

Oceans Economy, fisheries in SIDS, and objectives of the consultations



Consultation on challenges and opportunities on Oceans Economy, Trade and Sustainable Fisheries for Pacific SIDS

UNCTAD, MSG, PIFA and Vanuatu Department of Fisheries

Port Vila, Vanuatu

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Structure of the presentation

- The year 2015 and the objectives of the consultations
- Oceans Economy as a subset of the Green Economy
- The oceans and fisheries governance challenge and the oceans space approach
- The oceans space and options for economic and trade planning
- Trends in global trade of fish and status of the stocks
- Trends in trade in fish in SIDS



2015 an important year for sustainable fisheries

- Sustainable Development goals to be adopted in Sep. 2015
- First Global Oceans Assessment to be produced Nov. 2015
- 20 years of the UN fish Stocks Agreement
- 20 years of the FAO Code of Conduct on Responsible Fisheries
- UNCTAD Expert Meeting on Trade in Sustainable Fisheries Sep-Oct 2015
- WTO Nairobi Ministerial, Dec. 2015

Objectives of the consultations:

"to identify and discuss key issues of interest on trade and sustainable fisheries for Pacific SIDS with a view to generate more solid positions in upcoming multilateral trade, food security and environmental negotiations.

It also aims to inform discussions in UNCTAD's AHM on Sustainable Fisheries"

Green Economy

Oceans Economy

Several aspects of sustainable development and the green economy in the proposal for SDGs

Proposed SDGs include aspects linked to the oceans economy: **Focus area 14 on conservation and sustainable use of marine resources.**

One that promotes sustainable economic growth

Seeks to promote economic growth under a **sustainable marine ecosystems approach**

Low natural resource intensive

Sustainable access and use of **living and non-living** resources within safe ecological limits

Low carbon

Incorporates low carbon activities but also seeks to address **climate change impacts** (e.g. sea level rise and acidification of seawater (strong adaptation component))

Socially inclusive

Incorporates the maintenance of the **livelihoods** of coastal populations

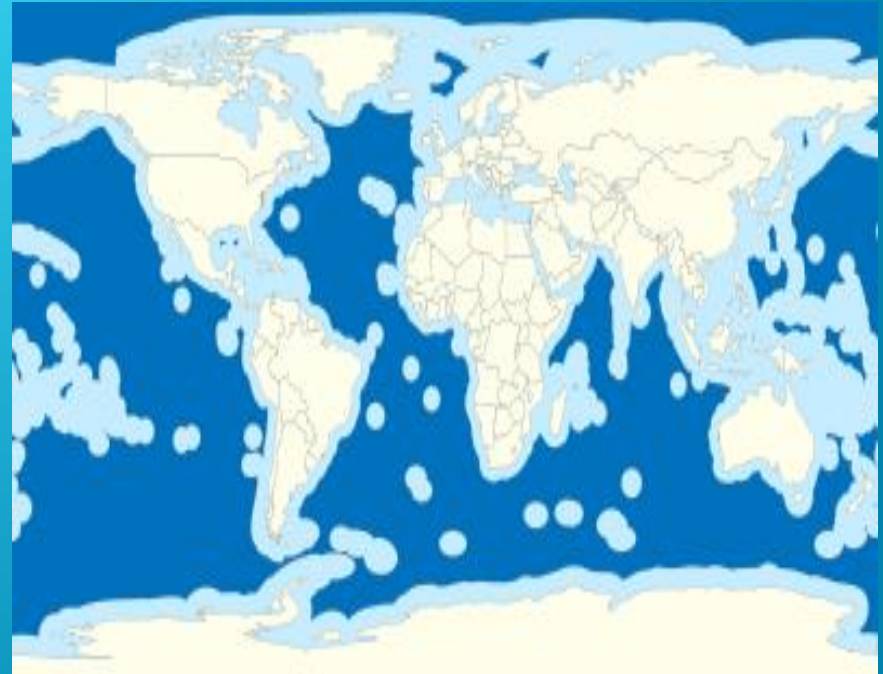
Dual focus of resources: activities within the national jurisdiction and activities that have a cross border effect

Multilayer governance and legal regime
Even if there is jurisdiction in national waters and in EEZs, harmful activities tend to **have stronger cross border effects**

Technology is creating new economic opportunities that were not available until very recently (e.g. offshore wind energy).

The oceans space

- SIDS are sea locked countries that have high levels of economic dependency, a narrow natural resource base, are subject to environmental vulnerability and are remotely located (UNCTAD list contains 29 countries).
- They are not homogenous and have diverse economic structures (some focus on commodities others on services).
- For SIDS, oceans and seas constitute a much larger geographic area than their inland territory, especially when the Economic Exclusive Zones (EEZs) are taken into account.
- For example, Vanuatu has a land space of 12`200 km² and an EEZ of 680`000 km²



Source: Wikipedia commons, under creative commons license.
See http://en.wikipedia.org/wiki/File:International_waters.svg

In the great majority of national economic planning we do not reflect the economic potential of oceans and seas

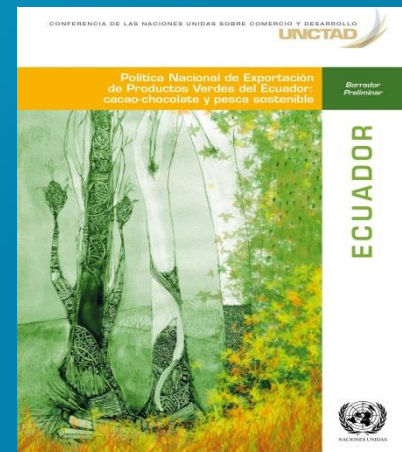
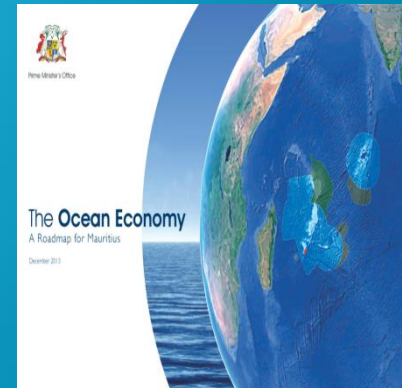
A photograph of ocean waves with white foam, set against a blue background that transitions into a solid blue gradient for the slide content.

