

## Two questions

- 1) What are the challenges/opportunities that exist for small-scale/artisanal fishers in East Africa Community (EAC) to trade at their local, regional and international markets?
- 2) How can global rules of fishing assist them?

Introduction: CUTS International has undertaken work on the fisheries sector in the EAC; this presentation highlights some of the salient issues with regard to the two questions above.

It should be noted that although only two of the EAC members (Kenya and Tanzania) are coastal countries, the region is well endowed with large water bodies, making fisheries a very important sector. In fact inland fisheries contribute significantly to the regions fish exports, and in both Kenya and Tanzania, the contribution of inland fisheries to exports currently exceeds that of marine catches. Moreover, small-scale fishers are predominantly the source of fisheries exports in the region (WWF 2008)

### Issue 1

#### *Opportunities*

- **LOCAL/REGIONAL DEMAND** without doubt fish remains a critical source of nutrition given its richness in protein content. Moreover, in light of climate change which has witnessed serious impacts on other food sources (e.g. cereals (Okeyo 2017)) there is a need more demand to supply local markets with alternative nutritious food sources. This exacerbated by the fast pace of population growth, Africa's demand for fish is envisaged to surge (Béne et al. 2009).
  - For instance in **Tanzania**, fish consumption contributes to 30% of the total animal protein intake, with a growing population, increased supplies are required just to maintain this limited contribution to the diet (Republic of Tanzania 2016)
- **LOCAL/REGIONAL TRADE** with regard to trade, Europe which is EAC main trade partner - high-value fish such as Nile Perch Fillets are the main species traded while, what is considered low-value fish such as the Mukene and Dagaa species are traded on the local markets
- **COMPARATIVE ADVANTAGE** EAC holds a comparative advantage on certain species that are in high demand but not commonly found elsewhere. For instance in Lake Victoria (an inland large water body shared by three EAC members), an impressive range of fish species denotes huge potential for trade in the fisheries sector (national and international trade) (SEATINI 2017)

- **POTENTIAL GROWTH OF LOCAL AND INTERNATIONAL MARKET**  
Overall, EAC fisheries have not reached full capacity, there is potential for further development and expansion (as opposed to other regions such of the where lakes and oceans are overfished (Béné et al. 2009).
  - EU, USA and Japan are the three largest import markets for fish and their dependence on developing country imports is expected to increase in future, surging the demand for fish products from Africa including the EAC region (UNCTAD 2017). This is more evident in the EU which is faced with reduced local supply and the need to rebuild depleted fish stocks.
- **GROWING COORDINATION** Membership in regional fisheries management organisations facilitates efforts towards economic sustainability. For instance **Kenya** is a member of Indian Ocean Tuna Commission (IOTC) which promotes cooperation among members in sustainable development of fishery resources in the Indian Ocean. At the local level **Rwanda** organised cooperatives for small-scale fishers already, wherein members help each other with purchase and maintenance of fishing equipment, efforts geared towards improved productivity (Agency for Cooperation and Research in Development 2017).
- **NEW TECHNOLOGIES** New approaches such as aquafarming have reduced pressure on natural fish stocks. For instance in **Uganda**, cage farming aquaculture is on the increase. Farmed fish are increasingly gaining a lucrative market at national and regional level, which allows for an increase in natural stock, hence a potential for sustainable exports to the international markets by allowing for increase in natural fish population in the lakes.

*Challenges: General* => Small-scale fisheries in EAC are faced with both, international competition and the internal problem of declining stocks

- **CLIMATE CHANGE** The consequences of climate change are a threat to Small Scale Fishers in EAC member states, which is already being manifested in form of depleted fish stocks. In Burundi, stakeholders warn that fishing on Lake **Tanganyika** is increasingly affected by climatic changes that have among other reasons, led to reduced fish stocks, and that if nothing is done to react to the indicators of climate change, the socio-economic consequences could result in conflict; this could cause a physical fight over access and sharing of natural resources amongst the beneficiary countries, thereby threatening social stability and security (ADIR 2017).
- **ACCESS BARRIERS TO INTERNATIONAL MARKETS (NON-TARIFF BARRIER)** of particular concern to small-scale fishers and traders in EAC is the question of their capacity to comply with the standards at the global market (ecolabels, quality standards and certification) (Béné et al. 2010, Béné 2003).

