



Oceans Economy and Trade Strategies (OETS)



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Setting the course

1. OETS project:
 1. Objectives
 2. Approach
 3. Timeline
2. Objectives of workshop
 1. Outline
 2. Tools
3. Applicable Trade Law in fisheries
4. Trends in Oceans Economy and fisheries

1. OETS project: objectives



Objective: support developing countries in realizing economic benefits from promising products and/or services in key ocean economy-based sectors within the UNCLOS framework (links to SDG 14 targets 4, 6, 7, b and c)

Outcomes:

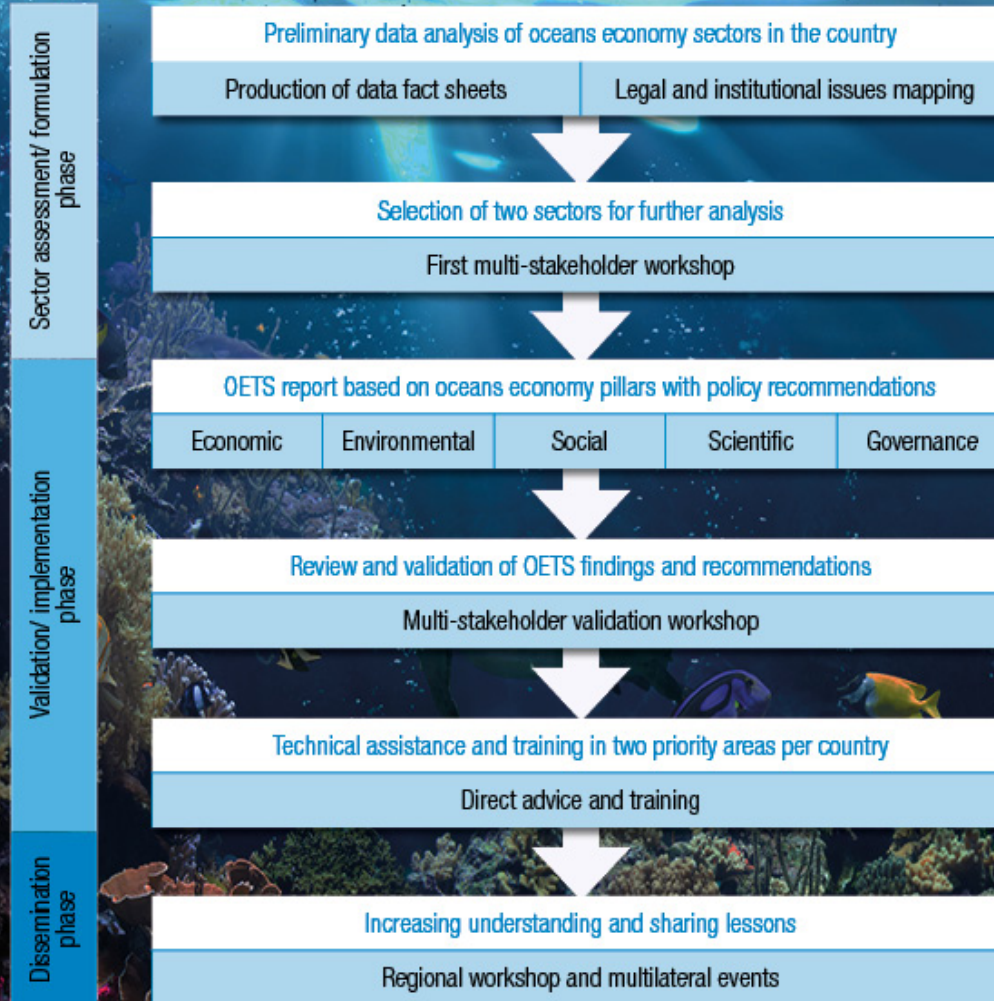
1. Improved national capacity to **evaluate promising products and/or services** in ocean economy-based sectors
2. Improved national capacity to **define policy options and implementing priority actions** to support sustainable trade in products and services in ocean economy-based sectors
3. **Increased understanding** at the regional level on how to design and implement OETS as tool to promote sustainable trade of products and services in ocean economy-based sectors

Beneficiary countries:

