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Продовольственная и
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Organización
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para la
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COMMITTEE ON FISHERIES

SUB-COMMITTEE ON FISH TRADE

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RECENT DEVELOPMENTS IN FISH TRADE

SUMMARY

This document highlights major facts and developments regarding international trade in fish and fishery products that have occurred since the Eleventh Session of the Sub-Committee on Trade in 2008. It addresses some emerging issues perceived to be of importance for the various stakeholders in the value-chain for internationally traded fish and fishery products. The Sub-Committee is invited to take note of the information provided, to contribute additional experiences and to provide guidance for future work by FAO in areas of relevance for international trade in fish and fishery products, especially as they relate to market access for developing country exporters.

INTRODUCTION

1. The purpose of this document is to inform the Sub-Committee of major facts and developments regarding international trade in fish and fishery products that have occurred since its Eleventh Session in June 2008. The document contains a brief review of world fish production, consumption, and trade and price development. It also includes a summary of the current trade situation of major fishery commodities and issues of relevance throughout the value-chain. The document also addresses some emerging issues perceived to be of importance for the various stakeholders in the value-chain for internationally traded fish and fishery products, in particular as they relate to producers, processors and exporters in developing countries.

PRODUCTION

2. Total world fish production (capture and aquaculture), excluding aquatic plants, showed new growth in the 2006–2008 period, increasing from 137 million tonnes in 2006 to 140 million tonnes in 2007. Preliminary data indicate a further increase in 2008 to 143 million tonnes. Estimates for 2009 show a slight increase from the previous year. China confirms its role as the principal producer, reporting 48 million tonnes in 2008, of which 33 million tonnes derive from aquaculture¹. Overall, 80 percent of world production of fish and fishery products takes place in developing countries.

3. Compared with production figures a decade ago, the current supply represents an increase of more than 20 million tonnes. This additional supply is entirely due to increases in aquaculture production. Preliminary data for 2008 indicate 53 million tonnes (excluding aquatic plants) or 37 percent of total output. Estimates for 2009 show only a slight new growth in farmed production to 54 million tonnes. This is in part a supply response from producers after demand started falling in 2008. The sharp decline in the long term growth rate of aquaculture production is however cause for great concern, not only in terms of future food security, but also from a technological and managerial perspective. It is clear that in many countries, significant challenges remain in order for the aquaculture sector to reach its full potential and become economically, environmentally and socially sustainable.

4. Capture fisheries production has stabilized at around 90 million tonnes with some annual variation. Preliminary statistics for 2008 and estimates for 2009 confirm aggregate supplies from capture fisheries of about 90 million tonnes. This is in line with the pattern seen over the last 15 years with total annual catches oscillating within a band of 85 and 95 million tonnes. However, there is some concern that although the annual catches may have stabilized, the composition of catch has changed as fishermen are now also targeting low-value species that were previously not harvested.

CONSUMPTION

5. World per capita consumption of fish and fishery products has risen steadily over the past decades from an average of 11.5 kg during the 1970s, 12.5 kg in the 1980s to 14.4 kg in the 1990s. Consumption in the 21st century has continued to grow reaching 16.4 kg per capita in

¹ In 2008, China revised its 2006 production statistics to reduce about 13 percent based on its Second National Agriculture Census conducted in 2007. This implied the downward adjustment of global statistics by about 2 percent in capture production and 8 percent in aquaculture production. Historical statistics of China for the period 1997–2006 were subsequently revised by FAO with the revision process known and acknowledged by the Chinese authorities. This report's data are therefore not directly comparable with those given in earlier reports to the Sub-Committee.

2005, the most recent year for FAO food balance sheets. Preliminary figures for 2007 and 2008 show a new increase to 17.1 kg per capita. Estimates for 2009 show a stable per capita consumption with the contribution of aquaculture to the food fish supply estimated at 47 percent of the total.

