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The Opportunities and Challenges for Trade in Fish and Seafood

Introduction

Fish and seafood constitutes a significant segment of the modern food industry and remains among the most traded food commodities worldwide, with the global trade worth almost US\$130 billion in 2012. Fish is classified in the world trading system with industrial products, and thus carries very low tariffs compared with agricultural goods. Approximately 40% (by volume) of all fishery production enters international trade and half of that originates in developing countries.

Within CARICOM, fish trade is seen as a potentially important source for the generation of employment and foreign exchange earnings. As sources of quality animal protein, fisheries and aquaculture are indispensable for regional food security. The region as a whole is a net exporter of fish, in value terms, although most of the Eastern Caribbean countries are net importers. Most of the exports are of high-value products such as shrimp, lobster and conch while imports are predominantly of processed low-value products, such as salted cod, smoked herring and canned sardines.

This growing importance of fish and seafood in international trade and for regional food security accentuates the need for effective management of fishery resources and brings to the fore a number of challenges. These include over-fishing, coastal degradation, over-capacity, discards, pollution, climate change, fish hygiene and food quality including the growing importance of consumer awareness and the power of the retail trade in developing new quality standards as well as environmental concerns.

On a global level the continued over-exploitation of capture fishery resources creates significant challenges for their conservation and sustain-

able development. Consequently, the trade issues in fish and seafood are related to more than just capturing/rearing and processing. In fact, the international fish trade is impacted upon and regulated through a number of international legally and non-legally binding instruments including, WTO Agreement and other WTO Rules with significance to fish trade, namely; the SPS Agreement, TBT Agreement, Agreement on the implementation of anti-dumping measures, Import licensing procedure and Agreement on TRIPS and WTO Agreement on Subsidies and Countervailing Measures (SCM).

Other important instruments are discussed under international and regional governance framework. The use of Turtle Excluder Devices (TEDS) became mandatory for trade in shrimp. Free Trade Agreements and the sale of flags affect supply of cheap fishery products which are dumped in some countries and may be impacting on these countries capacity to effectively exploit their fishery.

With increased attention on the legal and policy framework for international fish trade, particularly the increasing trade-related restrictions as well as the focus on sustainability, the Caribbean region is faced with numerous challenges and opportunities. The region must embrace the trade-related measures within existing international fisheries instruments and manage its resources efficiently in order to grasp the available market opportunities, Caribbean States must also compete successfully with neighbouring countries; improve fishing technology to increase productivity; implement high health and sanitary standards to meet market entry requirements of developed countries; control poaching and

protect the EEZ's, and implement trade restrictions to combat IUU fishing.

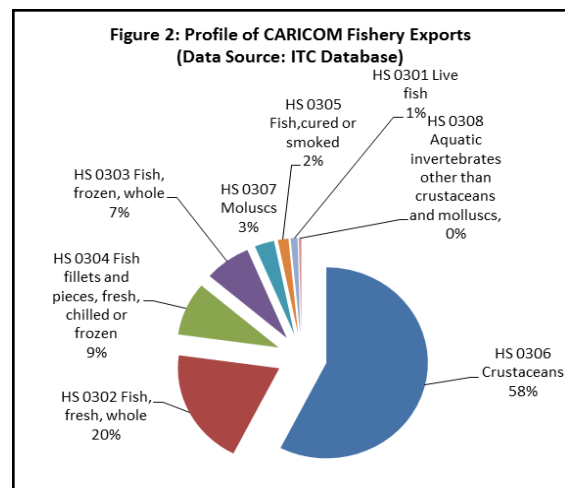
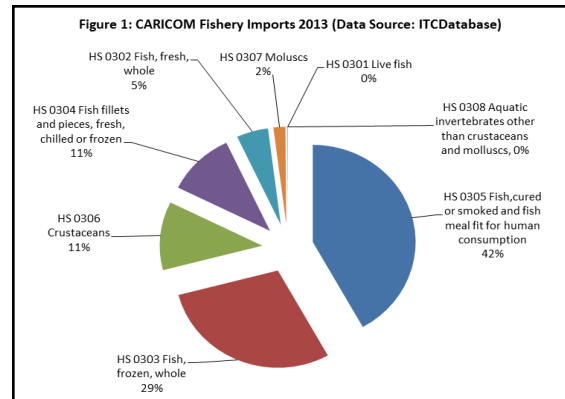
Importance and extent of international and regional trade in fish and seafood

