

Fisheries trade issues in the WTO

SUMMARY

- ▶ *Developing countries rely heavily on their growing production of fish and fishery products for export revenues and income generation but import tariffs on processed products are hindering the industry's development.*
- ▶ *Non-tariff barriers, such as technical standards and sanitary and phytosanitary issues of food safety, are a further obstacle to expanding fish exports.*

International trade in fish and fishery products has grown considerably over the last two decades with global exports up from US\$15 billion in 1980 to US\$63 billion in 2003. Low-income food-deficit countries (LIFDCs) accounted for US\$13 billion, or about a fifth of total fish exports, whereas their imports were US\$4 billion. Revenues generated from the exports of fishery products are vital to LIFDCs to service foreign debt and to pay for other needed commodities, such as food and fuel, as well as to generate income and employment. Developed countries imports account for 82 percent of total fish imports by value but only 65 percent in volume.¹

Critical trade issues

MARKET ACCESS

Fish and fishery products are not covered by the Agreement on Agriculture, and improved market access is linked to progress in the negotiations on Market Access for Non-Agricultural Products (NAMA). The Doha Agenda underlines the importance of improved market access for export products of interest to developing countries. It also specifies that the modalities must include capacity-building measures to assist least-developed countries participate effectively in the negotiations.

Following the completion of the Uruguay Round, average weighted import tariffs on fish products in developed countries were reduced to approximately 4.5 percent. However, this average hides a number of tariff peaks and tariff escalation for processed or value-added fish products in the most important import markets.

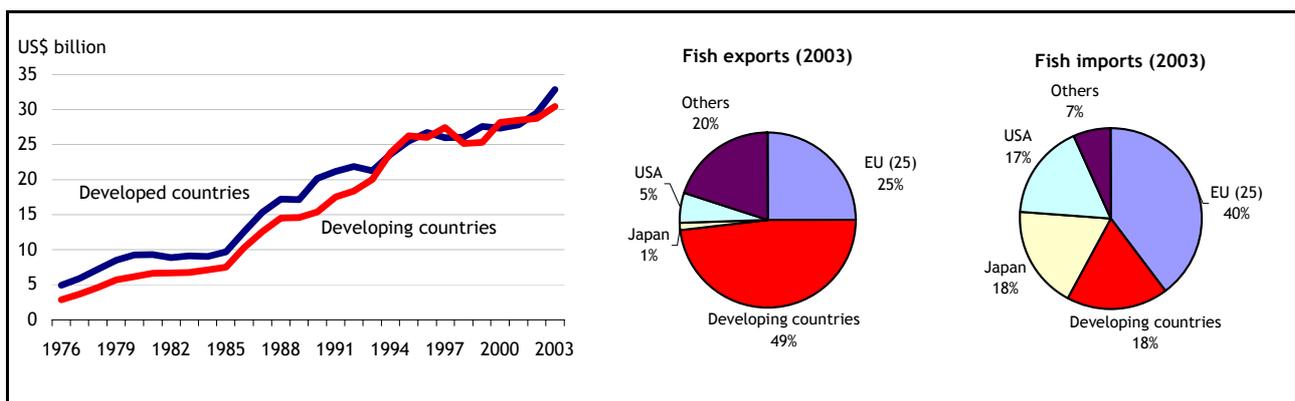
Such import duties continue to hinder the economic development of the fish processing sector in many developing countries.² A number of submissions have been made in the NAMA negotiations, including proposals centred on a "Swiss" formula for tariff reductions. This formula would require higher tariffs to be cut more steeply than lower tariffs. The end result would lead to a partial harmonization of tariffs at a lower rate. A variant of this proposal would link post-reduction tariff levels to existing average tariff levels.

In addition, a number of developing countries (e.g. ACP and (EBA)) currently benefit from preferential access to some important markets and are concerned about the impact of erosion of these preferences that would result from a general liberalization of fish trade. At the same time, many developing countries maintain high import tariffs which are an impediment to increased south-south fish trade.

