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Продовольственная и
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Organización
de las
Naciones
Unidas
para la
Agricultura
y la
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COMMITTEE ON FISHERIES

SUB-COMMITTEE ON FISH TRADE

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REPORT ON TRADE-RELATED ACTIVITIES IN FAO

SUMMARY

This document presents a short overview of selected activities carried out by FAO with relevance for international fish trade. Some of these activities are described in more detail in other documents, in particular in COFI:FT/XII/2010/3 "Status and important recent events concerning international trade in fishery products", and in COFI:FT/XII/2010/5 "Review of market access requirements". The Sub-Committee is invited to provide comments and guidance for further work.

INTRODUCTION

1. FAO's mandate is to raise levels of nutrition, improve agricultural productivity, better the lives of rural and coastal populations and contribute to the growth of the world economy. To these ends FAO aims to foster international trade in food commodities, including fish and fishery products. In addition to its contribution to economic activity, employment and as a generator of foreign exchange, fish trade is also important from a nutritional point of view.
2. Fish and fishery products are widely traded with close to 40 percent entering international markets. Access to global markets therefore plays a fundamental role for producers and exporters, not the least for developing countries which today represent 50 percent in value of all exports. However, the impact of trade and markets goes far beyond the mere share which enters international supply chains, as there are strong interactions between domestic and international markets, even for untraded products.

FAO ACTIVITIES RELATED TO INTERNATIONAL FISH TRADE

3. FAO's trade-related activities with relevance for fisheries are primarily carried out in the Fisheries and Aquaculture Department (FI). The Legal Office (LEG) undertakes work on international instruments and on national legislation in relation to fish and fishery products. The Economic and Social Development Department (ES) provides analysis and capacity building activities on food commodity trade, whereas specific inputs on fisheries issues are provided by FI. An example of the cooperation between FI and ES is the publication of FAO Food Outlook: Global Market Analysis, for which ES is responsible for the overall coordination and delivery but FI takes the lead on all fisheries specific issues.
4. In general, the growing role of aquaculture in supply and trade has led to an increased focus of FAO's work on the particular aspects presented by aquaculture products or by those markets and commodities which are prevalently linked to aquaculture production. In the 2008-09 biennium there was a stronger integration of FAO's respective activities on aquaculture and trade, with trade and marketing aspects being given a more visible role in aquaculture development and policy considerations. Likewise, the cooperation between FAO's two Sub-Committees on Fish Trade and Aquaculture and their secretariats has been strengthened.
5. The improved integration of trade and marketing issues within FAO's aquaculture work is visible in the upcoming Global Conference on Aquaculture in 2010: Farming the Waters for People and Food, where market access, quality and safety issues, as well as consumer needs, are given dedicated sessions. The conference is organized jointly by FAO, the Network of Aquaculture Centres in Asia-Pacific (NACA) and the Government of Thailand.
6. FAO continues to provide marketing and trade specific assistance to other organizations and regional fisheries organizations. An example is FAO's contribution to the development of the General Fisheries Commission for the Mediterranean's (GFCM) strategy for Marketing and Promotion of Mediterranean Aquaculture.
7. FAO's work on the development of fish price indices continued throughout the 2008-2009 biennium in cooperation with several partners, including the Norwegian Seafood Export Council and the University of Stavanger. The FAO Fish Price Index has been published in FAO publications, such as FAO Food Outlook, with the results described in more detail in COFI:FT/XII/2010/3. FAO has also initiated work on the modelling of future demand and supply, the results of which will allow incorporation of fisheries in the joint OECD-FAO work on agricultural projections. The inclusion of fisheries is scheduled for 2011 in the OECD-FAO Agricultural Outlook for 2011-2020.