An estimated 38% (by volume) of all fishery production enters international trade, with over half of that originating in developing countries. According to the latest edition of FAO's "The State of World Fisheries and Aquaculture-2014", global fisheries and aquaculture production totaled 158 million tonnes in 2012, 10 million tonnes more than 2010. Global marine capture fishery production was estimated at about 80 million tonnes, while global aquaculture production was estimated at more than 90 million tonnes. Per capita fish consumption continues to rise from 10 kg in the 1960s to more than 19 kg in 2012, driven by higher demand from a growing population, rising incomes, and more efficient distribution channels.

Some 200 countries supply fish and seafood products to the global marketplace consisting of more than 800 commercially important species of fish, crustaceans and mollusks. The USA is the global leader in imports, accounting for 14.2% of global fishery imports in value terms, followed by Japan and China at #3. Tariffs average around 3.1%. Although China ranks at #2 in global imports, the country is the global leader in export trade. Norway is ranked #2, accounting for 9.8% of global fishery exports in value terms, followed by the USA. A profile of CARICOM export and imports presented in Table 1 shows exports increased from \$178 mn in 2001 to \$354 mn in

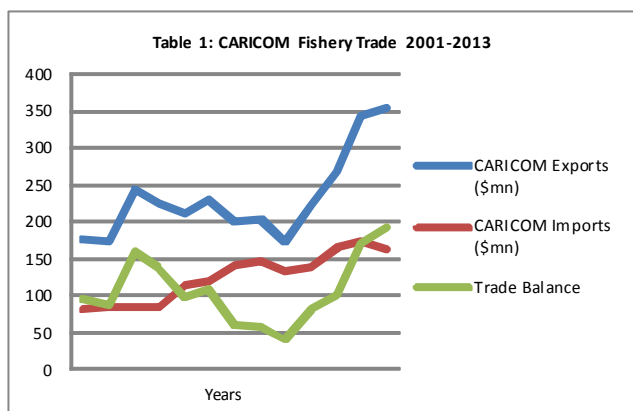
2013. Imports increased from \$81 mn to \$192 mn over the same period.

Figures 1 & 2 illustrate the categories of fisheries that account for CARICOM exports and imports.



International and Regional Governance Frameworks for Trade in Fish and Seafood

As an internationally traded commodity, fish and seafood is subject to the WTO Agreement and other WTO Rules with significance to fish trade, as outlined previously. In addition there are other international legally and non-legally binding instruments that contain provisions which can have an impact on international fish trade. The provisions in some of these instruments are not specific to the trade in fisheries and seafood nonetheless they have repercussions for species and environmental protection, food safety and quality as well as sustainable management of the fisheries. In the main they seek to address the interrelations of trade; the management of global fisheries resources; and the potential of these to contribute to enhancement of standards of



living and sustainable development globally. These Instruments include the following:

- The Law of the Sea Convention
- UN Fish Stocks Agreement
- FAO Code of responsible fishing Internal Plan of Action to deter IUU fishing (Illegal, unregulated and unreported fishing)
- FAO Port State Measures Agreement and Regional Fisheries Management Organisations
- Agenda 21
- FAO Guideline on responsible fish trade
- WHO Codex Alimentarius Standards
- Aquatic animal Health Code
- CITES (Convention on International Trade in Endangered Species)

The WTO Agreement as well as a few of the other instruments mentioned are briefly discussed below.

WTO Agreement

The GATT 1947 and its successor WTO Agreement aim to create a level playing field for all members by “substantially reducing tariffs and other barriers to trade and the elimination of discriminatory treatment in international commerce.

