need to consider what changes are necessary to develop an effective system to protect the consumer, without unduly constraining trade. The new European Community (EC) Directives on Fish and Fish Products, and the Hygiene of Foodstuffs must also be taken into account if Romania wishes to develop the export of fish and fish products to Community countries. The existing industry infrastructure, in terms of handling, processing, storage and distribution, does not meet the EC standards and may well constrain continuation of existing export activity and any future expansion.

50. It is **recommended** that consideration should be given to the project presenting, in the future, a technical workshop on fish inspection, quality assurance systems and the EC Fish and Fish Product Directives.

COMMERCIAL FISHERIES BULLETIN

51. At the time of the visit Rompescaria staff were part way through a training course in computer operations presented by Mr Dan Ovidiu of the British Council in Bucharest. The staff are now able to use the basic word processing package and are rapidly coming to understand the desk-top publishing software and the use of the scanner to import text and graphics.

52. As the problems facing the industry are wide ranging it was recommended (Rogers) that the title of the proposed Bulletin should be changed to reflect the wider field of interest. The original title; the *Romanian Fish Distribution and Marketing Bulletin* was considered as too restrictive and a change to the *Romanian Commercial Fisheries Bulletin* was suggested.

53. During the visit discussions were held with the Vice President of Rompescaria, Mr Niculae Angelescu and his staff on the contents of the first issue of the Bulletin, with a target date for publication of January 1994. A contents list of 10 items was agreed that reflected the objectives and range of interest of the publication. A rough draft of the new title page and the contents list was sent to Mr Niculae Dimulescu, the President of Rompescaria for his approval. Mr Dimulescu is currently in UK on a training course.

54. Arrangements were made for the British Embassy to supply the initial stock of laser printer paper to Rompescaria from project funds.

PRIVATISATION

55. Although the producing societies are very concerned about what will actually be involved in privatising their societies, no schedule for this to happen has been published. One senior manager of a society was of the opinion that privatisation is at least two to three years away.

56. Discussions with one farm manager and the senior manager of the society controlling the farm revealed some disquieting information. The official valuation of the farm appears to be based on all the original capital costs, multiplied by a factor similar to the devaluation of the Lei against the US$ since the farm was constructed 18 years ago. The valuation is such that staff and their dependants share certificates would only provide 2.5% of the value of the portion (30%) of the total valuation to be sold through the Private Ownership Fund offices. Under this circumstance a staff/management buy out would seem impossible.

57. The valuation system seems to provide a mechanism for Government to recover most of the original investment. It takes little account of the actual value of the assets for anything other than continuation of the previous activity. The farm visited was in a valley bottom and, if not used for rearing fish, would have little value for other agricultural purposes and the loss of the dams and sluices could increase the risk of flooding downstream.

58. From the limited information gathered during the visit it may be impractical to privatise the industry under the existing guidelines. Any farm or society that did complete the privatisation procedure may be burdened with such high asset repayments that viable commercial operation is impossible. Much will depend on whether the repayments are based on Lei or the US$. If in Lei then the continued devaluation will ease the situation, particularly if fish prices keep pace with inflation. The real issue is funding during transition; farms will find it very difficult to service debt in the first few years. It is considered that Government will only be able to generate income from the aquaculture industry if it is privatised in such a way that it can make real profits that can be taxed.

59. It is **recommended** that Rompescaria, possibly with project assistance in any future phase of the project, examine the basis for privatisation in the industry and prepare a justified proposal for special treatment that can be presented to Government and the State and Private Ownership Funds for discussion.

BESO ATTACHMENT

60. The possibility of attaching a British Executive Service Overseas (BESO) volunteer, with proven and extensive management in commercial fish farm management, to a producing society for a period of up to six months was discussed with MAF and Rompescaria. Both accepted that such an appointment could provide valuable assistance in helping the industry identify and adopt appropriate commercial management practices and to develop business plans for eventual privatisation.

61. Mr Victor Bulgaru, president of Pescaris SC based in Iasi was keen to receive the BESO volunteer and offered to find suitable accommodation in Iasi and at Vladeni Fish Farm, and to provide transport for official duties.

62. Mr Bulgaru was aware that the volunteer would need to investigate every facet of the society's operational and financial activities to provide sensible advice for future activities. It was stressed that all information provided to the volunteer would be treated in complete confidence.

63. Placing a BESO volunteer with a society for a full growing season (May-October) may be the only cost effective way to establish details of how the societies manage their existing business operations and to identify options for change to survive as private, commercial companies.

64. It is **recommended** that consideration be given, as a future project activity, to the KHF funding the placement of a BESO volunteer. Recruitment should only proceed if a suitably qualified and experienced candidate can be identified. Draft Terms of Reference for the BESO volunteer are presented at Appendix VI.

FISHERIES PLANNING AND MANAGEMENT COURSE

65. The course, presented by Hull International Fisheries Institute (HIFI), began at the University in Galati on 2 November with all the available places taken.

66. Professor Mircea Rauta had made every possible effort to ensure that the University provided the HIFI lecturers with the essential support services. Staff from the University and the Fisheries Research Institute in Galati had translated all the advance course notes and Rompescaria arranged for typing and printing in advance of the course opening.

67. At the end of the first lecture session the participants were split into groups to begin work on case studies and exercises. Discussion was lively from the first moment and reports from HIFI confirm a high level of input from the participants.

68. An evaluation excercise, conducted by HIFI, will be undertaken by the participants at the end of the course which will be included in their report on the contract. A further evaluation, in six or 12 months time, by the project managers is **recommended.**

CONTINUATION OF THE PROJECT

69. The project has made positive progress in helping the fishing industry in Romania identify the main problems it is facing and has made a number of inputs to address particular issues. The project activities have included:

(a) technical workshop on fish distribution and marketing;

(b) equipment to publish an industry bulletin;

(c) investigations to improve feed utilisation (and reduce feeding costs);

(d) continuation of distribution and marketing studies;

(e) study tours in UK on water resource management and legislation;

(f) UK training course in fish distribution and marketing;

(g) fisheries planning and management course at the University in Galati;

(h) consumer study, conducted by Institute Virgil Madgearu.

70. The following activities remain to be undertaken this financial year to complete the current project:-

(a) review and approve consumer study report by Institute Virgil Madgearu.
Action: Ben Bennett

(b) set up and initiate trials with pelleted common carp feeds. **Action: Ian Watson**

(c) water resource and fisheries legislation visit by Prof. Howarth (University of Kent).
Action: John Rogers

(d) Producers meeting to agree strategy for wholesale marketing trails. To be organised by Rompescaria.
Action: John Rogers

71. Many of the activities that have been initiated require further inputs to consolidate the progress made to date and to secure a positive and self perpetuating impact. Discussions were held with a variety of individuals and organisations on the activities of the project to date and the priorities for any continuation. An outline proposal for continuation of the project will be prepared in the near future and submitted for discussion. It is anticipated that a continuation of the project, over a two year time span, would include the following activities:

(a) practical trials of low cost fixed and mobile retail selling units for fresh and frozen fish;

(b) conduct wholesale marketing trials and, if appropriate, draft a proposal for permanent introduction for multilateral donor funding;

(c) develop new added value products and presentation for specialised markets, e.g. supermarkets, catering and institutional buyers;

(d) develop an integrated management strategy for the management, conservation and sustainable exploitation of the fresh water capture fisheries;

(e) undertake a study of the privatisation of state owned industries, with particular reference to the valuation of assets and any grounds for fisheries industries to be given special treatment;

(f) present a course in business management for senior executives of producing societies;

(g) present training, in Romania, in applied fisheries economics;

(h) present a workshop on fish inspection and quality assurance;

(i) continue feeding trials with pelletised common carp feeds to establish technical and financial performance;

(j) establish whether fish ponds act as biological filters and improve water quality (related to the charges levied by MOE for water supplied to fish farms);

(k) consider the prospects for trial commercial operation of a single fish farm as a model for the future.

(l) Set up a market information system in association with the Fisheries Bulletin;

(m) training in environmental appraisal;

(n) extend market research to other areas.

(o) encourage publication of an occasional series of papers to disseminate project initiated work. (the series could begin with publication, in Romanian and English, of the full report of the first project commissioned consumer study)

APPENDIX I

TERMS OF REFERENCE

KHF Romania: Fisheries Project

Introduction

1. The agreed project programme included a visit by a fisheries post harvest specialist and a marketing economist for autumn 1993. The project framework showed the objective of this visit to be the preparation of a proposal for the introduction of wholesale marketing for fish and fish products in Romania. The recent fisheries workshop held in Bucharest has shown that the industry is not yet ready for this to occur, although important first steps towards removing controls on distribution and marketing have been taken. The TOR shown below take account of the recent changes and cover a range of activities intended to bring privatisation and completely free trade closer.

2. During the course of a visit to Romania covering the month of October 1993 a post-harvest fisheries specialist (4 weeks in country) and a marketing economist (2 weeks in country) will work with Romanian counterparts from ROMPESCARIA, MAF and other GoR Ministries in order to study:

(a) initiating a marketing survey to establish consumer demand and preferences. This is intended to raise awareness in the industry that consumer demand has largely been ignored in the past.

(b) Work with ROMPESCARIA and GoR ministries and departments to devise an acceptable scheme to begin wholesale marketing trials at Obor Market in Bucharest.

(c) Examine options for appropriate fixed and mobile retail fish selling facilities, and consider setting up trial, demonstration units.

(d) Describe the existing public health procedures and regulations relating to fish sold for human consumption. Discuss with appropriate authorities any changes needed to meet the requirements of the fishing industry to market high quality fresh fish.

