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COMMITTEE ON FISHERIES

SUB-COMMITTEE ON FISH TRADE

Thirteenth Session

Hyderabad, India, 20-24 February 2012

Report on trade-related fisheries activities in FAO

Executive Summary

This document presents a short overview of selected activities carried out by FAO of relevance for international fish trade. The majority of activities are carried out by the Fisheries and Aquaculture Department on its own, or in cooperation with other FAO units, such as the Legal Office, the Economic and Social Department and with other relevant institutions.

The Sub-Committee is invited to:

1. Comment on FAO's trade-related activities;
2. Inform of relevant national and intra-regional experience;
3. Provide guidance for FAO's further work on trade-related activities, in particular on capacity-building for developing countries;
4. Take into account the methodological change in collection of merchandise trade statistics and to promote the change in the recording of landings abroad with the respective administrations;
5. Note the background to, and progress achieved in the revision process of the Harmonized System (HS) classification and the collaboration with the World Customs Organization (WCO), through a new FAO proposal for HS 2017; and
6. Provide further improvements to the HS code for fish and fishery products and species to be included in the HS 2017 for inclusion in the FAO proposal for WCO consideration.

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BACKGROUND

1. FAO's mandate is to raise levels of nutrition, improve agricultural productivity¹, better the lives of rural 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 also provides direct nutritional benefits through the increased consumption of nutrients essential to human health and development.
2. Fish and fishery products are widely traded with close to 40 percent entering international markets. Access to global markets plays a fundamental role for producers and exporters, not the least for developing countries, which represent 50 percent in value of all exports. The impact of trade and markets goes beyond the part entering the international supply chain as there are also strong interactions with the domestic and regional markets, including for un-traded products.

FAO'S ACTIVITIES RELATED TO INTERNATIONAL FISH TRADE

3. FAO's trade-related activities of 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, with the provision of specific inputs on fisheries issues by FI. An example of the cooperation between the FI and ES departments is the publication of the twice yearly FAO Food Outlook: Global Market Analysis.
4. The growing role of aquaculture in supply and trade has led to an increased focus of FAO's work on aspects related to aquaculture products. The impact of the aquaculture sector's growing role in supply, demand and price formation will be the subject of future studies. During the 2010-11 biennium, there was a stronger integration of FAO's activities in aquaculture and trade. Trade and marketing aspects were 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 was visible in the Global Conference on Aquaculture in September 2010, where market access, quality and safety issues, as well as consumer needs and trade, were given dedicated sessions. The conference was jointly organized by FAO, the Network of Aquaculture Centres in Asia-Pacific (NACA) and the Government of Thailand, and attended by 700 delegates.
6. FAO is initiating the development of aquaculture indicators (market shares, concentration ratios, revealed comparative advantage indices, etc.) to monitor the performance of international trade of fish and fishery products. The aim is to develop indicators as standardized tools to help assess and monitor the status and trends in international trade, so as to provide guidance to aquaculture development from the global, regional as well as country perspectives. The study is an extension of FAO's on-going analysis of species composition of countries' aquaculture production and is expected to start in the biennium of 2012-2013.
7. FAO will conduct value-chain studies on aquaculture in selected African countries, with funding from the Swedish International Development Agency (SIDA) financed project for Africa. The studies are expected to identify existing or potential constraints in the value-chain of fish production and trade that affect the competitiveness of aquaculture products produced in the region. This will include an examination of how international trade between African and non-African countries, as well as within the African region, can promote aquaculture development in Africa.
8. FAO continues to provide marketing and trade specific assistance to other organizations and regional fisheries organizations. An example was FAO's contribution to the development of the

¹ Agriculture includes fisheries and forestry.

General Fisheries Commission for the Mediterranean's (GFCM) strategy for Marketing and Promotion of Mediterranean Aquaculture.

9. FAO's work on the development of fish price indices continued throughout the 2010-2011 biennium in cooperation with several partners, including the Norwegian Seafood Export Council, the University of Stavanger and the Pontificia Universidad Católica del Perú. The index is based on traded import values in key markets. Its coverage and representativeness is now being expanded to include several developing country markets. The European Commission, the University of Portsmouth and the Norwegian University of Life Sciences also provided valuable inputs to this work. The FAO Fish Price Index is regularly published in FAO publications, such as GLOBEFISH Highlights and the FAO Food Outlook.