6. A large share of the rise in fish production in the world relates to China, where domestic consumption of fish and fishery products per capita has risen from less than 5 kg in the 1970s to the present 25.8 kg. In the world as a whole, excluding China's domestic consumption, average consumption per capita was 13.5 kg in the 1970s, rising to 14.1 kg in the 1980s, then falling to 13.4 kg in the 1990s. The average for the 2001–2005 period was a new increase to 14.0 kg per capita, which is still lower than the maximum levels registered in the 1980s. In essence, much of the increase in total production of fish in the world has not only taken place in China, but has been consumed in China. For the rest of the world, consumption per capita has been remarkably stable, oscillating around 14 kg. It must also be mentioned that on the whole, developed countries have a much higher consumption of fish than developing countries, 24.0 kg per caput the first group, 14.4 kg the latter when including China and 10.6 kg when excluding China. However, average consumption today in the developed world is lower than in the 1980s whereas developing country consumption has risen in both absolute and relative numbers.

7. There are large regional differences in fish consumption per capita, but also within regions. As noted above, China's consumption has risen to 25.8 kg per capita in 2005. Asia excluding China, consumes at present 13.9 kg per capita (positive trend in the 1990s, now declining), Europe 20.7 kg (positive), and North and Central America 18.9 (positive). The regions of South America 8.4 (declining) and Africa 8.3 kg (positive trend but unstable) have a below-average consumption per capita. The strong projected growth in population is likely to result in further declines in consumption in South America and Africa. Significant growth potential in aquaculture production may however, help offset this situation.

8. In general, urbanization and the growth of modern distribution channels for food, have increased the potential availability of fish to most of the world's consumers. In some markets this has indeed boosted fish consumption, in others not. It is also evident that economic and cultural factors strongly influence the level of fish consumption, and that availability alone is not the only factor.

TRADE

9. International trade in fish and fishery products grew strongly in 2006 and 2007, and through most of 2008. The economic downturn led to falling consumption in most countries with a drop in imports registered in almost all markets in 2009. The proportion of world fishery production traded internationally (live-weight equivalent) was an estimated 37 percent in 2009. Despite the contraction in consumer spending in the 2008 and 2009 period, the long-term trend for fish trade remains positive, with a rising share of both developed and developing country production entering international markets. The outlook for 2010 remains positive with new growth in exports expected, although some markets will only recover in the medium term.

10. World exports of fish and fishery products grew by 8.6 percent in 2007 to US\$94 billion and a further 8.7 percent in 2008 to US\$102 billion. Estimates for 2009 point to falling values and volumes. The weakening of the US currency has influenced commercial decisions. It may also lead falling trade values expressed in domestic currencies to be reported as increases when converted into US\$. Developing countries confirm their fundamental importance as suppliers to world markets with close to 50 percent of the value and to 60 percent of the quantity (live weight equivalent) of all fish exports. Imports are mostly by developed countries, now responsible for

about 80 percent of the total import value of US\$108 billion² (2008). This was the first time imports exceeded US\$100 billion. In volume (live weight equivalent), the share of developed countries imports is significantly less, around 60 percent, reflecting the higher unit value of products imported by developed countries.

11. Net export revenues from fish trade earned by developing countries reached nearly US\$27 billion in 2008. For many developing nations, fish trade represents a significant source of foreign currency earnings, in addition to the sector's important role in income generation, employment and food security. For Low-Income Food-Deficit Countries (LIFDCs), net export revenues rose to US\$12 billion in 2008. LIFDCs accounted for 20 percent of total exports in value terms, a slight decrease from the previous period.

12. In general, the long term rise in aggregate trade values and volumes for all commodities (except fish meal volumes) reflect the increasing globalization of the fisheries value chain. Production and processing is outsourced to Asia (e.g. China, Thailand and Viet Nam) and, to a lesser degree, Central and Eastern Europe (e.g. Poland and Baltic countries), North Africa (Morocco) and Central America. Outsourcing of processing takes place both on regional and global levels, depending on the product form, labour costs and transportation time. In general, labour cost differences play a much larger role than transportation issues. Many species, such as salmon, tuna, catfish, Nile perch and tilapia, are increasingly traded in the processed form (fillets or loins). At the same time, the growth of international or global distribution channels through large retailers has furthered this development.

13. The rising share of developing countries in total fish production can also be considered a form of outsourcing of production and supply, at least for the part destined to enter international markets. Over the period 1997–2007, the share of developed countries in total production fell from 29 percent in 1997 to 20 percent in 2007. The rising share of developing countries also reflects the significant increase in aquaculture, which through economies of scale and improved technology, has reduced costs and prices and thereby expanded the market overall. However, the fact that aquaculture in both developed and developing countries increasingly face constraints in terms of space and water, cannot be neglected.