(e) Review, with ROMPESCARIA, progress in publishing the first issue of the Romanian Fish marketing Bulletin and provide any necessary advice and practical assistance.

(f) Consider further and report upon issues relating to privatisation of the fishing industry. Identify opportunities for supporting this process.

(g) Discuss with ROMPESCARIA, MAF and selected Producing societies the prospects for attaching a UK BESO aquaculture management specialist with one or two societies. If an attachment is possible draw up detailed TOR for the post (outline draft TOR are attached).

3. The consultants will prepare a preliminary "back to office" report of their main findings and recommendations within three days of return from the field visit. A final detailed report will be completed within four weeks of return from the field.

APPENDIX II

ITINERARY AND PEOPLE MET

October

Mon 11 Arrive Bucharest
British Embassy
- Robert Macaire
- Corina Paun
- Mircea Cocan

Tues 12

British Embassy

MAF
- Mr S Tarabuta
- Mrs C Ciuguianu
- Mrs Novac Ioana, Chief Marketing Dept.
- Mr Draghici Emilian, Marketing Dept.
- Mrs Corina Paun

Virgil Madgearu, Inst Domestic Trade Research
- Ionascu Viorica, Head Department
- Ristea Ana Lucia, Scientific Secretary.
- Adascalitei Virgil, General Manager
- Carmen Balan, Research Officer

Department Domestic Commerce
- Dabu Georgeta, Director General
- Tirla Maria, Chief Department,

MAF
- Cornelia Ciuguianu
- Draghici Emilian

Rompescaria
- Angelescu Nicolae
- Potbaniceanu Madalina

Wed 13

MAF, Directorate General Sanitation/Veterinary
- Dr Ontanu Gheorghe, Director
- Radu Bujor, Chief San/Vet Police
- Corina Paun

MAF, Directorate General Food
- Tarabuta Stefan

Obor Market
- Cornelia Cuiguianu

Institute Virgil Madgearu

Thurs 14

MAF
- Tarabuta Stefan
- Cornelia Ciuguianu
- Potbaniceanu Madalina

Consumer Protection Office
- Mrs Mioara Mechea, Director
- Lupu Corina, International Relations

Plane and train tickets

MAF
- Tarabuta Stefan
- Purice Nicolae, Chief Department
- Potbaniceanu Madalina

Fri 15

MAF/ROMPESCARIA

Obor Market
- D Ungureanu, Director General, CI-CO.
- Cornelia Ciuguianu

Embassy

Sat 16

Obor Market
- Neacsu Vasile
- Ignat Aurelia

Amzei Market
- Mrs Lefter, "Neptune" shop manager
- Radu Petre, Director General, Pescarul

Mon 18

Train to Galati
- Cornelia Ciuguianu

University of Galati
- Prof Rauta
- Razlog Georghe
- Pecheanu Constantin, Dir Res Inst
- Patriche Niculae, Res Inst

Pescogal SC
- Pascal Leonida, Man Dir., Pescogal
- Daniela Mihailovici, interpreter

Tues 19

Travel to Tulcea by road
- Cornelia Ciuguianu
- Patriche Niculae
- Cismaru Sorin, interpreter/driver

Danube Delta Biosphere Reserve Authority
- Munteanu Ion, Chief Scientific dept
- Papuc, Director Economics

Danube Delta Research Institute
- Romulus Stiuca, Director General
- Mircea Staras, Scientific Director
- Ion Navodaru, Senior Scientist

Enisala Research Station
- Cocias Stefan, Head of Station

Wed 20

Danube Delta Research Inst
- Mircea Staras

Rompescaria, Bucharest
- Nicolae Angelescu, Vice President
- Madalina Potbaniceanu, Secretary
- Ovidiu Dan Galatanu, British Council

Thurs 21

Pescaris, Iasi
- Victor Bulgaru, Director General
- Eugen Platon
- Georgica Cristea
- Catalin Platon (translator/Acvares)
- Cornelia Ciuguianu

Vladeni Fish Farm
- Huianu Gheorghe, Farm Manager

Fri 22

Acvares Research Institute, Iasi
- Mircea Cuvinciuc, Director
- Catalin Platon, chemist
- Misaila Elena Rada, eco-physiologist
- Misaila Costica, nutritionist
- Matei Dumitru, researcher
- Palade Rodica, aquaculturist
- Niculet Corina, aquaculturist
- Luchian Camelia, aquaculturist
- Strat Adriana, researcher
- Seiler Florin, researcher

Vladeni Fish Farm
- Victor Bulgaru
- Huianu Gheorghe
- Catalin Platon

Sat 23 Free/report writing

Sun 24 Free/report writing

Mon 25

MAF/ROMPESCARIA
- Tarabuta Stefan
- Ciuguianu Cornelia
- Angelescu Nicolae
- Potbaniceanu Madalina

Pescarul SC
- Balan Elena, Economic Director
- Nedelcu Mariana, Chief Engineer

EBRD
- Ghinescu Serban, Agricultural Consultant

Obor Market
- Neacsu Vasile, Fish Trader

Tues 26

ROMPESCARIA

Ministry of Commerce
- Dabu Georgeta, Director General
- Rusu Gheorghe

Ministry of Environment
- Popovici Mihaela, Environmental Regulation Division

ROMPESCARIA

Wed 27

ROMPESCARIA

State Ownership Fund
- Khioru Alfred

Thurs 28

ROMPESCARIA

Study of fish demand in hotels and restaurants

Institute Virgil Madgearu
- Ristea Ana-Lucia, Scientific Secretary
- Carmen Balan, Scientific Researcher

Fri 29

ROMPESCARIA

British Embassy

Sat 30 Free/report writing

Sun 31 Report writing/discussions with JAU Adviser and HIFI lecturers.

Mon 1 Travel to Galati

Meeting with University staff
- Prof. Rauta
- Georghe Razlog
- Pecheanu Constantin
- Patriche Neculae

Arrangements for presenting course.

Fisheries Research Inst.
- Titinschneider Vladimir
- Patriche Neculae

Tues 2

Opening of training course

Wed 3

Fisheries Research Institute
- Titinschneider Vladimir

University of Galati

Return to Bucharest

Thurs 4

MAF (round up meeting)
- Tarabuta Stefan
- Corina Paun

Institute Madgearu
- Carmen Balan

Fri 5

Rompescaria
- Angelescu Niculae
- Potbaniceanu Madalina

Min. Commerce
- Dabu Georgeta
- Potbaniceanu Madalina

Return to UK

APPENDIX III

Outline proposal for qualitative market research into aspects of fish consumption in Bucharest, Romania.

Introduction

1. This proposal concerns qualitative market research commissioned from the National Institute "Virgil Madgearu", the Centre for Domestic Trade Research in the Ministry of Commerce.

2. The need for this research was identified during a mission to Romania by two consultants from the UK Natural Resources Institute, funded under the British Government funded "Know-How" initiative, who investigated the marketing of fresh water fish.

3. The main premis of this project is that fresh water fish are currently an undervalued commodity in Romania with demand apparently greatly outstripping supply.

4. As a result of this mission and the subsequent Workshop on Fish Marketing, held in August 1993, it was recommended that market research should be conducted in support of market reform and privatisation of the fish producing industry.

5. Initially, qualitative market research has been requested. This type of research seeks to gain insights into the attitudes and behaviour of consumers. It does not attempt to quantify or measure.

Background

6. Before the Romanian revolution in 1989 fish products were supplied to consumers on a first come first served basis. Price was set by the cost of production. Supply of fish at these prices fell short of demand, particularly during peak consumption periods such as religious festivals.

7. The fresh water fisheries industry was designed to supply the maximum quantity of fish at the minimum input cost, regardless of quality. For this reason, the industry was divided into a number of self-sufficient, integrated, fish production and supply units producing mainly Chinese carp species which require few inputs (i.e., feed). Demand, however, is for fresh indigenous species. Areas of surplus supply (i.e., the Danube Delta Region and Iasi) were contracted to sell fish at fixed profit margins to areas of surplus demand (i.e., Bucharest).

8. Whilst many of these arrangements still exist, the opportunities for increased profit from moving fish from areas of low demand to areas of high demand during peak periods of demand are now being considered. Traditionally,

producers have managed their own sale through their own retail outlets.

9. These integrated producing businesses were largely self-contained (i.e., included production, distribution, processing, marketing and retailing). This meant that there was no necessity for any sort of independent marketing chain. There are no marketing intermediaries, no wholesale markets and little market information. Several important market segments are currently under-exploited (i.e., sale to restaurants and institutions).

10. Opportunities to increase profit by providing products and services that the consumer wants have, by and large, not been taken up. The primary reason for this is that the industry has concentrated on supply rather than demand. Fish (especially in the preferred fresh form) is a highly perishable product. Marketing it requires considerable expertise, good knowledge of the market place and an ability to accept a certain amount of risk. In most fish marketing systems, risk is reduced by selling fish through marketing intermediaries who have a good knowledge of their market for which they receive some income (a "marketing margin").

11. Background information on Romanian consumers is scant. Rogers and Bennett (1992) suggest that the general order of preference for fish is live, fresh, fresh on ice, frozen and processed. By and large, indigenous species are preferred over non-indigenous species. Larger fish seem to be in greater demand than smaller ones. Aspects of demand such as preferred presentation, sensitivity to price, preferred place and time of purchase and consumer method of finding where fish are available, are not known.

Objectives of the study

12. The overall objective of the study is to enhance the incomes of fish producing, processing, marketing and retailing enterprises, create employment, and improve the supply of fish to consumers.