- 3 developing countries : Barbados, Belize, Costa Rica



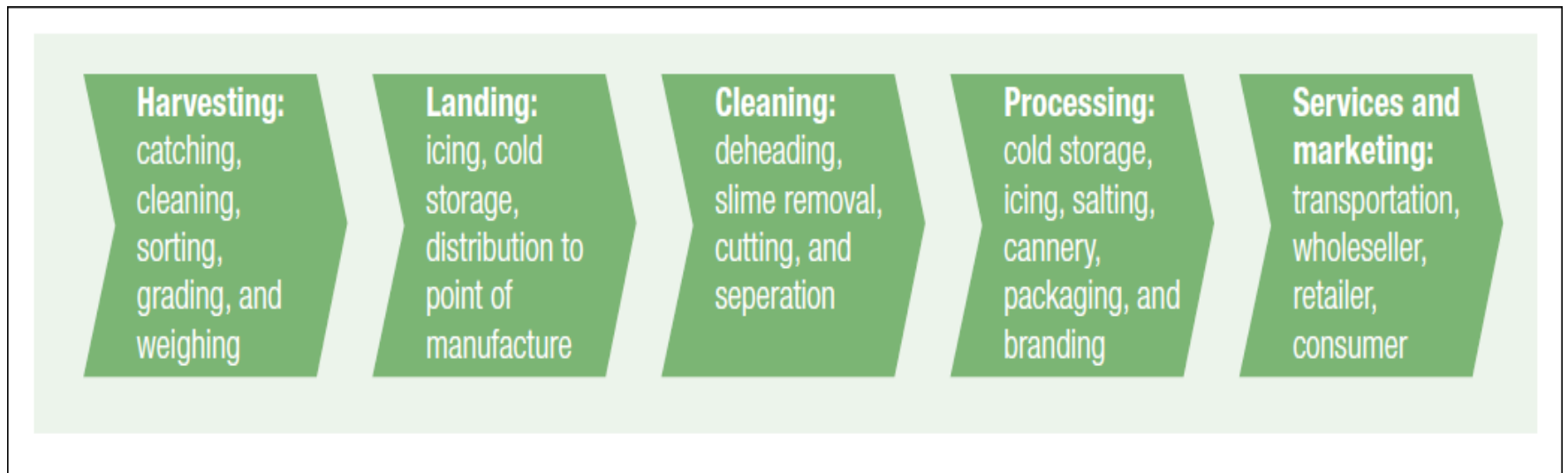
Oceans Economy and Trade Strategies



2. Objectives of workshop

1. To present, review and validate the findings of the four sectoral fact sheet
 1. Marine fisheries (all fish but tuna)
 2. Tuna fisheries
 3. Shrimp aquaculture
 4. Seafood processing
2. To present review and validate the findings of the legal study within the UNCLOS framework in the pre-selected sectors
3. Select 2 from those 4 sectors: these 2 selected sectors will be taken as a priority for the development of the OETS
4. To assess the status and potential of the 2 pre-selected sectors by jointly:
 - Mapping the relevant value chain in each sector
 - Conducting a SWOT analysis in each sector
 - Defining basic strategic activities