8. In the 2008-2009 biennium, FAO continued its capacity building activities related to international fish trade and food safety issues for developing and transition countries, in particular as they related to the World Trade Organization (WTO) framework of global trade rules and the ongoing WTO negotiations of the Doha Development Agenda. In this period, a number of regional workshops on relevant fish trade issues were organized in cooperation with the WTO and with organizations such as the Organisation for Economic Co-operation and Development (OECD), local fishery industry associations and Non-Governmental Organizations (NGOs), as well as with the FISH INFONetwork.
9. FAO has, upon request, provided technical support to the ongoing WTO fisheries subsidies negotiations and has participated as an observer in relevant meetings. This has included informally briefing WTO delegates on technical issues specific to the fisheries sector.
10. FAO has participated in the Alliance for Responsible Fisheries (ALLFISH), an initiative of the World Bank's Global Program on Sustainable Fisheries (PROFISH). It establishes a partnership between the FAO Fisheries and Aquaculture Department, the World Bank, the Global Environment Facility and the International Coalition of Fisheries Associations (ICFA), an industry non-governmental organization. The ALLFISH project aims at building a global public-private alliance that includes the fishing industry to work towards sustainable fisheries and aquaculture. Particular emphasis will be placed on (a) building the capacity of developing country umbrella organizations, national fishing associations and regional associations; and (b) developing codes of industry practice on sustainable fisheries.
11. The growing role of certification and labels for ecological or environmental purposes has resulted in a number of requests for assistance. This is in addition to the work mandated by the COFI-FT and COFI on this topic. FAO's work on guidelines on aquaculture certification has continued. A technical consultation is scheduled for February 2010 and the outcome will be discussed at the next session of the Sub-committee for Aquaculture in June 2010. FAO has also continued its cooperation with other organizations working on similar issues.
12. In 2009 FAO convened, jointly with the Government of the Netherlands and the OECD's Fisheries Policies Division, a round table for policy makers and industry representatives on Eco-Labeling and Certification in the Fisheries Sector. The aim of the round table was to bring together organizations involved in fisheries certification, representatives of the fisheries value chain elements and NGOs from both developed and developing countries. Participants in the round table agreed that the proliferation of schemes has necessitated benchmarking of available labels with the need to arrive at internationally agreed sustainability standards. Participants also agreed on the need for a fair and workable distribution of the costs of certification.
13. FAO has also sought to monitor external activities related to certification and labelling. It participated as an observer in the industry led Review of Fish Sustainability Information Schemes after an initiative by the UK's Sea Fish Industry Authority (Seafish).
14. In November 2008, FAO organized an international Shrimp Conference in Guangzhou, China, in cooperation with China's Ministry of Agriculture and the Guangdong Provincial Government and in collaboration with INFOYU and INFOFISH. The conference brought together more than 300 participants representing governments, provincial administrations, producers, feed manufacturers, retailers, food-service, academia and civil society. The conference recognized the crucial role of shrimp in international seafood supply, the growth of shrimp aquaculture and the sector's role in providing domestic food security through production, processing, trade and distribution.
15. Climate change could have significant potential impact on future supply of fish, and thereby on trade. In April 2008 FAO convened an Expert Consultation to identify and review key issues of climate change in relation to fisheries and aquaculture. The workshop evaluated policy options and activities at the international, regional and national levels that can help minimize negative impacts of climate change, improve on mitigation and prevention, and maintain and

build adaptive capacity to climate change. FAO has subsequently undertaken and published the study *Climate Change Implications for Fisheries and Aquaculture*¹. The study is one of the most comprehensive surveys to date of existing scientific knowledge on the impacts of climate change on fisheries and aquaculture.

16. In November 2008, in Bangkok, FAO organized the Global Conference on Small-Scale Fisheries: Securing Sustainable Small-Scale Fisheries in cooperation with the Government of Thailand and in collaboration with the Southeast Asian Fisheries Development Centre (SEAFDEC) and the WorldFish Centre. The Conference concluded that small-scale fisheries have yet to fully realize their potential to significantly contribute to sustainable development and the attaining of the UN Millennium Development Goals.