13. The immediate objectives of the study are to identify key market segments, outline areas of growth or decline in demand, investigate consumer attitudes towards various fish products and competing/substitute products.

Information required

14. The data required fall into the following broad areas:

(a) Existing fish consumption patterns and practices and reactions to improvements in marketing against the following criteria:

(i) product availability;

(ii) product quality;

(iii) product range;

(iv) access to the product;

(v) product presentation.

(b) Consumer sensitivity to price;

(c) The language client groups use to describe all aspects of the products and the marketing of the products;

(d) Product preferences;

(e) Seasonal, regional and ethnic differences in consumption patterns and product perception;

(f) Consumers reaction to new methods of fish retailing i.e., door to door trading;

(g) Consumer reactions to improved presentation options such as gutting, steaking, filleting etc.

Geographic focus

15. At this initial trial stage it is proposed only to conduct qualitative research in the greater Bucharest area. The reasoning for this is as follows:

(a) the methods proposed are new to Romania and we want to keep the study as simple as possible;

(b) Bucharest represents the single largest body of fish consumers in Romania;

(c) the information will be useful for two marketing initiatives proposed for the Bucharest area:

(i) wholesale marketing;

(ii) mobile fish selling.

Number and make-up of groups

16. In the initial survey, four focus groups are proposed. Each focus group should attempt to represent a homogeneous element of the target population. It is suggested that important variables might be age, sex, income, social status and level of expertise.

17. Age: It is likely that considerable differences exist between consumption patterns of older and younger consumers. Older consumer may remember times when fish were freely available in Romania, whereas younger ones may never have tried some species. Division of groups by age is recommended.

18. Sex: In many societies marketing activities are strongly associated with gender. Women are commonly more involved than men. How much this is the case in Romania is not known. Therefore, it is suggested that the groups should be evenly balanced between male and female respondents at this stage.

19. Income and social status: Higher income groups might have different consumption patterns and preferences to those with lower incomes. The same may be true of people with different types of work i.e., manual or office based. Since respondents from these groups can be easily identified from the existing bio-data available to the Institute, it is proposed that the groups be divided on these status and income lines.

20. Level of expertise: How much knowledge the respondents have of fish may be very important to the quality of information which can be gained from interviewing them. However, as very little research of this kind has been conducted in post-revolution Romania, it is hard to say whether respondent can be adequately divided on these lines.

21. It is suggested, therefore, that respondents be chosen purposively as follows:

(a) Group I: young consumers, upper income and/or non-manual workers;

(b) Group II: young consumers, lower income and/or manual workers;

(c) Group III: older consumers, upper income and/or non-manual workers;

(d) Group IV: older consumers, lower income and/or manual workers.

22. Respondent will be chosen as randomly as possible from the panel of households retained by the Institute.

Size of groups

23. Groups of not more that eight participant are recommended. Experience suggests that larger groups are hard to manage.

Duration of focus group interview

24. The interview should be not less than one hour and not more than two hours.

Location of focus group interviews

25. The following criteria should be born in mind when choosing a location for the interviews:

(a) Comfort of participants;

(b) No interruptions or distractions;

(c) Non-threatening (note that conducting the interviews in "official" buildings may result in respondents giving the answers they think you want to hear);

(d) Easy to get to (i.e., can be reached quickly by all participants).

26. There should be enough space to seat all the participants in such a way as none are excluded. A circular seating arrangement is suggested. It is important that the seating arrangements do not confer a special status on any particular individual in the group, including the interviewer.

Reporting conditions

27. The consultants should submit a draft report in Romanian and English delivered to the British Embassy, Bucharest. This report should contain the following elements:

(a) Summary

(b) Brief background information on the context of the study;

(c) Objectives;

(d) Methodology;

(e) Main findings of the interviews;

(f) Recommendations and conclusions.

28. The following should be appended to the report:

(a) An outline of topics covered in the interviews (a "Topic Guide" - see Debus, 1989, pp23-28);

(b) Details of the screening questionnaire if used (see Debus, 1989, p22);

(c) Any stimulus material used.

29. Subject to the comments of the UK consultants and MAF, the consultant will produce 1 copy of the final report from reproduction by the British Embassy.

30. The main findings of the report should be summarised in an article for publication in the Romanian Fish Marketing Bulletin. This article should be of about 2,000 words in length and be easily understandable by all potential readers (i.e., avoiding jargon and complex concepts).

Activity schedule

31. The following activities and work schedule is proposed:

(a) Pre-Focus group Preparation

(i) read background documents

(ii) talk to key informants (MAF, Producers, Retailers, etc.)

(iii) draw up outline of broad subjects to be covered in interviews

(iv) identify and book venue(s)

(v) select and notify participants

(vi) arrange refreshments and remuneration for participants

(vii) set-up tape recorder

(viii) arrange with MAFF and/or Rompescaria for provision of a small supply of fish samples (fresh, frozen and processed) to aid discussion.

(b) Conduct interviews

(c) Post interview activities

(i) draw together initial conclusions

(ii) produce draft report for comment by consultants and MAFF (as per the outline suggested in Debus, 1989, page 55)

(iii) produce draft article for "The Romanian Fish Marketing Bulletin" for comment by consultants and MAFF

(d) Finalise and print report. Publish article.

Costs

32. Staff costs @ US$1.25 per hour based on a 40 hour working week.

Table 1: Estimated costs

Activity	Person days
Preparation for interviews	
background reading interviews with key informants preparation of focus group format trail run focus group selection and notification of participants	10
Conduct interviews	
Four groups x 3 hours x 3 staff	5
Production of report	10
Translation of draft report	4
Typing of draft and final report	4
Total (days)	33
Staff costs @ US$1.25 per hour	US$330
Other expenses (estimated):	
Hire venue: x 4 @ L10,000 each	40,000
Refreshments for participants:	
- 2 x 250ml bottle per participant	12,800
- 2 x 250ml bottle per interviewer	4,800
- Biscuits, 1kg per group @ 4,000/kg	16,000
Travel expenses, participants: 32 x L100	3,200
Travel expenses for Institute staff: say	10,000
Report reproduction costs:	
- Paper: 200 pages @ L200/page	4,000
Fax and telephone calls to NRI (if needed)	35,000
Total cost of expenses (Lei)	125,800
Total cost of expenses (US$)	104.83
Total Staff costs and expenses (US$)	434.83
Contingencies @ say 5%	21.74
Total Costs	456.57

Note: Lei converted to US$ at US$1=L1,200 as of 15/10/93

Time scale

33. The research will commence as soon as possible to allow interviews to be completed during the peak fish production season. Therefore, all preparation and interviews should be completed during October/November 1993.

34. Draft report to be drawn up for comment by the end of November. Final report to be submitted along with draft article for the "Romanian Fisheries Bulletin" in January, 1994.

Payment

35. The consultant staff costs will be paid in full upon satisfactory completion of approved reports as outlined above.

36. Expenses for completing the study will be reimbursed on provision of receipts for reasonable and agreed expenditures (as outlined above) to the British Embassy.

37. Payment will be in Lei at the prevailing exchange rate to the US$ at the time of completion.

Key background documents

DEBUS M, (1989), Handbook for Excellence in Focus Group Research, AED Healthcom.

ROGERS J F and BENNETT C J, (1992), "Report on a Mission to Romania to Investigate Production, Processing and Marketing of Fresh Water Fish", NRI Report R 1923(R), for the UK "Know-How" Initiative, NRI, Chatham, Kent, UK.

ROGERS J F and BENNETT C J, (1993), "Visit to Romania to Attend a Workshop on Fish Marketing and Distribution", NRI Report R 2010(R), for the UK "Know-How" Initiative, NRI, Chatham, Kent, UK.

APPENDIX IV

Fish Prices

	1993	1992[1]	% Increase
	(Lei/Kilogram)		
Landed Price - Lake Razim (Delta)			
Bream	470		
Crucian carp	510		
Roach	480		
Zander	1,200		
Retail Prices - Bucharest			
Fresh Fish			
Crucian carp	845	264	361
Common carp	1,043		
Roach	845		
Bream	767		
Chinese carp	650	256	254
Zander	2,370		
Pike	1,500-1,950	873	197
Frozen Fish			
Herring	1,040	390	267
Stavrid	975		
Mackerel	1,040		
Cod	955	332	288
Chinese carp (fillet)	2,200	692	318
Salted Fish			
Bream	1,074		
Hamsie (Sprats?)	585		
Semi-conserved products			
Herring, marinated	2,863		
Mackerel, marinated	2,670	723	368
Smoked Mackerel, head off	3,898		
Canned herring in oil	3,525		
Retail Meat Prices			
Imported chicken	1,600		
Pork - knuckle	1,400		
- boneless	2,000 - 2,500		
fillet	3,000		
Mutton	1,000 - 1,200		
Mutton, liver	1,000		
Beef, with bones	950		
Beef, fillet	3,000		
Corned beef (canned)	2,366		
Cheese	1,100 - 2,200		

[1] From Rogers and Bennett (1992)

APPENDIX V

Low cost fixed and mobile retail sales units for fresh and frozen fish.

1. Preliminary scale drawings and outline costing for a small car trailer mounted retail selling unit are presented below. The drawings will form the basis from which to hold discussions with GoR Ministries and Departments to obtains approval for the designs in terms of hygiene standards and agreement to conduct practical trials.