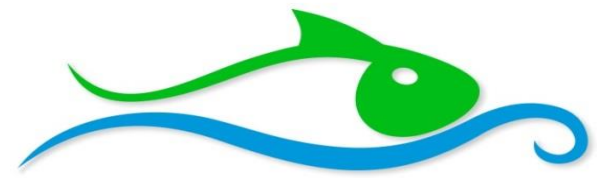
An oceans space approach

- Regional economic groupings to consolidate their oceanic and seas economic space
 - Resources could be pooled under a cross-sectoral or sectoral oceans regulatory and institutional frameworks
 - New forms of cooperation?
- This could be particular relevant when:
 - The EEZs are connected;
 - Capital, common infrastructure and knowledge is needed to ensure sustainable exploitation
 - There is a need to sustainably manage common living and non-living resources (migratory species)
 - Sectoral coordination is needed (there are too many national authorities involved with no capacity to monitor or implement policies))
 - No link exist between authorities managing access to resources and those authorities trading the output

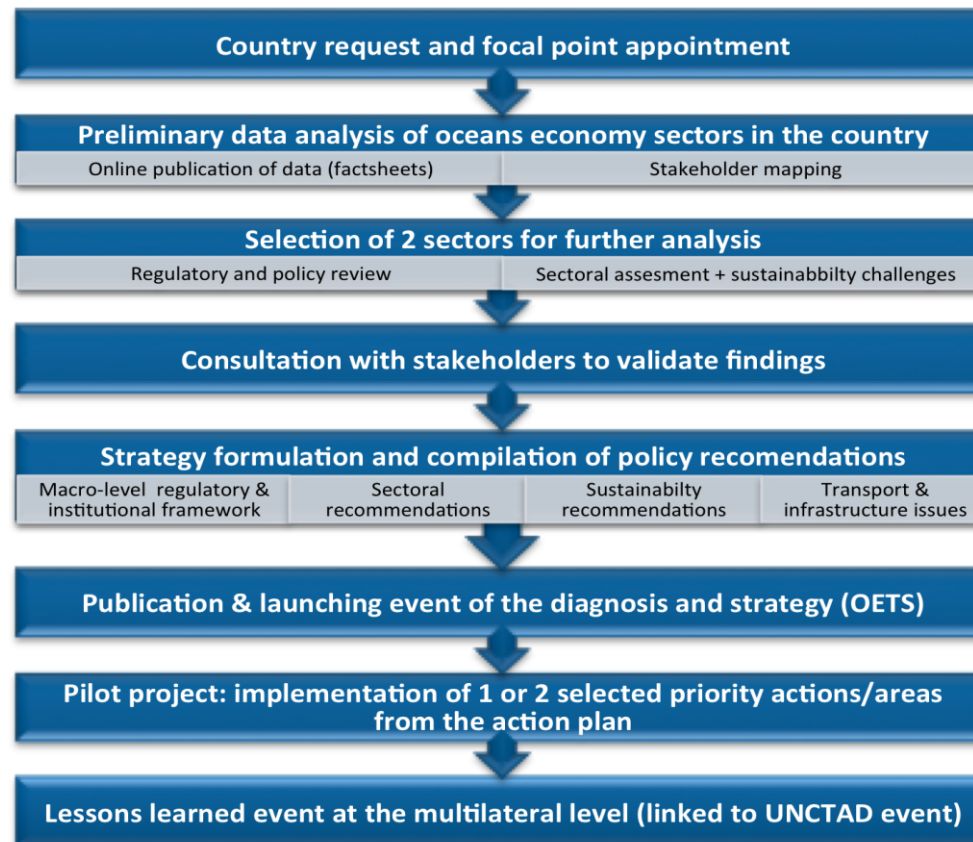
Toward the Oceans Economy

- **The integrated marine policy framework of the Bahamas (2013)** focuses on governance and the legal alignment of more than 36 laws and 34 institutions.
- **Mauritius oceans economy roadmap (2013):** Seeks to use the untapped value locked up in the EEZs by ensuring a sustainable utilisation of marine resources. Sectors include marine tourism, seaports, deep water applications, and seafood-related activities
- **The Eastern Caribbean Regional Oceans Policy (2013)** provides a framework for planning and development of marine activities in a rational and sustainable manner.
- **Ecuador Green Export review (UNCTAD, 2015).** It develops a sustainable fisheries strategy focusing on regulatory review, improving practices and technology, integration of sustainability in the value chain and in addressing market access barriers.

