



## Investing in Moldovan Fish Processors

Fish processors in Moldova face many challenges. Due to consumer demand for safe food and the need to enter foreign markets, the introduction of food safety systems to food processing plants is vital. In addition, the constant price increases for imported seafood made it crucial and opportune to process local freshwater fish.

Free Fisheries, a local joint venture firm in Moldova, only processed marine fish and seafood, and its output of smoked fish and fish in brine was 1,200 tons per year. The plant had 1,000 tons of refrigeration capacity and employed ninety people. To increase productivity and meet requirements, Free Fisheries needed to utilize a new food safety system known as Hazard Analysis and Critical Control Point, or HACCP.

USAID helped Free Fisheries through a program at the Louisiana State University AgCenter called Partnerships for Food Industry Development for Meat, Seafood and Poultry (PFID-MSP). The project's purpose is to support partnerships that contribute to the economic growth of participating counties by mobilizing private and public sector expertise. The program adds value, as well as helps meet safety and quality standards in the production of food products for domestic and international markets. PFID, working with American experts, held a basic HACCP training course for employees of Free Fisheries and helped the company implement a HACCP plan.



Photo: PFID/Moldova

Dr. Vitalii Lobchenko of PFID/Moldova and Mr. Vasiliu Scobioala of Free Fisheries at Moldovan Food and Drinks Exposition.

The USAID-funded PFID-MSP framework is designed to develop awareness, support systems and networks, and provide best practices for the meat, seafood, and poultry industries in Ukraine and Moldova. In accordance with HACCP requirements, Free Fisheries adopted several changes including a new facility for packaging, improved product flow, and a smoking and refrigeration section. PFID-MSP then facilitated monitoring of HACCP introduction at Free Fisheries by a seafood expert from the AgCenter.

Free Fisheries prepared an investment plan with PFID's assistance which calculated bio-technological parameters, sales, and cost of producing raw materials for processing of pike-perch. The capital investment in the plan was \$990,740. In response to the investment plan, Free Fisheries participated in trial processing of freshwater fish. Using the same technology for processing imported marine fish, Free Fisheries produced twenty-four new fish products and presented them at the "Farmer-2002" and "Food and Drinks" exhibitions.

*While initial refrigeration investment costs might cut into Free Fisheries' short-term profitability, the return on investment is expected to result in an increased profitability of more than 170% by 2007.*

Free Fisheries started construction of a refrigerated facility with a 2,000-ton capacity. Expected income from these increased refrigeration capacities are estimated by the company to be \$20,000 per month. A project for construction of a freshwater fish cutting section is being developed and total employment is expected to increase by thirty or 35%. Expenses for improved refrigeration sections totaled \$50,000, while sales from spring to fall 2003 increased from \$1,250,000 to \$1,750,000.

HACCP introduction at Free Fisheries has improved product quality leading to greater market share. Free Fisheries processing of freshwater fish provided a local substitute for imported marine fish, of which prices have increased as much as 48% per year. Furthermore, processing of freshwater fish results in new value added products with a high market potential.

Success Story