Within the WTO rules, the central Principles of Most Favoured Nation (MFN) (Article 1 of the GATT 1994) and National Treatment (GATT Article III) are central to the WTO Agreement and are basic principles of all WTO compatible Trade Agreements. The MFN principle essentially requires that WTO Members are obliged to guarantee identical trade concessions to all of their (WTO Members) trading partners.

Article III of the GATT requires that WTO Members provide national treatment to all other members. Article III (1) stipulates the general principle that members must not apply taxes or other internal charges, laws, regulations and requirements affecting imported or domestic products so as to afford protection to domestic production. GATT Article XX General Exceptions when imposed by developed countries can have serious repercussion for Caribbean states especially in relation to the application of sanitary and phyto-

sanitary measures and fisheries conservation measures respectively.

United Nations Convention on the Law of the Sea

The United Nations Convention on the Law of the Sea (UNCLOS) came into force on November 16, 1994. The agreement recognizes the sovereignty of all States and through legal order facilitates international communication and promotes the peaceful uses of the seas and oceans. It also addresses the equitable and efficient utilization of its resources, conservation of the living resources and allows for study, protection and preservation of the marine environment. As set out in the agreement, the Exclusive Economic Zone (EEZ) extends to a maximum of 200 nautical miles and its existence depends upon an actual claim. The coastal state has sovereign rights within the EEZ. This is also the area within which an estimated 90 per cent of living Marine resources are caught. The high seas are open to all States for navigation and fishing, whether coastal or land-locked.

FAO Code of Conduct for Responsible Fisheries (CCRF)

The FAO Code of Conduct for Responsible Fisheries was adopted on 31 October 1995 and provides a framework for sustainable exploitation of aquatic living resources through conservation, management and development with due respect for the ecosystem and biodiversity. The Code provides that “International trade in fish and fishery products should be conducted in accordance with the principles, rights and obligations established in the World Trade Organization (WTO) Agreement and other relevant international agreements. States should ensure that their policies, programmes and practices related to trade in fish and fishery products do not result in obstacles to this trade, environmental degradation or negative social, including nutritional, impacts”. It highlights appropriate management principles such as:

- Avoidance of excess fishing capacity;
- The need to take into account the interest of fishers including those engaged in subsistence

and small-Scale fisheries;

- Conservation of aquatic habitats and ecosystems;
- Protection of endangered species
- Correction of adverse environmental impacts.

Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)

The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) is based on the premise that exploitation and trade in certain animal and plant species together with other factors such as habitat loss, are capable of rapidly depleting their populations and threaten to bring some species close to extinction. The aim is to ensure that international trade in specimens of wild animals and plants does not threaten their survival.

CITES became effective on July 1, 1975. Although legally binding on the Parties; it does not replace national laws and the Agreement has to be codified within the National legislative framework for it to be effective. CITES subjects international trade of selected species to certain controls by requiring authorization. by way of licensing of all import, export, re-export and introduction from the sea of species covered by the Convention.

ICCAT

The International Commission for the Conservation of Atlantic Tunas (ICCAT) is an inter-governmental fishery organization responsible for the conservation of highly migratory species including tuna and tuna-like species (billfish, mackerels) as well as species caught as by-catch in tuna fisheries such as sharks and sea turtles. ICCAT's jurisdiction is over the Atlantic Ocean and adjacent waters (Gulf of Mexico, Mediterranean Sea). Caribbean islands are located in the western and central Atlantic and ICATT is the RFMO that governs fishing activities in this portion of the Atlantic.

An important issue for the region relates to the situation in which Flag states are tasked with the responsibility of exercising control over vessels flying their flag and fishing on the high-seas. Experience suggests that some flag states often lack the political will and technical capabilities to exercise effective

control over their vessels. Such failure may result in illegal, unregulated and unreported (IUU) fishing activities, the recommended sanctions for which include import bans.

