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Продовольственная и
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Organización
de las
Naciones
Unidas
para la
Agricultura
y la
Alimentación

COMMITTEE ON FISHERIES

SUB-COMMITTEE ON FISH TRADE

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FISH TRADE AND FOOD SECURITY

SUMMARY

The purpose of this document is to present a short overview of major international issues and events with a relevance to food security in the realm of fisheries. The Sub-Committee is invited to contribute its own experience pertaining to food security with relevance to the fisheries sector, including the sector's role in contributing to overall food security and to inter-sectoral linkages. The Sub-Committee is also invited to provide advice to FAO's ongoing and planned activities, including the use of methodologies to assess food security needs.

INTRODUCTION

1. This document outlines some relevant issues pertaining to food security with an emphasis on fish. The number of people in the world suffering from hunger was estimated at more than one billion in 2009. This means that recent progress in reducing hunger in the developing world is being reversed.
2. Food security is achieved when physical and economic access to sufficient food to meet the dietary needs for an active and healthy life is available to all. For most people, fish will only play a minor role in this. Yet the issues pertaining to the contribution of fish to food security are in many ways analogous to those of agriculture and other foods.
3. Food security is very much on the international agenda. It was given broad attention at the G8 summit in L'Aquila in July 2009 and debated extensively at the World Summit on Food Security at FAO in November 2009. Likewise, the impact on future food security from climate change was one of the underlying themes of the Climate Summit in Copenhagen in December 2009.

DEFINITION OF STATUS REGARDING FOOD SECURITY

4. Leaders at the 1996 World Food Summit declared that "*food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life*". It implies the simultaneous fulfilment of the following four dimensions of food security; physical availability of food; economic and physical access to food; food utilization; and food stability.
5. For most people, fish will only play a minor role in overall food security. However, in many countries and regions, in particular in coastal areas and in small island developing states, fish remains the principal source of animal protein. This means that if fish is not made available and accessible to these people, their nutritional requirements will suffer drastically as other sources of animal protein are scarce or unattainable. In addition, the fisheries sector is more globalized than agriculture with almost 40 percent of all fish produced now entering international trade.
6. National food supply, in a given period, is given by domestic production plus imports minus exports. This needs to be adjusted for any changes in stocks and non-food usages. Food security may be viewed from the point of view of an individual or a nation. Overall the nation can be food secure, yet many individual citizens can be starving or malnourished.
7. Recent trends in food insecurity, influenced by high food prices and the financial crisis, are eroding years of general progress in reducing both the gross number and prevalence of hungry individuals in the developing world. The number of people suffering from hunger exceeded one billion in 2009.
8. Fish can contribute to food security in three main ways: through consumption, generation of employment and income, and trade.
9. Developed countries account for 81 percent of all fish imports valued at US\$ 106 billion (2008). In volume (live weight), their share is significantly less, about 62 percent, reflecting the higher unit value of products imported by developed countries.
10. Among developing countries, it is in particular the 77 low-income food-deficit countries (LIFDCs) for which fish is an important means of earning foreign exchange. Exports, rather than imports, of fishery products were more important to LIFDCs when measured in value terms.

LIFDCs, which include China, are not a homogeneous group. They include some of the major producing and exporting countries, especially in Asia.

11. The contribution of fish proteins to total world animal protein supplies rose from 13.7 percent in 1961 to a peak of 16.0 percent in 1996, before declining somewhat to 15.3 percent in 2005. Corresponding figures for the world, excluding China, show an increase from 12.9 percent in 1961 to 15.2 percent in 1990, slightly declining thereafter to 14.5 percent in 2005. Figures for 2005 indicate that fish provided about 7.6 percent of animal protein in North and Central America and above 11 percent in Europe. In Africa, it supplied about 19 percent, in Asia nearly 21 percent, and in the LIFDCs about 19 percent or 20 percent, respectively, including and excluding China. These figures may be higher than indicated by official statistics in view of the unrecorded contribution of subsistence fisheries.

FOOD SECURITY POLICIES

12. The increase in the number of hungry people has renewed international attention to food security policies and actions. In response, FAO, as well as a number of major development organizations, have adopted the “twin track” approach that promotes both sustainable livelihood improvements for the poor, especially small-scale farmers, and immediate access to food for vulnerable people.