A simplified model of the fisheries value chain



Example of a SWOT analysis

How to Conduct a SWOT Analysis for Your Small Business

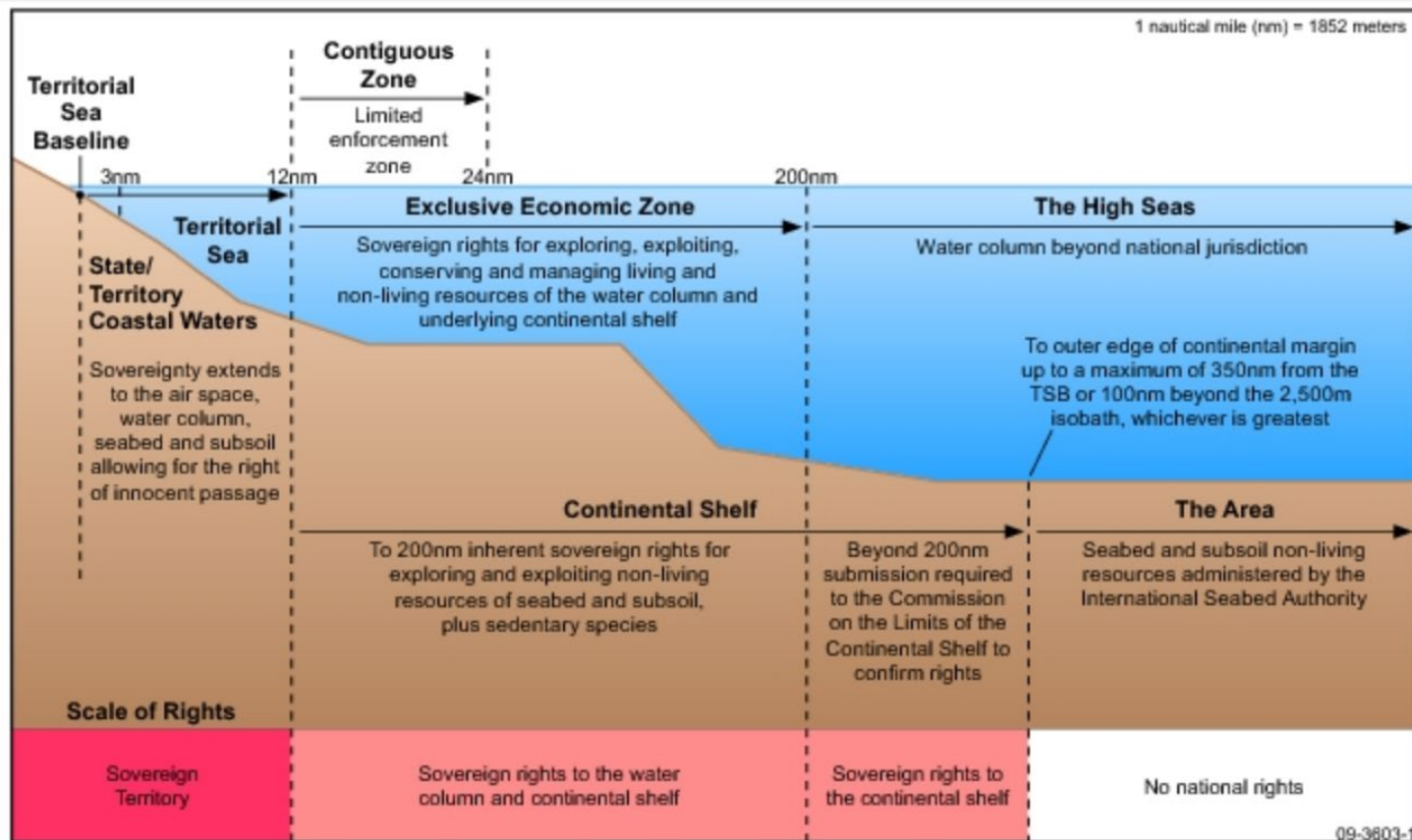


Defining strategic objectives

OBJETIVOS	EJES ESTRATEGICOS	
Creación y fortalecimiento de una base dinámica de productos sostenibles del cacao y la pesca	1. Fortalecimiento del marco normativo e institucional	I N T E R N O
	2. Innovación y productividad	
	3. Asociatividad empresarial y encadenamientos productivos	
	4. Incentivos financieros y no financieros	
Mejoramiento de condiciones de acceso a mercados internacionales	5. Promoción comercial internacional especializada	E X T E R N O
	6. Reducción de barreras comerciales	

- UNCTAD (2014). Ecuador NGER.

3. Applicable trade, fiscal and sanitary laws in maritime zones



National trade, fiscal and sanitary laws

Prevention of infringement of national customs, fiscal or sanitary laws

Sovereign rights over living & non-living natural resources subject to conservation & management obligations

Sovereign rights to the continental shelf

- Freedoms of the high seas (e.g. Fishing, transport) subject to conservation & management obligations
- Flag State responsibilities
- Legal sourcing issues

3. Applicable Trade Law: sources of law

WTO: Uruguay Round Results (1994)

- WTO Agreement (Marrakesh Agreement Establishing the WTO)
- Annex 1A: **Multilateral Agreements on Trade in Goods**
 - **GATT, Agriculture, TBT, SPS, TRIMS**, Commercial defense (Safeguards, **subsidies & dumping**), import licenses, rules of origin, etc.
- Annex 1B: **General Agreement on Trade in Services and Annexes**
- Annex 1C: Agreement on Trade Related Aspects of Intellectual Property Rights
- Annex 2: Understanding on Rules and Procedures Governing the Settlement of Disputes
- Annex 3: Trade Policy Review Mechanism
- Annex 4: Plurilateral Trade Agreements

3. Applicable Trade Law: scope

- WTO law regulates natural resources **only if traded** and not before or during extraction
 - If natural resource is listed in HS classification, it is subject to WTO law
 - **Exception:** If national policy leads to discrimination or unfair competition of natural resource in extraction phase, resource can be subject to WTO law
 - WTO cases: US - Soft lumber IV subsidies case or China export restrictions on rare earths
 - WTO Fish subsidies negotiations based on "stocks conservation" considerations and not only level of "trade distortedness"
- Measures mean any measure by a Member, whether in the form of a law, regulation, rule, procedure, decision, administrative action, or any other form:
 - **Border measures:** e.g. tariffs, quotas
 - **Internal measures:** e.g. VAT, licenses, commercialisation permit
 - **Unfair competition actions:** e.g. dumping, subsidies

3. Applicable Trade Law: principles of non-discrimination

1. Most-Favoured-Nation treatment: Art. I GATT

Members are bound to grant to the products of other Members treatment not less favourable than that accorded to the products of any other country (among foreign suppliers)

- **Exceptions to MFN:**

- **Regional Trade Agreements:** reciprocal among Parties; provide that substantially all trade is liberalized between Parties
- **Preferential agreements:** non-reciprocal with waivers
 - General System of Preferences among developing countries (GSP) and unilateral systems of preferences
 - **Costa Rica has not acceded to or ratified the GSP**