10. The modeling of future demand and supply for fish and fish products, has now been integrated in Organisation for Economic Co-operation and Development (OECD)-FAO's work on agricultural projections. The results were published in June 2011, in the OECD-FAO Agricultural Outlook for 2011-2020. This is the first time fisheries have been included in overall food projections by FAO and OECD and is the result of the excellent cooperation between OECD and FAO, and between FAO's FI and ES departments. The model treats fish and fish products as a separate sector, but the results are integrated in the overall projections. The aim is to arrive at a fully integrated and dynamic model. The results are important, not only for the fisheries sector overall, but for the linkages and interdependencies with the other food sectors, in particular for feed and terrestrial animal production.

11. The annual Agricultural Outlook report is prepared jointly by OECD and FAO, bringing together the commodity, policy and country expertise of both Organizations with inputs from member countries. The report provides an updated annual assessment of the medium-term development of global commodity markets, using the jointly developed modeling system Aglink-Cosimo, to generate a consistent set of commodity projections. The report contains projections of production, consumption, stocks, trade and prices for different agricultural products over a ten year horizon. The market assessments are contingent on a set of underlying assumptions regarding macroeconomic factors and the stability of domestic agricultural and trade policies. As such, the Outlook presents an indication of the evolution of global agricultural markets over the next decade and provides a baseline for further analysis of alternative economic or policy assumptions.

12. FAO is collaborating with the International Food Policy Research Institute (IFPRI), the World Bank, the University of Arkansas and the World Fish Center (WFC) for the revision of the IFPRI/WFC publication "Fish 2020" (Delgado et al; 2003) and of its modelling system. The aim is to obtain an updated global, forward-looking perspective until 2030, with a major focus on aquaculture.

13. In the 2010-2011 biennium, FAO continued its activities of capacity-building on international fish trade and food safety issues for developing and transition countries, in particular as they relate 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, OECD, local fishery industry associations, Non-Governmental Organizations (NGOs), as well as with the FISH INFONetwork.

14. 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 the provision of informal briefing sessions to WTO delegates on technical issues specific to the fisheries sector.

15. In October 2011, a workshop was jointly organized with the China Society of Fisheries and INFOYU on the future impact on world markets from changes in China's demand, supply and consumption patterns. Key Chinese government representatives, academics and industry representatives took part in the workshop together with FAO staff and a representative of the OECD secretariat. Given China's prominent role in production and trade, this work will continue.

16. The growing role of certification and labels for ecological or environmental purposes has resulted in an increased number of requests for assistance. This is in addition to the work mandated by the COFI:FT and COFI on this topic, including the development of a benchmarking framework to assess the conformity of ecolabelling schemes with the FAO guidelines on certification.

17. In 2010, FAO published a review of the impact on small-scale fisheries from the introduction of sustainability criteria and ecolabels². While recognizing the many potential benefits from globalization, the report focused on whether such criteria had in fact impeded the sector from reaching these benefits. The study suggests that, except for a few cases, concerns about small-scale fisheries having been negatively impacted by a requirement to demonstrate environmental sustainability may be exaggerated or unfounded. On the whole, the ability to comply with health and hygiene regulations, are much more important for gaining access to markets.

18. FAO continued to endeavour 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, as well as with fisheries industry associations.

19. Several advanced level courses were organized with the International Centre for Advanced Mediterranean Agronomic Studies (CIHEAM) through the Mediterranean Agronomic Institute of Zaragoza (IAMZ) and with support from the Spanish Ministry of the Environment and Rural and Marine Affairs (MARD). In 2011, FAO was the joint organizer of a course on fisheries marketing and trade at the Universidad Internacional de Menéndez Pelayo (UIMP) in Santander, Spain, in cooperation with MARD and the Fundación Alfonso Martín Escudero. In 2011, FAO also participated in a conference for small-scale operators in cooperation with the regional government of the autonomous region of Galicia, Spain. In these conferences and courses, FAO provided technical inputs and facilitated the participation of developing countries, while the major support was received from national, regional and local institutions. This type of cooperation is beneficial for all parties, but subject to availability of external funding.