13. FAO launched the Special Programme for Food Security (SPFS) in 1994 to pilot interventions to improve the productivity and incomes of small-scale farmers with the goal of combating hunger and malnutrition. In 2002, FAO began to expand the scope of its efforts to multi-component strategies under the new National Programme for Food Security (NPFS). The aim is to operationalize the twin track approach to more broadly boost capacity to improve the food security and livelihoods of millions. In pursuit of this goal, countries have adopted a participatory process to develop an official food security strategy. As of April 2009, a total of 65 countries were involved in NPFS strategies, from early planning to implementation. One of the core principles of the twin track approach and of the NPFS is a multi-sector focus.

14. A review of NPFS strategies reveals that few strategies consider the current contribution of fisheries and aquaculture to the economy and to national food security. Many do not assess the state of fisheries and aquaculture, nor plans for their management. The majority of strategies do not explicitly establish priorities for the sustainable use of resources among fisheries, aquaculture and other sectors. The NPFS documents are generally strongest in their consideration of aquaculture production, post-harvest storage, processing and marketing of fish products.

15. Future NPFS strategies should include a more balanced consideration of fish trade to maximise its potential contributions to food security and poverty alleviation.

FISH PRODUCTION

16. Fish production comes from marine fisheries, inland fisheries and aquaculture¹. Issues pertaining to these three sectors are very different.

17. A large proportion of the fisheries of the world are either fully utilized or overexploited. The potential for increased production from capture fisheries is limited. Moreover, in the long run fisheries can only provide social and economic benefits to the extent that they are sustainably managed. Investments in fish stocks can yield very large rewards in terms of rent generation. This will, however, necessitate reductions in harvests for some period of time in order to allow

¹ See COFI:FT/XII/2010/3 Recent Developments in Fish Trade.

stocks to rebuild. To reap full benefits of these investments, fishing capacity (fishing effort) will often need to be reduced substantially, also in the long run.

18. Inadequate management and governance at the national, regional and international level has contributed to the overexploitation of fish stocks. Substantial progress in the management of sustainable fisheries remains a precondition for an enhanced contribution of fish to global food security.

19. Information regarding inland fisheries resources is inadequate or limited in many areas. Case studies reveal that while some inland stocks have collapsed or are collapsing, many remain lightly exploited. There may be some scope for increasing harvests from inland fisheries. This may also have a positive effect on employment.

20. Aquaculture is the fastest-growing animal food-producing sector in the world. It is indeed expected that within the next decade aquaculture will overtake capture fisheries in its contribution to fish for human consumption. Global per-capita aquaculture production increased from 0.7 kg in 1970 to 7.9 kg in 2008. Nevertheless, most of the increase has taken place in South East Asia. With a couple of exceptions, most notably Egypt, Africa has shown a very limited increase in production. It is therefore of great concern that the growth rate in global aquaculture production is dropping quickly.

21. As the potential for growth in capture fisheries is limited, it is the aquaculture sector that is called upon to meet the increase in demand from a growing world population. For the sector to produce the extra 30-40 million tonnes needed in 2030 to maintain present average consumption levels, is an enormous challenge for policy makers and for the aquaculture industry itself.

22. Sustainability issues also relate to aquaculture, including resource constraints and environmental considerations. A number of recent examples of production problems in countries where sophisticated expertise is available, remind us that experience is yet to be gained before the sector can be declared to have reached full sustainability from both an economic, social and environmental perspective.

23. Prior to being marketed, most fish is subjected to various degrees of processing. Investments in infrastructure such as landing sites, improved transportation, storage and processing facilities can reduce waste and enhance workplace conditions for those employed in these activities. Improvements in the cold chain increases both quantities and quality available to the consumer. Preservation increases the quantity of fish available for consumption, and processing contributes to food security by generating employment and income. The role of women in processing is particularly important, in both developed and developing countries, but also in trade and distribution.

24. Post-harvest practices and the need to reduce post-harvest losses remain crucial also in domestic markets. In many developing countries, in particular where fish is exposed to high temperatures, inadequacies in the cold chain lead to large physical losses of product, reduced value to the operators and increased safety risks for consumers.