Complying with sanitary and phytosanitary standards remains a major challenge to access important markets. Local actors are unable to keep up with the level of investments and technical conditions required to comply (compliance to *Hazard Analysis and Critical Control Points* procedures), reducing further their competitiveness and their chance to integrate in the global market.

- This has been exacerbated by private standards and certification requirements (e.g. eco-labels) which are often unaffordable for small-scale fisheries. Supermarkets want standardized fish which cannot be supplied by Small scale fishers (in addition to capacity to ensure/guarantee a steady supply of fish) (UNCTAD 2017). Upgrading of landing sites, to facilitate value chain integration through building capacity of small scale fishers remains a priority need.
- **OVERUTILIZATION/CAPACITY** Lakes and oceans face the “tragedy of the common good” (UNCTAD 2017, Hardin 1968). Purcell et. Al (2013) show that returns to fishers and sustainability of stocks decline sharply as participation rates in the fishery increases. In the EAC adjacent communities as a result of drought, wars and related political instability, migration to lake regions has increased the numbers of fishing activities there. In addition often foreign fleets enter (illegally) the exclusive economic (maritime) zones of single countries, leading to the depletion of fish stocks (Béné et al. 2010, Mgale/Nikusekela 2017).

In cases where foreign fishing activities are undertaken through bilateral agreements (which charges the foreign fleets), the financial benefits do not trickle down to the small-scale fishermen (Belhabib et al. 2015).

For inland fisheries, the case of unregulated entry into fisheries activities poses a challenge, in **Lake Victoria** e.g., this becomes obvious as anyone can buy a vessel/canoe and start fishing there (Mgale/Nikusekela 2017). **Uganda** is currently facing a decline in exports in terms of value and volumes (plus in Bio Mass of Nile perch propelled by the rising demand (UNCTAD 2017). Processing factories now accept 1kg Nile perch (2kg before). In **Burundi**, the high dependency on fish leads to overexploitation, particularly due to a lack of alternative jobs and education (asks for cattle promotion e.g.) (ADIR 2017). In **Tanzania**, catch per unit effort has fallen (11 tons/vessel down to 6-7 tons/vessel) (Republic of Tanzania 2016).

- **ILLEGAL FISHING** by means of illegal practices (for instance dynamite fishing), as well as IUU (Illegal, Unreported and Unregulated) pose serious threats to fish stocks in lakes and oceans in the EAC, that directly affects small-scale fisheries to economically survive. Illegal fishing, has caused heavy revenue losses in **Kenya** as a result of foregone licensing fees, taxes and other charges (illegal vessels do not pay taxes, usurp incomes and

employment prospects along the value chains. IUU in **Kenya's** Exclusive economic zones is also a threat to food security to the extent that it leads to overexploitation of fishery resources (lack of fish species, promotion of black market for fish => Distortion of prices) from which suffer SSF (CUTS Africa Resource Centre 2017). For the inland unsustainable fishing activities, an illustration is **Tanzania**, where rare and endangered species are harvested by means of unsustainable and illegal methods (Dynamite fishing e.g. in Tanzania).

- **INTERNATIONAL COMPETITION** China, Thailand and Vietnam amongst others nurture high-quality processing facilities and good public and private management practices have helped the countries become some of the leading global exporters, fitting the first world's demands of low labour-cost, value addition, strong quality controls. E.g. Farmed cod from Vietnam has a negative effect on the EU market share of Nile perch exports from **Uganda** (UNCTAD 2017). Ineffective resource management and increasing competition on the global markets from aquaculture products has eroded the profitability of Nile Perch export in **Tanzania** which is now struggling with excess capacity (Republic of Tanzania 2016).
- **LACK OF GOVERNMENTAL/INVESTMENT ATTENTION TO THIS SECTOR** In general, the sector of small-scale fisheries is poorly planned and regulated, inadequately funded and marginalised (often neglected in national economic and fisheries statistics) (Purcell/Pomeroy 2015, Stevens et al. 2014).
- **POLITICAL MARGINALISATION** small scale fishers have limited influence to push for their interests due to their lack of organisation to push for their common interests. Being so many, it is difficult to organise in unions or interest groups (Schuhbauer/Somaila 2016, Bjørndal et al. 2015, cf. Olson, Dilemma of collective action). Often relationship between fishermen and the factories are highly unequal (Béné et al. 2009). Moreover local stakeholders are often underrepresented in the decision making processes (Schuhbauer/Sumaila 2016).
- **LACK OF INFRASTRUCTURE (SUPPLY-SIDE BARRIERS)** most small-scale and artisanal fishers are situated in remote areas, without any access to education, health services and other basic needs required for productivity and economic success. This hampers local, regional and international trade (Béné et al. 2010). For instance in **Uganda**, only 30% of the vessels are motorized which curtails productivity. Moreover, the low standard of technology often takes a heavy toll due to the physical efforts of rowing in all sorts of varying weather patterns (Béné/Friend 2011).

