

Trade and Environment Briefings: Sustainable Fisheries



International Centre for Trade
and Sustainable Development

Introduction

Fish and fishery products represent one of the most extensively traded commodities in the world. Trade is especially strong among developing countries, which produce nearly three times as much fish as developed countries. However, their future trade and development possibilities in this sector have been jeopardised by over-exploitation and the effects of climate change, which have severely stressed global fish stocks. The adoption of green fishing practices, reforming distorting subsidies and eliminating trade barriers, are needed to ensure the long-term viability of the fisheries trade. This would allow developing countries to exploit the full potential of the sector to spur domestic social development while transitioning to a green economy.

Background

Marine and freshwater fisheries contribute directly to the global economy as a source of income, food and recreation. The Food and Agriculture Organization of the United Nations (FAO) reported that in 2008 more than 40 percent of fish output was traded internationally at an export volume of almost US\$ 60 billion. Furthermore, more than 500 million people depend on fisheries for their livelihoods and fish provide nutrition for more than 2.9 billion people. However, intensive fishing practices supported by large-scale subsidisation have led to the depletion of many fish stocks at an alarming rate.

While global fishing fleets remain far larger than can be sustainably employed, the productivity of marine capture fisheries has been declining since the late 1980s due to dwindling stocks. The FAO found that approximately 85 percent of the world's fisheries have been fished to their biological limits or beyond. In a business-as-usual scenario, only half the amount of fish available in 1970 will be available by 2015 and only one-third by 2050. At the same time, this threatened industry, directly or indirectly supports nearly 8 percent of the world's population.

The loss of fishing resources poses particular challenges for developing countries which often rely on these resources in their development strategies. Developing country trade in fish products has been increasing rapidly in recent years, both in real terms and as share of the total value of global trade.

There are many reasons for the decline of fishing resources; however, nearly all of these factors have been exacerbated by fisheries subsidies, which have been estimated at US\$27 billion in 2010.

Another important impact on fisheries is climate change, which has begun to alter marine conditions, particularly water temperature, ocean currents, upwelling and biogeochemistry, leading to productivity shocks for fisheries. Shifts in species distribution caused by changes in sea temperature are well documented, as are variations in growth rates. Other major issues affecting sustainability include losses due to by-catch being discarded and spoilage due to lack of appropriate storage and handling facilities. Illegal, unregulated and unreported fishing also poses tremendous problems globally.

Opportunities

The elimination of environmentally harmful fisheries subsidies and spurring investments in sustainable fisheries offer multiple economic, social and environmental benefits. According to *The Sunken Billions: The Economic Justification for Fisheries Reform*, a FAO and World Bank study, the world economy can gain up to US\$50 billion a year by restoring stocks and reducing fishing capacity. For example, in Bangladesh the potential economic gains from reducing current fishing efforts of the Hilsa Shad fishery, the biggest single species fishery in the country, to a sustainable level are in the order of US\$260 million annually compared to almost no economic benefit in the business as usual scenario.

Changing consumer preferences are providing additional economic incentives. Consumers are increasingly willing to pay a premium for products certified as organic and/or sustainable. As a result, in recent years, there has been a relative explosion in the number of programmes that seek to help consumers make informed decisions in terms of the sustainability of their consumption of fish products. Examples of organisations that provide information and certifications that consumers can use to inform their purchase of sustainably caught fish include:

- The Monterey Bay Aquarium's Seafood Watch (www.montereybayaquarium.org/cr/seafoodwatch.aspx);
- The Marine Stewardship Council (MSC) certification programme (www.msc.org); and
- The U.S. National Oceanic and Atmospheric Administration's Fish Watch (www.fishwatch.gov/).

Small-scale fisheries and workers in processing industries can tap into this expanding market.

Reductions in fisheries subsidies, which would eliminate the artificial advantages provided to domestic and distant water fleets, would shrink the price differences between certified and non-certified fish, and further increase the number of consumers willing to pay a premium for certified products.