FISH TRADE AND FOOD SECURITY

25. Exporting in order to obtain better prices and earn foreign exchange continues to be a prime motivator for international trade in fishery products. The long-term sustainability of international fish trade depends therefore on the sustainability of the fishery resource.

26. The linkages between fish trade and food security are complicated however, and represent an area where more knowledge is needed. In a discussion of trade, it may be worthwhile to distinguish between trade in capture fish and farmed fish.

27. Fish exports can generate foreign exchange and create employment and income in the primary and secondary sectors. On the other hand, fish exports decrease the availability of the traded species for domestic consumption, and raise its local price due to reduced availability. Overall, the society is likely to gain from exports. However, there may be distributional consequences, as those who gain may not compensate those who lose.

28. Many countries that are exporters of fish also import fish. This can be done to source raw material for the processing industry. This is the case in Thailand, China and increasingly Viet Nam. However, fish imports also supply domestic markets in the same countries. In fact, in LIFDCs where fish exports are of some significance, large volumes of fish are also imported, but at lower economic values per unit. Africa for example, despite its exports, remains a net importer of fish in volume and is therefore dependent on fish trade in general, and fish imports in particular to achieve local food security. In many instances, the proceeds from exporting more expensive fish can be used to import less expensive, but equally or more nutritious, fish.

29. Fish imports can be both beneficial and harmful. By lowering fish prices, they benefit fish consumers but hurt fish producers, who receive less for their product. Once more distributional issues are important. When fish imports are destined for further processing and re-export, they create jobs that can be especially important to women.

30. With aquaculture, the situation is likely to be different. Exports of farmed products will not have a negative effect on domestic consumers as the product is produced with export markets in mind. Imports of farmed fish will tend to increase domestic food supply and, if anything, keep prices down. At the same time, domestic fishers in both developed and developing countries often react negatively towards growing imports of farmed seafood products, even for quite different species, as they are perceived to compete in the same market and to bring down fish prices in general. Again, domestic distributional issues are important.

RECENT ACTIVITIES AND EVENTS

A VALUE-CHAIN ANALYSIS OF INTERNATIONAL FISH TRADE AND FOOD SECURITY WITH AN IMPACT ASSESSMENT OF THE SMALL-SCALE SECTOR

31. FAO and Norad agreed in 2009 to undertake a value-chain analysis of international fish trade and food security with an impact assessment of the small-scale sector. The project aims to improve the contribution of fish to food security in developing countries and thereby improve their livelihoods.

32. Developing countries are attracting foreign direct investment in both primary production and processing. A large share of fish production is carried out by the small-scale sector. It is therefore of crucial importance to implement policies that safeguard the interests of the small-scale producers.

33. This has become of extreme relevance with the introduction of a number of new market access requirements in the major importing countries. Moreover, a number of large vertically integrated companies are emerging, and the concentration of the retail sector has shifted the negotiating power in the value-chain towards the stages closest to the consumer.

34. The study will analyse the factors that determine the prices and margins throughout selected value chains as well as the distribution of benefits among the various stakeholders. This will permit policymakers to design policies for the small-scale sector that increase food security for small-scale producers through an improved competitive position.

35. In a previous study (reference: FAO Technical Paper No 456, Responsible Fish Trade and Food Security. 2005), it was pointed out that in countries with weak institutional arrangements

and inadequate fisheries management, fish exports will frequently lead to increased pressure on resources. The new study will attempt to address this problem by identifying those factors leading to institutional weaknesses and make recommendations for policy makers to ensure that these be countered by more effective government policy, by improved fisheries management, by institutional strengthening and by increased awareness in the sector as a whole. A number of case studies will be undertaken in developing countries and a few in developed country small-scale fisheries for reasons of comparison.

L'AQUILA FOOD SECURITY INITIATIVE JULY 2009

36. The G8 Summit² in July 2009 expressed deep concern about deteriorating global food security, the adverse impact of the global financial and economic crisis and the spike in food prices in 2008 on the countries least able to respond to increased hunger and poverty.

37. The Summit agreed to act to achieve sustainable global food security. Countries envisaged a comprehensive approach including: increased agriculture productivity, stimulus to pre and post-harvest interventions, emphasis on private sector growth, smallholders, women and families, preservation of the natural resource base, expansion of employment and decent work opportunities, knowledge and training, increased trade flows, and support for good governance and policy reform.

