

2 - 2 Fisheries Policy and its impact on Indonesian Export Sustainability to Japan

Case Study : Shrimp Import Restriction

L. Kamelia Aisya(Hiroshima University) · Yamao Masahiro(Hiroshima University)

On October 2004, The Ministers of Trade and Marine Affairs and Fisheries issued a joint decree, a restriction on the import of frozen and fresh shrimp into Indonesia. The policy was aimed at responding to the US government's concern over the possibility of transshipment through Indonesia from countries that are the targets of the US anti-dumping duties. Though, the Indonesian product has not directly been impacted by the US anti dumping policy, problems related to the traceability and the letter of origin of the exported shrimp product were obvious. An outbreak of fish diseases and the continued prevalence of antibiotics in shrimp produced in international markets compelled the government of Indonesia to extend the policy until now. The pressure to lift the import restriction has come from the Indonesian Frozen Seafood Processor Association (APCI) due to low productivity problem.

Objective of the study is to analyze the impact of shrimp import restriction on Indonesian export sustainability to Japan. Indonesian shrimp export model was developed to identify areas of improvement in shrimp export, to measure the value of production or to assess producer response to new regulation or opportunities. The analysis showed that shrimp import restriction policy is the most prominent factor determining exports in the short-run. The constant coefficient indicates that the Indonesian shrimp export to Japan is decreasing.

The analysis indicated that Japan is the largest export market for Indonesian shrimp, followed by the European Union (EU) and the United States. From the total export amount (122,050 tons) in 2002, 60% was shipped to Japan, 16.5% to the United States and 11.5% to the EU. Indonesia's shrimp exports to Japan were, on average, 53,000 tons per year, or about 30% of Japan's total shrimp imports. After shrimp import restriction issued on 2004, the composition of the total exported shrimp products was changed by the market destination. Indonesia shrimp export to Japan was decreased 17.1%. Because of the lack of raw materials, more value added products have been developed and a significant market expansion has been observed, especially to European countries (4.3%) and America (12.8%).

For shrimp commodity, the product was exported in the form of fresh, frozen and canned- shrimps. The exports to Japan are mainly frozen, whose volume grew at a rate of less than 1%, while its value dropped by 8% during the same period. Since late 2004, the composition of the total exported shrimp was changed by the type of product. Export of fresh shrimp commodity to the International market tends to decrease from 2004. On the contrary, shrimp export in the form of frozen and canned product show slightly increase.