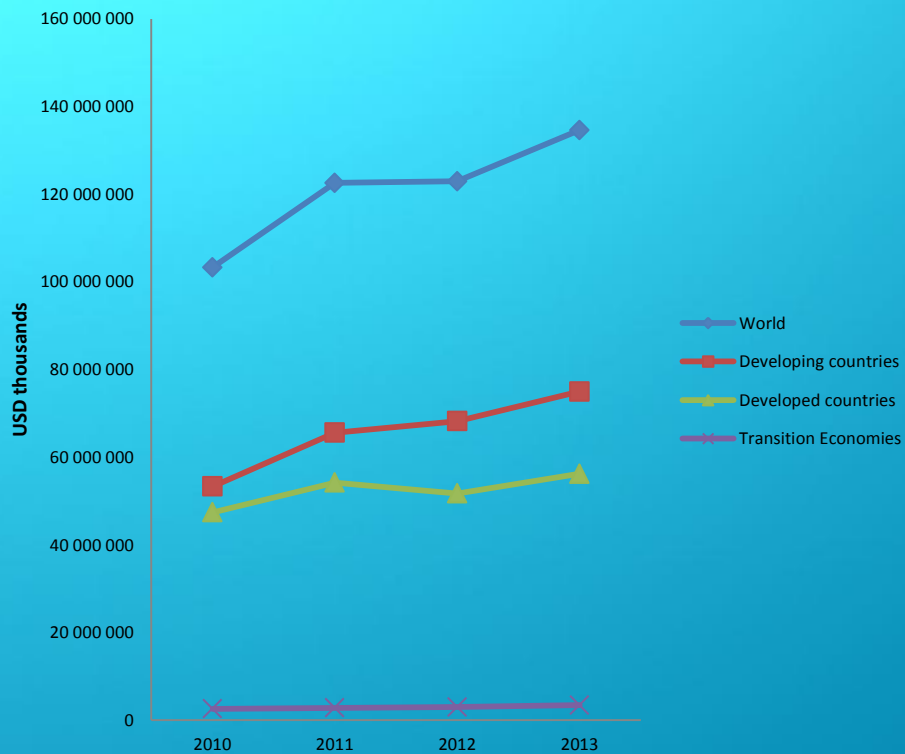




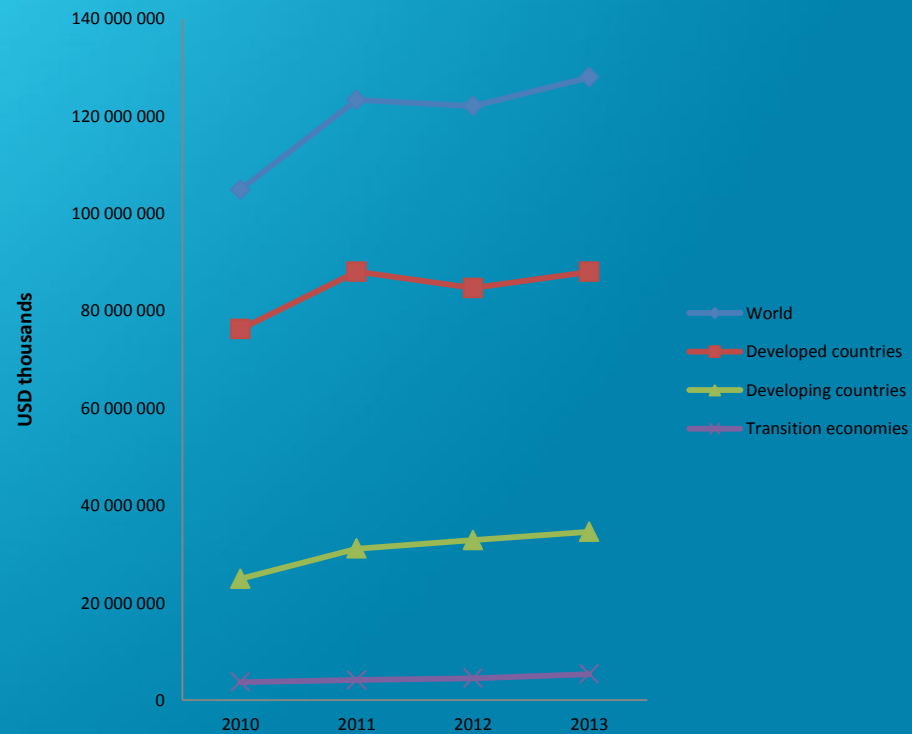
Oceans Economy and Trade Series



Exports of fish, crustaceans, molluscs and preparations thereof (2010-2013)



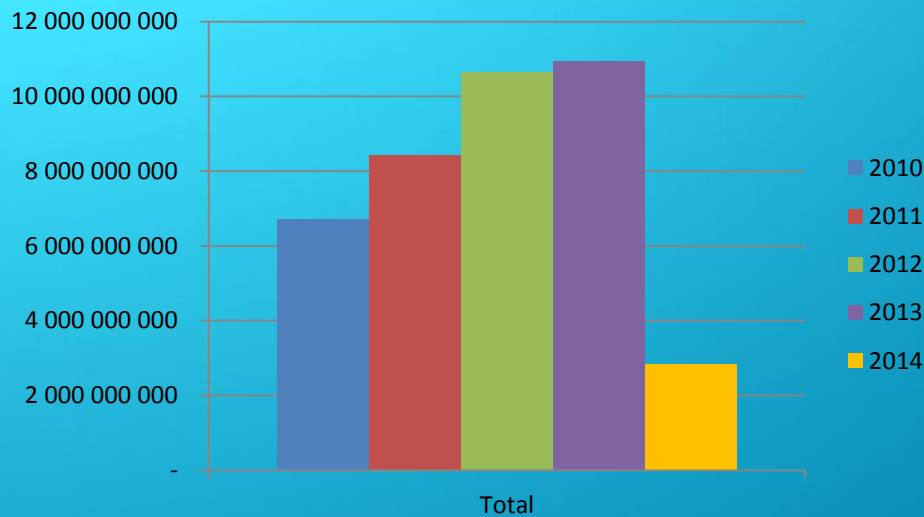
Imports of fish, crustaceans, molluscs and preparations thereof (2010-2013)



Source: UNCTADStats (2015)