2. An initial cost/benefit analysis of a fish trailer unit is presented in tables 1-4 below. The results indicate that, even under quite severe sensitivity analysis, the fish trailer provides a positive return on capital. If a 50% fall in turnover is combined with a criterion rate of interest of 90%, the investment would still achieve a pay-back period of less than one year. The analysis includes Lei 3 million for the towing vehicle (a locally made Dacia saloon car) and Lei 500,000 working capital.

3. A word of caution. In the absence of price data or market information the calculation is not very robust. No allowances have been made for price fluctuations, for example. Existing figures for prices of frozen and fresh fish indicate that trade in the later is less profitable than the former (see Table 1). Anecdotal evidence suggests that this is not true.

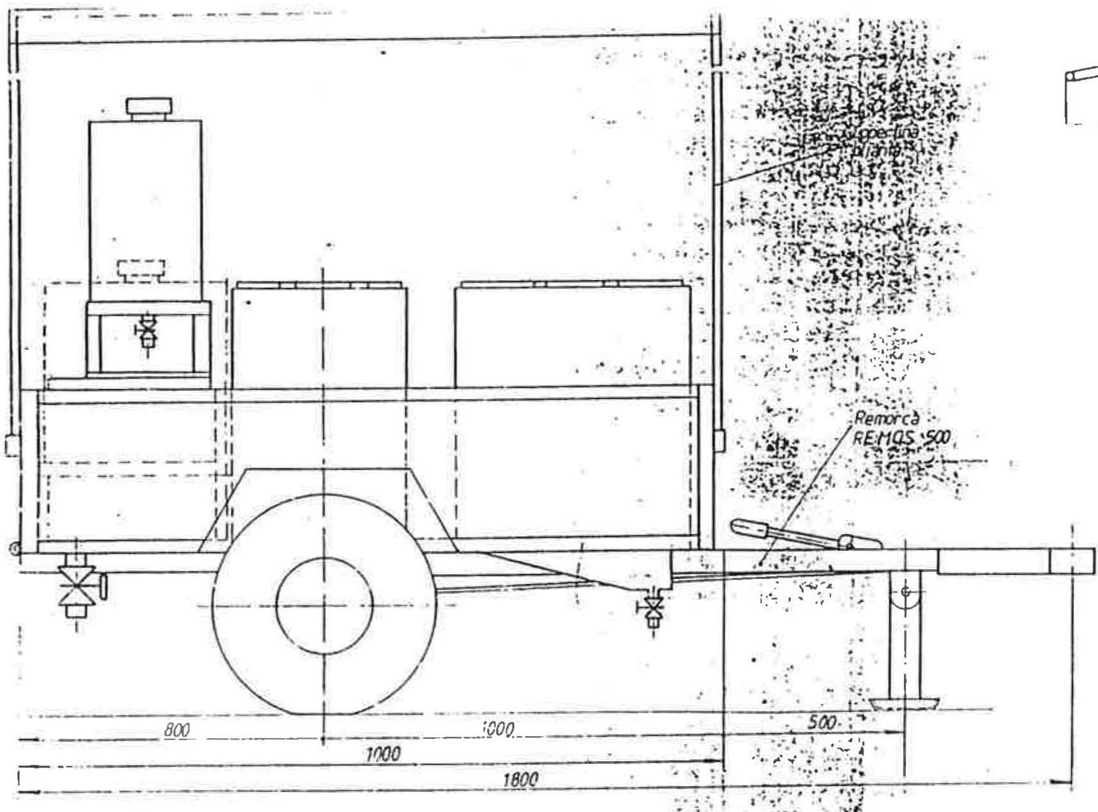
4. Similar outline drawings and costs for a fixed, kiosk unit, prepared by the Fisheries Research Institute in Galati, are also included in this Appendix. Further information on regulations, installation costs and site rentals are needed before a financial analysis can be undertaken. It is anticipated that kiosk units should provide a similar level of return to the trailer mounted units.

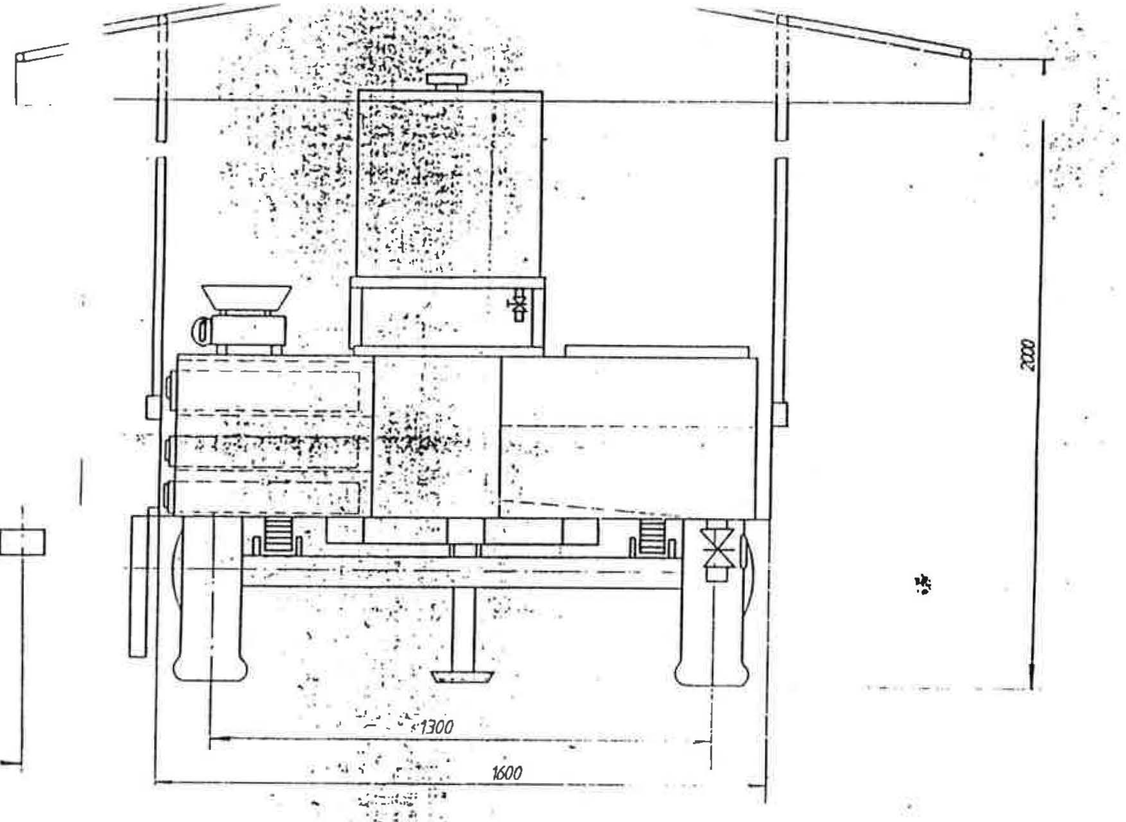
CENTRUL DE CERCETARE SI PRODUCTIE
PENTRU PISCICULTURA,PESCUIT SI
INDUSTRIALIZAREA PESTELUI - G A L A T I

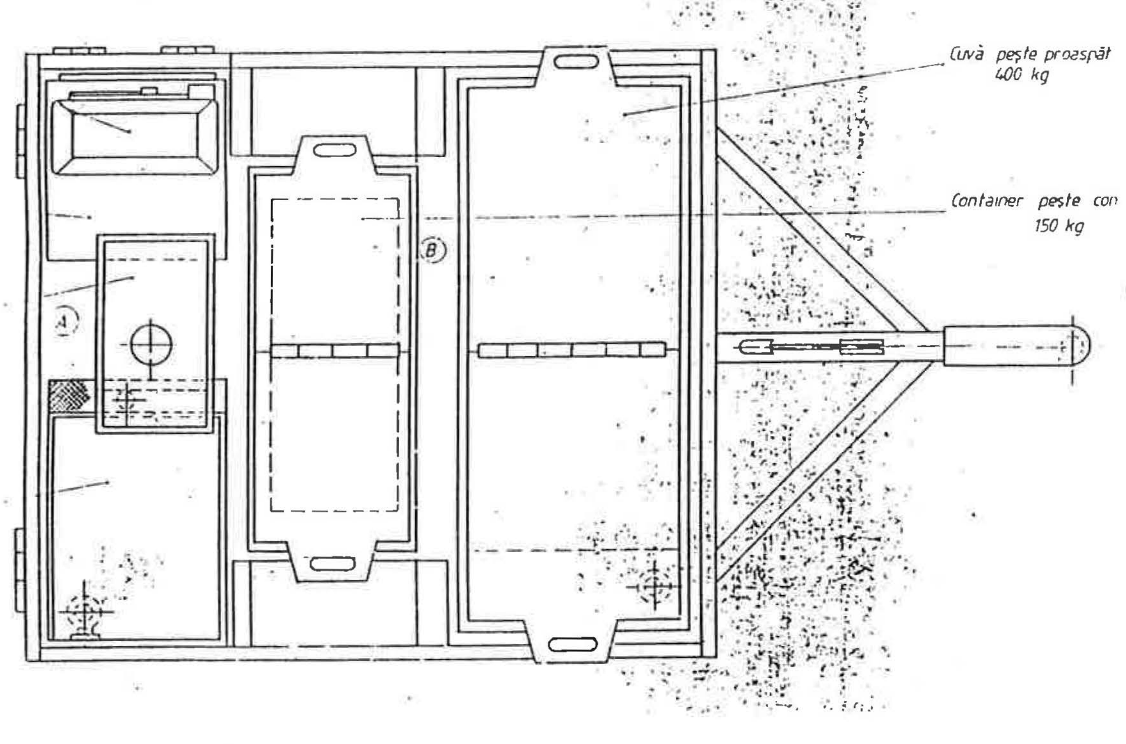
S P E C I F I C A T I E D E M A T E R I A L E