14. China is by far the largest fish exporter at US\$10.2 billion (2008) but its imports are also growing, reaching US\$5.2 billion (2008). The increase in China's imports is partly a result of outsourcing, as Chinese processors import raw material from all major regions, including South and North America and Europe for re-processing and export. It also reflects China's growing domestic consumption of species not available from local sources. Like other operators, the fisheries sector in China has also been impacted by the economic downturn. China's fish exports in 2009 (first six months) show a small decline of 1 percent in value but 6 percent in volume. Its main export markets are Japan (27 percent), the United States (19 percent), the EU (16 percent) and the Republic of Korea (10 percent). During the first six months of 2009, imports declined by 4 percent in value and 7 percent in volume. China will, however, continue to dominate world production in the foreseeable future and remain the largest exporter. As an importer, China is likely to soon overtake Spain as the world's third largest importing country after the United States and Japan.

15. The EU is the largest single market for imported fish and fishery products. This reflects its growing domestic consumption but also its increase to 27 member countries. The 2008 imports (EU-27) reached US\$45.2 billion, up 7.8 percent from 2007, and represent 42 percent of total world imports. However, these statistics also include trade among EU partners. If intra-regional trade is excluded, the EU imported US\$24.6 billion of fish and fishery products from non-EU

² Import figures differ from export figures because the former include freight costs, whereas exports are reported at FOB values.

suppliers. This still makes the EU the largest market in the world, with about 23 percent of world imports. Partial figures for 2009 show a decline in EU imports, with a 7 percent fall in Euro terms (-13.7 percent expressed in US\$) recorded in the January–July period. However, EU markets are extremely heterogeneous with markedly different conditions from country to country. In particular, the Spanish market has been weak in 2009 whereas the French, Italian, German and UK markets have been more resilient. EU exports in January–July 2009 fell by 8 percent in Euro terms (-14 percent in US\$).

16. The United States is the largest single import market and depends on imports for about 60 percent of its food fish consumption. With a growing population and a positive long-term trend in seafood consumption, imports reached US\$13.6 billion in 2007 and US\$15.0 billion in 2008. Imported quantities of fish products reached 2.5 million tonnes (product weight) in 2007, but fell slightly in 2008 to 2.3 million tonnes. The largest US import item in value is shrimp followed by salmon, lobster, crab and tuna. Together these represented 65 percent of import values in 2008. Of note is the strong increase in tilapia imports in 2008 (volume +3 percent; value +31 percent) and of catfish species (volume + 21 percent; value + 18 percent). Shrimp imports grew only moderately in 2008 (values up 5 percent) whereas crab imports declined (values down 4 percent). In 2009, US import volumes (product weight) during the first 9 months were practically unchanged at 1.7 million tonnes whereas values dropped by 6 percent.

17. Japan, traditionally the largest single import market for fish, was overtaken by the US in 2007. The long-term trend for Japanese fish consumption is, however negative, with meat consumption overtaking fish in 2006 for the first time. Japan's imports in 2009 (9 months) showed a new decline to 1.8 million tonnes (product weight), down a significant 17.7 percent from the previous year measured in local currency (-25 percent expressed in US\$); import volumes declined by 8 percent. Japan depends on imports for about 56 percent of its food fish consumption. The main imported commodities are shrimp, tuna, cephalopods and salmon.

18. In addition to the three major importing markets, a number of additional markets have become of growing importance to the world's exporters. Prominent among these emerging markets are the Federation of Russia, Ukraine, Egypt and the Middle East in general. The number of individual markets of some relevance, i.e., markets with a total import value of minimum US\$ 50 million, is approaching 85. This testifies not only to the global nature of fish trade, but also of how diversified trade has become. In Asia, Africa and South and Central America regional trade is of importance although, in many instances, it is not adequately reflected in official statistics. Improved domestic distribution systems for fish and fisheries products have contributed to increased regional trade, as has growing aquaculture production. It must also be noted that domestic markets, in particular in Asia but also in Brazil, have proven resilient during the 2008-2009 period and therefore provided welcome outlets for domestic and regional producers.

PRICES

19. Fish prices are influenced like those of other products both by demand and supply factors. At the same time, the very heterogeneous nature of the sector with hundreds of species entering international trade makes it challenging to estimate price developments for the sector as a whole. FAO has initiated the construction of a fish price index to better illustrate both relative and absolute price movements. The index is being developed in cooperation with the University of Stavanger and with data support from the Norwegian Seafood Export Council.