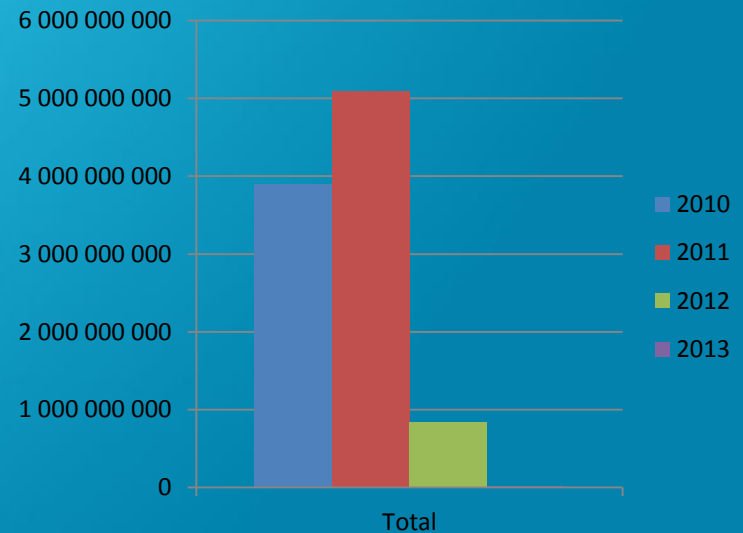
The total exports of Tuna represent about 10% of total fish exports

Global exports of Tuna in USD
(HS codes 030231-39 y 030341-49) (2010-2014)



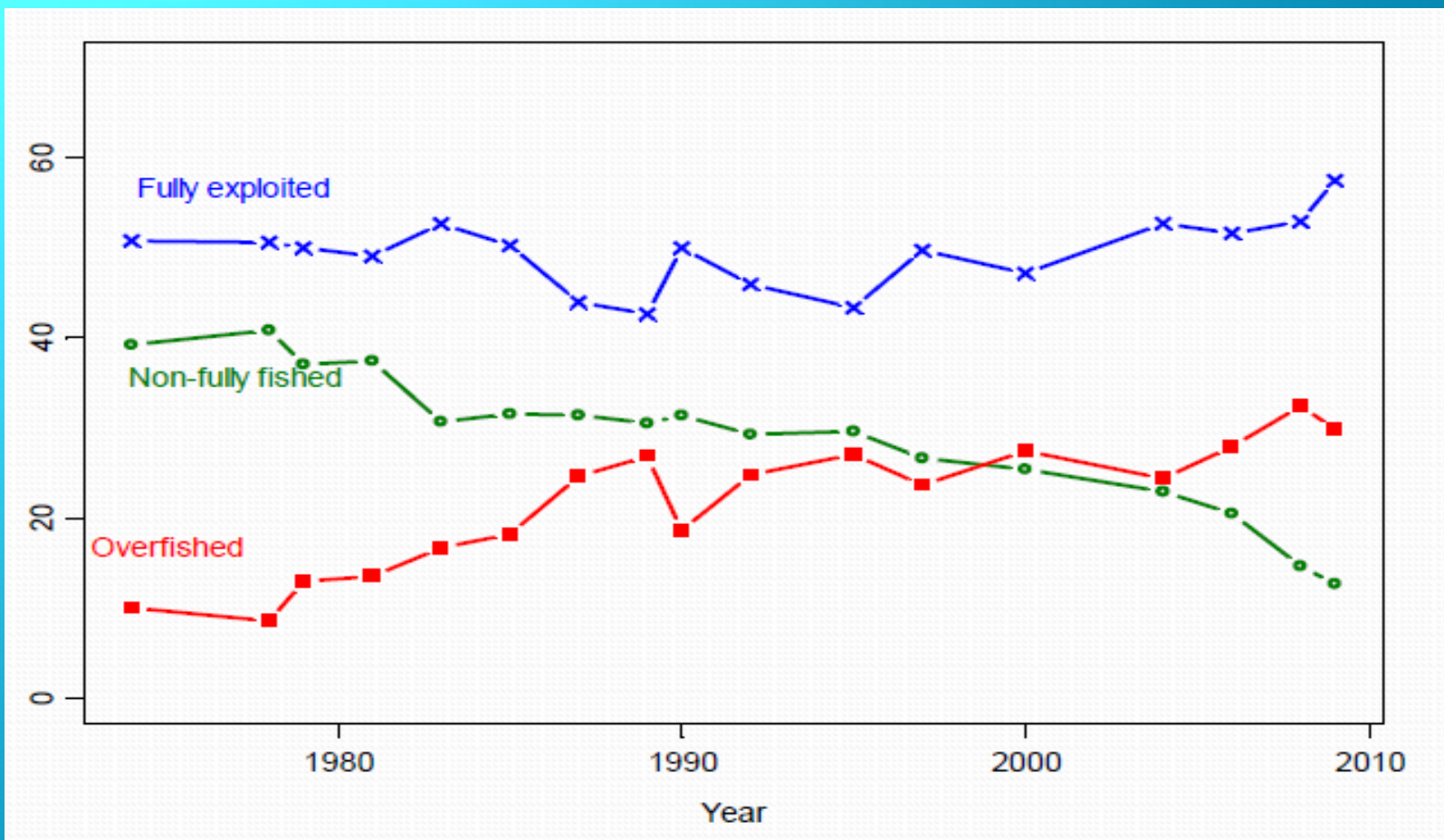
Source: ComTrade 2015

Global exports of Tuna preparations in USD (HS codes 160414) (2010-2013)



