

# **The Dollars and Sense of Trade Negotiations**

The implications of the increase of fuel costs impacting on the fish and shrimp industry

# Content of the Presentation

- Introductory remarks
- Background
- Policies and Strategies
- Conclusions

# Introductory remarks

- Current Aid programs and their Impact
- The Necessity on Inputs in the Negotiations
- A vision on Trade Negotiations

# Background

## Oil. The basis of industry development

- Prior to 1970 – Price of oil negligible.
- 1973 – Arab oil Embargo. Price becomes US \$ 5.00/barrel
- 1999 –Oil trading at US \$10/barrel
- Since then it has risen 29 % per year

# Problem areas

- Chindia – China and India – 2.3 billion people
- Current fuel consumption Chindia  
5.5 barrels/year/person
- Rich countries: Fuel consumption  
39 barrels/person/year
- Expected growth fuel consumption  
Chindia: 6% per year.

# World Production capacity

- Currently almost no excess supply.
- Planet earth operates anywhere from 95% to 99% capacity.
- No margin of error
- Only way to respond is continued price increase.

# Peak oil

- US \$ 100 within three years
- After above peak, oil will rise to US \$ 200/barrel, according to Dr. Stephen Leeb.

# Oil prices; Purchased from State Oil Company

- Company 2002 –May 2007

Year/Month	January	March	May
2002	0.155	0.152	0.191
2003	0.228	0.285	0.213
2004	0.252	0.262	0.261
2005	0.345	0.349	0.40
2006	0.45	0.44	0.54
2007	0,449	0.44	0.491

# Efforts to lower direct production cost

- Man power reduction
- Increase of efficiency
- Introduction of HACCP and ISO standard
- Improvement of cash and risk management
- Increase of local sales

# Requirements.

- Supply of oil to the fish and Shrimp industry at a lower price.
- Conclude a Fishery Agreement with Venezuela whereby oil will be supplied at 40% of world market price.

# Enabling Conditions

- Agreement on Cooperation and Development of Hydro-biological Marine Resources
- Petro-Caribe Agreement

# Urgent actions to be taken

- Incorporate oil paragraph into the Fishery Agreement
- Establish aquaculture facilities on shore, creating partnerships with foreign companies
- Conclude supply agreements with Caribbean, North and South America and European based companies.

# Conclusion

- Implementation of the actions as identified in the presentation, will prevent the sector to be completely stamped out.