2. National treatment: Art. III GATT

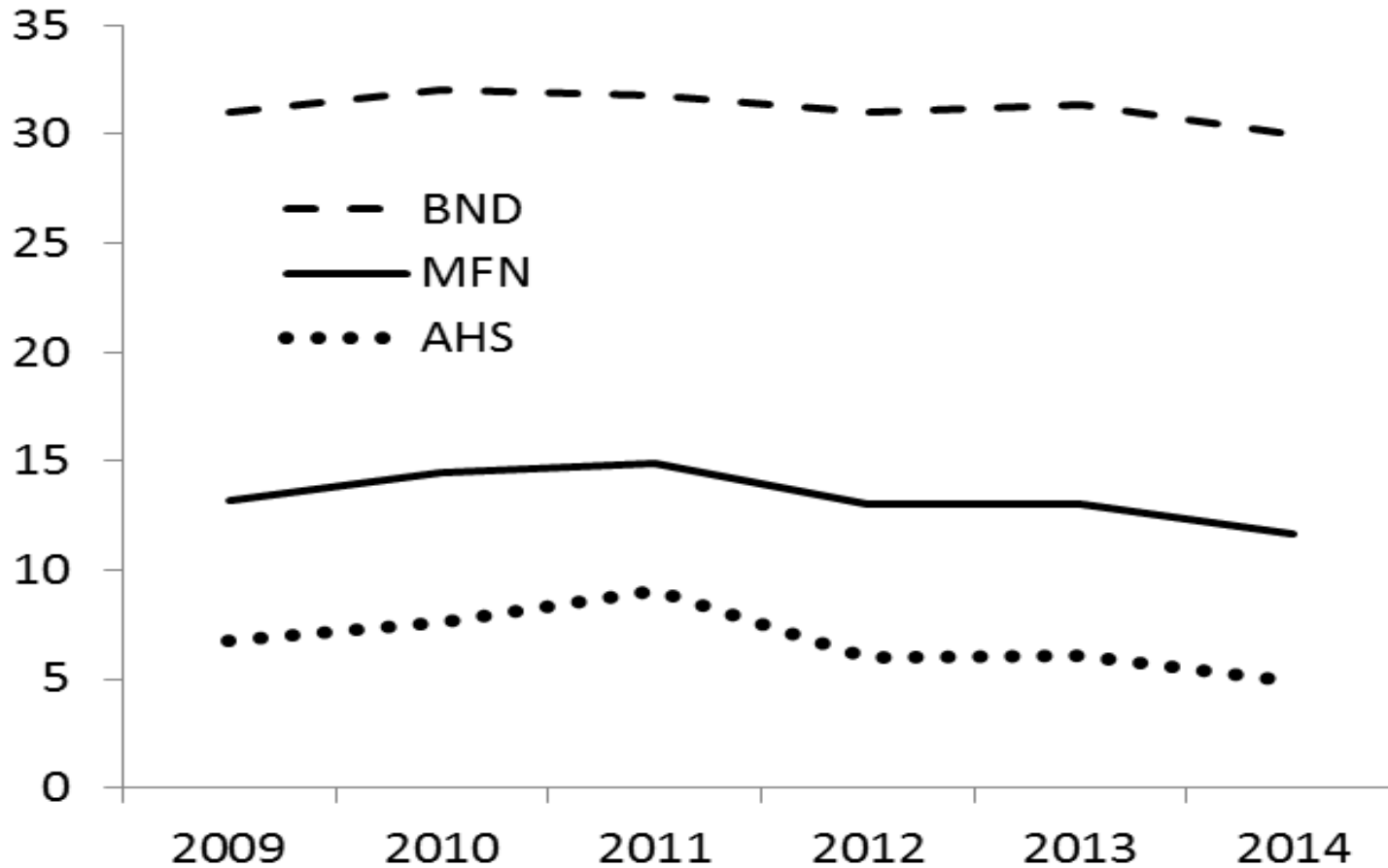
Once goods have cleared customs, imported goods must be treated no less favorably than the equivalent domestically-produced goods (between domestic and foreign suppliers)

3. Applicable Trade Law: market access - tariffs

- **Tariffs = customs duties on merchandise imports**
 - Applicable to goods listed under the Harmonized System (HS)
 - **Fish HS codes are part of manufacture products** and not agricultural ones
- **Trade is regulated under maximum tariff levels, which are referred to as “bound tariffs”**
 - Subject to principles of non-discrimination, with notable exception:
 - Special lower tariffs for developing countries (GSP)
 - Special lower tariffs for partner of free trade agreements (FTA)
 - Thanks to preferential market access, most developing countries have bound the rates somewhat higher than the actual rates (AHS) charged → Bound rates serve as ceilings

