

Trade Corridor: Delivering Development and Profitability

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Abstract

The Grimsby Institute team have been involved working with Indonesian fishermen, shrimp farmers and processors to improve their productivity and income generation. The projects have been centred around a new approach to economic development policy: the trade corridor. This poster draws from ongoing research projects to demonstrate that this is more effective than established intervention strategies.

For interventions into the value chain be successful firms within the value chain must reconfigure their activities to better meet customer demands and they must also improve the functioning of the firm level value stream. Increasing revenues for entrepreneurs – and increasing wage levels and employment – is based on adding value and reducing costs.

The GIFHE approach has sought to improve on the traditional trade related technical assistance approach. TRTA does not succeed in adequately transferring knowledge. This is partly because project based interaction is sporadic and cannot deal with changes in the business environment or even company personnel which disrupt the product requirements of consumers and regulatory bodies.

For these reasons, the trade corridor approach linked this technical approach to an explicit trade focused organisation. The Trade Corridor brings together industry stakeholders and local government in Indonesia and the UK to identify areas where trade capacity can be increased. This occurs both in the short term, with business networks being strengthened and investment projects jointly co-ordinated and in the long term with TRTA experts locating funding for investment in compliance and transport infrastructure.

This structure serves to find areas of mutual benefit for all participants. With UK processors increasing their supply of reliable sustainable seafood inputs and Indonesian exporters widening their access to premium markets. TRTA experts can plan projects which are linked to a long term vision of sector progress and plan real trade benefits.



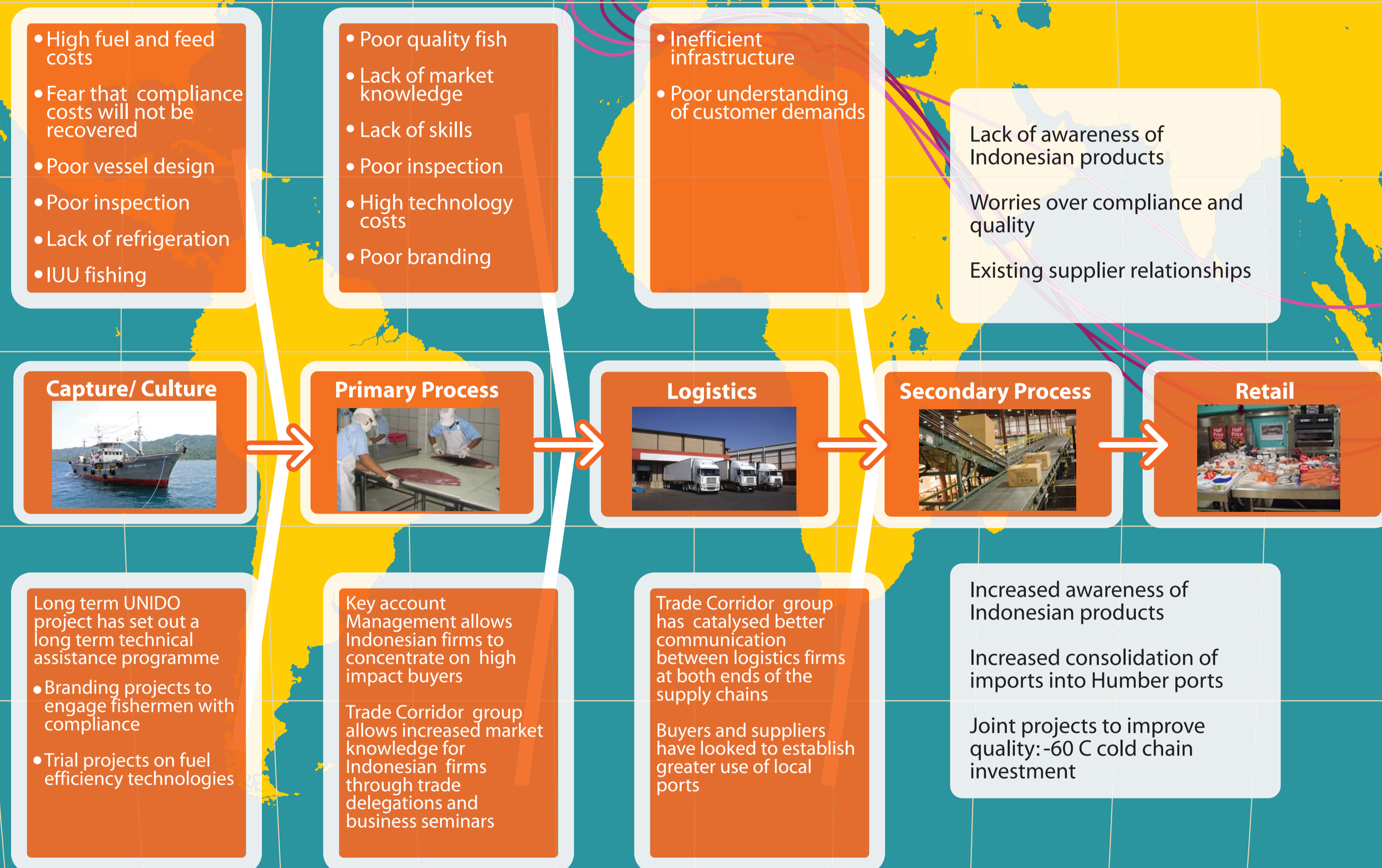
The Indonesia-UK Seafood Supply Chain

Problems

Several actors within the supply chain offer scope for increased productivity and revenues for fishermen and processors in Indonesia and export markets:

- 1) Significant value is lost at the first stage of the supply chain due to poor handling and inspection.
- 2) High value products such as tuna and shrimp are not allocated to highest international demand. This is in part due to physical and cultural barriers to trade.
- 3) Indonesian imports achieve a low price point. This is partly due to a lack of added value products.