20. In the international debate on fisheries issues and trade, there is increasing emphasis on the impact on nutrition. The final report of the expert consultation jointly organized by FAO and WHO in 2010 on the risks and benefits from fish consumption³, has played an important contribution to this debate.

SELECTED ONGOING PROJECTS

21. The majority of FAO's projects are carried out through the Technical Cooperation Programme (TCP), wherein FAO provides technical assistance to Members. Between ten and twenty percent of FAO projects are funded by the Regular Programme budget through the FAO TCP and the Special Programme for Food Security (SPFS). The remainder is funded from extra-budgetary resources, such as the Government Cooperative Programme (GCP), Unilateral Trust Fund (UTF) or Trust Funds for emergency assistance.

22. Gender issues are receiving increased attention in FAO projects, both in dedicated activities and as an integrated part of a project, included already in the design phase.

23. With the emphasis on decentralization within FAO, the network of regional and sub-regional fisheries officers has been strengthened considerably. This increases the impact of FAO's programmes and activities in the field and brings FAO physically closer to member country administrations and priorities. It also raises the need for improved communication between FAO headquarters and FAO staff in regional-, sub-regional and FAO country offices. This is particularly important for fisheries, considering the limited availability of FAO fisheries staff in any regional or sub-regional office and with fish post-harvest fisheries being only one of many important and relevant fisheries issues. The growing emphasis on fish trade in the international arena and in national policies, has facilitated the work on highlighting the importance of trade and markets and the many benefits derived therefrom.

² FAO Fisheries and Aquaculture Circular No.1052.

³ FAO Fisheries and Aquaculture Report No.978.

24. In the FAO planning and priority setting process, the FAO Regional conferences have now taken on an important role. As most conferences will concentrate on issues related to agriculture, it is important to recall that the setting of regional priorities also for fisheries could prove important for regional cooperation and project implementation, facilitating the effective use of scarce resources.
25. Among projects or activities of relevance for fish trade or marketing carried out by FAO's regional and sub-regional offices, the following can be noted:
- A regional TCP has been initiated in East Africa on fish trade for seven Intergovernmental Authority on Development (IGAD) member countries. The purpose is to increase the region's competitiveness, improve access to regional markets and to encourage aquaculture production for domestic and regional food security purposes.
 - In the South Pacific, FAO has contributed to the development of regional guidelines for the packing of live aquatic animals to be traded; organization of national workshops on post harvest issues and on value-added products; and the annual FAO Roundtable Meeting for Pacific Island countries on WTO and Regional Trade Agreements and Provisions. In this region, countries are assessing the potential for aquaculture to contribute towards domestic and regional food security.
 - In the Near East, a regional multi-stakeholder seminar "Fish Trade and Illegal, Unreported and Unregulated Fishing in the Near East and North Africa: Implication of Certification and Traceability Schemes for the Region" was organized in Morocco in 2010 in partnership with INFOSAMAK. The seminar provided 75 participants from 22 countries with practical information on catch documentation and traceability schemes, highlighting the need to improve cooperation and regional responses to IUU fishing in the Near East and North Africa.
 - In Central and Eastern Europe, work has included capacity-building on certification of fish products to foreign markets.
 - In the Southern European Countries (SEC) region, marketing studies have been carried out in a number of countries to assess the potential for domestic aquaculture production.

THE FISH INFONETWORK AND GLOBEFISH⁴

26. The FISH INFONetwork (FIN) is a regional service provider focusing on fisheries and aquaculture post-harvest sector. In addition to dissemination of relevant information, the FIN undertakes project work, trade-related capacity-building, improve industry competitiveness in international markets and the organization of national, regional and international workshops and conferences. FAO is mandated to coordinate and strengthen the FIN members' capacity to deliver marketing information and technical services, with FAO providing technical assistance and some support to relevant activities. GLOBEFISH is an integral part of the FIN and performs a coordinating role in the network activities, although the regional services remain intergovernmental bodies, independent from FAO.

27. GLOBEFISH is located in the FAO Fisheries and Aquaculture Department and is jointly financed by FAO and GLOBEFISH Partners, which consist of national government administrations and specialized agencies dealing with fish marketing and trade. GLOBEFISH is responsible for information dissemination and analysis on international fish marketing and trade, and produces a number of publications on trend analysis (GLOBEFISH Highlights), price information (European Fish Price Report), data time series (Commodity Updates) and market studies (GLOBEFISH Research Programme).