3. Applicable Trade Law: market access - tariffs

Average World Tariffs for All Fish Products (2009-2014)
percent Ad-Valorem



Source: UNCTAD (2016)

3. Applicable Trade Law: market access – quantitative restrictions

- Article XI GATT provides for the **general elimination of quantitative restrictions**
 - Quantitative restrictions = quotas, import or export licenses, prohibitions
 - Quantitative restrictions are thus concerned with tradeable goods, not extraction/production licenses
 - Fish harvesting quotas allocation are thus not in principle subject to WTO, but there has been cases where the issue has been raised

3. Applicable Trade Law: exceptions to WTO rules

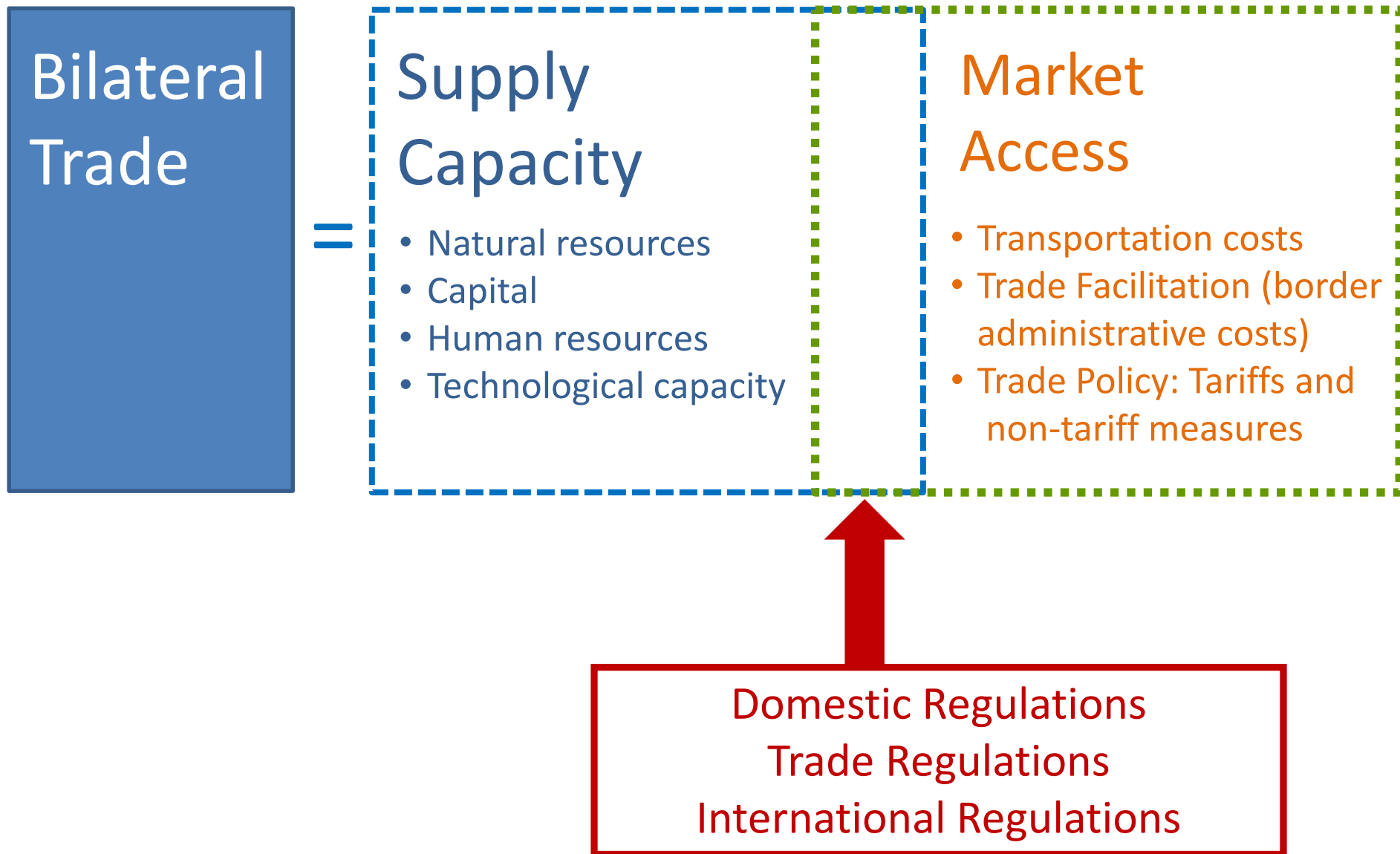
Article XX GATT allows countries to adopt measures:

- (b) **necessary to protect human, animal or plant life or health**
- (g) **relating to the conservation of "exhaustible" natural resources**, provided they are taking in conjunction with measures on domestic production and consumption (e.g. restrictions on trade of hazardous wastes)
- (j) measures that are essential to acquisition or distribution of **products in short supply**