Regional Governance Framework

CRFM

At the regional level CARICOM has taken steps to strengthen the legal and institutional framework for managing the regional fisheries and seafood resources. Regional fisheries legislation has been strengthened through the creation and implementation of a common CARICOM Fisheries Policy. The Caribbean Regional Fisheries Mechanism (CRFM) with Secretariat located in Belize is responsible for implementing the policy. CRFM is an intergovernmental organization and was established in 2002.

The CRFM consists of three bodies – the Ministerial Council, the Caribbean Fisheries Forum and the Technical Unit. Its member states include all those of CARICOM. The CRFM works closely with the National Fisheries Division and Departments in the countries and plays a critical role within CARICOM Fisheries by:

- Focusing on improving fisheries management information systems;
- Strengthening the capacity of national fisheries administrations to manage fisheries;
- Promoting fishers' involvement in development;
- Implementing and monitoring fishery management plans;
- Improving scientific capability in the sector;
- Supporting Caribbean researchers and managers in the sustainable management of aquatic resources;
- Supporting the development of a multi-stakeholders approach to coastal zone management; and
- Promoting the rational use and management of fisheries resources in the Caribbean.

Caribbean Network of Fisher folk Organizations (CNFO).

This fisher folk network is located in CRFM Member states. Its purpose is to improve the quality of life for

fisher folk and develop a sustainable and profitable industry through networking, representation and capacity building. It is a coordinating unit, consisting of fisher folk leaders from the various member states.

Other Organisations

The Office of Trade Negotiations (OTN), CARICOM Regional Organisation for Quality Standards (CROSQ) and the CARICOM Agricultural Health and Food Safety Agency (CAHFSa) are mandated to play pivotal roles in regional trade negotiations and the attainment of quality and food safety standards respectively.

Trade Agreements

CARICOM entered into a number of bilateral arrangements to enhance opportunities for regional

The EPA contains a chapter on agriculture and fisheries, which explicitly highlights the significance of fisheries and the need for sustainable utilization relative to food security, employment, poverty alleviation, foreign exchange earnings and social stability of fishing communities. Additionally, it highlights the fragile nature of the marine ecosystem and the susceptibility of the resources. The EPA further identifies the need to avoid any major interference in markets for fish products in CARIFORUM States.

Rules of Origin (ROO)

ROO criteria for fishery include: a) fish be caught from inland waters or within the 12 nautical miles territorial waters of the countries, or; b) From vessels belonging to either the CARIFORUM states or the EU. Based on the simple rule about the ownership of vessels, the EU allows fish caught in the Exclusive Economic Zones (EEZs) of CARIFORUM states to qualify for origin treatment; however those vessels which are either leased or chartered must be operated by operators from a CARIFORUM country, and also that EU operators would be given the right of first refusal. The MFN clause in the EU-EPA is a constraint preventing the Region from extending greater benefits to other major trading partners than those extended to the EU. Exports of fish and fish products under CARIBCAN are duty-free. Therefore, there is no additional market access to be gained under the new trade agreement. However, CARICOM Member States would stand to benefit from a relaxation of the rules of origin requirements in order for fish products to qualify for the duty-free market access.

Opportunities for International and Intra-Regional Trade

Fish and seafood is seen as healthy, prices are high and are predicted to remain high. About three quarters of the world's fish exports are destined for three main areas: the European Union (EU), the United States of America (USA) and Japan. These three markets dominate in terms of both prices and market access requirements. Under existing trade agreements, CARICOM has opportunities to expand trade with the

Table 3: Overview of Bilateral Agreements Findings In Agreement				
Criteria	CARIFORUM-EU	DR	Costa Rica	CARIBCAN
Technical Assistance				
SPS	Yes	No	Yes	Yes
TBT	Yes	No	Yes	Yes
Establishment of Measures and Provision for Transparency.				
Anti – Dumping Provision	Yes	No	Yes	Yes
Safeguard.	Yes	Yes	Yes	No
Criteria of Rules of Origin				
Requirements For Originating Goods, Produced And Non-Originating	Yes	Yes	Yes	Yes
Stipulations Concerning Packaging, Transport, and Indirect Materials.	Packaging- No Transport- Yes Indirect material- No	Packaging- No Transport- Yes Indirect material- No	Packaging- No Transport- Yes Indirect material- No	Packaging- No Transport- Yes Indirect material- No
Treatment of Tariffs.				
Tariff Elimination	Yes	No	Yes	Yes
Tariff Reduction	Yes	Yes	Yes	Yes
MFN	Yes	Yes	Yes	Yes
Restriction of entry during the year	No	Yes	Yes	Yes

