COMMITTEE ON FISHERIES

SUB-COMMITTEE ON FISH TRADE

Tenth Session

Santiago de Compostela, Spain, 30 May – 02 June 2006

STATUS AND IMPORTANT RECENT EVENTS CONCERNING INTERNATIONAL TRADE IN FISHERY PRODUCTS

EXECUTIVE SUMMARY

This document highlights major facts and developments regarding international trade in fish and fishery products that have occurred since the last meeting of the Sub-Committee on Fish Trade in 2004. The Sub-Committee is invited to take note of the information provided, to contribute additional experiences and to provide guidance for future work by FAO in the area of international trade in fishery products.

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 Ninth Session in February 2004. 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 Ninth Session of the Sub-Committee.

2. World fish production (capture plus aquaculture) showed moderate growth in the 2002-2003 biennium, reaching an all-time record of 133 million tonnes in 2002, with a small decline in 2003 to 132.5 million tonnes. Capture fisheries production grew modestly in 2002 to 93 million tonnes but fell back to 90.2 million tonnes in 2003, the lowest level observed since 1998. Preliminary statistics for 2004 indicate a new increase in capture fisheries to about 93 million tonnes due to the large Peruvian anchoveta catches. China confirms its role as the principal...
producer, reporting 45.6 million tonnes in 2003 of which 28.9 million tonnes derive from aquaculture.

3. As before, the main factor driving growth in total fish supply is aquaculture, which in 2003 reached 42.3 million tonnes (excluding aquatic plants) or 31.9% of total output. 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. Despite the strong growth in aquaculture output, the overall growth rate in world fish production seems to have decreased from the higher growth levels observed during previous decades. When excluding China, world per caput supply of fish in 2001 was lower than the maximum levels reached in the 1980s.

4. World exports of fish and fishery products grew by 8.6% in 2003 to US$63.3 billion with the share of developing countries in fish exports close to 50%. The Low-Income Food-Deficit Countries (LIFDCs) accounted for 20% of total exports in value terms. Imports were dominated by developed countries accounting for 82% of total imports of fishery products in 2003 in value terms (but 65% of live weight equivalent volume). Japan was the biggest single importer of fishery products, accounting for some 18% of the total, but its share has been declining. The European Union (EU) further increased its dependency on imports for its fish supply and is the largest market for fish imports (40%), when seen together as a group. The United States, besides being the world’s fourth major exporting country in 2003, was also the second biggest single country importer (17%) and registered new record levels of per caput seafood consumption in 2004.

5. For years a similar proportion 37% of world fishery production is now traded internationally (live-weight equivalent). In 2002, China became the largest exporter, overtaking Thailand for the first time, and consolidating its position further in 2003. As an importer, China has reached position number 8. China imports raw material for processing and re-exports but also for domestic consumption. Of note is also the rapid growth in exports from Viet Nam, now the world’s eighth largest exporter. Preliminary figures for 2004 show a further growth in world fish trade to US$67 billion (exports).

6. Net export revenues from fish exports earned by developing countries reached US$18.3 billion in 2003, an amount larger than the combined net total of other traded food commodities. 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 rose to $8.6 billion in 2003.

7. Some of the major issues concerning international trade in fishery products in 2004 and 2005 were: introduction of new labelling and traceability requirements in major markets; trade disputes between importing and exporting countries related to alleged dumping of aquaculture products and subsidies in production; ecolabelling and the adoption of the FAO guidelines on ecolabelling of fish and fishery products from marine capture fisheries; the growing concern of the general public and the retail sector about overexploitation of certain fish stocks; illegal, unreported and unregulated fishing (IUU); organic aquaculture; the multilateral trade negotiations in the WTO; expansion of regional trade areas and new bi-lateral trade agreements, including the negotiations between the ACP group of countries and the EU.