20. The aggregate FAO Fish Price Index increased markedly from 81.3 in early 2002 to 126.4 in September 2008 although with strong within-year oscillation. After September 2008, the index fell drastically reaching 110.3 in March 2009, after which it has recovered to 115 in September 2009 (base year 2005 = 100). In addition to the aggregate index, separate indices have been developed for the most important commodities, as well as for capture and farmed species. It is interesting to note that the index shows quite separate price developments over time for captured

fisheries and for aquaculture. The former increased significantly in the 2002–2008 period whereas aquaculture prices, despite some firming during the same period, are indeed lower today than they were ten years ago. The main reason is probably related to the cost of input factors and the difference in production levels over this period; capture fisheries are frequently energy and capital intensive, whereas large-scale commercial aquaculture, although capital intensive, has benefited to a greater degree from technological improvements and economies of scale. This has increased yields in production, and together with improved logistics and distribution systems, permitted a significant increase in farmed output but at lower prices.

VALUE CHAIN DEVELOPMENTS

21. In the report of the eleventh session of the Sub-Committee, a value-chain analysis was presented, in which emerging issues of relevance were addressed. The present report continues this practice. Most of these issues still remain on the international agenda whereas new issues have also emerged over the last two years.

22. A value-chain contains numerous stakeholders. They are impacted by the factors listed below to a varying degree depending on their position in the value-chain, their contractual relationship and the relative strength of negotiation in their relationship with suppliers and clients. In addition, whereas some of these factors are of a more transitory nature with an immediate market impact, others are of a long-term nature in which the real impact may only be speculative at this stage.

23. Some of the major issues concerning international trade in fishery products in the past biennium and which continue to impact international trade, are³:

- introduction of private standards by international retailers, including for environmental and social purposes;
- continuation of trade disputes related to farmed products: catfish species, shrimp and salmon;
- the growing concern of the general public and the retail sector about overexploitation of certain fish stocks, in particular of blue fin tuna;
- widespread concern in exporting countries about the impact on legitimate exports of the introduction in 2010 of new traceability requirements in major markets to prevent Illegal, Unreported and Unregulated (IUU) fishing;
- the approval by FAO conference of the Agreement on Port State Measures to prevent, deter and eliminate IUU fishing;
- the proliferation of eco-labels and their uptake by major retailers;
- organic aquaculture and the introduction of new standards in major markets;
- certification of aquaculture in general;
- the multilateral trade negotiations in the World Trade Organization (WTO) including the focus on fisheries subsidies;
- dissipation of economic rent in the fisheries sector due mainly to overcapacity;
- climate change, carbon emissions, food miles and the impact on the fisheries sector;
- energy prices and the impact on fisheries;
- rising commodity prices in general and the impact on producers as well as on consumers;
- the impact on the domestic fisheries sector from a surge in imports of farmed products, in particular of pangasius;

³ For market access related to quality and safety please refer to document COFI:FT/XII/2010/5.

- the role of the small-scale sector in future fish production and trade;
- prices and distribution of margins and benefits throughout the fisheries value-chain;
- the need for competitiveness versus other food products; and
- perceived and real risks and benefits from fish consumption.

24. Of particular concern is the role of the small-scale producer, whether in capture fisheries or in aquaculture. The fragmentation of production and the vast numbers of operators at the first level of production has always weakened their commercial negotiating position. More recently however, the fragmentation and lack of organizational structures have become a weakness in areas of quality and safety for which more formal structures are required, necessary for new requirements such as traceability. As a response, small-scale producers in some countries, in particular in Asia, have developed producer clusters. This has enabled them to enter the formal economy and the value-chain on their own merit. In addition, it has facilitated transfer of know-how and experience, thereby improving production yields and economic results.

25. New regulations in major markets on traceability to prevent IUU fishing, will, at least in the initial phase of implementation, place an additional burden upon many developing countries fisheries, whether small-scale or not. From 1 January 2010, the EU's Regulation (EC) No 1005/2008 will require that imports of wild caught fish and fishery products supplied to EU member states from third countries are accompanied by a Catch Certificate validated by the competent fisheries management authority of the flag state of the vessel that caught the fish. Many exporting countries fear the impact on their legitimate exports, in particular where institutional weaknesses or lack of data prevent them from adequately managing their fisheries to the extent required.

