

## Managing risk in a changing world – The case study of fresh water aquaculture and mariculture

### SEIZING THE DEVELOPMENT OPPORTUNITIES WHILE MANAGING RISK

Aquaculture and mariculture farmers face the same natural uncertainties as agricultural producers do: climate, illness, etc. As of now, this sector does not have access to a compensation program to manage the risks of the trade. This gap restrains an ongoing development of the sector.

In order to ensure the evolution of their industry, the aquaculture and mariculture farmers united in a sectorial group, mandated Groupe AGÉCO to evaluate the relevancy and feasibility to implement a risk management program in this sector.

The sector planned on submitting to Financière agricole an access request to a risk management program. The project was to identify the risks the businesses face and to put together arguments relevant to the process of convincing the government.

### FARMING FISH AND MOLLUSK: EVOLUTION AND CHALLENGES

Aquacultural and maricultural sectors share with the agricultural sector many characteristics that were at the origin of the implementation of public risk management programs in agriculture:

- Products are perishable
- Farming is exposed to risk related to nature
- Offer side is seasonal and unstable
- Fixed costs are high
- Demand is inelastic
- Offer is dispersed geographically while buyers are more concentrated



These characteristics expose the sector to various types of risk: climate, production, price or market, institutional, environmental and commercial.

These risks generate wide variations in production and revenue of businesses which restrains the development of the sector and the businesses. In order to obtain governmental support, the association needed to demonstrate rigorously that their businesses do face risks, that the industry has a positive impact on the economy and that they required access to support to ensure further development.

## INFORMATION TO KNOW, UNDERSTAND, ANALYZE AND FIND SOLUTIONS

Fresh water aquaculture and mariculture are small scope industries. Both are under different jurisdictions at the provincial and federal level. Therefore, these industries are not well known or documented, namely in public statistics. Groupe AGÉCO's study generated new data about both sectors, many of which was collected from the businesses through individual interviews.

The information gathered was the base material to analyze the needs in regard to management risk programs. When submitting a program request, Financière agricole requires a risk characterization of the sector and a critical analysis of marketing operations. Groupe AGÉCO documented these elements in order for the sectorial group to complete the evaluation criteria.

## THE TOOLS TO DEVELOP THE SECTOR

With a complete and rigorous study on hand, the sectorial groups of fresh water aquaculture and mariculture farmers submitted comprehensive documentation to the Ministry of Agriculture, Fisheries and Food in order to obtain access to risk management programs for their sector. The study also enhanced internal knowledge and understanding of the business issues and stimulated reflection on ways to bring the best solutions.

“Asking Groupe AGÉCO to guide us through the preparation of our documentation, we were confident we would receive a solid and trustworthy analysis to submit to Financière agricole”. Julie Roy, secretary-coordinator of the *Table filière de l'aquaculture en eau douce et de la Table maricole du Québec*.

**The aquaculture industry in Quebec generates 13 million dollars divided between 175 fish and mollusk businesses and creates 450 jobs on an annual or seasonal basis.**

For nearly 15 years, Groupe AGÉCO is active in the agriculture and agri-food sectors, sustainable development and social responsibility. The recommendations of the consulting firm facilitate the implementation of concrete improvements in your organization.



### **Head office - Quebec City**

2014, Cyrille-Duquet Street, Suite 307  
Quebec (Quebec) G1N 4N6  
T. 418 527-4681

### **Montreal office**

395, West Laurier Avenue  
Montreal (Quebec) H2V 2K3  
T. 514 903-4681

ageco@groupeageco.ca  
www.groupeageco.ca