17. A stronger focus on small-scale fisheries in general was called for. At the international level, there was a call for an international instrument on small-scale fisheries. At the national level, various areas were identified for priority action. Among these were the empowerment of community organizations; support to adaptive co-management that accounts for traditional knowledge and customary rights; protection and legislation of the rights of small-scale fishing communities to fishery resources and land; promotion of market access through improved post-harvest handling; and marketing and better access to credit.

18. In November 2009, the "*Agreement on Port State Measures to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing*" was approved by FAO's governing Conference. It will enter into force once ratified by 25 countries. The agreement aims to close fishing ports to ships involved in illegal, unreported and unregulated (IUU) fishing and will be the first ever legally binding international treaty focusing specifically on this problem. It will also be the only one to enlist so-called "non-flag states" in the fight against IUU fishing, alongside flag states that are primarily responsible for the conduct of vessels flying their flags on the high seas.

19. Eleven FAO members signed the treaty immediately following its approval by the FAO Conference. By signing the treaty, governments commit themselves to prevent, deter and eventually eliminate IUU fishing including by taking steps to guard their ports against vessels engaged in IUU fishing, thereby preventing fish from such vessels entering international markets.

20. FAO continued its endeavours to foster alliances with other organizations working on issues of relevance to international fish trade, in particular in its capacity building activities. This includes closer cooperation with academia on trade and marketing related issues and through international networks of technologists, fish inspectors, fisheries and trade economists. The African Network of Fish Inspectors was created in 2009.

21. Several advanced level courses were organized with the International Centre for Advanced Mediterranean Agronomic Studies (CIHEAM) through the Mediterranean Agronomic Institute of Zaragoza (IAMZ) with support from the Spanish Ministry of the Environment and Rural and Marine Affairs. Courses are open to qualified participants with support provided to developing countries' candidates, in particular from North Africa and the Near East. FAO has strengthened its cooperation with the UN University's Fisheries Training Programme and provided market and trade related modules in its courses for developing country students.

22. Other examples of ongoing work by FAO with relevance for international, regional or domestic fish trade include:

- strengthening of national capacity in trade policy, legislation, quality assurance and safety, risk assessment and traceability through a number of regional and national workshops and consultations in cooperation with local stakeholders and relevant international institutions;

¹ FAO Fisheries and Aquaculture Technical Paper No. 530.

- improving fish utilization in Africa through better smoking and drying technologies, development of value-added small-scale fish products and linkages with marketing niches at domestic level, development of guidelines for accurate assessment and effective reduction of post-harvest losses in artisanal fisheries, dissemination of best practice in loss reduction in Asia, Africa and South America, and continued assistance in reaching compliance to sanitary and resource sustainability requirements;
- virus risk assessment in cooperation with the World Health Organization (WHO) through the organization of working groups to finalize codes of best practice;
- expert workshop on market chains and issues associated with biosecurity of low-valued cultured commodities in Asia;
- market chains of high-volume low-price farmed species in Asia and impact on food security;
- risk benefit analysis of fish consumption including the organization of an expert consultation scheduled for January 2010;
- the impact of fish trade on domestic and international food security, and the linkages between fish trade, fisheries management and long-term resource sustainability;
- value chains in international fish trade, distribution of benefits with an emphasis on the small-scale producers;
- certification and labelling of fish and fishery products including organic aquaculture.

SELECTED ONGOING TECHNICAL PROJECTS

23. Many FAO projects are carried out through the Technical Cooperation Programme (TCP), under which FAO provides technical assistance upon Members' requests. The programme is funded by the Regular Programme, i.e. FAO's core budget proceeding from assessed contributions from its members. Between ten and twenty percent of FAO project funding comes from the Regular Programme through the TCP and the Special Programme for Food Security (SPFS). The remainder is funded from extra-budgetary resources, mainly through the Government Cooperative Programme (GCP), Unilateral Trust Funds (UTF) and Trust Funds for emergency assistance.

