



# COMMITTEE ON FISHERIES

## SUB-COMMITTEE ON FISH TRADE

### Seventeenth Session

Vigo, Spain, 25–29 November 2019

## TRADE IN FISHERIES SERVICES

### Executive Summary

This document provides a brief roadmap for additional work to be carried out by FAO in connection with trade in fisheries and aquaculture services, focusing on maximizing their positive contribution to the economy of countries supplying them. The roadmap is primarily based on the outcome of the Expert Consultation held in 2018 and on recent work developed by FAO. Particular emphasis is put on the potential gains countries can obtain based on the development of further analysis on trade in fisheries services, in particular access agreements and value chains.

### Suggested action by the Sub-Committee

- Share national experiences of problems in expanding trade in services in the fisheries and aquaculture value chains and inform to what extent these problems are hampering the potential of supplying services or the development of the sector as a whole;
- Report actions taken regarding statistical classifications, data collection and related methodologies for trade in fisheries services and highlight existing challenges, adopted strategies, and identified opportunities;
- Inform on national experiences in enhancing the value addition of the local supply of services to the fisheries and aquaculture sectors, including existing problems;
- Provide advice, including additional specific areas to be emphasized, on the continuation of the work of FAO in the development of a document on trade in fisheries services in order to: a) enable an increasing participation of countries in this subsector, mainly developing countries; and b) to facilitate better-informed policy decisions by Members, with a particular emphasis on access agreements and fisheries and aquaculture value chains.

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## SERVICES, FISHERIES AND FAO

1. Services are the world's largest and fastest-growing sector, representing more than 60 percent of global output and an even larger share of employment in many countries. This is also the case for the fisheries and aquaculture sectors. However, poor data availability and a general limited understanding of this topic hamper a better comprehensive analysis of this particular trade, its magnitude and impact. This lack of knowledge can also reduce the potential of many countries to better position themselves to supply those services.

2. Trade in Fisheries Services is not a new theme for FAO. In April 1985, when the FAO Committee on Fisheries (COFI) decided on the establishment of a COFI Sub-Committee on Fish Trade (COFI:FT) "to serve as a multilateral framework for consultations on international trade in fishery products", its terms of reference were defined with an explicit mention of "trade-related services".

3. The issue of "trade in fisheries and aquaculture services" was on the agenda at the 15<sup>th</sup> and 16<sup>th</sup> Sessions of COFI:FT, and in March 2018 an Expert Consultation on Trade in Fisheries Services was convened by FAO with the financial support of the Government of Sweden. In its 33<sup>rd</sup> Session in 2018, COFI supported the results of the Expert Consultation and FAO's continued work on this topic.

## THE IMPORTANCE OF SERVICES IN THE GLOBAL ECONOMY

4. Services play a vital role in the evolution of the structure of economic production, and export of services has become an increasingly important component of total exports in many countries. The share of services exports in total goods and services has doubled from around 9 percent in 1970 to over 20 percent by 2014<sup>1</sup>.

5. International trade in services drives the exchange of ideas, know-how and technology, and is an important component of the value-added in global supply chains. Barriers to trade in services are normally not imposed at the border of a country, but they are embedded in legal and regulatory frameworks and usually consist of government measures that differentiate between foreign and domestic services or suppliers<sup>2</sup>. Compared to barriers hindering trade in goods, obstacles to trade and investment in services remain extensive. This suggests that liberalization of trade in services has the potential to enhance welfare by lowering prices, enhancing quality, and expanding the variety of services available<sup>3</sup>.

6. As countries move upward in the development path, the share of services in Gross Domestic Product (GDP) and employment expands. However, trade in services is not only associated with developed countries, since services are becoming increasingly significant for developing countries as well, wherein exports of services have grown twice as fast when compared to advanced economies. For example, the importance of digital technologies, both as inputs into value chains and for their role in increasing the tradability of services, is an example of the rising importance of services in global trade<sup>4</sup>.

