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COMMITTEE ON FISHERIES

SUB-COMMITTEE ON FISH TRADE

Fourteenth Session

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THE SMALL-SCALE FISHERIES SECTOR IN RELATION TO INTERNATIONAL TRADE AND SUSTAINABLE LIVELIHOODS

Executive Summary

The purpose of this document is to provide the Sub-Committee with an overview of the key challenges the small-scale fisheries sector is facing in terms of balancing international trade and sustainable livelihoods. The document also presents potential pathways for addressing these challenges.

Suggested action by the Sub-Committee:

- Provide guidance for the implementation of the voluntary guidelines for securing sustainable small-scale fisheries in the context of food security and poverty eradication, in particular with regard to the sections dealing with value chains, post-harvest and trade and with social development, employment and decent work;
- Support efforts to strengthen tenure in small-scale fisheries, including support for the “*Tenure and Fishing Rights 2015*” conference; and
- Provide guidance for future work by FAO in the area of small-scale fisheries trade and livelihoods issues, including a decision on updating the Hidden Harvest study and/or to further investigate possibilities on how to collect sub-sector disaggregated data.

INTRODUCTION

1. The thirteenth Session of the Sub-Committee on Fish Trade (COFI:FT) encouraged FAO to make the focus on the small-scale sector more explicit in its work programme, and to include the sector as a separate agenda item at the next session of COFI:FT. The purpose of this document is to inform the Sub-Committee about the role of the small-scale fisheries in international trade and to present key challenges the sector has to address to better balance benefits from international trade with sustainable livelihoods. The paper concludes with an outline of potential pathways and suggested actions to achieve this balance for consideration by the Sub-Committee.

2. The small-scale sector plays a considerable role in capture and aquaculture fisheries production as well as in trade, employment and nutrition. However, its contribution is difficult to quantify due to the limited availability of comprehensive statistics. Global fisheries production and trade data do not distinguish between small-scale or industrial fisheries origins. One reason for this is the diverse nature of small-scale fisheries in different contexts, which makes global reporting more challenging. Small-scale fisheries operators are engaged in subsistence activities, commercial fishing, processing and marketing.

3. Based on a number of representative national case studies, an FAO/World Bank/World Fish Centre study (2012)¹ estimates that nearly 40 percent of the global capture fisheries production originates from small-scale fisheries in developing countries.

4. According to the same source, 97 percent of all full- and part-time workers engaged in commercial capture fisheries for their livelihoods live in developing countries. Among these, 90 percent work in small-scale fisheries. The study also stresses that 47 percent of the small-scale fisheries workforce are women, involved in, but not exclusively, post-harvest activities. Their participation in productive activities leads to improved household well-being as a significant share of the income is spent on food and their children's education.

5. In aquaculture, the role played by the small-scale sector is also remarkable. In particular, in several Asian countries, the bulk of inland and coastal aquaculture producers consist of family-based farms or small cooperatives.

6. It is noteworthy that a significant share of the total fisheries production destined for direct human consumption originates from small-scale fisheries operations. Fish and fishery products make a particularly important contribution to the diets in developing countries, playing a major role in their food and nutrition security. At present, these products contribute about 12 percent of the total animal protein intake in developed countries while they account for 27 percent in least developed countries and for 19 percent in other developing countries.

7. Notwithstanding the fact that products from small-scale fisheries are particularly important for domestic markets, they are increasingly being traded. In general, developing countries now account for more than 50 percent of the global fisheries export value and for more than 60 percent in terms of quantity (live weight). The fishery net export revenues (i.e. the total value of fish exports less the total value of fish imports) of developing countries exceed those of other food commodities combined. Currently, developing country fisheries exports are dominated by high-value species directed to developed countries markets. Fast urbanization and emerging middle classes in developing countries, which make regional markets more attractive, could change or complement the current trade patterns in the near future, especially when currency exchange rates are not attractive.

8. Small-scale fisheries therefore play an undeniably important role in international trade while also having important livelihoods functions in terms of direct and indirect income generation, food security and nutrition and poverty reduction. At the same time, the benefits from international trade do

¹ FAO/World Bank/World Fish Centre/ARD. 2012. *HIDDEN HARVEST. The Global Contribution of Capture Fisheries* (available at http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2012/05/18/000427087_20120518142913/Rendered/PDF/664690ESW0P1210120HiddenHarvest0web.pdf)

not necessarily trickle down to small-scale fishing communities, which frequently remain among the most vulnerable and marginalized groups in developing countries.