- Remorcă monoax	600.000. lei
- Container pește congelat 150 kg	300.000. lei
- Cuvă pește proaspăt 400 kg	500.000. lei
- Rezervor de apă 100 litri	150.000. lei
- Cuvă prelucrare pește	100.000. lei
- Modul cântărire	150.000. lei
- Cântar	100.000. lei
- Copertină pliantă	100.000. lei
TOTAL	2.000.000. lei

01.11.1993







NOTĂ

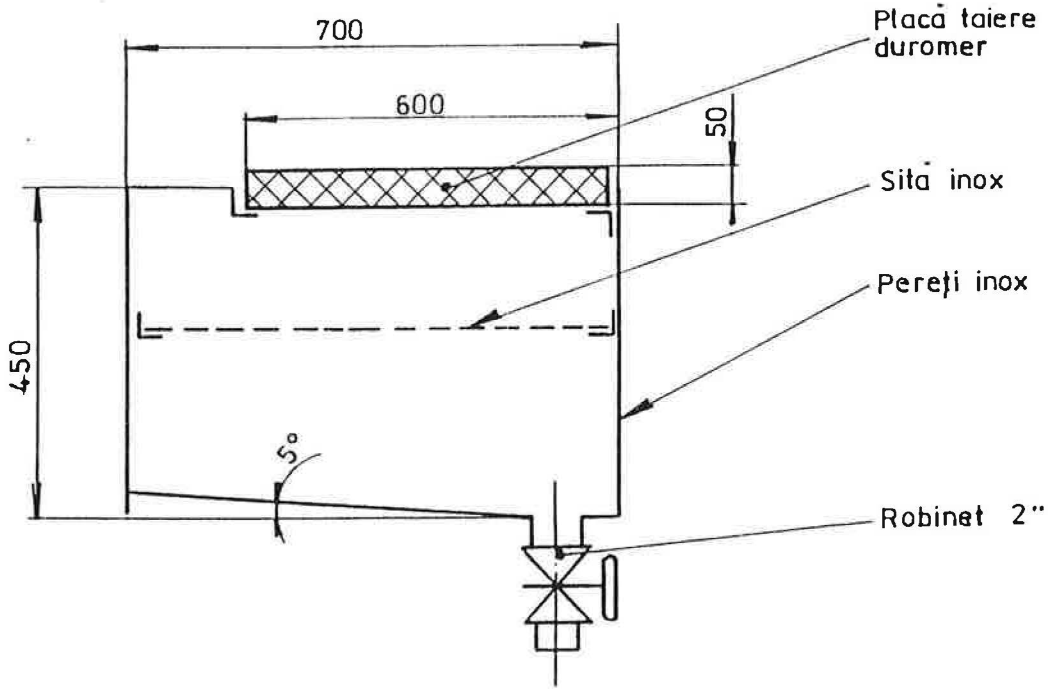
In timpul deplasarii

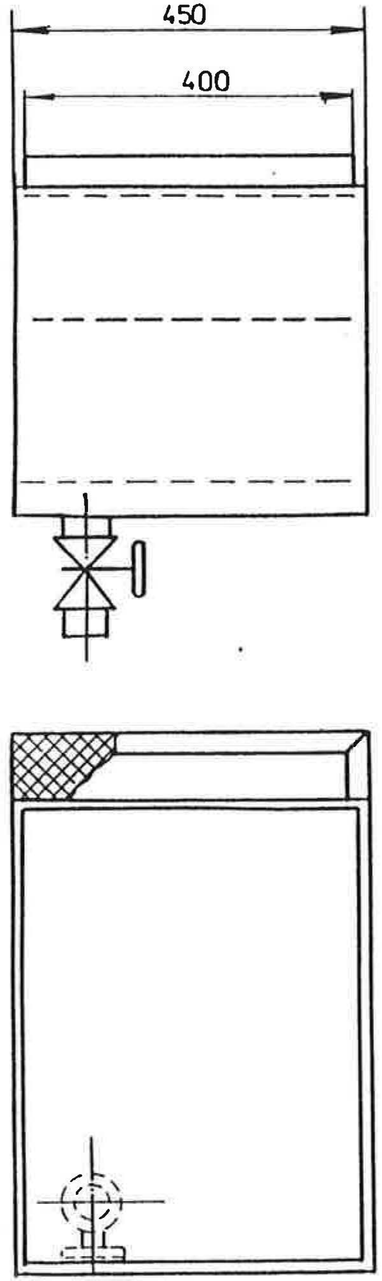
- rezervorul de apă se introduce în spaţiul Ⓐ
- copertina pliantă se introduce în spaţiul Ⓑ