24. The project "Fisheries management in Uruguay (UTF/URU/025/URU)" aims at a more sustainable development of the fisheries and aquaculture sector in Uruguay. It includes components for strengthening the institutional structure of the National Directorate of Aquatic Resources, building capacity in the processing and marketing sector, improving laboratory facilities, implementing a management system for aquatic resources, reorganizing the artisanal fisheries and developing the aquaculture sector.

25. The project "Capacity building to enhance positive impacts of WTO accession on the fisheries sector and alleviate coastal poverty (TCP/VIE/3102)" seeks to increase institutional capacity of fisheries stakeholders in Viet Nam to comply with the responsibilities and implications following WTO membership. This includes food safety measures, subsidy rules and requirements on traceability for IUU purposes. The project has resulted in the adoption and dissemination of a National Action Plan by the Ministry of Agriculture and Rural Development in November 2009.

26. The project "Sustainable trade in ethical aquaculture (MTF /INT/095/STU)" attempts to assess and improve environmental, social, and economic sustainability including nutritional and food safety aspects. It focuses on four major aquatic food commodities farmed in Asia and exported to Europe.

27. The project “Capacity building to enhance fish quality control and standardization services and contribute to poverty alleviation (TCP/CMB/3204)” aims to improve the quality and safety and thereby the value of fish and fishery products in Cambodia, in the domestic market as well as through improved market access to regional and international markets.
28. The project “Improvement of aquaculture food safety in Hubei Province, China (TCP/CPR/3203)” addresses food safety related concerns through a number of interventions including: capacity building of competent provincial authorities and fish farmers; enhanced implementation of Good Aquaculture Practices (GAP), practical biosecurity and aquatic animal health management measures. The project will improve product safety through implementation of GAP, Codex Code of Practice and Good Hygiene Practices (GHP) and Hazard Analysis and Critical Control Points (HACCP) based measures at various segments of the food chain.
29. The project “Improvement of domestic markets for fishery products in El Salvador (TCP/ELS/3201)” supports the government of El Salvador in promoting domestic fish consumption through strengthening of national capacity in quality control, processing, marketing and distribution and improved communication.
30. The project “Improvement of the domestic markets for seafood in the Latin America and Caribbean region (TCP/RLA/3111)” aims at improving the quality and quantity of fish available for domestic consumption in Belize, Brazil, Colombia, Costa Rica, Dominican Republic, Honduras, Mexico, Nicaragua, Uruguay and Venezuela.
31. The project “Capacity building for improving the fish trade performance of selected African countries (MTF /RAF/429/STF)” supports the competent authority on Sanitary and Phytosanitary (SPS) issues in Benin, Gambia, Mauritania, Senegal and Sierra Leone. It delivers training in fish handling and promotes collection and dissemination of technical and trade related information.
32. The project “Strengthening the role of women in the fisheries value chain (TCP/TUN/3203)” promotes the role of rural based women in Tunisian fisheries, through more rational production, utilization and marketing.

THE FISH INFONETWORK

33. The FISH INFONetwork (FIN) of regional service providers focuses its activities in the post-harvest sector of fisheries and aquaculture. In addition to dissemination of relevant information, the services provided include project implementation, trade-related capacity building, improving industry competitiveness, participation in international markets and the organization of national, regional and international conferences. FAO is mandated to coordinate and strengthen the FIN members’ capacity to deliver marketing information and technical services, and FAO is providing some support and technical assistance for this purpose.
34. GLOBEFISH is an integral part of the FIN and performs a coordinating role in the network activities, although the regional services remain independent from FAO. GLOBEFISH is located in the FAO Fisheries and Aquaculture Department (FI) and is jointly financed by FAO and GLOBEFISH partners. GLOBEFISH is responsible for information on international fish marketing and trade and produces a number of publications including fish price information (European Fish Price Report), market studies (GLOBEFISH Research Programme) and trend analysis (GLOBEFISH Highlights).

