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STATUS AND IMPORTANT RECENT EVENTS CONCERNING INTERNATIONAL TRADE IN FISHERY PRODUCTS (INCLUDING WORLD TRADE ORGANIZATION)

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INTRODUCTION

1. The purpose of this document is to inform the Sub-Committee of major facts and developments regarding international trade in fish and fishery products which have occurred since its Eighth Session in February 2002. The document contains a brief review of world fish production, exports and imports. It also includes a summary of the current trade situation of major fishery commodities. The activities of FAO and other international organizations in the field of world fish trade are described providing an update of the report submitted to the Eighth Session of the Sub-Committee.

2. World fish production showed moderate growth in the 2000-2001 biennial, reaching an all-time record of 130.9 million tonnes in 2000 with a small decline in 2001 to 130.2 million tonnes. The previous biennial was characterised by the El Niño phenomenon in 1998 with a subsequent recovery in catches in 1999. The main factor driving growth in total fish supply is aquaculture which in 2001 reached 37.9 million tonnes or 29.1 % of total output. Preliminary statistics for 2002 indicate growth from both capture and farmed sources with a new record of 133 million tonnes with a share of 30 % from aquaculture. China confirms its role as the principal producer, reporting 42.6 million tonnes in 2001[1]. The growth in aquaculture production has led to a greater role for farmed aquatic products in international trade, although the exact share is uncertain because of a lack of reliable breakdown of trade statistics.

3. World exports of fish and fishery products grew by 1.1% in 2001 to US$ 55.9 billion with the share of developing countries in fish exports slightly above 50 %. The 86 Low-Income Food-Deficit Countries (LIFDCs) accounted for 19% of total exports in value terms. Imports are more concentrated with developed countries accounting for more than 80% of total imports of fishery products in 2001 in value terms. Japan was the biggest single importer of fishery products, accounting for some 23% of the total but its share is declining. The European Union (EU) further increased its dependency on imports for its fish supply and is the largest market for fish imports (35%), when seen together as a group[2]. The United States, besides being the world's fourth major exporting country, was the second biggest single country importer (17%). Overall, 38 % of world fishery production is now traded internationally (live-weight equivalent). Preliminary figures for 2002 show a further growth in fish trade to US$ 57.7 billion (exports) with China now for the first time also being the largest exporter, overtaking Thailand. As an importer, China has reached position number 8.

4. Net export revenues from fish exports earned by developing countries reached US $17.7 billion in 2001, an amount larger than for any other traded food commodity such as rice, cocoa, tea or coffee. For many developing nations, fish trade represents a significant source of foreign currency earnings, in addition to the sector's important role in income generation, employment and food security. For LIFDCs alone, net export revenues were $7.5 billion.

5. Some major issues concerning international trade in fishery products in 2002 and 2003 were: changes in quality and safety control measures in the main importing countries; introduction of new labelling requirements and the concept of traceability in major markets in developed countries; residues in products from aquaculture; the concern of the general public about overexploitation of certain fish stocks, especially groundfish ; the sustainability of aquaculture, including its future feed requirements; illegal, unreported and unregulated fishing (IUU); value-addition and third-country processing in developing countries; international trade

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[1] However, there is a possibility that the absolute level of China's capture fishery and aquaculture production, particularly its growth since the early 1990s, has been overestimated in the statistics.

[2] Intra-trade is included.

negotiations in the WTO; expansion of regional trade areas and increasing number of new bi-lateral trade agreements.

MAIN COMMODITIES

6. Shrimp continues to be the largest commodity in value terms, accounting for 19% of the total value of internationally traded fishery products (2001). Farmed shrimp production volumes continued their growth in 2000 and 2001 whereas volumes from shrimp capture fisheries were down in 2001.

7. The USA has become the largest shrimp importer with steadily increasing volumes and values throughout the period 2000-2002, and it is now estimated that the US depends on imports for 88% of its shrimp consumption. The competitive pricing of imported shrimp has led groups of US fishermen to ask for anti-dumping measures to be implemented against certain exporting countries. Japan's imports and consumption of shrimp have stagnated and are basically unchanged since 1998. The presence of residues in farmed shrimp destined for the EU market in 2002 complicated an already difficult year. Most EU countries showed declining shrimp imports in 2002.

8. Groundfish represented 10% of total fish exports in 2001. Despite concern about the state of several groundfish stocks, prices remained fairly stable in 2002 and in 2003 due to a very high degree of substitution between the different groundfish species. Processing of imported raw-material for re-exports continues to influence world trade in this commodity. In addition to traditional groundfish species, the market for fillets is now being increasing supplied by new species such as tilapia, catfish and Nile perch.