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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 2001 is the most recent year for which global FAO consumption data are available

3 EU25, Intra-trade is included. If excluded, the share of EU25 imports of world imports would be 22%
MAIN COMMODITIES

8. Shrimp continues to be the largest commodity in value terms, accounting for 18% of the total value of internationally traded fishery products (2003). Export volumes grew in 2004 thanks to growing supply and very competitive pricing boosting demand, but weaker prices led import values to decrease in many markets. Farmed shrimp production volumes grew only moderately in 2002 (+4.2%) but made a giant leap in 2003 to a new record of 1.8 million tonnes (+28.4%). Volumes from shrimp capture fisheries also grew in 2002 and 2003 setting a new record of 3.5 million tonnes. World shrimp prices in 2005 have shown some rebound but import volumes are reportedly down.

9. The USA confirmed its role as the largest shrimp importer with steadily increasing volumes in 2003-2004, and it is now estimated that the US depends on imports for close to 90% of its shrimp consumption. Very competitive pricing of imported shrimp caused groups of US fishermen to ask for anti-dumping measures which were subsequently implemented in the USA against certain exporting countries. The measures did not break the rising trend in shrimp imports but did affect negatively both volumes and share in imports of the concerned exporters. Tentative US imports for 2005 show no significant changes from 2004. Although Japan’s imports of unprocessed shrimp have stagnated and are basically unchanged since 1998, increased imports of processed and value-added shrimp have lifted overall consumption of shrimp. Whereas total Japanese shrimp import volumes in 2004 rose slightly with values somewhat reduced, 2005 imports dropped in both value and volume.

10. Groundfish represented almost 11% of total fish exports in 2003. Adequate supplies in 2004 kept prices for most product segments stable and export volumes increased to most major markets. In 2005 weaker catches of several groundfish species led to a firming of prices. The groundfish market is characterised by a very high degree of substitution between the different groundfish species and increasing processing of imported raw-material for re-exports, especially in China and Viet Nam, continues to influence world trade in this commodity. Concern about the sustainability of several important groundfish stocks has hastened the industry’s need to search for alternative sources of raw material. In addition to traditional groundfish species, the market for fillets is now being increasingly supplied by new species such as tilapia, catfish and Nile perch of which the first two are farmed. The recent launch of farmed cod in European fresh markets is another example of the growing role and impact of aquaculture production in world groundfish supplies.

11. Tuna’s share of total fish exports in 2003 was 8.2%. Total tuna catches in 2002 and 2003 reversed the decline in the previous biennium with prices in major markets reflecting the frequent vacillation in capture and supply. Tuna catches in 2004 and 2005 declined again with higher prices as a result. In 2005, despite the higher prices, rising fuel costs have put fishing vessel operators margins under pressure. Japan is by far the principal importer of both fresh, chilled and frozen tuna for direct consumption, whereas Thailand is the largest importer of frozen tuna for canning and re-export. Thailand is also the world’s leading canned tuna exporter. Imports by European canneries of tuna loins for processing continue to increase and take share from whole frozen tuna.

12. Import tariffs on tuna continue to be an important issue for both importers and exporters, including the granting of preferential access for products originating in certain countries. Those countries that enjoy preferential access today are concerned about the potential loss of sales and reduced economic activity stemming from a continued erosion of tariff preferences whereas other producers argue for reduced tariffs in general. Of note is also the EU’s repeal in 2005 of its preferences accorded to tuna loin producers in certain countries combatting drug production and trafficking after a WTO Appellate Body report. A new EU Generalised System of Preferences will apply from 1-1-2006.
13. Salmon’s share in world trade has increased strongly over the last decades. This is mainly due to aquaculture in Northern Europe and in North and South America which grew by 10% in 2003. Salmon supplies from aquaculture continue to grow but large volume changes from year to year cause price oscillations and market turmoil, frequently leading to political interventions. The Atlantic salmon market in Europe has been characterised by a dispute between the European Union and Norway which still has not been settled definitely. Of note are also the rising volumes and share in supply represented by salmon fillets, and in particular of fillets and portions from Chile, and the strong growth in the Russian salmon and trout market.