26. The fragmentation of fisheries producers continues to hamper their ability to respond proactively to emerging issues and challenges advocated by consumer groups, retailers, civil society through NGOs, and to regulatory initiatives by governments. In particular the harvesting sector has at times seemed reluctant to engage in a proactive dialogue with civil society and consumers on the legitimate role of modern fisheries and its future. A more active role in the debate involving producers, government, science and civil society would enable industry to address the issue of sustainability from an economic and social perspective, rather than being forced to respond to external pressure on environmental factors alone.

27. Over time, processors in developed countries have seen margins decrease mainly due to high labour costs and strong competition from efficient producers in developing and transition countries. As a result, raw material is more frequently being sent to low-cost processing countries. In the European and North American markets, frozen products are frequently processed in Asia. Smoked and marinated products in Europe, for which shelf-life and transportation time is important, are increasingly being processed in Central and Eastern Europe. Processors have, through improved processing technology, been able to achieve higher yields and a more profitable product-mix from the raw material. Producers of traditional products, in particular of canned fish, have been losing market share to suppliers of fresh and frozen products as a result of long-term shifts in consumer preferences. Consequently, the price of canned fish products has dropped in most markets.

28. One widely debated issue, especially among producers, is that of the role of the retail sector within the distribution channel. It is often stated that the retail sector takes a disproportionate share of the value created from fish and fishery products. Many studies indicate that their share is indeed large, yet, most of these studies do not include cost or net margin considerations, nor do they consider the intense level of competition at the retail level which normally would bring down any abnormal profit. In fact, industry reports in both Japan and the United States indicate that the retail chains have lower net margins on fish products than on other products. More studies are needed to look further into this relationship, including on how shorter

distribution channels between producer and the consumer can improve efficiency and increase benefits, in particular to the primary producer.

29. Consumers are increasingly concerned about sustainability issues, especially overfishing and global warming. Air transportation of food is increasingly questioned. Health and well-being are other factors influencing consumption decisions; this explains in part the rise of the organic food sector. In the fisheries sector, organic production has been hampered by lack of market-wide standards in the most important markets. New regulations in the EU and the United States have the potential to lower costs of certification and thereby increase the market for organic seafood products. Supply remains a weak point given the narrow range of species and products currently available. However, the principal purchasing parameters among consumers remain price and food safety. The perceived benefit of fish consumption remains strong in most consumers' minds.

MAIN COMMODITIES

30. Shrimp continues to be the largest single commodity in value terms, accounting for 15 percent of the total value of internationally traded fishery products (2008). Despite growing export volumes, its share has been declining, with average prices on a long-term downward trend. Shrimp is mainly produced in developing countries, and more than half of production (about 57 percent) finds its way into international trade. The commodity is among the more exposed to economic changes with a large share of consumption taking place away from home. 2008 was a difficult year, but 2009 figures (first 6 months) indicate that the markets have now stabilized with combined import volumes to Japan, US and EU at the same level as in 2008, albeit much lower than in 2006 and 2007.

31. Farmed shrimp production volumes continued strongly in 2007 and 2008, reaching about 3.8 million tonnes. Shrimp capture supply is fairly stable at around 3.6 million tonnes for the same period. In 2009, suppliers responded to weaker markets by cutting back somewhat on farmed production.

32. The share of salmon and trout in world trade has increased strongly over the last decades to 12 percent. This is mainly due to salmon and trout aquaculture in Northern Europe and in North and South America, which have increased the farmed share of production to about 70 percent. Prices have been fairly stable in the 2008 and 2009 period, despite the shortfall of supply from Chile. The Chilean industry continues to suffer from production problems related to farmed Atlantic salmon with production falling from 360 000 tonnes in 2008 to an expected 60 000–70 000 tonnes in 2010. However, there are positive signals from Chile, not the least the new regulations for salmon farming, the ongoing development of vaccines and recapitalization of the industry. This should lead to the emergence of a stronger and more sustainable salmon industry in Chile, although the recovery will not be felt in world markets until 2011, or 2012, at the earliest.

33. It has caused surprise and concern that a problem of such magnitude and escalating at such speed could occur in a sophisticated environment such as that of Chile. It has evidenced the general need for strong institutions and regulations as well as sustainable aquaculture practices incorporating economic, social and environmental factors as the prerequisite for any aquaculture development. This is an ecosystem based approach where carrying capacity, ecological and social resiliences are taken into account.