28. The activities of the FIN and GLOBEFISH provide a complementary platform for FAO to interact with value-chain stakeholders, in particular industry associations in developing countries. FAO is grateful for the support to GLOBEFISH, without which the production of the numerous GLOBEFISH publications would not be possible.

⁴ www.globefish.org

LEGAL OFFICE

29. The FAO Legal Office (LEG) works on a number of issues of relevance for fisheries trade, in particular in relation to international instruments and their incorporation into national legislation. This includes food safety legislation addressing WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS) and Agreement on Technical Barriers to Trade (TBT) requirements. LEG also assists in capacity-building on WTO rules on fisheries subsidies and tariff liberalization. The contribution of LEG towards FI activities is important and provides FAO member countries with a more holistic view of the multifaceted aspects of market access requirements needed to fulfill country obligations under WTO accession agreements, as well as under other bilateral or multilateral agreements.

FAO COLLABORATION WITH THE UNITED NATIONS STATISTICS DIVISION (UNSD)

30. The United Nations Statistics Division (UNSD) and FAO actively collaborate in sharing trade statistics, including in the work of the annual meeting of the Task Force on International Merchandise Trade Statistics. In addition, FAO is also working in collaboration with UNSD on the revision of the Central Product Classification (CPC) and of the System of Environmental Economic Accounts (SEEA). In 2012 UN Statistical Commission (UNCSC) will examine both revisions.

31. The CPC provides a framework for the international comparison of commodity statistics. For fisheries, the focus of the revision proposed by FAO is to separate primary products of wild and farmed origin and to improve the breakdown for fish and fishery products, to reflect the implemented revision of the Harmonized System classification (HS 2012).

32. SEEA is the statistical framework providing internationally agreed concepts, definitions, classifications, accounting rules and standard tables for producing internationally comparable statistics on the environment and their relationship with the economy. The SEEA framework follows a similar accounting structure as the System of National Accounts (SNA) and uses concepts, definitions and classifications consistent with the SNA in order to facilitate the integration of environmental and economic statistics. Fishery resource is one of focused area within SEEA and FAO has actively participated in the process to ensure concepts and definitions within SEEA would not cause serious conflict with those established through the Code of Conduct for Responsible Fisheries (CCRF), LOA and other fishery and aquaculture related instruments. The Central Framework of SEEA is tabled at UNSC 2012 and Experimental Ecosystem Accounts and Extensions and Applications are scheduled to be completed in 2013.

33. Another area of collaboration with UNSD is the “Global Strategy of Improving Agricultural and Rural Statistics”, adopted by the UNSC in 2010. This strategy aims to enhance integration between agricultural and rural statistics (including fishery and aquaculture statistics), with national statistical systems. As an initial step of the implementation of the strategy for fisheries and aquaculture, FAO is working towards the inclusion of fisheries related questions in population census and in various surveys. These integrations are expected to provide an improved knowledge of the sector and in particular of small-scale operators.

34. The International Merchandise Trade Statistics Section (IMTSS) of UNSD is responsible for the development and maintenance of the methodological guidelines on International Merchandise Trade Statistics (IMTS), including the “IMTS concepts and definitions”. The International Trade Statistics: Concepts and Definitions, was last revised in 2010 to take into account developments in commercial practices, as well as methodological developments in other areas of statistics. The “International Merchandise Trade Statistics: Concepts and Definitions 2010”(IMTS 2010) is available at <http://unstats.un.org/unsd/trade/EG-IMTS/IMTS2010-final-22March2011.pdf> .

35. IMTS 2010 represents the new international recommendations for merchandise trade statistics and provides a comprehensive methodological framework for the collection and compilation of international merchandise trade statistics in all countries, irrespective of the level of development of their statistical systems. IMTS 2010 was prepared by the UNSD, in cooperation with members of the

Expert Group on International Merchandise Trade Statistics and the Inter-Agency Task Force on International Merchandise Trade Statistics, which includes FAO.