14. The share of cephalopods in world fish trade was 4.5% in 2003. Thailand is the largest exporter of squid and cuttlefish followed by Spain and China. Morocco is the principal octopus exporter. Spain, Italy and Japan are the largest importers of the commodity. Total catches of cephalopods are 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. The octopus market in particular has been characterised by more restrictive management practices, limited output and high prices.

15. Exports of fishmeal rebounded in 2004 from the 3.4 million tonnes (product weight) level reached in 2003 thanks to higher landings and a rise in world fish meal production. Preliminary figures for 2005 indicate lower catches of small pelagic species in the main producing countries and somewhat reduced production of fishmeal but with firmer price levels. Demand from the aquaculture sector is strong. China’s rising imports in particular continue to impact world prices.

16. Fish oil prices are generally more volatile than those of fishmeal and were rising through most of 2004 and 2005 due to declining output and strong demand. Demand from salmonoid producers in particular has been strong. Concern about long term feed requirements from a growing aquaculture sector has stimulated development of new feed formulations with a reduced content of fish meal and oil and increased vegetable content.

FISH IN FOOD AID

17. The use of fish in food aid fell to a record low in 2004 after having shown some stability in the previous bienniums, albeit at low levels. In 2004, some 4,200 tonnes were shipped by the World Food Programme compared to 20,300 tonnes a decade earlier. Canned fish continues to be the main product, although volumes were reduced by more than 50% from 2003. Japan, Norway and Canada are the only remaining donors of fish for food aid. Developing countries continue to be practically untapped 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 – 2004 (BY COMMODITY IN TONNES)

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</tr>
</thead>
<tbody>
<tr>
<td>Canned fish</td>
<td>14,828</td>
<td>16,263</td>
<td>14,281</td>
<td>12,022</td>
<td>12,495</td>
<td>12,794</td>
<td>9,094</td>
<td>11,345</td>
<td>6,628</td>
<td>8,162</td>
<td>7,401</td>
<td>8,021</td>
<td>3,939</td>
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<tr>
<td>Dried fish</td>
<td>965</td>
<td>492</td>
<td>1,038</td>
<td>150</td>
<td>223</td>
<td>71</td>
<td>114</td>
<td>180</td>
<td>567</td>
<td>0</td>
<td>1,088</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Edible fat from fish</td>
<td>7,338</td>
<td>8,754</td>
<td>4,804</td>
<td>3,110</td>
<td>9,098</td>
<td>5,636</td>
<td>5,185</td>
<td>1,014</td>
<td>1,646</td>
<td>0</td>
<td>404</td>
<td>353</td>
<td>229</td>
</tr>
<tr>
<td>Fish sauce</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>47</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Stockfish</td>
<td>411</td>
<td>200</td>
<td>150</td>
<td>0</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Total</td>
<td>23,541</td>
<td>25,709</td>
<td>20,273</td>
<td>15,328</td>
<td>21,963</td>
<td>18,501</td>
<td>14,392</td>
<td>12,539</td>
<td>9,042</td>
<td>8,162</td>
<td>8,983</td>
<td>8,374</td>
<td>4,168</td>
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*The EU imposed unilaterally minimum import prices on Norwegian salmon.*
## TABLE 2: WFP PURCHASES* OF FISH AND FISHERY PRODUCTS, SELECTED YEARS (BY DONOR COUNTRY IN TONNES)