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<sup>1</sup> World Trade in Services: Evidence from A New Dataset – <https://www.imf.org/~media/Files/Publications/WP/2017/wp1777.ashx>

<sup>2</sup> Elevating Services: Services Trade Policy, WTO Commitments, and their Role in Economic Development and Trade Integration – [https://www.wto.org/english/res\\_e/reser\\_e/ersd201901\\_e.pdf](https://www.wto.org/english/res_e/reser_e/ersd201901_e.pdf)

<sup>3</sup> Services Trade Policies and the Global Economy – <https://www.oecd.org/publications/services-trade-policies-and-the-global-economy-9789264275232-en.htm>

<sup>4</sup> <https://www.imf.org/~media/Files/Publications/WP/2017/wp1777.ashx>

7. Nevertheless, developing countries face a number of challenges when expanding trade in services. Maximizing the positive contributions of services requires adequate policies and regulations to create an enabling environment for the services economy and trade.

### **SERVICES AND THE 2030 AGENDA**

8. Services matter also for the realization of the 2030 Agenda. Trade in services has different roles to play in the attainment of the goals and targets in the 2030 Agenda. The contribution to the path of eliminating poverty and hunger, improving health and education, or reducing regional imbalances will require boosting availability and productivity of a range of services, including transport, logistics, communication, education, medical services and others. In addition, the promotion of trade in services can support countries in the achievement of some of the SDGs<sup>5</sup>:

- as a potential source of foreign exchange revenue and associated employment and household income;
- as a means to give the population access to essential services;
- to increase the participation of women in the sector, since women already have the highest share of jobs in the service sector<sup>6</sup>; and
- to foster the direct interlinkages with the sustainable management of fisheries and aquaculture in SDG14 – Life below water – since services are associated with the environmental, social and trade-related targets.

### **FAO WORK IN FISHERIES SERVICES: EXPERT CONSULTATION IN 2018 – MAIN CONCLUSIONS AND FURTHER DEVELOPMENTS**

9. The work carried out by the Expert Consultation on Trade in Fisheries Services in 2018 was focused on how to define and what to include in the concept of Trade in Fisheries Services, including aquaculture services.

10. In the area of access arrangements, the Expert Consultation concluded that the associated harvesting activity could be considered a fisheries service when the relevant access right is provided by a coastal State that owns the fisheries resources, and the arrangement includes an obligation to land the catch for the benefit of that State. Therefore, if the catch is not landed in, or for the benefit of, the coastal State, no service is involved.

11. Consequently, according to the Expert Consultation, access arrangements *per se* cannot be defined as a fisheries service. However, there are substantial opportunities for the coastal State to increase their revenues from their resources and the associated access arrangements by providing different types of services, which could be of use to the foreign vessels and their crews. In addition, there is also an opportunity for supplying services when entering into such arrangements, e.g. conducting stock assessments to conclude if there is a surplus to sell, and providing research and legal support to draw up the arrangement. The availability of such services could contribute to more mutually beneficial and balanced access arrangements.

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<sup>5</sup> Services trade policy and sustainable development – [https://cadmus.eui.eu/bitstream/handle/1814/47684/RSCAS\\_2017\\_41.pdf?sequence=1&isAllowed=y](https://cadmus.eui.eu/bitstream/handle/1814/47684/RSCAS_2017_41.pdf?sequence=1&isAllowed=y)  
<sup>6</sup> The role of the services economy and trade in structural transformation and inclusive development – [https://unctad.org/meetings/en/SessionalDocuments/c1mem4d14\\_en.pdf](https://unctad.org/meetings/en/SessionalDocuments/c1mem4d14_en.pdf).

12. Based on the results of the Expert Consultation, additional work conducted by FAO identified two main topics to be further developed:

- The connectivity between services and fishing access arrangements, including how access arrangements can be designed or implemented to generate more opportunities for the coastal State to provide related services and increase the benefits for the whole population; and
- The importance of services in fisheries value chains (including products supplied from both capture fisheries and aquaculture), and the opportunities and challenges for developing countries associated with a possible “servicification”<sup>7</sup> of fisheries value chains.