34. Groundfish species are widely traded, representing about 11 percent of world fish export value. Overall groundfish supply was good in the course of 2009, with prices tending downward. This is likely to continue in 2010, as catches of Alaska Pollack, the main groundfish species, and of cod, are expected to grow further. The impact of low cod prices was felt particularly by the aquaculture industry, causing many farms to close, although production problems also affected the sector.

35. Increasingly, groundfish from capture fisheries interact in the market with farmed species, in particular pangasius and tilapia. These two species were in ample supply during 2009 and more is forecast for 2010. Tilapia is mainly exported to the United States, whereas Vietnamese pangasius exports now go beyond the traditional main markets (the EU, the United States and Japan) to reach the Russian Federation, Ukraine, Egypt and the Middle East, and South America.

36. In addition to tilapia and pangasius, emerging farmed species such as cobia and meagre are being introduced in the fresh markets in Asia, North America and Europe. Cobia and meagre are however fairly unknown species and would require some supporting activities in marketing and promotion to enter main consumer markets.

37. The Mediterranean based seabass and seabream industry increased production substantially in 2008 reaching almost 300 000 tonnes in total output. As a result, prices declined significantly, especially for seabream. Market conditions have also been difficult, especially in Spain, and as a response total production in both 2009 and 2010 is foreseen to be lower than in previous years.

38. Tuna's share of total fish exports in 2008 was about 8 percent; this share has been shrinking somewhat over the past decade. Large fluctuations in catch levels have caused instability in markets, with rising oil prices hurting fleet operators and canneries in 2008. In addition, piracy in the Indian Ocean has both limited the operations of the tuna fleet as well as increased its costs. Japan, the largest market for imported tuna, has been reducing its purchases for years, although the first half of 2009 saw a small rebound. Import tariffs on tuna continue to be an important issue for both importers and exporters, including the impact of preferential access for products from specific countries, in particular for processed products.

39. 2010 is expected to present new challenges to the industry with several new regulations coming into force in key markets. In addition, a potential listing of Atlantic and Mediterranean bluefin tuna on Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) Appendix 1 would also have a significant impact on the industry, in particular for Japan, which absorbs close to 80 percent of the global bluefin tuna production.

40. The share of cephalopods in world fish trade was 4 percent in 2008. Thailand is the largest exporter of squid and cuttlefish, followed by Spain, Morocco, China and Viet Nam. Morocco is the principal octopus exporter followed by Spain. Spain, Japan and Italy are traditionally the largest importers of the commodity. Total annual catches of cephalopods have increased during the last few years reaching about 4.4 million tonnes, although the composition among the three main species groups and prices may show significant variations from year to year.

41. The production of fishmeal over the last decades has been remarkably stable at around 6 million tonnes, with annual levels between 5 and 7 million tonnes depending on catch levels in South America, in particular the occurrence and strength of El Niño. However, the overall trend for the five major exporters is mainly negative with declining export volumes. China remains the dominant market, representing about 30 percent of total fishmeal imports. Fish meal prices continue to be influenced by the soy meal market.

42. Fish oil prices usually follow the trend in fuel prices quite closely and were consequently at record levels in 2008. The role of aquaculture is even greater for fish oil than for fishmeal, with close to 85 percent of production consumed by the sector and with salmonids responsible for more than 55 percent of the sector's share. Annual production is fairly stable at close to 1 million tonnes. Both fish meal and fish oil producers are becoming increasingly sophisticated in the production of specialist products, including as inputs for the feed industry upon which the aquaculture sector is dependent.

FISH IN FOOD AID

43. The use of fish in food aid has fallen to negligible levels, as traditional donor countries such as Canada, Japan and Norway have reduced or phased out their donations in kind. In 2007, some 5 900 tonnes were purchased by the World Food Programme (WFP) compared to almost 20 000 tonnes a decade earlier. In 2008 purchases increased to 12 100 tonnes, mostly funded by Peru and Ecuador for domestic distribution. Canned fish now remains the only fish product in food aid.