- **POST-HARVEST LOSSES** All Eastern African countries suffer from the lack of requisite storage opportunities and cold chains. Fish is commonly transported in sacks, which cannot keep it fresh. This is why it is estimated that as high as 25% of fish caught and landed never makes it to the mouth of the consumer (<https://www.ictsd.org/bridges-news/bridges-africa/news/the-wto%e2%80%99s-role-in-fisheries-subsidies-and-its-implications-for>). Such high losses are unsustainable.
- **LACK OF PROCESSING FACILITIES/KNOWLEDGE** Fish is a raw product, alert to cobalt, crude oil etc. Fisher cannot process this raw material without expertise, hence no chance to add value to the raw product (Béné et al. 2009). Traditional processing and preservation techniques employed by artisanal fishers in the absence of refrigeration can increase the concentration of harmful chemicals to limits above those specified by international regulations. This has been the experience in **Burundi**, where drying of fish is performed under poor conditions and the dried fish also badly stored hence affecting its marketability.
- **VERTICAL INTEGRATION** In exporting countries, the impositions of higher standards induce an escalating race to upgrade the fish processing facilities, pushing the sector toward more vertical integration and greater capitalization. Today, increasingly, fish processing factories (owned by importing countries or multinationals) operate their own vessels, hire their own crew, control other enterprises relating to fish supply acquisition, transporting fish, product distribution and export marketing. This process excludes small-scale producers (fishers) and fish processors who are already operating on the margin of the export sector (Béné et al. 2009). For instance in **Uganda**, a statistical investigation of the links in the fish supply chain found that the end markets in the Nile perch fish species supply chain capture a major share of the final price (Gordon/Maurice 2012).

### Concerning question 2

**Aforementioned opportunities and challenges have informed the position of EAC in WTO negotiation on fisheries which could be summarised as the following:**

- The need to prohibit the following:
  - ⇒ Subsidies that facilitate overcapacity
  - ⇒ Subsidies that facilitate IUU fishing practices

Disciplines should target primarily industrial fishing on a large scale. Since these are the root cause of overcapacity and IUU fishing

- **FIGHTING IUU VESSELS** technical assistance is required to ensure that IUU'S vessels do not cross into their territories – or similar preventive monitoring to prevent such eventualities. Specifically:
  - ⇒ Ensure that any disciplines agreed do not hinder EAC ability to develop fisheries sector (given that fisheries are undertaken at small-commercial level in their jurisdictions)
  - ⇒ Disciplines should also not hinder EAC's ability to transform the sector by among others improving processing of fish beyond simply freezing to other forms and products that are more lucrative to the export market. Trade preferences (such as EBA) for EAC should be maintained. For such preferences to be optimally utilised, there is need for policy space that enables development of landing, processing and marketing facilities through provision of subsidies.
  - ⇒ Given the small size of EAC fishing fleets, there is need for flexibility to allow for development of their fleets within sustainable levels through subsidies. Simultaneously, harmful subsidies leading to overcapacity are to be eliminated.

Other interests:

- ⇒ Address and regulate distant water fishing nations with large which fish within the exclusive economic zones of EAC amongst other regions. Subsidies (fuel being the most important one) are the root cause of distant water fishing which is why they need to be disciplined. Although some foreign vessels pay access fees, this is not sustainable as fisheries resources are over-exploited.
- ⇒ There is need for building capacity to evaluate whether endangered species are overfished or not, so as to put in place requisite remedies through policy or other means..