NON-TARIFF BARRIERS

In many markets non-tariff barriers continue to present obstacles to imports and are often linked to technical standards or import procedures.³ WTO rules include agreements on both Technical Barriers to Trade⁴ and on Sanitary and Phytosanitary issues⁵ (relevant for food quality and safety). There is, however, a need for capacity-building measures to assist countries and exporters in effectively implementing these agreements and to respond to new requirements on quality and safety in the largest importing markets.^{6,7}

Figure 1: World exports of fish



SUBSIDIES

The Doha Agenda aims to clarify and improve WTO disciplines on fisheries' subsidies. There is concern about the likely negative effects of subsidies on the environment and on trade. A number of submissions have been made in these negotiations. Some members have advocated a "top down approach" which would broadly prohibit fisheries subsidies with exceptions to be negotiated. Others have advocated a "bottom up approach" with rules crafted around a list of prohibited subsidies. A number of submissions have also addressed the concerns of developing countries.⁸

ECO-LABELLING REQUIREMENTS

The Doha Agenda addresses eco-labelling (labelling requirements for environmental purposes) with the aim of clarifying its impact on trade. In the fisheries sector, a number of eco-labels already exist. The goal of these is to develop market-based incentives for better

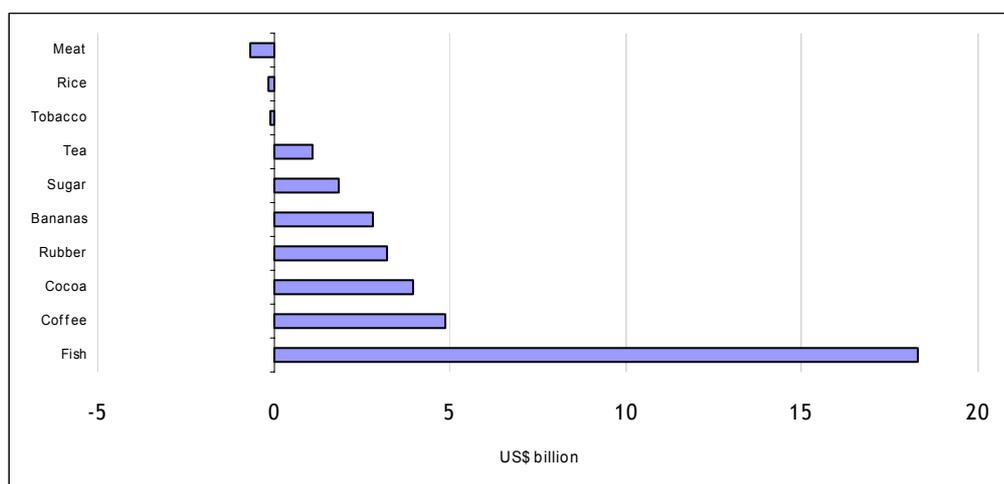
management of fisheries through consumer demand for seafood products from well-managed stocks or from sustainable aquaculture.

FAO has recently adopted guidelines for marine capture fisheries. The guidelines outline general principles that should govern ecolabelling schemes, including the need for reliable, independent auditing, transparency of standard-setting, and the need for standards to be based on good science. They also lay down minimum requirements and criteria for assessing whether a fishery should be certified and an ecolabel awarded.

TECHNICAL ASSISTANCE

The Doha Agenda underlines the importance of providing technical assistance and capacity-building to developing countries to adjust to WTO rules, implement existing obligations and negotiate and fully exercise the rights of membership.

Figure 2: Net exports by developing countries in 2003



¹ FAO Committee on Fisheries Subcommittee on Fish Trade, Session IX, (2004). Document on status and important recent events concerning international trade in fishery products (COFI:FT/IX/2004/2).

² FAO-GLOBEFISH Research Programme, (2000). Effect of World Trade Organization Regulations on World Fish Trade, Vol. 65.

³ FAO Fisheries technical paper T473 (2005). Causes of detentions and rejections in international fish trade.

⁴ FAO Committee on Fisheries Subcommittee on Fish Trade, Session VIII (2002). Document on inter-regional fish trade, experiences with provisions of the Agreement on Technical Barriers to Trade (TBT) and informal trade barriers (COFI:FT/VIII/2002/6).

⁵ FAO Committee on Fisheries Subcommittee on Fish Trade, Session VIII, (2004). Document on safety, quality and fish trade (COFI:FT/IX/2004/4).

⁶ FAO Fisheries Technical Paper T442 (2004). Application of risk assessment in the fish industry

⁷ FAO Fisheries Technical Paper T444 (2004). Assessment and management of seafood safety and quality

⁸ FAO Fisheries Technical Paper T438 (2004). Guide for identifying, assessing and reporting on subsidies in the fisheries sector.

Further reading: FAO state of world fisheries and aquaculture (2004).

Key challenges

- ▶ To provide developing countries with technical assistance to help them adopt WTO rules and obligations in regard to fisheries and to satisfy safety and quality requirements in importing countries;
- ▶ To ease the burden of tariff escalation in relation to value-added fish products;
- ▶ To make substantial progress toward the Doha Agenda in regard to market access, subsidies, eco-labelling, technical assistance and capacity building.