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</tr>
</thead>
<tbody>
<tr>
<td>Norway</td>
<td>11,628</td>
<td>10,021</td>
<td>11,160</td>
<td>11,915</td>
<td>5,515</td>
<td>4,813</td>
<td>3,703</td>
<td>2,455</td>
<td>2,447</td>
<td>2,089</td>
<td>1,747</td>
</tr>
<tr>
<td>Canada</td>
<td>3,506</td>
<td>4,336</td>
<td>2,781</td>
<td>2,199</td>
<td>3,208</td>
<td>2,728</td>
<td>1,182</td>
<td>2,211</td>
<td>1,393</td>
<td>1,496</td>
<td>1,129</td>
</tr>
<tr>
<td>Germany</td>
<td>2,517</td>
<td>2,218</td>
<td>2,000</td>
<td>688</td>
<td>311</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Japan</td>
<td>3,489</td>
<td>3,460</td>
<td>3,485</td>
<td>4,733</td>
<td>4,125</td>
<td>1,464</td>
<td>0</td>
<td>4,413</td>
<td>2,669</td>
<td>4,684</td>
<td>1,620</td>
</tr>
<tr>
<td>Total</td>
<td>22,860</td>
<td>20,835</td>
<td>19,590</td>
<td>19,611</td>
<td>13,408</td>
<td>9,630</td>
<td>4,885</td>
<td>10,250</td>
<td>6,544</td>
<td>8,298</td>
<td>4,501</td>
</tr>
</tbody>
</table>

* Figures before 2001 are not wholly comparable with later years as they represented pledges rather than actual purchases and in-kind contributions.

## FAO ACTIVITIES RELATED TO INTERNATIONAL FISH TRADE

18. The FISH INFOnetwork of regional fish information services, created initially by FAO but now operating as independent inter-governmental or international organizations, consolidated its activities in the past biennium. In addition to the regular activities of collection, analysis and distribution of price, marketing and technical information, some of the areas of work undertaken in the previous biennium were the following:

- EUROFISH focused on food safety and traceability, trade and aquaculture issues and industry surveys;
- INFOSA (Southern Africa region), the INFOPECHE sub-regional office, carried out a number of training courses and seminars on quality assurance systems, marketing and investment and completed the build-up of a National Liaison Officers (NLO) network;
- INFOFISH focused on food safety and laboratory techniques, value addition and market diversification, and the organization of global industry events on tuna and organic aquaculture, the latter jointly with FAO;
- INFOPECHE carried out capacity-building activities in food safety and market access and participated in the Strengthening Fishery Products Health Conditions Programme in ACP/OCT countries;
- INFOPESCA intensified its work on production and marketing of tilapia, gender issues and small-scale fisheries communities;
- INFOSAMAK carried out a number of workshops and training seminars on traceability, food safety and quality for the region’s fishery industry;
- INFOYU assisted China’s government on fish trade policy issues including fisheries subsidies in the WTO negotiations;
- GLOBEFISH continues its co-ordinating role in the network’s joint activities and is an integral part of the FISH INFOnetwork.

19. FAO continued its activities of capacity-building on international fish trade and food safety for developing and transition countries, both related to the ongoing WTO negotiations and to the EU-ACP negotiations on future Economic Partnership Agreements. In the biennium, a number of regional workshops on relevant fish trade issues were organised in cooperation with the FISH INFOnetwork and organizations such as the WTO, UNCTAD, the European Commission, the ACP Secretariat, the Commonwealth Secretariat, local fishery industry associations and NGOs.

20. FAO carried out work on the causes of retention and rejection of fish and fishery products at the border in major markets. The work continued 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. An expert consultation on biotoxins was organised in support of the work of the CODEX Committee on Fish and Fishery Products.

ACTIVITIES BY WTO WITH REGARD TO FISHERY PRODUCTS

21. The negotiations of the WTO Doha Development Agenda carried on throughout 2004 and 2005 although a series of deadlines could not be met for lack of consensus among members. On the major issues of relevance for fisheries, i.e. increased market access for non-agricultural products and reduction of harmful fisheries subsidies, a number of proposals were presented. Agreement on a package of framework agreements for the negotiations was reached in July 2004. FAO prepared fact sheets and background documents for the WTO Hong Kong Ministerial Conference in December 2005, covering also fisheries issues.