LEGAL OFFICE

35. The Legal Office of FAO (LEG) works on a number of issues of relevance for fisheries trade, in particular in relation to international instruments and to the incorporation of such

instruments into national legislation. These include food safety legislation addressing SPS and Technical Barriers to Trade (TBT) requirements. LEG also assists in FI capacity building on WTO rules on fisheries subsidies and tariff liberalization. The contribution of LEG towards the activities of FI is important and provides FI clients with a more holistic view of the multifaceted aspects of market access requirements needed to fulfil country obligations under WTO accession agreements. It is therefore of concern that LEG's ability to assist FI has been reduced due to sharply curtailed resources over the last bienniums.

FAO'S WORK ON CUSTOMS CODES FOR FISH AND FISHERY PRODUCTS AND WITH THE WORLD CUSTOMS ORGANIZATION (WCO)

36. The Harmonized Commodity Description and Coding System, commonly referred to as the Harmonized System (HS), is used as a basis for the collection of customs duties and international trade statistics by more than 200 countries. Over 98 percent of the merchandise in international trade is classified in terms of the HS. At present, about 130 six-digit codes cover fish and fishery commodities, mainly grouped in HS chapters 03 and 16. This classification has been developed, introduced and maintained by the WCO. Since its introduction and general adaptation in 1988, the HS classification has undergone regular reviews and in January 2007 an updated version of the HS was released, with the next expected in 2012.

37. Fish is widely traded and detailed trade statistics are important in helping to monitor the fishery sector and to ensure effective management of fisheries resources. It is possible to pursue such an aim only if trade statistics are precise and specify the relevant species. This possibility is lacking in the current HS codes for fish and fishery products as they do not provide sufficient detail on the classification of species originating in developing countries or in the Southern hemisphere. Neither do they provide satisfactory data on the level of processing of traded products. Many of the species are therefore recorded in generic groups.

38. This deficiency was also reported to FAO by several countries and in 2003, the twenty-fifth session of COFI gave instructions to FAO to work towards an improvement of the HS classification for fish and fishery products. The need to improve the HS classification for monitoring the entire agricultural trade was also emphasized by other FAO departments. Hence, FAO consulted the WCO on the use of the HS for food security and early warning purposes and on the opportunity for FAO to propose amendments of the codes related to agriculture, forestry and fishery.

39. In March 2007, FAO submitted a joint proposal to WCO for the revision of the codes related to agriculture, forestry and fishery products. This proposal was thoroughly reviewed and revised to take into account the outcome of the meetings (35th, 36th, 37th and 38th sessions) of the HS Review-Sub-Committee of WCO in 2007 and 2008. In March 2009, FAO attended the 43rd session of the HS Committee of the WCO, the last and decisive session for this revision cycle. General consensus was reached on most elements of FAO's proposal. These recommended amendments were subsequently approved and adopted at the WCO Council's annual session in June 2009. The recommended amendments to the Harmonized System Nomenclature will enter into force for all Contracting Parties to the Harmonized System Convention on 1 January 2012.

40. During the four sessions of the HS Review-Sub-Committee of WCO and the 43rd Session of the HS Committee of the WCO in March 2009 agreement was not reached on all parts of the initial proposal, for example on the utilization of the terms "freshwater fish", "pelagic fish" and "gadiformes". In order to create groupings for these species, it was then necessary to adopt a simple listing of selected families and species as headings for these groups. Furthermore, FAO chose to withdraw from its initial proposal the split into capture and aquaculture origin for salmonoids and shrimps after very strong reservations expressed by countries.

41. The FAO modifications for HS codes of fish and fishery products attempt to improve the quality and precision of fish trade coverage, through an improved specification for species and products form. Within the limits of the available codes, the classification was restructured according to main groups of species of similar biological characteristics. About 190 amendments were implemented and 90 new commodities (species by different product form) introduced. The choice of the additional species was based on their present and future economic importance as well as on the monitoring of potentially endangered species. Among species introduced are tilapia, catfish, carps, turbot, hake, seabass, seabream, Alaska pollack, cobia, jack and horse mackerel, rays and skates, Norway lobster, coldwater shrimps, clams, cockles, arkshells, abalone, sea urchin, sea cucumber and jellyfish. Several splits by more product forms for several species were also introduced, in particular for meat and fillets, as well as the introduction of shark fins in its cured form, the subdivision of sturgeon caviar from other substitutes, the split of molluscs from other aquatic invertebrates and the distinction of seaweeds for human consumption and other purposes. The classification of seaweeds will be useful for the calculation of the FAO Food Balance Sheets which now will take aquatic plants into consideration.