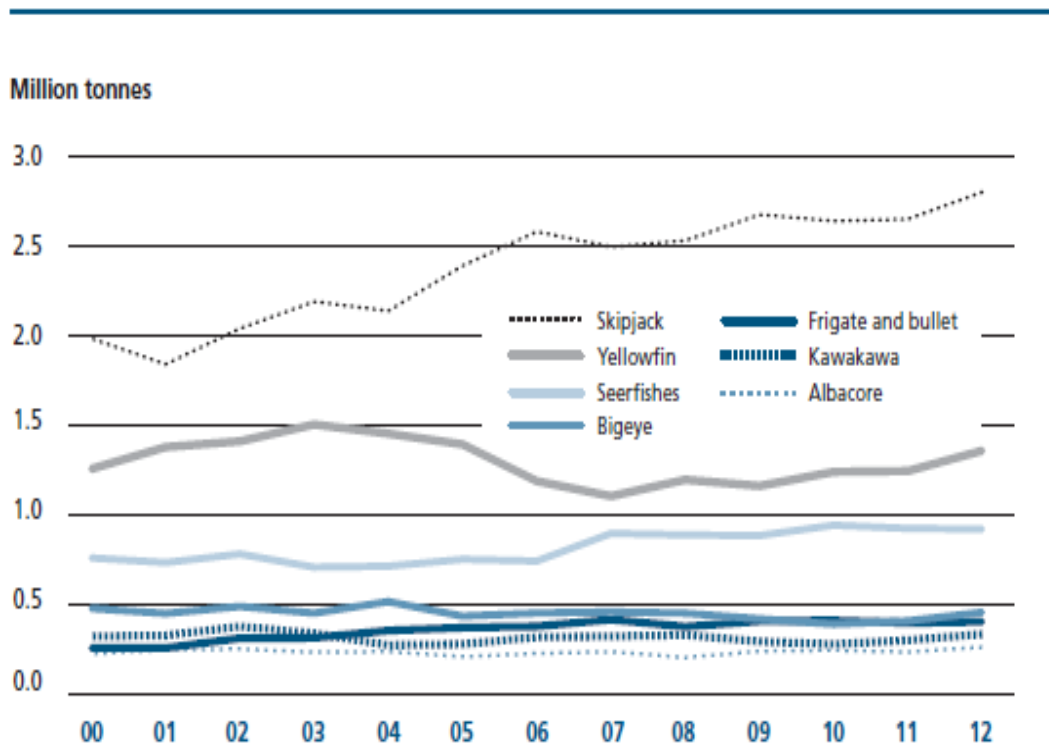
Source: ComTrade 2015

State of Global fish stocks



Source: FAO 2012

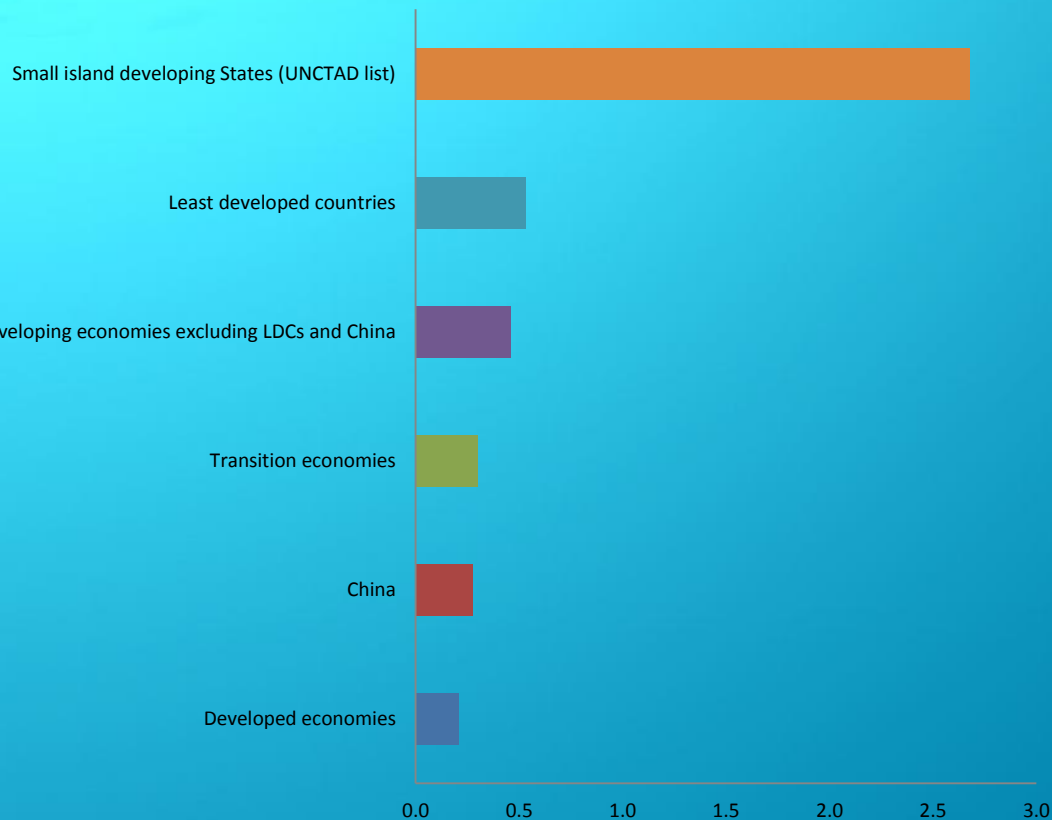
Trends in major tuna species and genera



According to the FAO, of the 7 most commercial tuna species 1/3 of populations are below sustainable levels and 2/3 are within sustainable limits. (FAO, 2014)