13. Furthermore, this additional work also highlighted how statistics, data, and other related methodologies are relevant to determine the volume and impact of trade in services in relation to the fisheries and aquaculture sectors. High-quality and sufficiently disaggregated data on trade in services flows are a pre-requisite for effective policy-making. Such data should provide insights on which partners are trading with whom and what types of services they deal with. The availability of this kind of data is also key to measuring achievements towards the SDGs. COFI:FT/XVII/2019/Inf.11 provides a comprehensive analysis of information on the classification of services and data collection, the main intervening actors, and possible ways on how to improve specific data availability for fisheries and aquaculture along the value chains.

## **A ROADMAP FOR FUTURE WORK ON TRADE IN FISHERIES AND AQUACULTURE SERVICES**

14. Today, Global Value Chains (GVCs) are important in shaping international trade, and stem from an increasingly fragmented and geographically scattered production. A global value chain includes the full range of activities that firms undertake to bring a product or service from its origin to its end-use by final consumers. Bearing in mind that a value chain does not exist in isolation to other supply chains and sectors, the fisheries and aquaculture value chains can be generally described as comprising three main phases: (i) pre-harvest; (ii) production (i.e., harvesting or farming); and (iii) post-harvest.

15. The fisheries and aquaculture sectors play a significant role in economic development, food security, employment, and livelihoods. Value addition and value creation along fisheries value chains can expand livelihood opportunities and stimulate economic growth. The economic gains along the value chains are not necessarily equally distributed, and small-scale fishers and fish farmers usually receive less economic benefits in terms of the amount of money earned. In addition, men and women have different roles in the fisheries and aquaculture value chains, with most women involved in the processing and marketing nodes of the value chains<sup>8</sup>.

16. Services are a critical but often overlooked part of the value chain phenomenon. The integration of services and goods in value chains is becoming more and more prominent, and sometimes it is difficult to distinguish one from the other. Companies in non-service sectors, such as the fisheries and aquaculture sectors, buy and produce more services than before and sell and export more services, often as a package deal with the good. This phenomenon is often referred to as “servicification”<sup>9</sup>.

17. Taking into consideration the results of the Expert Consultation on Trade in Fisheries Services, as well as the additional synergies in connection with the possibilities of supplemental services being supplied throughout the fisheries and aquaculture value chains, FAO plans to continue the development of a document on trade in fisheries services. This document will support the increasing participation of

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<sup>7</sup> Servicification is a term describing a process where non-services sectors in the economy buy and produce more services than before and sell and export more services, often as a packaged deal with the good.

<sup>8</sup> Value chain dynamics and the small-scale sector – Policy recommendations for small-scale fisheries and aquaculture trade – [http://www.fao.org/fileadmin/user\\_upload/fisheries/docs/Value\\_chain\\_dynamics\\_and\\_the\\_small-scale\\_sector.pdf](http://www.fao.org/fileadmin/user_upload/fisheries/docs/Value_chain_dynamics_and_the_small-scale_sector.pdf).

<sup>9</sup> National Board of Trade (2013). Just Add Services. A case study on servicification and the agri-food sector.

countries, mainly developing countries, supplying services throughout fisheries and aquaculture value chains, as well as facilitating access to more precise and specific information and data.

18. An assessment of the value and impact of trade in fisheries and aquaculture services would help to better understand fisheries services and the resulting implications and opportunities for producing and trading them at various points along the pre-harvest, harvest and post-harvest value chains. It would also help guide policy decisions, allowing countries, whether as beneficiaries or suppliers of fisheries and aquaculture services, to design and regulate their activities to maximize the resulting welfare gains.

19. This assessment will be based on the importance that services play as economic catalysers and will be an important tool for maximizing the coordination of different service suppliers in a specific stage of the supply chain, especially if production is geographically spread out. The enabling services in GVCs include a variety of key services such as communication, insurance, finance, computer services and other business services. Services are important since the competitiveness of GVCs in goods is dependent upon efficient services' inputs. The availability of services, as well as their price and quality, are essential factors in determining competitiveness.

20. In the area of data and compilation of statistics, FAO will enhance its cooperation with other international organizations in order to address statistical gaps on the classification of fisheries and aquaculture services to effectively reflect the service trade flows and increase data transparency.

21. In addition, future work by FAO will also take into consideration the importance of a positive policy environment for services to increase their availability, which would allow companies and countries to enhance the value-added in fisheries and aquaculture value chains.