It is with regard to the above issues that the EAC support proposals calling for the following measures in WTO fisheries negotiations:

- **SPECIAL AND DIFFERENTIAL TREATMENT FOR LDCs (S&DT)** S&DT for artisanal fisheries is critical for EAC. Any disciplines such as those that have been included by the EU's recent proposal on commercial fishing should take into account the livelihoods of people dependent on fisheries. Disciplines prohibiting subsidies negatively impacting fish stocks that are over fished and those provided to vessels and operators in IUU fishing should apply to **all** members without exception. However any new multilateral disciplines should allow sufficient policy flexibility for African countries to develop their domestic fisheries sector and thereby reap increased benefits from their own abundant resources.
- **TRANSPARENCY AND ENFORCEMENT OF OUTCOMES** With regard to transparency as well as monitoring and evaluation of agreed disciplines, it is suggested that countries owning vessels involved in IUU activities should be obliged to sanction and penalise them and that steps taken in this regard should be regularly reported to WTO, while providing capacity to monitor and

implement obligations for member countries in need, especially in light of advanced technology that enables vessels to fish in their territory without detection or beyond the capacity licensed. Disciplines in this direction should extend to high seas. Members of the WTO should be required to report to the WTO on conformity with any disciplines put in place, although exceptions should be made for the countries not presently in position to comply.

- **GENERAL ATTENTION** should be directed to supporting the legitimate development needs of artisanal fisheries through fair policies. Strengthened disciplines on fisheries subsidies. Prohibition of fisheries subsidies that contribute to overcapacity along with special treatment provisions for developing and LDCs.
- **ENVIRONMENTAL ISSUES** Global trade rules should in general not focus exclusively on rent-maximisation (Béné et al. 2010). Being environmentally more sustainable, the negotiators' and policy makers' attention should shift toward the artisanal fishers (Béné et al. 2009) In general, prohibition of subsidies that encourage any kind of fishing that would jeopardize the environment and sustainability of growth.
- **ELIMINATION OF SUBSIDIES (ADDITIONS)** With regards to a sustainable fisheries, subsidies for small-scale fisheries must be evaluated using three sets of criteria
  - ⇒ their trade distorting effects
  - ⇒ their environmental impacts
  - ⇒ the extent to which they contribute to or impede progress toward human development (Charles 2011).

It is well established that Large-scale fisheries are four times more subsidised than small-scale fisheries (Study of British Columbia University). Small scale fisheries are no doubt directly affected by incentives created by cost-reducing subsidies, particularly those granted to large-scale industrial fishing. Lucrative subsidies have led to overcapacity and overfishing, undermining food security and development prospects regions such as the EAC. The **Tanzanian government** states that barriers, such as feed subsidies and a complex regulatory framework need to be removed as a priority, along with developing a mechanism for financing SME investments in the sector (Republic of Tanzania 2016).

- **AVOID VERTICAL INTEGRATION** It might be helpful to establish a clause, saying that a certain share of the value chain must be controlled by locals. States should give consideration to the vertical integration of local artisanal fisheries (FAO 2014).

- **STANDARDIZE STANDARDS/CURTAIN ESCALATING STANDARDS** The WTO has ongoing efforts to facilitate the standardisation of various national requirements. If standards are nationalized, it is worth for small-scale fishermen to invest in the processing as they can sell to everyone (right now, it is too expensive and too insecure as they do not know whether standards will get tougher) (UNCTAD 2017). WTO could explore modifications to the Agreement on the Application of Sanitary and Phytosanitary Measures and Agreement on Technical Barriers to Trade, keeping developed country governments from adopting standards unsupported by scientific evidence (UNCTAD 2017). If international standards are harmonized and simplified, and national and regional standards are aligned with internationally agreed standards and if LDCs receive robust targeted technical and financial support to build their capabilities to meet the standards, there is considerable scope for many LDCs to become successful fish exporters.
- **COST SHARING FOR TRANSPORT** Lower air freight costs of shipping to the EU could provide a significant boost to the industrial processing sector (due to chronic imbalance (export aircrafts always full, import aircrafts almost empty), this way of exporting is really expensive (UNCTAD 2017).
- **INPUT CONTROLS** Input controls have been neglected (limited-entry rules, seasonal closure and vessel limits). Exploitation not regulated enough by input controls (Dalzell and Adams, 1997, Sadovy 2005). Global rules of trade could establish a clause saying that during different seasons, there is only a certain amount of fish species to be exported/traded. These input controls are to be favoured in relation to a ban, as this disrupts supply chains and infrastructure which has taken years to develop. Overall, control measures should not be biased against artisanal fishers (Bjørndal et al. 2015).