Relevant examples in living marine products:

- **Technical measures** (PPMs, certification, natural resources, denominations, codex Alimentarius): tuna, sardines, scallops, seals, turtles and shrimp (7 cases)
- **Antidumping**: salmon and shrimp (8 cases)
- **Sanitary measures**: Salmon (2 cases)
- **Subsidies**: salmon (2 cases)
- **Safeguards**: salmon (2 cases)

4. Trends in Ocean Economy: analytical framework

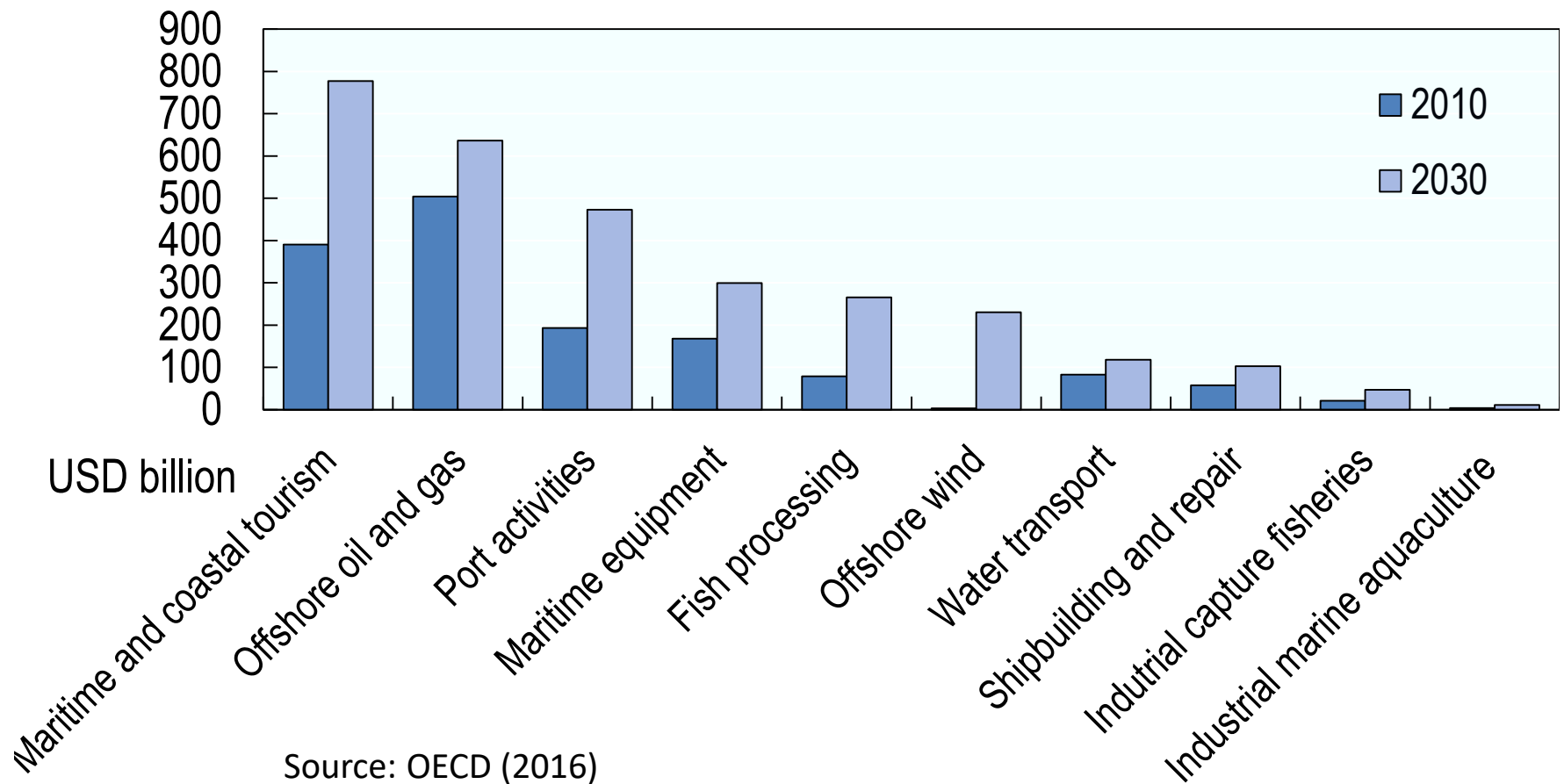


4. Trends in Ocean Economy : Stylized facts

Fact 1: Total value of the Oceans Economy: about 3 trillion

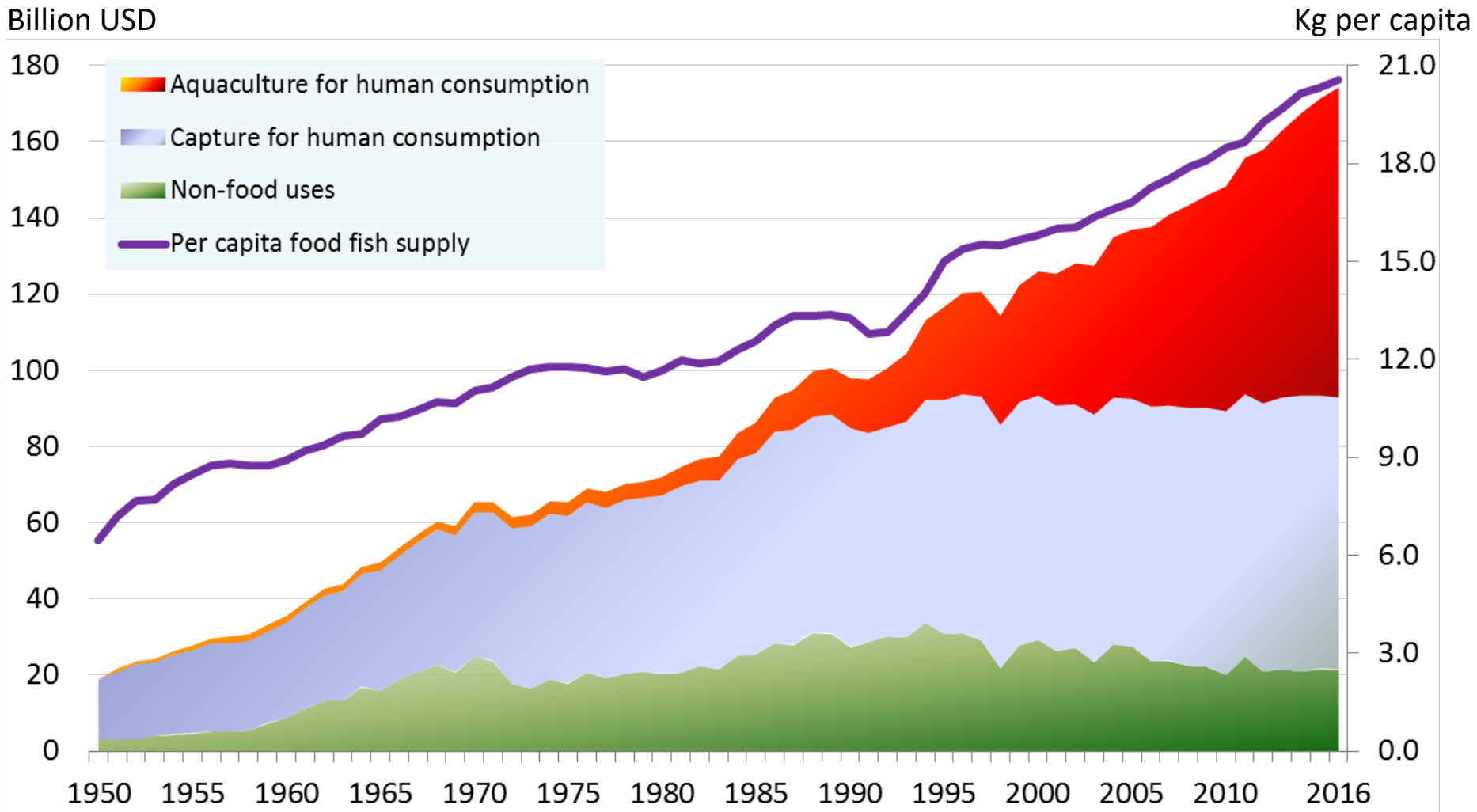
Fact 2: Oceans economy will double in size by 2030