Some of these issues are demonstrated in the charts



The Indonesia-UK Seafood Supply Chain

Outputs

The trade corridor project aims to strengthen trade between developing and developed countries by linking technical assistance to market orientated goals.

- Though the project is still developing initial outputs indicate it has been successful; Consolidation of Indonesian imports in Humber ports: £1.8m, 2008, Q3-Q4
- Planned investment in trade infrastructure for Humber: specialized cold stores and inspection facilities
- Increased communication between potential and existing trade partners

Conclusions

- The UK-Indonesia trade corridor resulted in increased regional seafood trade, with £1.8m of imports consolidated in Immingham port in Q3-Q4 of 2008.
- Logistics and coldstore operations formed new partnerships.
- Interviews with UK buyers demonstrated key firms would be more likely to view Indonesian suppliers positively within the Trade Corridor framework.
- The trade corridor approach has been recognised by policymakers regionally and internationally and has been adopted as a modus operandi by United Nations Industrial Development Organisation.

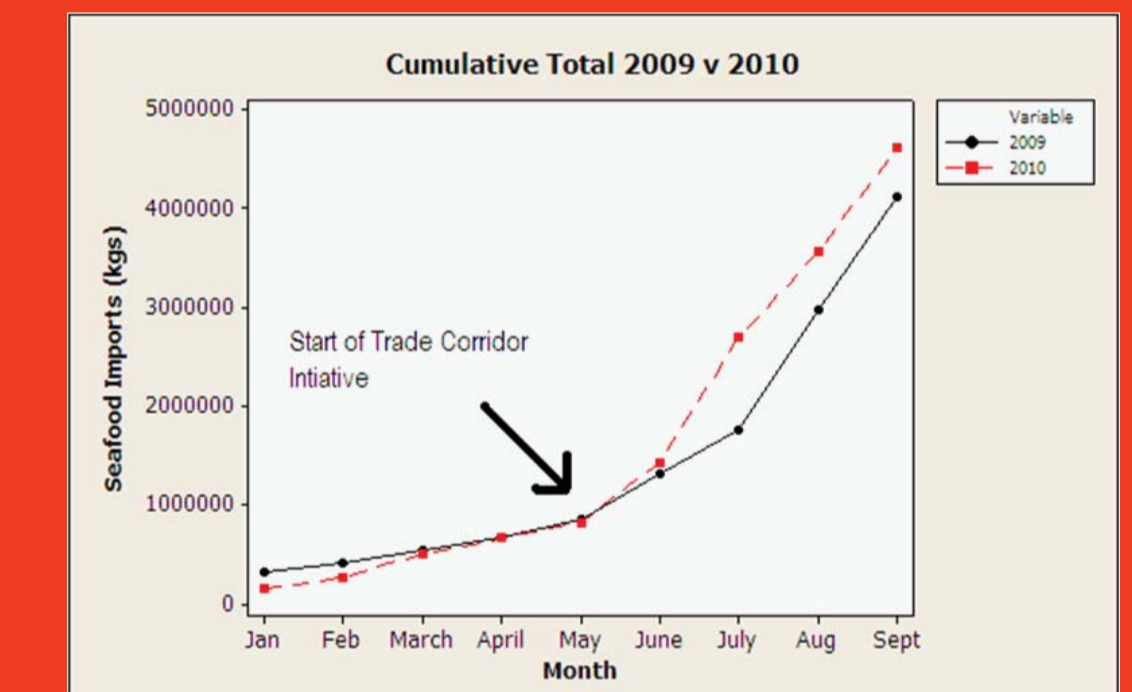


The trade corridor takes a strategic approach to breaking down barriers to trade

Next Steps

The Indonesian study piloted the trade corridor concept – a new approach to trade related technical assistance and global seafood supply. The initiative had a positive impact on bilateral trade. This approach has been rolled to other strategic seafood supplier nations for the UK.

Canada: The Canadian Trade Corridor has been rolled out and has strengthened imports into the region, using a similar programme of trade flow research, trade delegations and networking meetings.



The graph shows volume of Canadian seafood imported through Immingham port from 2009-2010.

Developing Trade Corridors

Iceland: The Iceland-UK seafood trade is the largest international trade flow in the global seafood market. A trade corridor network is now developing. UK seafood authority, Seafish, has initiated an exploratory report into opportunities and threats to the relationship.



Norway: Is another strategically important supplier of whitefish to the UK wholesale market. The network is beginning to form for a UK-Norway Trade corridor with the Norwegian Seafood Export Council hosting a 'Norwegian Seafood Day' at the Humber Seafood Institute, UK.