Fish Marketing in the Philippines: Is the "Suki" Symbiotic or Parasitic?

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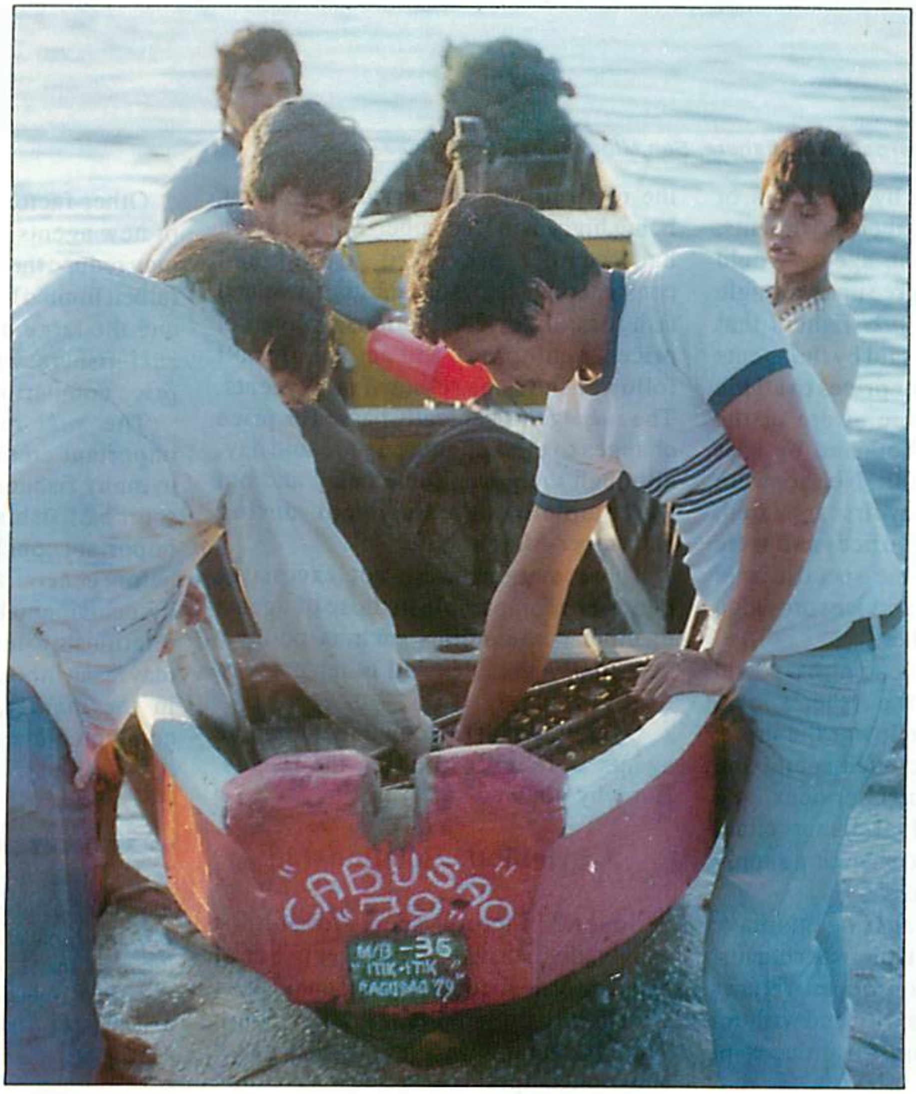
A major contributor to the low incomes of small-scale fishers is their lack of control over the market outlets and price of the fish they sell. Added to this are the seasonal fluctuations of fish, which may cause fishers to become dependent on credit.

In the Philippines, although government credit programs exist, most fishers rely on private credit for operating and household capital needs.



A suki agent inspects fish catch, San Miguel Bay, Philippines.

The *Suki* Relationship

Often the source of credit is a *suki* relationship, in which a "middleman" (hereafter called an "agent" to avoid sexist implications) guarantees to buy the fish at a price he or she establishes, and provides credit to the fisher. The latter must in return sell all his/her fish to the agent. The agents sell to both retail and wholesale markets and are the primary source of market information for the fishers.

Exploitation

Does the *suki* system exploit the fishers? This is a question which has received wide debate among development planners. It has also driven government intervention programs, such as the organizing of cooperatives, to try to improve prices for fishers and reduce the imperfect competitive conditions felt to exist under the *suki* system. To answer the question, the author conducted an economic analysis of the fish marketing system in two barangays (villages), Santa Fe and Tagos, in Matalom municipality, Leyte Province, Philippines. These barangays were found to be representative of rural fishing areas throughout the Philippines.

Both Santa Fe and Tagos each have nine full-time agents, eight of whom in each barangay have *suki* fishers. In each barangay about 60% of the fishers, totalling 217 in both barangays, are involved in a *suki* relationship.

Suki fishers were found to receive 10-20% lower ex-vessel prices for their fish than did non-*suki* fishers. This could

Suki agents bargain with fishers, San Miguel Bay, Philippines.

reflect a fee for services by the agents, or price collusion to exploit their *suki* clients. It was observed that the agents would meet each morning to agree upon a single set of prices for their *suki* fishers that day. This collusion was said by the agents to ensure fair and similar prices to all the fishers. The fishers were aware of the practice but were not bothered by it as long as the prices were fair. Neither were the prices as fixed as they first appeared, but were rather "target" prices and were adjusted according to the specific *suki* relationship, that is, the services provided by the agent to the fisher.

One major factor influencing ex-vessel prices was the size of the fisher's loan. The larger the loan, the lower the price. Some other factors included social and family ties, level of *suki* services, and how well the individual fisher could adjust fishing activity to changing supply and demand conditions.

It is clear that the *suki* agents have opportunities to exploit their fisher clients. However, a comparison of net returns per kilogram for agents with and without *suki* fishers showed no differences in either barangay.

Market Performance

The gross marketing margins (differences between ex-vessel and retail price) for four fish species investigated were about one-quarter to one-third of the retail price, and varied seasonally, being highest in December-March, when bad weather prevented fishing and consumers wanted more and higher valued fish for holiday celebrations. Ex-vessel prices, retail prices and net margins all followed the same seasonal movements. The *suki* agents generally passed on price changes to their clients on the same day, although there was some delay and not as complete an adjustment during December-March.

These margins were not excessive; they were comparable to those of agents in other commodities such as poultry, beef and vegetables and other parts of the Philippines.

Overall, it must be concluded that the agents were not exploiting the fishers. But why not?

A Symbiotic Relationship

Several factors seem to inhibit exploitative behavior by *suki* agents. Social and family ties between agents and fishers were felt to be important in this regard. The two barangays studied were small and noncompetitive conditions would affect community stability.

Secondly, the *suki* relationship benefits both fisher and agent. The agent reduces his or her supply risk while the fisher is assured of a reasonable return. The fisher also has a ready source of capital for fishing operation or emergencies.

Other factors include "fear" of entry of new agents by existing agents, which may reduce the supply of fish; knowledge (albeit limited) of market prices by fishers; and the large proportion (40%) of non-*suki* fishers who provide a source of price comparison to the *suki* fishers.

The *suki* relationship provides an important credit and marketing service to many fishers, as well as an important source of fish supply for the agent. An important conclusion of the study is that before generalized assumptions are made by decisionmakers concerning the *suki* relationship or agent exploitation which may result in policies involving intervention in the market, an analysis should be conducted to evaluate the situation.

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ICLARM Contribution No. 887.

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