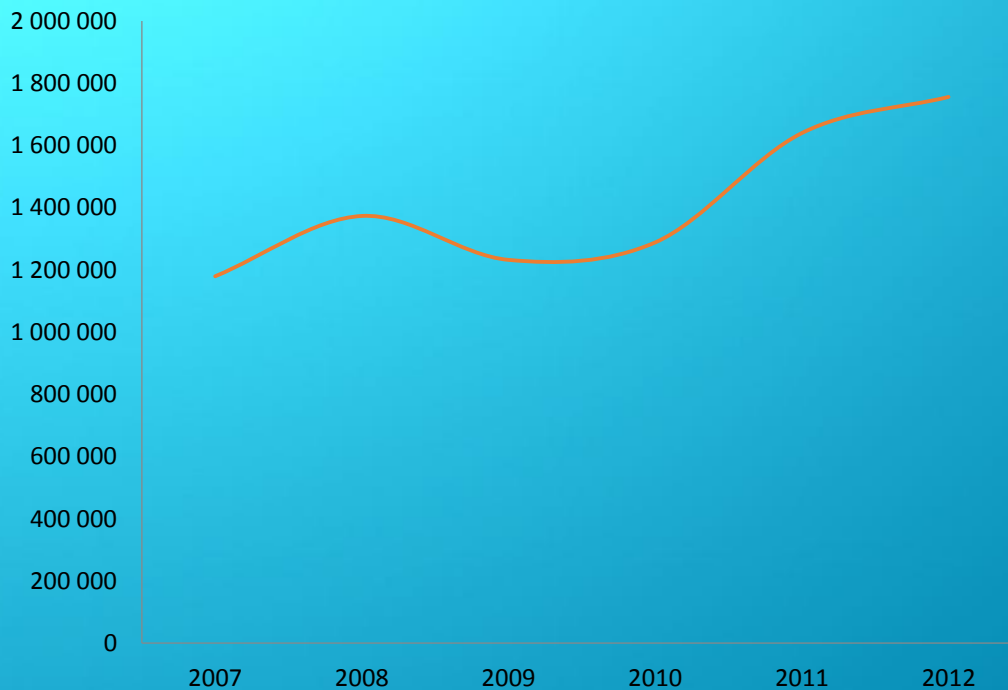
There is little space for expansion of the fishing effort.

Trade in fish as percentage of GDP (2013)



- Fisheries contributes to about 3 % of SIDS countries and in many SIDS is might represent more than 10 % of the GDP, especially in Pacific countries
- There is some space for expansion but some species are already overexploited
- Need to 1) improve fishing practices and management of stocks and, 2) phase out fisheries subsidies
- SIDS represent less than 1% of global aquaculture production but the demand is expected to double by 2030.

SIDS fish and fish products exports
USD thousand (2007-2012)



- SIDS exports of fish products in 2012 reached \$1.75 billion, about 7 % of their total world exports
- The Western and Central Pacific Region had a total tuna catch of 2.1 million tons in 2012, representing about 57 % of total tuna world catch
- Tuna and other oceanic species are the most commercial species (generating 10 times more income than all other species—including pelagic fish, molluscs and crustaceans—combined).
- Subsistence fishing is relatively small accounting for only 2-3 percent of all catch FAO (2005) but generates 97 % of the jobs.

Trade in sustainable fisheries, WTO negotiations and jurisprudence: implications for Pacific SIDS



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- 
- **Non Agricultural Market Access:**
 - Exports in trade in fish and fish products
 - Tariffs negotiations and sectorals
 - Sample of applied and consolidated tariffs
 - **Doha Development Agenda on Rules:**
 - Mandates
 - How big is the problem?
 - Fisheries subsidies negotiations
 - **Number of WTO dispute settlement cases related to fish and fish products**
 - New emerging issues: certification, fish stock conservation, port measures, quotas and unsustainable fishing



Non-Agricultural Market Access and Fish Trade

- Fish and fish products are captured within the HS code as industrial goods
- NAMA negotiating mandate applies to fisheries
- Current formula proposed: Swiss with modulated approaches for SVEs, LDCs and other developing countries
- 14 sectors have been identified for sectoral initiatives including, fish and fish products
- The idea of sectoral is to achieve 0% tariffs (it needs critical mass as tariffs will be applied on MFN basis)

Table 1. Tariff lines covered by the fish and fish products sectoral initiative

HS2002	DESCRIPTION
03	Fish and crustaceans, molluscs and other aquatic invertebrates
0509	Natural sponges of animal origin
0511.91	Animal products, of fish, of crustaceans, molluscs and other aquatic invertebrates and dead animals (chapter 05, unfit for human consumption)
1504.10	Fish-liver oils and their fractions
1504.20	Fats and oils and their fractions, of fish, other than liver oils
1603	Extracts and juices of fish, of crustaceans, molluscs and other aquatic invertebrates
1604	Prepared or preserved fish, caviar and caviar substitutes prepared from fish eggs
1605	Crustaceans, molluscs and other aquatic invertebrates, prepared and preserved
2301.20	Flours, meals and pellets, of fish, of crustaceans, molluscs and other aquatic invertebrates

Source: The oceans economy, UNCTAD (2014)



Non-Agricultural Market Access and Fish Trade

- Average applied tariff for fish products under HS 03 is about 14% (WTO, 2015)
- Tariff escalation on HS 15 and 16 chapters . For example average applied tariff for the EU Market for HS 03 (raw fish and fish fillets) is about 11 % when for 1604 (prepared fish) is 20 %. See next table.
- There is a a proliferation of NTMs.
 - Notified SPS measures on fish and fish products to the WTO amount to about 229 measures by 58 Members (WTO, 2014)
 - Notifications under the TBT amount to 74 measures by 23 Members (WTO, 2014).
- Many developing countries benefit of preferential access for fish and certain fish products under the EBA, AGOA, GSP, GPS+ and under Interim EPAs and PTAs. However they are subject to special rules of origin.