SEMIREMORCĂ 500 kg AMENAJATĂ PENTRU COMERCIALIZAREA PEŞTELUI

Scara 1 : 10

Proiectat,
ing. TITINSCHNEIDER VLADIMIR





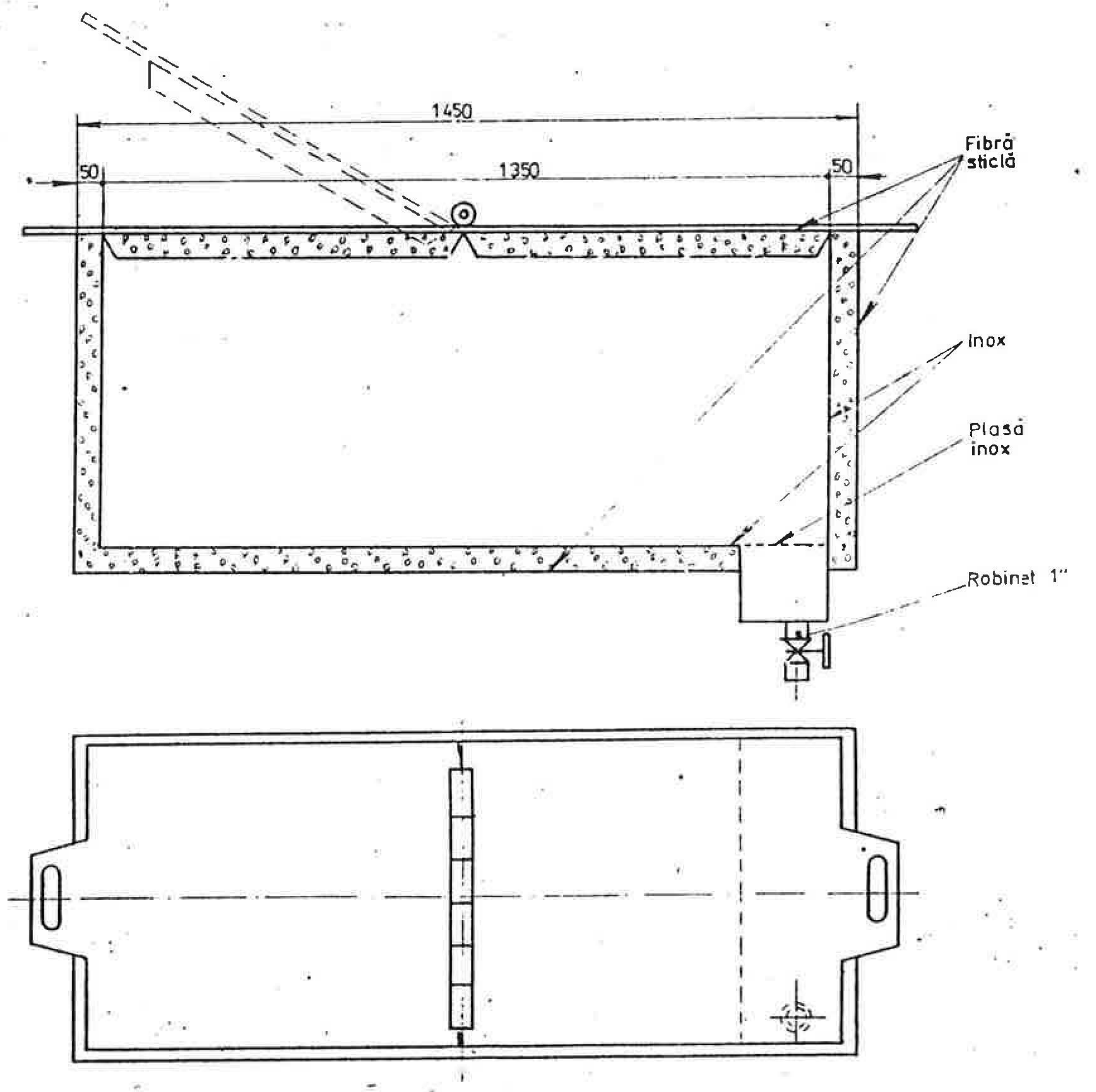
CUVĂ PRELUCRARE PEȘTE
• SPĂLARE

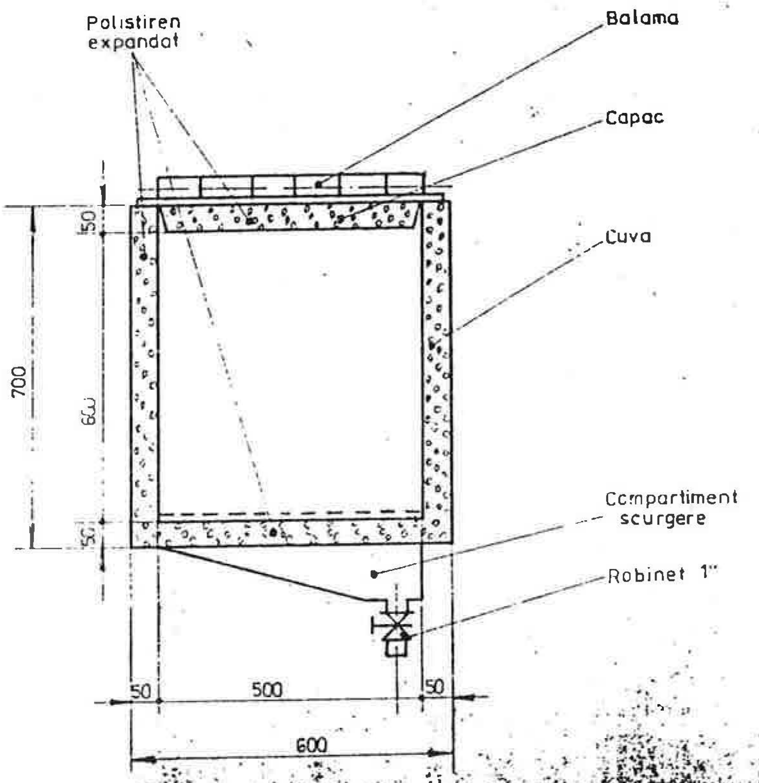
SCARA 1 : 10

Proiectat: ing. Titinschneider Vladimir

CENTRUL DE CERCETARE ȘI PRODUCȚIE
PENTRU PISCICULTURĂ, PESCUIT ȘI INDUSTRIALIZAREA PEȘTELUI - G A L A Ț I

CENTRUL DE CERCETARE ȘI PRODUCTIE PENTRU
PISCICULTURĂ, PESCUIT ȘI INDUSTRIALIZAREA
PEȘTELUI - G A L A Ț I

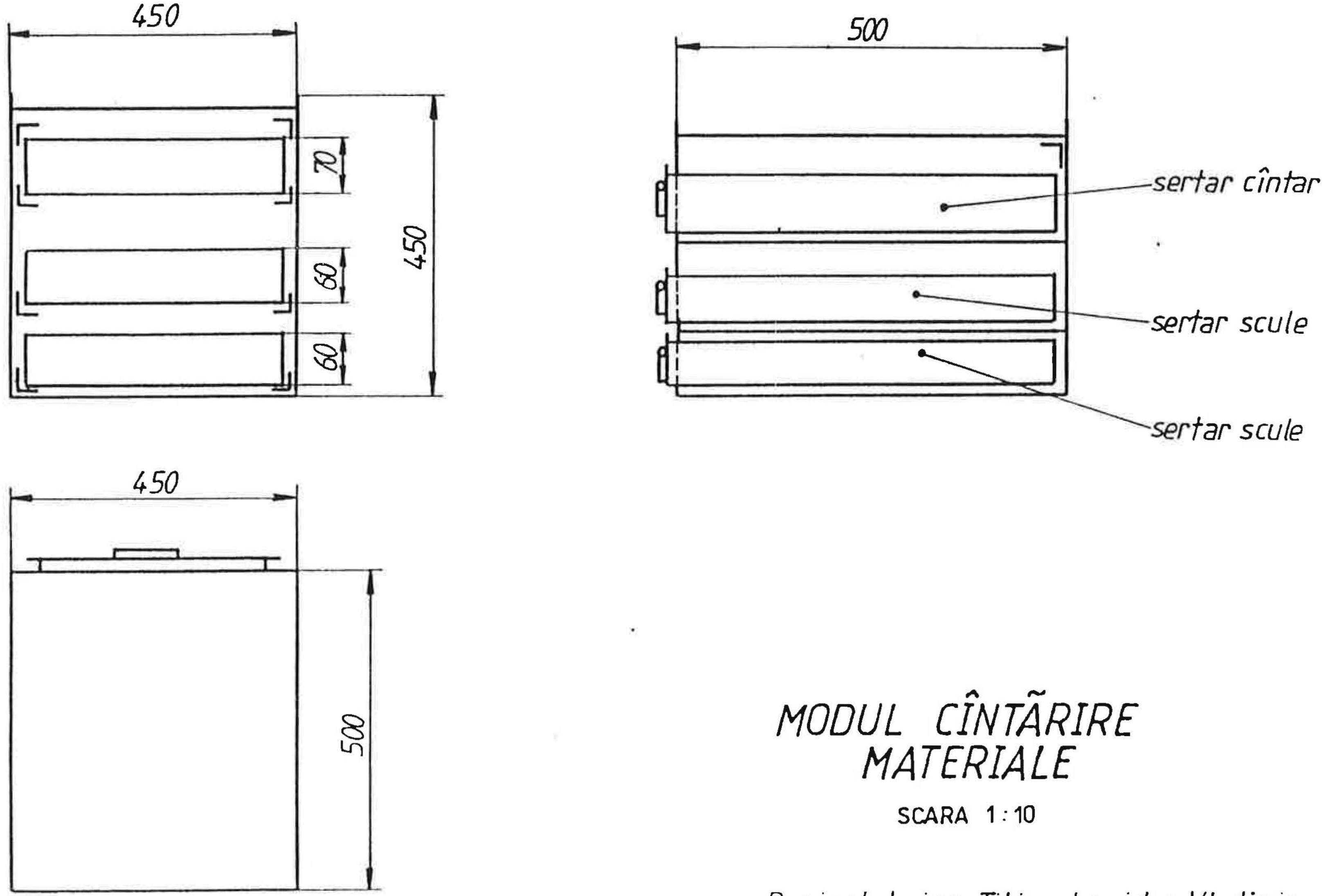




CUVĂ PEȘTE PROASPĂT CU GHEAȚĂ
Q = 400 kg
SCARA 1 : 10

Proiectat. Titinschneider Vladimir

CENTRUL DE CERCETARE ŞI PRODUCŢIE PENTRU PISCICULTURĂ, PESCUIT ŞI INDUSTRIALIZAREA PEŞTELUI - GALAŢI

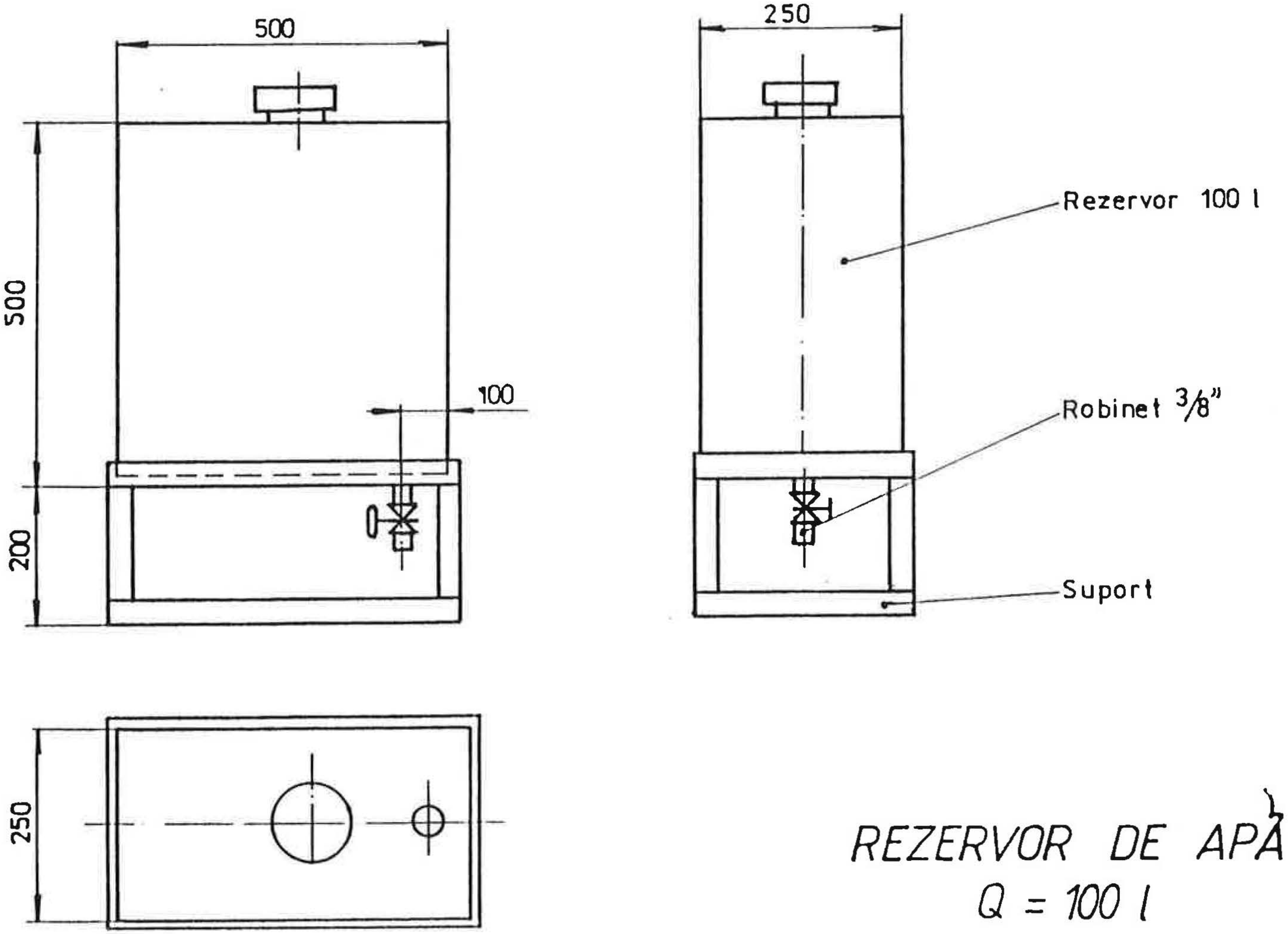