Industry-specific value-added in 2010 and 2030



4. Trends in Ocean Economy : Stylized facts

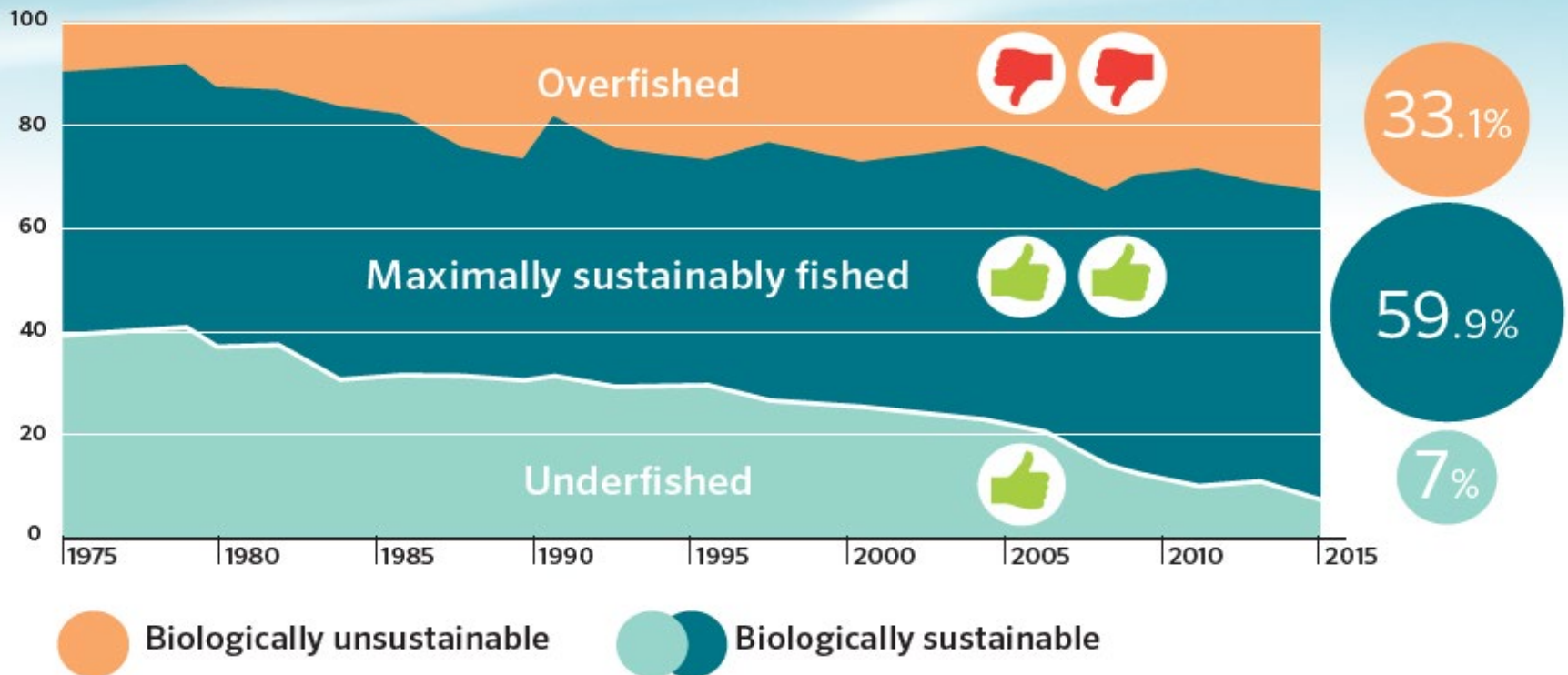
Fact 3: Fish supply grows exponentially, driven by aquaculture



4. Trends in Ocean Economy : Stylized facts

Fact 4: Fish “production” grows exponentially, driven by aquaculture

State of the world's marine fish stocks

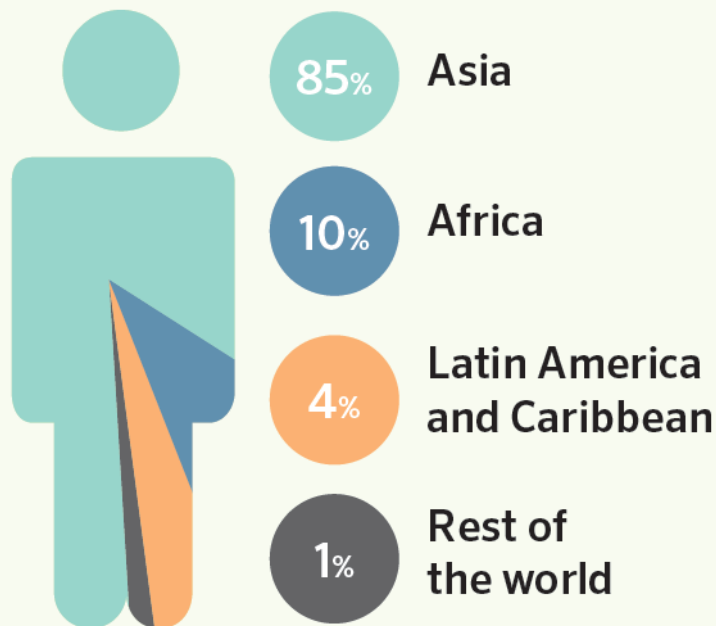


4. Trends in Ocean Economy : Stylized facts

Fact 3: employment

Employment in fisheries and aquaculture

59.6 million people engaged in primary sector of fisheries



19.3
MILLION
in aquaculture

40.3
MILLION
in fisheries

When including the
secondary sector, over

50%
ARE WOMEN

4. Trends in Ocean Economy : Stylized facts

Fact 5: Trade regulations do NOT substitute for tariffs in fish sector