**Simple average
MFN tariffs for fish
and fish products**



Hide legend

Source: WTO, International Trade and Tariff data, 2015

Examples of applied, bound tariffs to fish and fish products in selected countries			
Country	Applied MFN average tariff for fish (HS 03)	Simple Average Bound Tariff for fish (HS 03)	Applied MFN tariff for fish preparations (HS 1604)
Argentina	10.4	33.9	16%
Brazil	10.3%	33.6%	16%
China	10.6%	11%	12%
EU 27	10.8%	10.95%	20.04
Fiji	16.1	40%	32%
Japan	5.7%	4.9%	9.6%
Mauritius	0%	122%	0%
Norway	0%	2.83%	0%
Republic of Korea	16.5%	14.8%	20%
Russian Federation	12.3	7.5%	20%, but not less than 3 euro/Kg
South Africa	6.2%	18.5%	6 Cents/Kg
Thailand	11.4%	11.7%	20% or 65.00 Baht/Kg. whichever is the higher
Turkey	30%	50%	80%
Vanuatu			
United States	0.8%	1%	6%

Source: UNCTAD compilation from date of the WTO Tariff Facility (2015)

Rules Negotiations in the WTO

Doha Mandate:
Clarify and improve
disciplines

Antidumping

Subsidies and
countervailing duties

Fisheries subsidies

Hong Kong Mandate:

Strengthen disciplines on subsidies in the fisheries sector, including through the **prohibition** of certain forms of fisheries subsidies that contribute to **overcapacity and overfishing**.

S&DT for developing countries.

A photograph of ocean waves with white foam, transitioning into a blue gradient background.

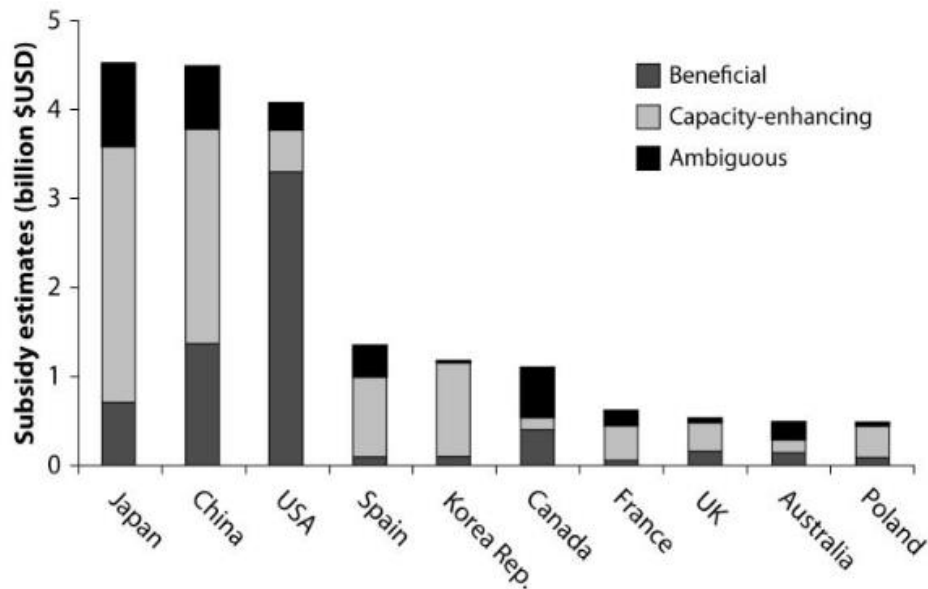
How big is the problem?

- Global fisheries subsidies have been estimated as high as **15 to 35 USD billion** (of these 20 billion would be capacity-enhancing subsidies)
- Fuel subsidies represent the largest part of total Subsidies (**22% of the total**), followed by **subsidies for management (20% of the total)** and **ports and harbours (10% of the total)**
- About **€ 12.9 billion** have been granted by the EU and its Members to the fishing sector between 2000-2012. Only **1%** has been considered beneficial to the environment, (Oceana, 2013)
- It has been estimated that reducing harmful fishery subsidies results in **economic gains of 50 USD billion worldwide** (WB and FAO 2009)

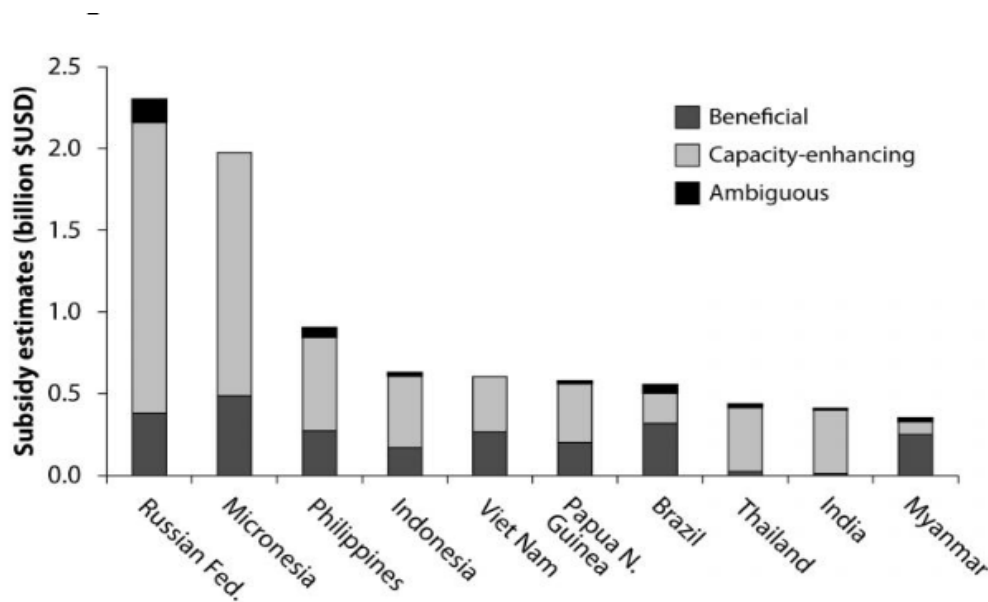


How big is the problem? (2)

- European Maritime and Fisheries Fund (EMFF) has a budget of around **5.7 EUR billion** for the period **2014-2020**.
- **Shift in target:** EMFF funds are mostly dedicated to the adaptation of the EU fleet to available resources, aquaculture development, protection of the aquatic flora, sustainable development of fisheries areas and infrastructure (EU Commission 2014)
- India has recently made a fish subsidies notification to the WTO for about **13 USD million** (2014). Mostly for artisanal fisheries



Source: Adapted from FAO (1992), Milazzo (1998), Sumaila and Pauly (2006), and Sumaila *et al.* (2010).