38. The leaders pledged to advance by the end of 2009 – consistent with other actions aimed at improved global governance for food security – the implementation of the Global Partnership for Agriculture, Food Security and Nutrition. Its mission includes enhancing cooperation in achieving global food security, promoting better coordination at the country level and ensuring that local and regional interests are duly voiced and considered.

THE WORLD FOOD SUMMIT ON FOOD SECURITY FAO, NOVEMBER 2009

39. The World Summit on Food Security³ decided to take action to eradicate hunger from the world. It agreed to undertake all necessary actions to halt immediately the increase in – and to significantly reduce – the number of people suffering from hunger, malnutrition and food insecurity. The Heads of State and Government were alarmed that the number of people suffering from hunger and poverty now exceeds 1 billion.

40. To feed a world population expected to surpass 9 billion in 2050, it is estimated that agricultural output will have to increase by 70 percent. It was stated that open markets are an essential element of a global food security response.

41. Climate change poses additional severe risks to food security and the agriculture sector. Its expected impact is particularly fraught with danger for smallholder farmers in developing countries, notably the Least Developed Countries (LDCs).

42. The Summit decided on four strategic objectives:

- Ensure urgent national, regional and global action to fully realise the target of Millennium Development Goal 1 and the 1996 World Food Summit goal, to reduce the proportion and the number of people who suffer from hunger and malnutrition by half by 2015.
- Join efforts and expertise to work in the Global Partnership for Agriculture, Food Security and Nutrition – building on existing structures to enhance governance and

² http://www.g8italia2009.it/static/G8_Allegato/G8_Declaration_08_07_09_final,0.pdf.

³ <ftp://ftp.fao.org/docrep/fao/Meeting/018/k6050e.pdf>.

cooperation – to promote better coordination at global, regional and national levels and ensure that national and regional interests are duly voiced and considered.

- Reverse the decline in domestic and international funding for agriculture, food security and rural development in developing countries, and promote new investment.
- Proactively face the challenges of climate change to food security.

43. The following five Rome principles were adopted to reach the strategic objective of sustainable global food security:

1. Invest in country-owned plans, aimed at channelling resources to well-designed and results-based programmes and partnerships.
2. Foster strategic coordination at national, regional and global level to improve governance, promote better allocation of resources, avoid duplication of efforts and identify response-gaps.
3. Strive for a comprehensive twin-track approach to food security that consists of: 1) direct action to immediately tackle hunger for the most vulnerable and 2) medium and long-term sustainable agricultural, food security, nutrition and rural development programmes to eliminate the root causes of hunger and poverty, including through the progressive realization of the right to adequate food.
4. Ensure a strong role for the multilateral system by sustained improvements in efficiency, responsiveness, coordination and effectiveness of multilateral institutions.
5. Ensure sustained and substantial commitment by all partners to investment in agriculture and food security and nutrition, with provision of necessary resources in a timely and reliable fashion, aimed at multi-year plans and programmes.

SUMMARY

44. Improvements in food security depend on the success of national development policies. Food security is an outcome of efforts at the local, national, regional and global level.

45. Sustainable resource management is a precondition to reap the benefits that capture fisheries can provide. Sustainable resource use must also be achieved in fish processing, aquaculture, distribution and trade. These issues are accentuated by climate change.

46. Fish can contribute to food security through direct consumption, generation of employment and income, and trade. To achieve the full potential that fish can provide, market failures need to be addressed, and attention must be paid to distributional issues.

47. Developed countries must play an important role in providing assistance to developing countries to help them achieve food security through sustainable fisheries.

SUGGESTED ACTION BY THE SUB-COMMITTEE

48. The Sub-Committee is invited to take note of the information provided and contribute additional experience. It is encouraged to provide guidance to FAO for its ongoing and planned activities and on the linkages and contribution of the fisheries sector in the overall provision of food security. It is invited to give advice on the methodologies and priorities to be utilized on ongoing and planned studies, in particular the Value-Chain Analysis of International Fish Trade and Food Security with an Impact Assessment of the Small-Scale Sector. The Sub-Committee may also wish to comment upon the linkages in the fisheries value-chain and their relationship to overall food security.