producers, the most prominent ones being those with EU-CARIFORUM, Costa Rica, the DR, CARIBCAN and CBI / CBERA. Table 3 presents a summary of key parameters contained in the respective trade arrangements.

Bilateral Trade Agreements and the Fish Trade

EU and USA. From an intra-regional trade perspective several CARICOM Countries are net importers of fish and seafood (Fig. 1 & 2 above). CARICOM fishery resources are also very unevenly distributed with most being concentrated in the coastal mainland countries – Belize, Guyana and Suriname, hence increasing opportunities for these countries to export to the regional market.

Constraints/ barriers to trade

In an increasingly competitive international trade environment, the fish and seafood industry especially those in SIDS faces many constraints and barriers, some of which include trade capacity, market access, health and safety (SPS issues), IUU Fishing, sustainability issues, tariff barriers, other non-tariff barriers including TBTs, traceability, eco-labelling and competitiveness issues. These constraints and barriers impede the ability to expand trade.

Trade Capacity

Trade Capacity relates to the relative lack of human, institutional and infrastructural capacity to participate effectively in international trade. Without these, countries are unable to expand the quantity and quality of goods and services they can supply to world markets at competitive prices. Enhancing trade capacity involves several forms of assistance, including building more efficient landing sites, improved fisheries management regimes, technical assistance to attain international quality standards as well as teaching entrepreneurs how to take advantage of business opportunities in the global marketplace. Building trade capacity on the one hand requires working on the supply side, enabling enterprises to produce products with high-export potential in the quantities and at the level of quality required by the markets. On the other hand, it requires evidence of market conformity, enabling these same enterprises to ensure that their products conform to the relevant international standards.

Market Access

Market access requirements, in particular those relevant to fish and seafood safety, quality, traceability, certification, private standards and other

NTBs are of great relevance to CARICOM Fish and seafood trade. Market access to the EU is of great interest because CARICOM exports to that market accounts for approximately 50% of the export volume currently. Issues of food safety (SPS standards), product identification (species, origin, etc.), traceability (from catch to consumption), and private eco-labels (for sustainability of fish stocks and organic aquaculture) are becoming increasingly important issues facing CARICOM in accessing the EU market. Sanitary and phytosanitary (SPS) standards in fish-processing plants and throughout the chain of custody (from vessel through to consumer) must be complied with. Other NTBs include the following:

- EU legislation on residue levels and heavy metals in fishery products;
- EU future regulation on the fight against IUU fishing, in particular the catch-certification scheme (to enter into force on January 1st 2010);
- EU legislation on labelling.

EU legislation on residue levels and heavy metals in fishery products - Regulation EC 1881/2006 lays down maximum levels for certain contaminants in foodstuff, including lead, cadmium, mercury and inorganic tin. Regulation EC 333/2007 covers the methods of sampling and analysis for the official control of the maximum levels of these metals. Surveillance for residues of chemical elements in foods of animal origin is specified in Council Directive 96/23/EC.

IUU fishing—In relation to the EU trade, CARICOM will be impacted by the EU future regulation on the fight against IUU fishing. In this regard, the catch-certification scheme is intended for certifying the legal origin of the product. This scheme, which is likely to be based on the model used for ensuring compliance with SPS standards, raises several issues including the need for appropriate monitoring, control and surveillance (MCS) systems in countries where catches are made.

Eco-labelling—Eco-labelling of Fish and Fishery Products from Marine and Inland Capture Fisheries

and the growing role of certification and eco-label schemes, have the potential of imposing additional burden and cost, in particular, on small-scale producers in developing countries.