MODUL CÎNTĂRIRE MATERIALE

SCARA 1:10

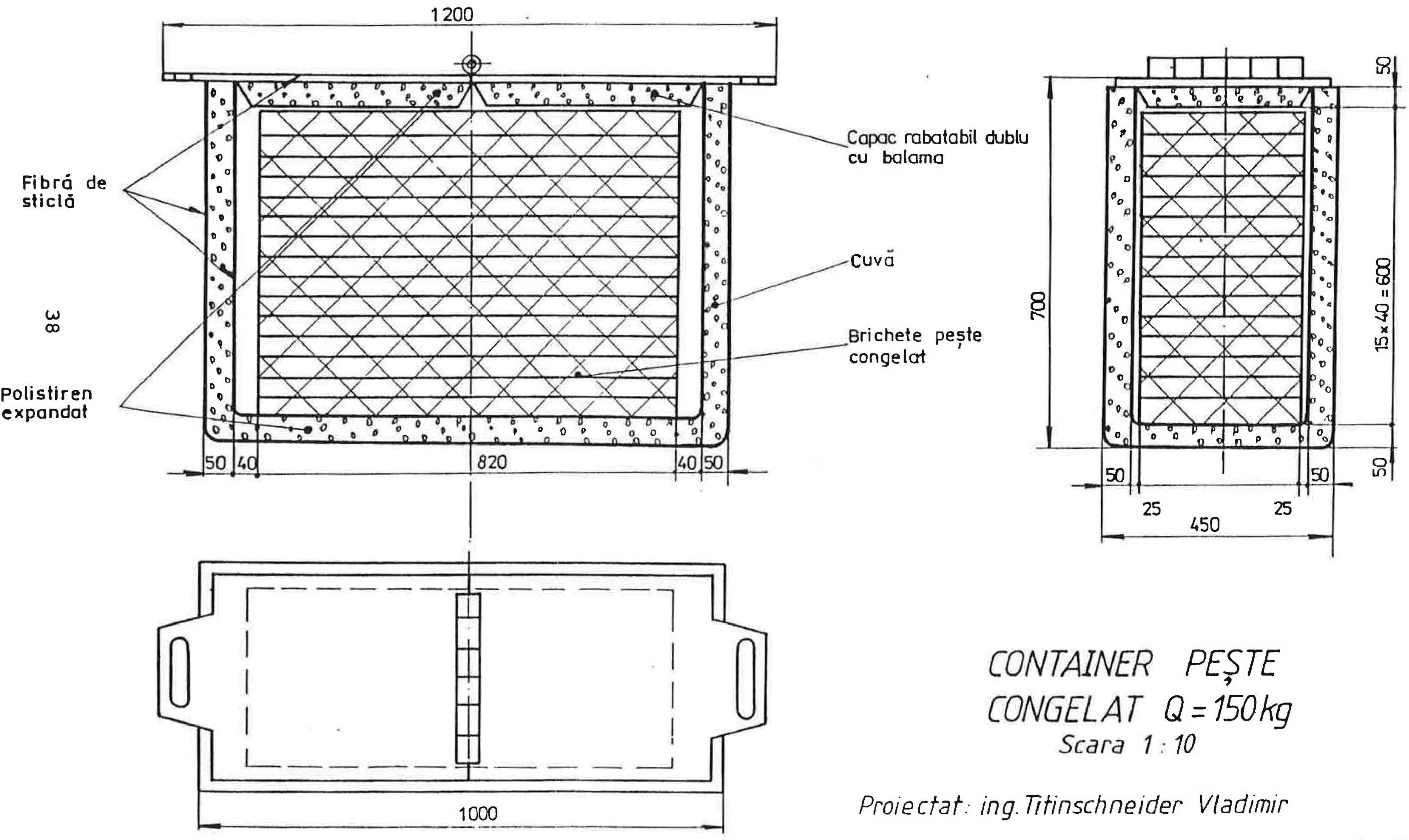
Proiectat: ing. Titinschneider Vladimir

CENTRUL DE CERCETARE ȘI PRODUCȚIE PENTRU
PISCICULTURĂ, PESCUIT ȘI INDUSTRIALIZAREA
PEȘTELUI - G A L A Ț I



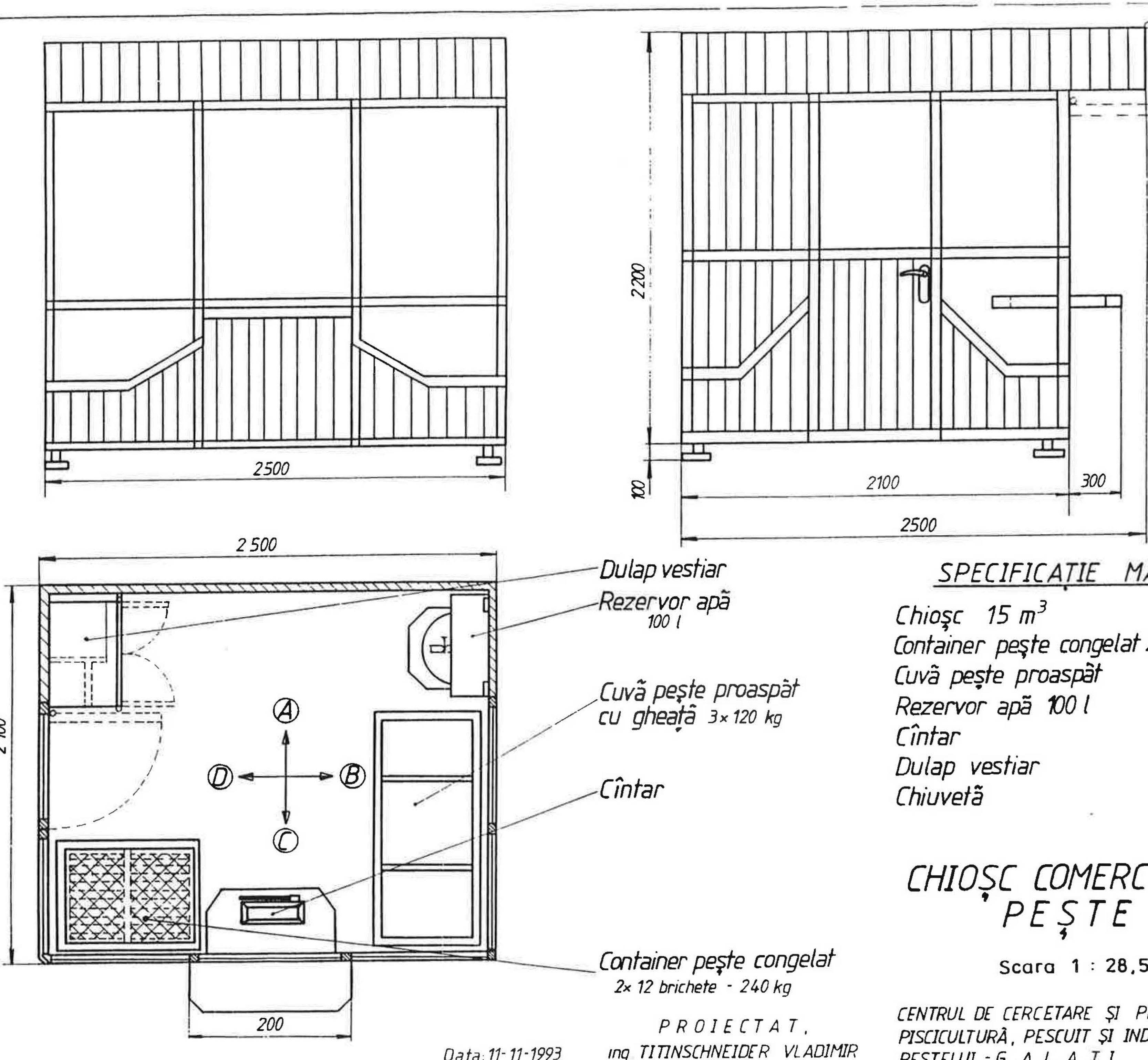
REZERVOR DE APĂ
Q = 100 l
SCARA 1 : 10 Proiectat: ing.Titinschneider Vladmir

CENTRUL DE CERCETARE SI PRODUCTIE PENTRU
PISCICULTURĂ, PESCUIT ȘI INDUSTRIALIZAREA
PEȘTELUI - G A L A Ț I



CONTAINER PEȘTE
CONGELAT Q = 150 kg
Scara 1 : 10

Proiectat: ing. Titinschneider Vladimir



SPECIFICAȚIE MATERIALE

Chioșc 15 m^3	1 500 000 lei
Container pește congelat 240 kg	400 000 lei
Cuvă pește proaspăt	500 000 lei
Rezervor apă 100 l	150 000 lei
Cîntar	100 000 lei
Dulap vestiar	50 000 lei
Chiuvetă	50 000 lei