Source: Adapted from FAO (1992), Milazzo (1998), Sumaila and Pauly (2006), and Sumaila *et al.* (2010).

Source: Global fisheries subsidies, EU Parliament, Directory General for Internal Policies, (2013)



Fisheries subsidies negotiations Draft Chairman text of 2007

General Prohibitions

- Those that benefit: acquisition, construction, repair, renewal of fishing vessels;
- Subsidies that benefit of which are conferred on transfer of fishing or service vessels to third countries;
- Those conferred on operating costs of fishing or service vessels;
- Subsidies for port infrastructure, or other physical port facilities for activities related to marine wild capture fisheries
- Income support for those engaged in marine wild capture fishing;
- Price support for products of marine wild capture fishing;
- Subsidies arising from the further transfer of access rights;
- Subsidies the benefits of which are transferred to illegal, unreported and unregulated fishing - IUU



Fisheries Subsidies Negotiations

Proposed general exceptions

- Subsidies aimed at improving fishing or service vessels
- Subsidies that do not give rise to increase marine capture
- Increased or improved safety standards
- Selectivity gear and techniques;
- Compliance with fish management systems
- Re-education & early retirement
- Vessel decommissioning and capacity reduction
- Carte Blanche exception for LDCs

Developing countries proposed exceptions

- The prohibitions may not apply when applied to subsistence fishing
- Fisheries to be primarily consumed by fish workers and their families;
- There is no major employer – employee relationship
- Fisheries management aimed at preserving sustainability;
- Decked vessels under 10 meters or undecked vessels



Recent developments

- **The road map (2008):** Chairman effort to address most controversial issues and reduce negotiating gaps.
- **Stand still:** Pledge to "refrain from introducing new fishing subsidies that contribute to overfishing/overcapacity and transparency" by more than 14 countries (Geneva Ministerial 2013)
- **TPP fisheries chapter:** The TPP has introduced a comprehensive chapter on fisheries subsidies and IUU. There is big opposition by Japan
- **Post Bali/Nairobi Work Programme:** Fish subsidies could be an area for "urgent action" (2015)
- **US IUU Action plan.** Recommendations by US Presidential Task Force on IUU have placed big emphasis on continuing efforts for fish subsidies reform in the WTO and in the TPP and T-TIP. Target is to phase out fish subsidies by 2020.

The top of the slide features a photograph of ocean waves with white foam, set against a blue background. A white wave-like graphic separates the image from the text below.

Some options forward (1)

- For good or bad subsidies can usually be dealt **at the multilateral level** (e.g. Agricultural subsidies).
- **Mandatory notification** of fish subsidies that contribute to over fishing and over capacity + **all members stand still**
- Recue the "**aquis**" and retake negotiations as a matter of priority in the Nairobi Ministerial (2007 draft text)
- Use the **WTO Agricultural model** (Cap + reduction commitments + a green/bleu box)
- Apply subsidies prohibitions only to **fleets and vessels operating outside the EZZs**



Some options forward (2)

- **Shift from harmful to sustainable subsidies** by redirecting them to set fish stocks conservation and restoration systems, the creation of marine protected areas, and to improve IUU monitoring);
- For developing countries, potential commitments to set fish management systems in fish subsidies negotiations could be linked to the provision of technical cooperation for implementation (Trade Facilitation type of linkage)
- To bring negotiations to the **UNCLOS framework and restart fresh**
- Coherence: Any outcome in **NAMA negotiations should be coupled with disciplines on fisheries subsidies**



WTO cases on fish and fish products

- TBT: 6 cases (tuna, sardines, scallops, shrimps, salmon)
 - Main issues: PPMs, exhaustive natural resource, Art. XX exceptions, regulations vs. certification, product designation, de jure and de facto discrimination, obligation to seek cooperation, etc.)
 - The Tuna II case (including implementation panel): effects of voluntary certification schemes, TBT rules interpretation, less trade restrictive measure, non even handed (different procedures and rules for different geographical areas).
- SPS: 2 cases (salmon)
- Trade remedies:
 - Anti-dumping – 8 (salmon, shrimps)
 - Countervailing duties – 1 (salmon)
 - Safeguards – 2 (salmon)



WTO cases on fish and fish products (2)

- Other cases: 4 (swordfish, herring, seaweed, shrimps)
- Herring and swordfish cases – Port access and other restrictions due to **fish stocks conservation** concerns
 - At issue – *inter alia*, refusal of entry of the catch or products made using the catch, due to concerns over sustainability of the fishing
 - **Swordfish (Chile/EU)** – Chile’s measure aimed at protecting/conserving swordfish from overfishing
 - Linked to an earlier and parallel case before the International Tribunal on the Law of the Sea (ITLoS)
 - **Herring (EU/Faroe Islands)** – EU considers catch limit set by Faroe Islands to be unsustainably high

Many thanks

For more information:

- <http://unctad.org/en/Pages/Home.aspx>
- <http://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=970>