36. For fisheries, IMTS 2010 contains a major improvement in respect to the previous edition in considering the landings abroad. In the past, the specific recommendation⁵ indicated that they were to be excluded from export statistics and recorded separately. IMTS 2010 indicates that they have to be recorded for both exports and imports.

37. Under general guidelines, IMTS 2010 indicates:

“1.31. Fish catch, minerals from the seabed and salvage. These goods landed from vessels of one country in national ports of another country or acquired by vessels of one country on the high seas from vessels of another country are in the scope of IMTS 2010 for both exports and imports and should be recorded where economically or environmentally significant. It is recognized that data collection in respect of this category of goods may be challenging; however, countries are encouraged to develop over time the necessary data-collection and/or estimation procedures in view of the important policy needs for such data, including assessment and monitoring of the environmental impact of such trade and related activities.”

and in Annex F (“Conceptual differences between IMTS 2010 and BPM6”):

“F.19 Fish catch, minerals from the seabed and salvage. Such goods sold from national vessels in foreign ports or from national vessels on the high seas to foreign vessels were previously recommended to be excluded from export statistics but to be recorded separately (IMTS, Rev.2 para. 58). The IMTS 2010 as well as the BPM6 include these as goods transactions (see para. 1.31 and BPM6, para. 10.17(e)).”

38. The change in the recording of landings abroad represents an important improvement. The non-inclusion of landings abroad from export statistics creates problems in obtaining a complete coverage of export statistics for fish and fishery products and, as a direct consequence, in the correct calculation of the apparent fish consumption statistics. The inclusion of the landings abroad in the fisheries production statistics, but not in the export data created an “artificial” higher domestic consumption. In fact, according to the present FAO methodology, the calculation of apparent fish consumption statistics is obtained through the following formula: production (capture+aquaculture), minus reduction to fish meal/oil, minus other non-food uses, minus exports, plus imports, plus or minus stock variations.

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

39. 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. 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 with the new version, HS 2012, entering into force on 1 January 2012 for all Contracting Parties to the Harmonized System Convention.

40. The HS 2012 version reflects the FAO joint proposal to WCO for the revision of the codes related to agriculture, forestry and fishery products. The reason behind the proposal related to fish and fishery products was due to the insufficient coverage in the classification of species originating in developing countries or in the Southern hemisphere, as well as the level of detail for processing of selected traded products. This deficiency was also reported to FAO by several countries and in 2003, the twenty-fifth session of COFI instructed FAO to work towards an improvement of the HS

⁵ Para 58 of IMTS Rev 2 stated that “Fish catch, minerals from the seabed and salvage sold from national vessels in foreign ports or from national vessels on the high seas to foreign vessels are to be excluded from export statistics but recorded separately.”

classification for fish and fishery products. This request was re-emphasized by the Ninth, Tenth and Eleventh Sessions of COFI Sub-Committee on Fish Trade in 2004, 2006 and 2008.

41. The FAO modifications for HS codes of fish and fishery products have attempted to improve the quality 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, 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. Commodity splits for several species were also introduced, in particular for meat and fillets, 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 allows taking aquatic plants into consideration.

42. The revision of the HS is done on a regular basis, with five year intervals. The process leading to an updated HS 2017 has started. FAO is continuing its cooperation with WCO to include relevant products related to agriculture, forestry and fishery in HS 2017. A FAO proposal is planned to be submitted to WCO by February 2012 for further revision of the codes. This proposal should be presented at the Forty-third Session of the Harmonized System Review-Sub-Committee of WCO in May 2012. The proposal will include amendments related to fish and fishery products, with the aim of adding additional species and products in order to better monitor the fishery trade flows.

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

43. After the earthquake and subsequent tsunami that struck Japan in 2011, FAO has continued to monitor the situation and its impact on food production, consumption and trade, in close cooperation with the national government of Japan.

44. Following the Indian Ocean tsunami of 2004, FAO still maintains activities on post-tsunami rehabilitation funded from extra-budgetary resources. Among other areas, these also address the needs of the post-harvest sector. In Indonesia, recent activities have aimed at the reduction of post-harvest losses, quality improvements of preserved fish, training in handling and processing. As a result, incomes of processors and traders showed significant increases. Similarly, in Sri Lanka, interventions have included infrastructure improvement at landing sites and training on safety and quality management for ministry officials and staff in the various fishing harbours.