9. From 2009 to 2012, FAO conducted a comprehensive value chain analysis of international fish trade with an impact assessment for the small-scale fisheries and aquaculture sector. This Norwegian Agency for Development Cooperation NORAD funded project was entitled "*Value chain dynamics, the small-scale sector and food security; policy recommendations for international fish trade*"². It involved case studies focusing on nine developing countries (Bangladesh, Cambodia, Ghana, Honduras, Kenya, the Maldives, Peru, Thailand and Uganda). Relative to other actors in the value-chain, the project found that small-scale fishers and fish farmers are receiving the least economic benefits for their products. Most fish suppliers in developing countries were acting as raw material suppliers to developed countries, demonstrating they were earning limited profits from their valuable natural resources. Processors and retail markets were found to be receiving more of the distributional benefits due to their more concentrated structure and stronger bargaining power.

10. A FAO/Norway study³ examined the impact of international fish trade on food security both at the global level and through 11 national case studies in Nicaragua, Brazil, Chile, Senegal, Ghana, Namibia, Kenya, Sri Lanka, Thailand, the Philippines and Fiji. The evidence drawn from this study indicates that, globally, in eight of the 11 countries international trade has had a positive impact on food security. This assessment was based on outcomes related to national impacts, impacts on fish workers, consumer and resources. International fish trade, however, was determined to have a negative impact on the fish resources for the 11 countries studied, highlighting the urgent need for more effective management regimes. Consequently, the study cautions that sustainable resource management practices are a necessary condition for sustainable international trade and that fish export promotion needs to be coupled with a sustainable resource management policy. The study also highlights the need for free and transparent trade and market policies to ensure that the benefits from international fish trade are equitably enjoyed by all segments of society. The study underscores the FAO's *Code of Conduct for Responsible Fisheries* recommendation that states consult with all stakeholders, industry, as well as consumer and environmental groups, in the development of laws and regulations related to fish trade⁴.

11. A recent Department for International Development (DFID) commissioned review⁵ of research on the potential role of fisheries and aquaculture in development concluded that the interactions between international fish trade and food security remain ambiguous. Some studies argue that export revenues from fisheries trade contribute to improved food security while others emphasize the negative impacts of decreases in local availability of fisheries products for domestic consumption. What emerges from the DFID review is an overall lack of evidence and appropriately disaggregated data to adequately support any of these views at a larger scale. It needs to be acknowledged that most studies are likely to have valid elements, depending on the local context and the period of time under consideration.

12. The following section provides an overview of a number of key challenges small-scale fisheries are facing in relation to international trade and sustainable livelihoods. The concluding sections identify potential pathways and actions to address these challenges.

² <http://www.fao.org/valuechaininmallscalefisheries/en/>

³ Kurien, J. 2005. *Responsible fish trade and food security*. FAO Fisheries Technical Paper. No. 456. Rome, FAO. 102p.

⁴ Royal Swedish Academy of Agriculture and Forestry (KSLA). 2009. *Fisheries, sustainability and development*.

⁵ MRAG/IDS/University of Sterling. 2013. *Fisheries and aquaculture and their potential roles in development: an assessment of the current evidence* (available at http://r4d.dfid.gov.uk/pdf/outputs/fisheries/61091-Fisheries_and_Aqua_Evidence_Review.pdf)

KEY CHALLENGES FOR SMALL-SCALE FISHERIES IN RELATION TO INTERNATIONAL TRADE AND SUSTAINABLE LIVELIHOODS

13. A number of resources and assets are critical for small-scale fisheries communities' livelihood security and for their international trade development opportunities. These include not only the availability of natural resources, appropriate technology and infrastructure, technical and functional skills, production and trade related knowledge, and domestic and international markets, but also health, education and financial services. The vulnerability of small-scale fisheries communities depends on factors that influence their actual access to such resources and assets. These factors can be external, such as trends in globalized fisheries trade systems or shocks (e.g. soaring food prices and growing price volatility in world commodity markets), but they also depend on the social, institutional and political environment within which the small-scale fisheries communities operate, as well as on their own level of organization.

14. The following paragraphs illustrate some interrelations between international trade and livelihoods, which deserve attention because of their contribution to either increasing the vulnerability of small-scale fisheries communities or strengthening their resilience and vitality, depending on how they are addressed.