9. Tuna's share of total fish exports in 2001 was almost 9 %. Total tuna catches in 2000 and 2001 were slightly down from 1999 but bounced back in 2002 with prices in major markets reflecting the frequent vacillation in capture and supply. The efforts of WTPO (World Tuna Purseseiner Organization) continued with the aim to stabilise supply and prices in the market for skipjack. An issue of some concern in the bluefin tuna market has been the increased supplies from Mediterranean and Australian on-growing operations. Japan is the principal importer of fresh and chilled tuna whereas Thailand is the largest importer of frozen tuna, mainly imported as raw material for canning and re-export. Thailand is also the world's leading canned tuna exporter. Exports are to traditional markets such as the US and EU, but increasingly also to non-traditional markets for this product such as Japan, South-East Asia, the Middle East and Africa. An important agreement was reached in 2003 between the EU and Thailand, the Philippines and Indonesia on the sharing of a quota of canned tuna with reduced import duties.

10. The use of innovative packaging for canned tuna such as retort pouch is becoming more popular with consumers in both the USA and Europe. It is seen as an important strategic move by processors in their attempt to add value to a product which has been much hurt by cost cutting and intense price competition over the past years. Although the absolute level of pouch sales is still modest, growth is strong and the share of pouch products in US canned tuna imports reached 11 % in 2002.

11. Salmon's share in world trade is increasing because of growing aquaculture output in Northern Europe and North and South America and reached 8 % in 2001. Production volumes from aquaculture show large changes from year to year causing strong price oscillations.

12. The share of cephalopods in world fish trade was 4.4 % in 2001. Thailand is the largest exporter of squid and cuttlefish followed by Spain and Argentina, whereas Morocco is the principal octopus exporter. Japan, Spain and Italy are the largest importers of the commodity. Total production of cephalopods is fairly stable at around 3.5 million tonnes although the composition among the three main species groups and prices may show significant variations from year to year.

13. Exports of fishmeal in 2001 and 2002 declined from the previous biennial levels to around 4 million tonnes annually. This reflects lower production in the major producing countries. Forecasts for 2003 show even lower volumes. Demand from the aquaculture sector is strong with prices quite firm. China's imports in particular have had an important effect on world prices. GMO content in aquaculture feed has become an issue after the introduction of new labelling requirements in the EU.

14. Fish oil prices are generally more volatile than those of fishmeal. The fish oil market was good in 2002, although prices receded somewhat from the high levels of 2001. Demand from salmonoid producers in particular has been strong. Some concern about long term feed requirements from a growing aquaculture sector has led feed suppliers to develop new feed formulations with a reduced content of fish meal and fish oil.

FISH IN FOOD AID

15. The use of fish in food aid seems now to have stabilised but at much below historic levels. In 2002, some 9 000 tonnes were shipped by the World Food Programme compared to 23 500 tonnes a decade earlier. Canned fish continues to be the main product, whereas edible fat has shown a dramatic decline. Japan, Norway and Canada are the main donors of fish for food aid. Developing countries are practically not tapped as a source of fish for food aid.

TABLE 1: Annual World Food Programme (WFP) Shipments of Fish and Fishery Products by shipping year, 1992-2002 (by commodity in tonnes)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Canned fish	14,828	16,263	14,281	12,022	12,495	12,794	9,094	11,345	6,628	8,162	7,401
Dried fish	965	492	1,038	150	223	71	114	180	567	0	1,088
Edible fat from fish	7,338	8,754	4,804	3,110	9,098	5,636	5,185	1,014	1,846	0	494
Fish sauce	0	0	0	47	47	0	0	0	0	0	0
Stockfish	411	200	150	0	100	0	0	0	0	0	0
Total	**23,541**	**25,709**	**20,273**	**15,328**	**21,963**	**18,501**	**14,392**	**12,539**	**9,042**	**8,162**	**8,983**

TABLE 2: WFP Pledges of Fish and Fishery Products (by country in tonnes)*

	1986	1992	1995	1997	1998	1999	2000	2001	2002
Norway	11,628	10,021	11,160	11,915	5,515	4,813	3,703	2,029	2,197
Canada	3,506	4,336	2,781	2,199	3,208	2,728	1,182	1,122	1,393
Germany	2,517	2,218	2,000	688	311	0	0	0	0
Japan	3,489	3,460	3,485	4,733	4,125	1,464	0	3,189	2,312
Total (includes others)	**22,860**	**20,835**	**19,590**	**19,611**	**13,408**	**9,630**	**4,885**	**6,533**	**5,932**

* Figures for 2001 and 2002 are not wholly comparable with previous years as they represent actual purchases and in-kind contributions

FAO ACTIVITIES RELATED TO INTERNATIONAL FISH TRADE

16. The FISH INFOnetwork of regional fish information services created by FAO over the last 25 years consolidated its activities in the past biennial. Among recent organisational developments were the operational start-up of EUROFISH, the international organization established to carry forward the activities of the EASTFISH project in Central and Eastern Europe and the creation of an INFOPECHE sub-regional office, INFOSA (Southern Africa region) in Namibia in 2003. In the 2002-2003 period, INFOYU became the focal point in China's fishery economic and trade study network established by the Bureau of Fisheries.