Traceability

Concerns over seafood sustainability, sources of supply, quality and safety, fraud, and illegal, unregulated and unreported (IUU) fishing have led to an increase in traceability programs aimed at providing information about the identity and source of seafood products. These are systems that allow one to follow seafood from “boat to plate”. The drivers of traceability in the major markets of North America, European Union have primarily been attributed to government regulation and the retail sector, where companies are seeking to reduce their reputational and business risk.

Emerging role of the Global Trading System in Promoting Sustainable Fisheries

The fisheries are central to the goal of attaining national and regional food security, improved nutrition, jobs and foreign exchange earnings. Much of this will depend on the extent to which a careful and coherent policy framework is established to enhance fishery resources management and trade policy within the region. According to the FAO, effective fisheries management, implementation of national and international legal instruments, capacity building and institutional strengthening, statistical systems and good governance are the key issues for fisheries development in SIDS. They imply the sustainable and responsible development, management and utilization of both inshore and offshore fisheries resources. The role of the Global Trading System in promoting sustainable fisheries primarily depends on attaining agreement on issues including the following:

WTO negotiation on Fisheries subsidy - There is need for continued efforts to reduce/reform fisheries subsidies in recognition of the role that certain capacity enhancing subsidies play in overfishing. At the same time it is recognized that not all subsidies are harmful, and that certain beneficial subsidies

which cover the costs of assessing and monitoring the health of fish stocks can help to ensure that the resource is being harvested sustainably. Gradually reforming harmful fisheries subsidies and increasing investments in fisheries management could help fisheries stocks to rebuild, enabling them to provide income, employment, and nutrition for future generations. Reforms can disrupt the existing livelihoods of specific communities, but must be done carefully and within a coherent policy framework, often including adjustment mechanisms. Much reliance will be placed on the WTO and other negotiation fora to improve fisheries subsidies reform. So far, subsidies negotiations have highlighted the need to differentiate between harmful and beneficial subsidies to the fisheries sector, and the need to allow exceptions for developing countries through special and differential treatment (S&DT), particularly for artisanal fisheries.

Fisheries Access Agreement—Many developing countries sell the right to fish in the exclusive economic zones (EEZ) around their coasts to other countries and fishing fleets. In this regard improving fisheries access agreements requires policies to maximise the ‘resource rent’ derived by the host country as well as to maximise the benefits it receives from value-added activities and labour, and for maintaining the sustainability of local fish stocks. Access agreements should be made public once they are finalised and access to highly migratory species should be negotiated regionally among all the countries participating in the fishery.

Trade related measures - With respect to trade-related measures within existing international fisheries instruments, States are encouraged to embrace these including; regional fisheries management organisation agreements, the United Nations (UN) Fish Stocks Agreement and the Food and Agriculture Organization of the United Nations (FAO) International Plan of Action on Illegal, Unreported and Unregulated Fishing, The FAO Code of Conduct for Responsible Fisheries. A key challenge is to increase ratification and improve

implementation and enforcement of these instruments.

On-going regional action - Within CARICOM, countries are working with CRFM to develop and implement management and conservation strategies and strengthen domestic legislation to establish effective control over the fishing activities of nationals. They are also incorporating legislations against IUU fishing, both domestic and foreign within their Fisheries Regulations. Under the agreements between CARICOM and other countries such as US, Canada and EU, efforts are being made to expand exports of high value species such as queen conch and spiny lobsters. Overall efforts are being made to address the main factors which constrain the development and management of the fisheries sector in island States including a lack of institutional and human capacity in both the public and private sectors, complexities of inshore fisheries management and other issues previously highlighted.

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CRFM

The CRFM is an inter-governmental organisation whose mission is to “Promote and facilitate the responsible utilisation of the region’s fisheries and other aquatic resources for the economic and social benefits of the current and future population of the region”. The CRFM consists of three bodies – the Ministerial Council, the Caribbean Fisheries Forum and the CRFM Secretariat.

CRFM members are Anguilla, Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago and the Turks and Caicos Islands.

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