ACTIVITIES BY WTO WITH REGARD TO FISHERY PRODUCTS

44. The negotiations of the WTO Doha Development Agenda initiated in 2001, carried on throughout 2008 and 2009. The two major issues of relevance to the fisheries sector continue to be 1) fisheries subsidies, discussed in the Negotiating Group on Rules, and 2) market access, discussed in the Negotiating Group on Non-Agricultural Market Access.

45. The draft text on fisheries subsidies originally presented in November 2007 by the Chairman of the Negotiating Group on Rules was the basis for the discussions by WTO Members during 2008. During 2009, the fisheries subsidies negotiations were conducted on the basis of a conceptual road map circulated by the Chairman in December 2008. The Chairman's 2007 proposed text would prohibit a list of particular subsidies, from which certain general and developing country exceptions would be carved out. Access to the exceptions, for both developed and developing countries, would be conditioned on the fisheries being subject to an adequate management regime. This proposal contains several references to a potential peer review role for FAO. The Chairman's roadmap poses questions on these same issues.

46. On market access, four new texts on modalities were presented by the Chairman during 2008. Although there is no full consensus, there has been convergence on several issues, including the use of the so-called Swiss formula in future tariff reductions with separate coefficients for developed and developing country members. The texts also include an "anti-concentration clause", to avoid excluding entire sectors from tariff cuts. There are also separate provisions for recently acceded members, and for developing countries. The 32 Least-developed country members (LDCs) would be exempt from tariff reductions.

47. Fish and fishery products remain part of sectoral initiatives that would result in deeper voluntary cuts for certain non-agricultural products.

48. After the accession of China in 2001 and Viet Nam in 2007, all major fish producing, importing and exporting countries have become WTO members, with the exception of the Russian Federation. The latter is a WTO observer, is in the midst of accession negotiations, and its full accession remains pending. Membership of the organization is a pre-requisite for having access to its Dispute Settlement Mechanism. Countries that joined WTO in 2008 were Cape Verde and the Ukraine.

49. One trade agreement of significant relevance for trade in fish and fishery products is the one negotiated at the regional level between six⁴ ACP regions and the EU, with the aim to arrive at regional Economic Partnership Agreements (EPAs). Only the EU and the Caribbean region had reached agreement on a regional EPA by the end of 2007, the deadline imposed by the expiration of the WTO waiver granted to the preferences in the Cotonou Agreement.

⁴ West Africa, Central Africa, Eastern and Southern Africa, the Southern African Development Community, Caribbean, Pacific

50. In the other negotiating regions, interim agreements covering mainly trade in goods were initialled between the EU and individual African, Caribbean and Pacific Group of States (ACP) and subgroups of countries, with a view to continue negotiations towards full regional EPAs. Signed agreements are now going through the ratification phase by the European Parliament as well as national parliaments in the ACP and in EU member countries. In the meantime, before ratification is completed, the interim EPAs are applied provisionally.

51. On January 1st 2010, the new free-trade agreement between China and the ten-country Association of South-East Asian Nations (ASEAN) came into effect. In terms of economic value, this is the third-largest regional agreement now in existence, after the EU and the North American Free-Trade Agreement (NAFTA). The new agreement has the potential to significantly increase regional trade in fish and fishery products.

52. FAO continues to have an excellent relationship of cooperation with WTO, with mutual provision of technical expertise when requested.

53. There has been good cooperation between CITES and FAO since the signing of the Memorandum of Understanding between the two organizations in 2006. This has included FAO convening an ad hoc Expert Advisory Panel in 2007 to evaluate listing proposals made to the CITES Conference of Parties (CoP)-14.

54. The excellent cooperation between FAO and Organisation for Economic Co-operation and Development (OECD) has continued during the biennium, resulting in the organization of several joint activities.

SUGGESTED ACTION BY THE SUB-COMMITTEE

55. The Sub-Committee is invited to take note of the information provided and contribute additional experience. It is requested to provide guidance for future work by FAO in the area of international trade in fishery products, particularly with regard to:

- enabling developing countries in general and the small-scale fisheries in particular to participate more effectively in this trade;
- the role of FAO in trade-related capacity-building for developing countries, including needs for and possible sources of technical and financial assistance to meet technical, quality assurance and traceability requirements and standards, as well as to their capability to effectively participate in multilateral trade negotiations;
- FAO's dialogue with stakeholders through the value chain; and
- on the collaboration between FAO and WTO with respect to fisheries issues, as well as with other relevant organizations.