17. FAO's Fish Utilization and Marketing Service (FIIU) carried out a donor-sponsored project on fish trade and food security. This included one expert consultation in Casablanca in 2003, organized in collaboration with INFOSAMAK, with the view to elaborate a methodological framework for the analysis of the effects of international fish trade on food security in exporting developing countries and to provide guidance to FAO on future activities to be undertaken in this field (see also COFI:FT/IX/2004/Inf.8). FIIU also collaborated with the FAO-Netherlands Partnership Programme to improve domestic and inter-regional fish distribution and food security through better handling and marketing of fish products. The Fish INFOnetwork collaborated on implementing the project[3].

18. FAO continued its activities of capacity-building on international fish trade and food safety for developing and transition countries. Regional workshops and training activities were carried out, partly in co-operation with the regional fish information services and with the WTO and other relevant international organizations and agencies. FAO's trade related capacity-building programme UMBRELLA II has been presented to donors with FIIU responsible for the module on fisheries (see also COFI:FT/IX/2004/4).

19. In the past biennial, work was initiated on the Aquatic Food Product Initiative; an information system of up-to-date scientific knowledge related to food safety, fish quality assurance and risk analysis in the context of international fish trade. One important objective of the system is to improve significantly the access to scientific knowledge by scientists and technical experts in developing countries; this may also facilitate their participation in Codex work and in activities related to the application of the SPS and TBT agreements of the WTO.

20. FAO continued its work on the development of a list of common names of fish species in member countries in order to facilitate the updating and application of Codex standards and fair labelling practices.

ACTIVITIES BY WTO WITH REGARD TO FISHERY PRODUCTS

21. Work related to the new round of multilateral trade negotiations as mandated by the WTO's Fourth Ministerial Conference held in Doha in late 2001 carried on through 2002 and 2003 although a series of deadlines could not be met for lack of consensus among members. Likewise, the WTO's Fifth Ministerial Conference held in Cancun failed to reach agreement on the modalities of the Round. On the major issues of relevance for fisheries, i.e. market access for non-agricultural products and fisheries subsidies, a number of proposals have been presented, including the sectoral elimination of import duties on fish and fishery products and the reduction or elimination of capacity enhancing subsidies. At the time of writing, the schedule or the scope for the Doha Round has not been revisited but it seems unlikely that the original timeframe can be met as envisioned in the Doha Ministerial Declaration. FAO produced a number of Fact sheets for the Cancun Ministerial Conference, including one on fisheries.

[3] The report of the consultation is available at the document desk (English only).

22. With the accession of China to WTO in 2001, all major fishery countries are now members of the organization, with the exception of the Russian Federation and Viet Nam. The latter two, however, have commenced negotiations with the aim to become members. Parallel to the increase of the WTO membership, a number of bilateral trade agreements with strong relevance to fish trade have been signed. The full impact and long term effect of such bilateral agreements, in addition to or in substitute for broader multilateral agreements, remains to be seen.

23. A number of international disputes regarding fish and fishery products among WTO members have taken place over the last few years, although fish related disputes were also known from earlier years including under the GATT. This is part of a general trend in international disputes, caused by growing international trade and reductions in traditional tariff barriers, but also by the increase in the number of agreements and the inherent complexities of international trade rules. The growing number of disputes testify to strengthened capabilities and increased willingness also by developing countries to use this mechanism and the ability of the WTO's Dispute Settlement Understanding to handle such disagreements.

24. One recent international dispute related to commercial names of fish species was resolved in the WTO by using Codex standards as a reference. The relevance of Codex as an international reference is also underlined by the fact that many countries seek international recognition of their fishery products through inclusion of new fish species in Codex standards. Although there are many species seeking value-enhancing appellations, such appellations are still relatively few. FAO will continue its work in Codex on the updating of provisions on names of fish species and fishery product authentication to ensure fair practices in international fish trade.

SUGGESTED ACTION BY THE SUB-COMMITTEE

25. The Sub-Committee is invited to take note of the information provided and contribute additional experience. It is requested to provide guidance for future work of FAO in the area of international trade in fishery products, particularly with regard to: enabling developing countries and economies in transition to participate more effectively in this trade; the need to monitor and promote the use of fishery products in food aid; the role of FAO in trade-related capacity-building for developing countries including needs for and possible sources of technical and financial assistance to meet quality assurance requirements. The Sub-Committee might also wish to comment on the collaboration between FAO and WTO with respect to fish trade matters. The Sub-Committee is also invited to comment on its experience with the FISH INFOnetwork.