

**A Study of Challenges of Ornamental Fish Export
Under Open Economic Policies**

**The Thesis Submitted to the Faculty of Graduate Studies in Partial
Fulfillment of the Requirements for the Master of Commerce Degree**

By

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ABSTRACT

The ornamental fish export in Sri Lanka consists of Freshwater, Brackish water and Marine water fish species. But, over the passage of time the place of the Freshwater fish export was taken over by that of Marine water fish exports. When the evolution of this trade is concerned, Sri Lanka has entered the ornamental fish trade commercially from 1950's onwards, and was among the pioneers of the international trade in this field at the initial years. The favourable local climatic conditions, availability of perennial freshwater source throughout the country in plenty, promotion of small scale ornamental fish exports through the government incentives and the ever growing global market for the ornamental fish have been the driving forces for Sri Lanka to survive in this trade since 1950 onwards.

Now, it has developed to a considerable extent as a non-traditional export resulting in earning a sizeable amount of foreign exchange and generating employment to the people. For example, within a decade starting from 1998 to 2008 its earning has doubled and 2500 people were engaging in the production, breeding and exporting of ornamental fish varieties.

Currently, Sri Lanka exports ornamental fish to over 25 countries, mostly developed countries such as USA, Japan, United Kingdom, Holland, Germany, Hong Kong and Singapore. The main competing countries against Sri Lanka for this lucrative aquarium markets are Singapore, Indonesia, Thailand, Philippines and African countries, such as Kenya. This industry was expanding throughout the controlled era before 1977 enjoying the government incentive facilities given to promote non-traditional exports. However, its expansion compared to other competing countries has retarded in recent years. With the introduction of the 1977 economic liberalization this industry started facing a severe competition since new policies gave more prominence to promote manufacturing industrial exports and certain incentives given prior to the reforms were removed. Survey carried out by this study and other researchers have identified a large number of factors this industry is now facing.

The study categorized these factors into Marketing and Non-Marketing factors to examine to what extent they have affected the development of ornamental fish export trade.

Accordingly, variables such as cost of material, air freight, business environment, taxes, price variations as marketing variables and technology, poor research & training and some difficulties faced by small firms as Non-Marketing variables were identified. The preliminary survey of the study found that most of the ornamental fish Breeders and Out-growers and Collectors are in the Western Province. Therefore, using snowballing sampling method the study selected 7 Breeders and 2 exporters from Kaluthra Districts, 5 Out-growers and 5 exporters from Gampha Districts, and 18 Collectors and 18 exporters from the Colombo District as its study sample of 55 firms. Attitudes of these respondents were obtained and summarized them using some statistical methods along with one-way ANOVA ($\alpha = 0.05$) followed by a Tukey's pair wise comparisons ($\alpha = 0.05$) tests.

Accordingly, the results indicate that Marketing Challenges have significantly affected the ornamental fish export trade while Non-Marketing Challenges have less effect on the ornamental fish export trade under the open economic policies.

Key Words: Ornamental fish, Fresh-water, Brackish-water and Marine-water fish species, Export trade, and trade liberalization.