22. In preparation for the Hong Kong Conference, FAO commissioned a study on import tariffs for fish and fishery products. The study indicates that in the 169 countries studied (143 out of 148 WTO members), average applied tariffs for seafood in each country are mainly in the 0 and 30% range. Weighted by the economic size of importing countries, but excluding preferences, the world average is 8-10%. For WTO members, only 60% of tariffs for seafood are bound – i.e. subject to upper bounds negotiated in the WTO. Bound tariff averages for fish and fishery products mostly range from 0 to 60%. Tariffs for fish and fishery products are higher than tariffs for industrial goods; this is especially the case for applied tariffs. Preferential tariffs are of increasing importance in many countries, but some of the richest countries have low tariffs for all suppliers, and this reduces the overall impact of preferences. Preferential tariffs in the EU, Japan and some developing countries are however important. Poor countries have, on average, higher tariffs and a lower extent of tariff binding than rich countries.

23. The declaration adopted by the Hong Kong Ministerial Conference has important implications for fisheries. Import tariffs on non-agricultural goods which include fish and fisheries products will be reduced using a Swiss-formula providing for “less than full reciprocity in reduction commitments for developing countries”. The exact coefficients and reductions will however be decided in 2006. Further, developing country exporters will benefit from “the reduction or elimination of tariff peaks, high tariffs, and tariff escalation, in particular on products of export interest” to them. For fisheries products this could have possible implications for exporters of value added products, although countries which enjoy preferential treatment today will see their advantage reduced in the future.

24. The Ministerial Declaration calls on Members to strengthen disciplines on fisheries subsidies, including by identifying and prohibiting subsidies that contribute to over-capacity and over-fishing. “Appropriate and effective special and differential treatment” should also form an integral part of the negotiations, highlighting the sector’s importance to poverty reduction, livelihood and food security concerns. The text for the first time explicitly links subsidies to over-capacity and over-fishing and acknowledges the need for addressing this link.

25. After the accession of China to WTO in 2001, all major fishing countries, fish importing and exporting countries, have now become members of the organization, with the exception of the Russian Federation and Viet Nam. The latter two are both WTO observers and are in the midst of access negotiations with the aim to become full members. Membership of the organization is a pre-requisite for having access to its Dispute Settlement Mechanism.

26. Parallel to the increase of the WTO membership, a number of bilateral trade agreements with strong relevance to fish trade have entered into force. The full impact and long term effect of such bilateral agreements and regional trade agreements, in addition to or in substitute for broader multilateral agreements, remains to be seen. One trade agreement of significant relevance for trade in fish and fishery products is the one now being negotiated at the regional level between ACP and the EU. The aim is to arrive at regional agreements, or Economic Partnership
Agreements (EPAs) between the EU and the six different ACP regions and make them operational from January 2008. The EPAs will replace the current Cotonou agreement which has been granted a WTO waiver only until the end of 2007 as it departs from the general WTO principle of non-discrimination (developing countries in the ACP benefit from a more favourable treatment than most other developing countries). For fisheries in these negotiations, the focus is on tuna production and market access where the ACP countries now benefit from important preferences; on rules of origin that today favour EU vessels and investors; and fisheries access agreements where the current payment structure could potentially be challenged under some of the suggested new WTO rules on fisheries subsidies.

SUGGESTED ACTION BY THE SUB-COMMITTEE

27. 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 and traceability requirements, as well as to their capability to effectively participate in multilateral trade negotiations. The Sub-Committee might also wish to comment on the collaboration between FAO and WTO with respect to fish trade matters, as well as with other relevant organizations. The Sub-Committee is also invited to comment on its experience with the FISH INFONetwork.

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5 West Africa, Central Africa, Eastern and Southern Africa, the Southern African Development Community, Caribbean, Pacific