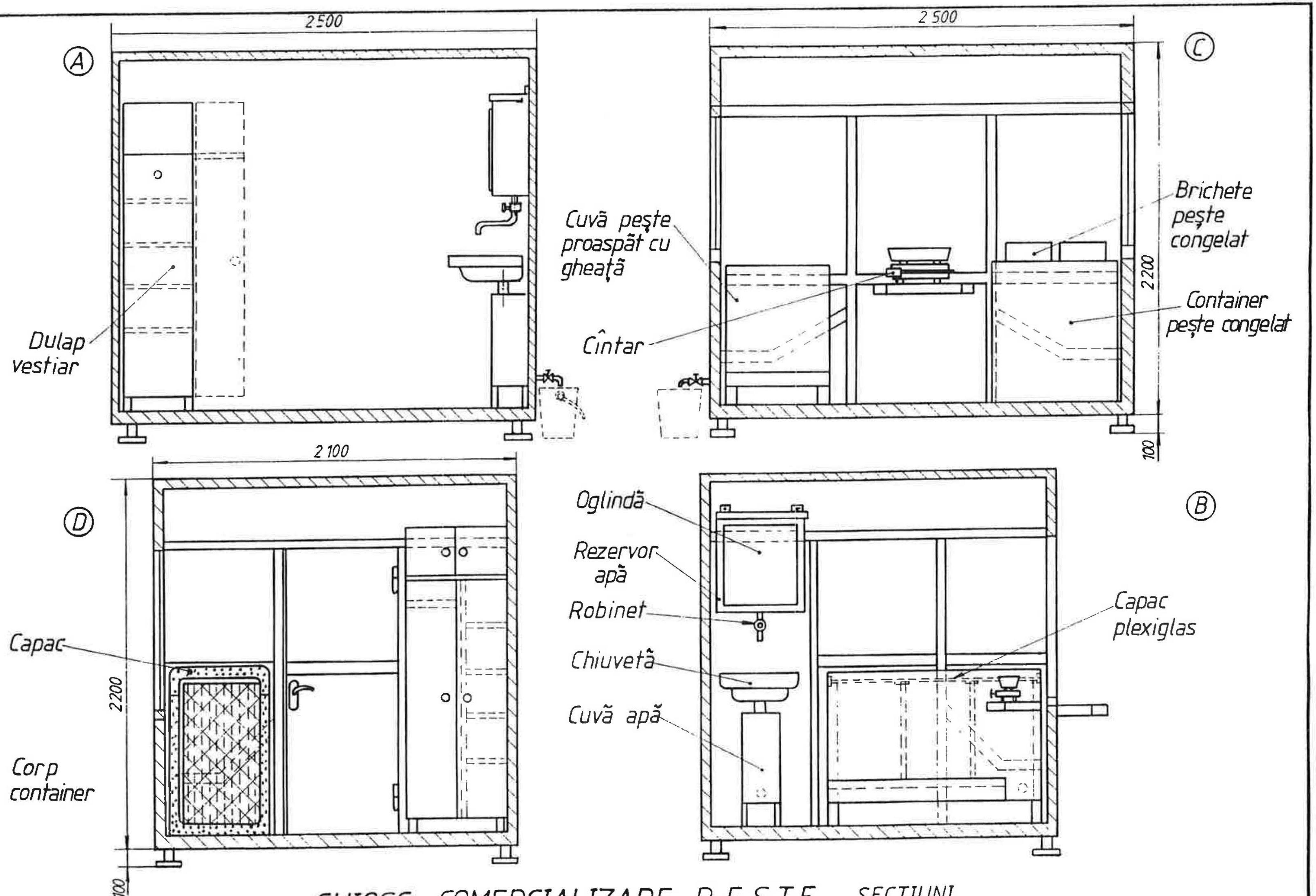
CHIOȘC COMERCIALIZARE PEȘTE

Scara 1 : 28,5

Data: 11-11-1993

PROIECTAT,
ing TITINSCHNEIDER VLADIMIR

CENTRUL DE CERCETARE ȘI PRODUCȚIE PENTRU PISCICULTURĂ, PESCUIT ȘI INDUSTRIALIZAREA PEȘTELUI - G A L A Ț I



CHIOȘC COMERCIALIZARE PEȘTE SECȚIUNI

PROIECTAT ing. TITINSCHNEIDER VLADIMIR

Data 11-11-1993 Scara 1 : 28,5

CENTRUL DE CERCETARE ȘI PRODUCȚIE PENTRU PISCICULTURA, PESCUIT ȘI INDUSTRIALIZAREA PEȘTELUI - GALAȚI

Cost/benefit analsyis for a mobile retail unit - the fish trailer (all costs in Lei)

Table 1: Annual sale schedule

		Month											
		J	F	M	A	M	J	J	A	S	O	N	D
Fresh on ice	Quantity (kg)	-	-	-	-	-	-	4,168	4,168	4,168	4,168	4,168	4,168
	Value (Lei)	-	-	-	-	-	-	2,979,763	2,979,763	2,979,763	2,979,763	2,979,763	2,979,763
Frozen	Quantity (kg)	6,668	6,668	6,668	6,668	6,668	6,668	2,501	2,501	2,501	2,501	2,501	2,501
	Value (Lei)	7,628,192	7,628,192	7,628,192	7,628,192	7,628,192	7,628,192	2,860,572	2,860,572	2,860,572	2,860,572	2,860,572	2,860,572
Total value		7,628,192	7,628,192	7,628,192	7,628,192	7,628,192	7,628,192	5,840,335	5,840,335	5,840,335	5,840,335	5,840,335	5,840,335
Total value of annual sales		80,811,159											
Total quantity sold		80,016											

Assumptions:

200 working days per year (ie, 16.67 days a month)
Prices remain the same all year (Herring = 1,040/kg, Chinese Carp = 650/kg in Nov 1993)
Premium of 10% added for convenience of direct sale (makes Herring = 1144/kg, Chinese Carp = 715/kg)
Capacity of unit is 150kg of frozen and 250kg of fresh on ice per day
When fresh fish not available, 400kg of frozen fish sold
Cost of prime mover assumed
Four replacement tyres per year for prime mover, two every five years for trailer

Table 2: Cost and benefit stream

	Year 1	2	3	4	5	6	7	8	9	10
Capital costs										
Purchase of prime mover	3,000,000	-	-	-	-	-	-	-	-	-300,000
Purchase of trailer	1,400,000	-	-	-	-	-	-	-	-	-140,000
Tools and equipment	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Working capital	500,000	-	-	-	-	-	-	-	-	-500,000
Total capital costs	1,902,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	-638,000
Operating costs										
Labour (2 people)	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Fuel (50 kilometers/day)	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333
Ice (150kg per day x 6 months)	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Fish (75% of sale price)	60,608,369	60,608,369	60,608,369	60,608,369	60,608,369	60,608,369	60,608,369	60,608,369	60,608,369	60,608,369
Bags (1 per kg sold)	1,600,320	1,600,320	1,600,320	1,600,320	1,600,320	1,600,320	1,600,320	1,600,320	1,600,320	1,600,320
Cleaning materials (L200/day)	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Replacement tyres	80,000	80,000	80,000	80,000	120,000	80,000	80,000	80,000	80,000	80,000
Trading license	100,000	-	-	-	-	-	-	-	-	-
Sanitary license	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Maintenance @ 10% of purchase cost	440,000	440,000	440,000	440,000	440,000	440,000	440,000	440,000	440,000	440,000
Total operating costs	64,972,023	64,872,023	64,872,023	64,872,023	64,912,023	64,872,023	64,872,023	64,872,023	64,872,023	64,872,023
Total costs	66,874,023	64,874,023	64,874,023	64,874,023	64,914,023	64,874,023	64,874,023	64,874,023	64,874,023	64,234,023
Revenue										
Sale of fish (50% profit assumed)	80,811,159	80,811,159	80,811,159	80,811,159	80,811,159	80,811,159	80,811,159	80,811,159	80,811,159	80,811,159
Net Benefit stream	13,937,136	15,937,136	15,937,136	15,937,136	15,897,136	15,937,136	15,937,136	15,937,136	15,937,136	16,577,136

Table 3: Assumptions for cost/benefit analysis

Item	Unit	Value (Lei)
Labour	Lei/Person month	50,000
Fuel	Lei/Litre	700
Travel	Kilometres/litre	12
Ice	Lei/kg	20
Bags	Lei each	20
Lei	Pounds sterling	2,400

Table 4: Sensitivity analysis

	As written		Turnover falls 50%	
	Lei	Pounds	Lei	Pounds
NPV @ 30%	47,767,476	19,903	18,239,302	7,600
NPV @ 60%	25,072,321	10,447	9,298,294	3,874
NPV @ 90%	16,625,844	6,927	6,030,615	2,513

APPENDIX VI

TERMS OF REFERENCE (draft)

KHF Romania: Fisheries Project

BESO Aquaculture Management Specialist.

Introduction.

1. The actual management practices that have been employed by the many freshwater aquaculture producing societies are poorly understood. A fuller understanding of the current practices and an assessment of the capabilities of the existing management and the financial condition of the societies is needed before any appraisal of options for privatisation and the transfer to the free market can be considered.

2. Apart from understanding how the societies are currently operating, considerable time will be required to explain to managers the basics of the new management systems that they must learn and strategies to apply them. Many of the basic terms used in free market management and economics are not understood by the existing managers of the Societies who still relate to the old command economy meanings.

3. The BESO officer will be attached to one or two producing societies to establish:

(a) The management methods currently used by the Society.

(b) The current financial status of the Society.

(c) An assessment of the ability of the existing management to adapt to the demands of privatisation and operation in a free market.

(d) Explain to the management the principles involved in commercial management and assist them to develop a strategy for privatisation and formulate a proposal for submission to Government.

4. The officer should prepare brief monthly progress reports to the Project Manager. A detailed report should be prepared at the end of the assignment reviewing the work carried out and including recommendations for further inputs to assist the freshwater aquaculture industry.