GLOBALIZED FISHERIES VALUE CHAINS

15. Demand for fish is increasing as a result of growing world population, increasing global wealth and the request for healthier foods, among which fish is one of the most prominent. In response there is a trend towards vertically integrated and progressively globalized fisheries value chains to secure the timely supply of high value fisheries products from developing countries for major markets, which are still primarily in developed countries. These global chains benefit from improved information and communication technology as well as from more efficient global transport systems, which facilitate control over each chain segment even at a distance. This global integration reduces the bargaining power of often weakly or not organized small-scale fisheries operators, constraining their ability to generate profits that support long-term sustainable production from an integrated economic, social and environmental perspective.

16. Considering the first step in the fisheries value chain, managing for the optimal utilization of scarce natural resources is in fact one of the key challenges in fisheries, and even more so for small-scale fisheries in developing countries with often weak fisheries sector governance. Where fisheries access agreements are stipulated, the maximum sustainable yield of the resources to avoid overexploitation should be respected. These agreements can constitute a significant source of income for developing countries not able to fully exploit their resources with domestic fleets. However, it needs to be acknowledged that often small-scale fisheries fleets are expanding and increasing their ability to exploit a larger share of fisheries resources in Exclusive Economic Zones. Secure tenure rights, including access to fishery resources and to land for auxiliary activities such as processing and marketing as well as for housing and other livelihood support functions, are essential therefore for the sustainable development of small-scale fishing communities.

17. Looking at the higher end of the value chain, it becomes evident that integrated globalized food systems rely on science and technology to optimize production, processes and packaging. While some small-scale fishing communities have successfully connected with these global systems, others are lagging behind. In the international market, fishery products have to comply with international food safety and hygiene requirements. Small-scale fishing communities frequently suffer from relatively low levels of human capital because of limited access to education, vocational training and low endowments of physical capital (e.g. in the form of appropriate processing technologies). They struggle to meet these standards that are required for fish and fishery products in the most profitable markets, which could turn into *de facto* non-tariff barriers to trade.

18. Limited direct access to market information or the presence of information asymmetries may also preclude small-scale fisheries operators from taking full advantage of existing and emerging markets. Certification schemes like ecolabelling of fish and fishery products could provide, for example, potential new marketing opportunities, even though currently used primarily in developed

countries. However, small-scale fisheries would often struggle to comply with data intensive certification requirements and management systems, as well as with the high costs of many of the currently existing ecolabelling schemes. Some of these schemes acknowledge the specificities of the small-scale fisheries sector and make efforts to make their schemes more accessible. Equally, some consumer-driven movements striving to preserve traditional and local food production and consumption, specifically promote small-scale fisheries products and aim to inspire reflection on the status and management of fisheries resources.

EMPLOYMENT: DECENT WORK IN SMALL-SCALE FISHERIES

19. Fishing remains among the most dangerous of professional activities and the post-harvest sector may also expose its operators to multiple risks, including potential chronic health problems. The existing framework of international labour standards, aiming at the establishment of a minimum level of protection from inhuman labour practices, is not always properly implemented. In addition, the often informal character of small-scale fisheries makes it difficult to target the sector even when those standards are applied. Thus, another major challenge in small-scale fishing communities is the realization of decent work and employment conditions.

20. Women in small-scale fisheries can be particularly exposed to abuse. For example, there is evidence from some countries that female fish traders engage in transactional sex with fishers in exchange for the fish from which the women derive their income to support their families through processing or marketing⁶. The women involved in sex-for-fish are often financially more vulnerable widows, divorced or unmarried women. This behaviour also contributes to disproportionately high HIV/AIDS rates in fishing communities compared with other communities in some areas.⁷ Women engaged in intra-regional trade are frequently abused by officials at border control points.

21. Another threat to decent work in small-scale fisheries is the presence of child labour. Child labour is hazardous to children, preventing their physical, mental, spiritual, moral or social development. Poverty, limited education and the lack of alternative livelihoods in small-scale fishing communities are major drivers of children's involvement in fisheries and post-harvest activities. While small-scale communities often live in vulnerable conditions, with no or little access to services such as education and with limited alternative livelihood options, involving children early on in fishing and post-harvest activities appears as a way to equip them with the necessary professional skills for their future. However, child labour hampers societal progress as it affects children's development and, hence, their productivity as adults. For players of global value chains who pay growing attention to corporate social responsibility, the respect of human rights - including the rights of the child and fundamental rights at work - becomes an important element in the choice of business partners. Within this framework FAO, in close collaboration with ILO, has developed *Guidance on Addressing Child Labour in Fisheries and Aquaculture*, in order to support governments, fisheries sector organizations, civil society organizations and other interested stakeholders in taking action.