PROGRESS WITH THE REHABILITATION AND RECONSTRUCTION OF FISHERIES IN TSUNAMI-AFFECTED COUNTRIES

42. In the aftermath of the Indian Ocean earthquake and tsunami of 2004, FAO provided immediate relief and rehabilitation assistance in the area of agriculture, fisheries and forestry. This was followed up by emergency projects with a combined budget of more than US\$ 80 million. It must be noted that the nature of fisheries-related rehabilitation is fundamentally different from other food producing sectors such as agriculture; it is not just a question of replacing lost, damaged or destroyed means of production, it is a question of assuring that the rebuilt fishing capacity is in line with the long-term carrying capacity of the fisheries resource.

43. In the post-harvest area, FAO's activities include the development and strengthening of fish inspection services, harmonization of standards at regional and international levels and capacity building on market access including quality and safety issues. FAO has also provided advice on construction standards and operations of landing sites for domestic fish marketing facilities.

44. A key point in FAO's work has been the focus on long-term recovery through the development of strategic action plans addressing key post-tsunami issues for the sector including fish marketing and trade. A broad range of initiatives, in the form of projects and programmes have been developed and implemented, which either address fish trade issues directly or as part of broader livelihoods or management-based programmes.

45. Among specific ongoing projects in the 14 countries affected around the Indian Ocean the following can be mentioned:

- Project "Improved market system for fisheries products in Nias Islands, Indonesia (GCP/INS/080/SPA)" addresses a number of constraints in relation to quality and market access, information on markets and prices in general and support to the small and medium size enterprises in the sector;
- Project "Minimum standards for fish handling and reduced post-harvest losses in selected tsunami-affected communities, Sri Lanka (GCP/SRL/056/SPA)" aims at improving food safety levels, promoting marketing activities by operators and contributing to improved levels of consumption and nutrition. Additional objectives include optimization of employment levels and increases in revenues earned by the sector;
- Project "Fisheries marketing information for Aceh, Indonesia (GCP/INS/078/SPA)" has as its immediate objective the installation of a transparent fish marketing information

system and promotion of its use by local fishermen, fish farmers and traders. The longer term objective is to raise the value generated by producers on the available fish resources;

- The recently launched “Regional fisheries livelihoods programme for South and South-East Asia (GCP/RAS/237/SPA)” focuses on coastal small-scale fishers in Cambodia, Indonesia, Philippines, Sri Lanka, Timor-Leste and Viet Nam. Major outputs include improved quality of fishery products and market chains, diversification of family income and facilitated access to finance.

FAO DECENTRALIZATION

46. The increasing decentralization of FAO's overall activities has led to a stronger presence of fisheries staff in regional and sub-regional offices. This has strengthened FAO's ability to interact with local fisheries counterparts and to be more aware of regional, sub-regional and national needs. However, the actual delivery of specific trade-related capacity building continues to be provided mostly from Headquarters. In the strategic planning process FI recently embarked upon, one of the overriding goals is to arrive at a stronger integration of work by the regional and centralised units of FAO. Another priority is a stronger presence of trade and marketing related issues in the overall activities of FAO and FI.

SUGGESTED ACTION BY THE SUB-COMMITTEE

47. The Sub-Committee is invited to comment on FAO's trade-related activities, contribute own experience and provide guidance for further work. The Sub-Committee is further invited to note the results achieved in the revision process of the HS classification. Member countries are encouraged to promote the change in classification codes for fish and fishery products with the respective customs administrations in order to favour the improved classification of fish and fishery products entering international trade.