Furthermore, sustainable fisheries can positively impact the economic viability of other economic sectors such as tourism, a key export for 83 percent of developing countries. Eco-tourism, a subcategory of the green tourism industry, is projected to account for 25 percent - US\$240 billion - of total global tourism revenue in 2012 and is the fastest growing sector of the market. Significant numbers of direct and indirect jobs are supported by this sector (nearly 60 million recreational anglers worldwide supported over 950,000 jobs and over 13 million whale watchers worldwide supported over 18,000 jobs in 2003). Future increases can be expected with healthier oceans that are home to an abundance of biodiversity.

Greening the world's fisheries will help restore damaged marine ecosystems. When managed intelligently, fisheries will sustain a greater number and range of communities and enterprises, generating employment and raising household income, particularly for those engaged in artisanal fishing.

Challenges

Due to long-term over-exploitation, there are several challenges to the global trade in sustainable fisheries products that disproportionately affect developing countries. The first issue requires meeting the world's ever-growing demand for fish while also establishing conditions to reverse the depletion of fish stocks created by decades of unsustainable practices, as well as increased vulnerability due to climate change. Effective management and regulation is needed to prevent a collapse of fisheries and its devastating consequences for millions of people.

Compliance with developed countries' standards for sustainable fisheries requires a well-developed infrastructure, including fish landing centres, processing facilities, refrigeration capacities and efficient transportation. Conforming to these standards can constitute a particular challenge for developing countries because of high costs to businesses, especially for small- and medium-sized enterprises. Individual producers can encounter similar costs and challenges when attempting to comply with the various schemes

- whether industry-led, NGO-led or consumer-supplier partnership certification and standards - that utilise different criteria and assessment methods. These entry costs can hinder developing country exporters' access to the growing markets for sustainable fisheries products. Involving developing countries while creating the standards can be a useful means of ensuring that they are not too onerous and that they provide sufficient resources to assist enterprises in retraining staff and time to transition to green practices.

What's next?

Concluding the on-going WTO Doha Round would offer a number of potential opportunities to support sustainable and more inclusive trade in fisheries. As reflected in the Doha Ministerial Declaration, there is a broad agreement on the need to clarify and improve WTO disciplines on fisheries subsidies that contribute to overcapacity and overfishing, while also taking into account the sector's importance to developing countries. Furthermore, concluding the Doha Round may provide mechanisms that can minimise the risks of tariff escalations in the sector. In addition to concluding the WTO Doha Round, domestic and international efforts could focus efforts on the following:

- **Equivalencies between standards:** It is important to ensure that standards and labelling schemes for sustainable fisheries products do not impose excessive costs and requirements on developing country producers. Establishing equivalencies between standards will reduce the costs for these producers to enter developed country markets.
- **Help capacity-building and retraining of fisheries workers:** Enterprises could be strengthened to build supply-side capacities in order to meet the requirements of major markets - especially health and environment requirements - at all stages of supply chains, but particularly at the production level, where the most retraining is needed. Fish processing capacities in developing countries could be improved in order to meet export market demands for higher value-added products. The reduction of overcapacity further requires retraining of fisheries workers. Aid-for-Trade, and similar trade facilitation initiatives, could play a role in helping usher in the transition.
- **Encourage investment in sustainable fisheries:** Investments in more sustainable fisheries management could assist the long-term viability of fisheries and fishing communities by rebuilding fish populations and restoring ecosystems. Fisheries subsidies that promote overcapacity could be rechanneled to support sustainable management schemes and a better scientific understanding of the oceans, as well as to compensate and retrain fisheries workers.
- **Develop sustainable aquaculture systems:** Aquaculture is growing rapidly, and will both complement wild-caught fish and help increase overall volumes of food while taking some of the pressure off wild fisheries. For many developing countries, aquaculture is providing major export earnings. However, from a sustainability perspective, there are many challenges; including reliance on wild-caught fish as feed.

Resources

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