PRESERVATION AND VALUE-ADDITION OF THE HARVEST FOR FOOD SECURITY AND NUTRITION

22. As stated in the introduction, fish is an important source of protein, in particular for developing countries. Fisheries products by definition are highly perishable and subject to high post-harvest losses. Insufficient knowledge of good fish handling practices, lacking or limited appropriate storage facilities and processing equipment in small-scale fishing communities increase the risk of these losses, which have important implications, both in terms of economic returns to the producer and in terms of nutritional value of the fishery products for the consumer.

23. Women play a major role in processing and local and intra-regional trade. Small-scale processors in developing countries usually produce dried, salted, smoked or fermented fish for trade in local, national and regional markets to overcome the limitations to fresh fish trade in the absence of a

⁶ FAO. 2007. *The State of World Fisheries and Aquaculture 2006*. Rome. 162p.

⁷ Source: http://ac.els-cdn.com/S0305750X08000223/1-s2.0-S0305750X08000223-main.pdf?_tid=936bf362-f5e4-11e2-b986-0000aacb35d&acdnat=1374837465_4f13634d90df89b7759e8858bd3bffd3

functioning cold chain. A comprehensive loss assessment is not available but enough evidence is provided by case studies to understand that the availability and quality of fisheries products could be greatly improved through better handling, processing, storage and transportation.

24. Some traditional processing techniques, like smoking, which may negatively affect the respiratory system of processors, can represent health hazards. The availability of new technologies that are more energy efficient and have reduced health risks, such as combined drying-smoking ovens as well as solar powered equipment, is increasing but they have not yet reached enough small-scale fishing communities. It is important to note that improved fish quality obtained through better technologies may increase the product price and make traditional products less accessible for domestic low-income consumers. Governments have a potential role to play to encourage access to alternative inexpensive proteins to ensure food security and nutrition for all.

PATHWAYS TO IMPROVE SMALL-SCALE FISHERIES CONTRIBUTION TO INTERNATIONAL TRADE AND SUSTAINABLE LIVELIHOODS

25. The previous section has shown the complexity of the relations between international trade and livelihoods of small-scale fishing communities. In order to support the small-scale fisheries sector to take full advantage of the benefit of international trade, including in terms of improved livelihoods, an integrated development approach at different levels is required. The following paragraphs suggest important elements to be considered when developing such an approach.

POLICY COHERENCE

26. The fundamental nature of many of the challenges faced by the small-scale fisheries sector is not new. However, despite the remaining flaws, the knowledge base to address these issues has grown and needs to be used for evidence-based action. There seems to be political momentum at the highest level to do so. For example, the outcome document of the Rio+20 conference⁸, *The future we want*, states in paragraph 175 that the signatories (countries and civil society organizations (CSOs)) ‘...commit to observe the need to ensure access to fisheries, and the importance of access to markets, by subsistence, small-scale and artisanal fishers and women fish workers, as well as indigenous peoples and their communities particularly in developing countries, especially small island developing States.’

27. As stated previously, secure access and tenure is crucial for the responsible use of fisheries resources. The *Voluntary Guidelines for the Responsible Tenure of Land, Fisheries and Forestry in the Context of National Food Security*, which were adopted in 2012 by the Committee on World Food Security, are an important international instrument to allow small-scale fishers to claim and defend their access and use rights. In addition, based on a COFI mandate, FAO is currently facilitating the development of *Voluntary Guidelines for Securing Small-scale Fisheries in the Context of Food Security and Poverty Eradication* to complement the *Code of Conduct for Responsible Fisheries*. These guidelines, which are currently under negotiation, include a specific section dealing with value chains, post-harvest and trade as well as one on social development, employment and decent work. Within the framework of a human-rights based approach these guidelines support responsible governance of fisheries and sustainable social and economic development for the benefit of current and future generations. FAO is further supporting additional work on secure access and tenure with *Tenure and Fishing Rights 2015*⁹, a global conference on rights-based approaches for fisheries. Such global developments provide important entry points for small-scale fisheries policy development or improvement, as well as for trade related issues.

28. The overall impact of international trade on small-scale fisheries livelihoods is yet to be fully understood and likely to vary, depending on scales and geographic context. Often, national policies having an impact on fish trade overlook the small-scale fisheries sector. For example, badly timed fish imports to fill domestic supply gaps can weaken the position of domestic small-scale fishers if they

⁸ United Nations Conference on Sustainable Development (UNCSD), 20–22 June 2012, Brazil.

⁹ Working title.

coincide with periods of glut or bumper seasons. As fish importers in some countries pay volume-based import taxes, it is likely that the interests of domestic small-scale fishers become less prominent in those situations. This is exacerbated by the fact that in some cases importers and cold store owners agree on prices that reduce the competitiveness of domestic products.

29. Broader poverty reduction strategies, trade policies, food security and nutrition policies, labour and employment policies and specific fisheries sector policies need to take these interactions into account and provide for appropriate coherent solutions.

IMPROVED INFORMATION

30. Coherent policy making improving the resilience of small-scale fishing communities and their ability to engage dynamically in and benefit in an equitable way from trade – be it at local, regional or international level – relies on the availability of information, data and analysis. More disaggregated data are needed to improve the visibility of the small-scale fisheries contribution to trade and to better understand the sector's needs to improve its performance. This understanding, including information on the reasons for unbalanced power relations along increasingly globalized value chains, would also help to provide better incentives for linking small-scale fisheries management and trade, with a view to achieve sustainable fisheries.

31. Overall, documented knowledge about value chains and markets in which small-scale fishers are involved is rather fragmented, but the complexities of relationships between the various actors are known¹⁰. These relationships are characterized by power imbalances and information asymmetry, including informal credit arrangements between fishers and traders, which limit the bargaining power of the former.

32. Small-scale fisheries operators themselves need to be empowered to drive the necessary change to make their contribution to international trade and improved livelihoods. Progress in information and communication technology could provide new opportunities for innovative engagement with other value chain members and the markets (e.g. SMS-based price information systems, electronic self-help platforms to exchange trade and product related information, information about demand in growing regional markets). Collective action, producer, trader and other interest organizations can play a role in promoting a more equitable benefit distribution along the value chain. A key objective of small-scale fishers' and fish workers' organizations is devising ways and means to get the best return for their members' products of labour.

COLLABORATION AND CAPACITY DEVELOPMENT

33. In order to participate in global value chains, small-scale fisheries operators need to become organized to improve their bargaining position and their visibility. Developing horizontal and vertical linkages may facilitate access to necessary services (e.g. education, finance, health) and knowledge (e.g. on reducing post-harvest losses and waste, improved processing technology, new markets), which broaden their basket of options for informed decision-making and innovation. These partnerships can include the private sector, new development actors (e.g. foundations and movements like Slow Food), research institutions, community organizations, chambers of commerce, marketing boards etc.

34. In order to be effective, small-scale fisheries producer or trader organizations need to be strengthened in terms of their ability to actually exercise the right to organize. Only then will they be able to facilitate and improve access to markets and related services, to negotiate better working conditions or benefit distribution along the value chain and to support product quality and safety improvements. However, capacity development efforts should focus not only on technical issues but also on the way decisions can be influenced and positions negotiated. Also, the role of hybrid forms of collective action and network arrangements is likely to become increasingly important to allow the small-scale fisheries sector to respond to emerging issues.

¹⁰ For example: Gudmundsson, E., Asche, F. & Nielsen, M. 2006. Revenue distribution through the seafood value chain. FAO Fisheries Circular. No. 1019. Rome, FAO. 42p.

35. Small-scale fisheries operators in developing countries could benefit greatly from south-south and triangular cooperation to share experiences and transfer knowledge. At the same time, regional markets are likely to become more important and small-scale operators need to be equipped to take advantage of shifting trade and consumption patterns, which are likely to demand more fisheries products, including traditional low-value products, in urban and other regional markets. The NORAD funded project *A value chain analysis of international fish trade and food security with an impact assessment of the small-scale sector* found that in some cases domestic markets can be more lucrative for small-scale fisheries products than international markets. The main reason for this is the increasing purchasing power of domestic consumers leading to growing local demand and higher prices. In addition, savings on transportation and other export-related costs, further improve the attractiveness of local markets.

36. The development of regional trade may also benefit from institutional capacity development, for example in terms of negotiating regional trade agreements and free trade zones.

37. Women can be important drivers of change. The role of women in small-scale fisheries is not limited to processing and marketing. They are also often investors, boat owners, sources of credit, household managers and consumers who make important decisions on family nutrition. Experiences from agriculture show that investments in women result in more innovative economic activity and improved food security and nutrition at household level. Women therefore should not be overlooked in capacity development activities but rather be a specific target group.

38. In conclusion, it is important to acknowledge that enabling the small-scale sector to participate more effectively in international trade is one means to improve its condition and livelihoods. This needs to be integrated within a broader vision of economic growth, rural poverty reduction and natural resource management. As part of its revised strategic framework, FAO is envisaging to support countries in identifying appropriate action consistent with this more holistic vision.