

**ROOM VIII, Building E**  
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**Oceans economy and trade:**  
Sustainable fisheries, transport and tourism



**The role of fisheries in graduating from LDC status**  
**A focus on the Pacific**

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# Outline

## 1. The battle for the SDGs hinges on the LDCs

- Role of Fisheries sector within LDC graduation ~ focus on the Pacific

## 2. Cost of graduation; potential for trade shifts

- One objective of IPOA to enable half of all LDCs to reach graduation by 2020
- Estimate. hypothetical cost of graduation
  - Country/product combinations

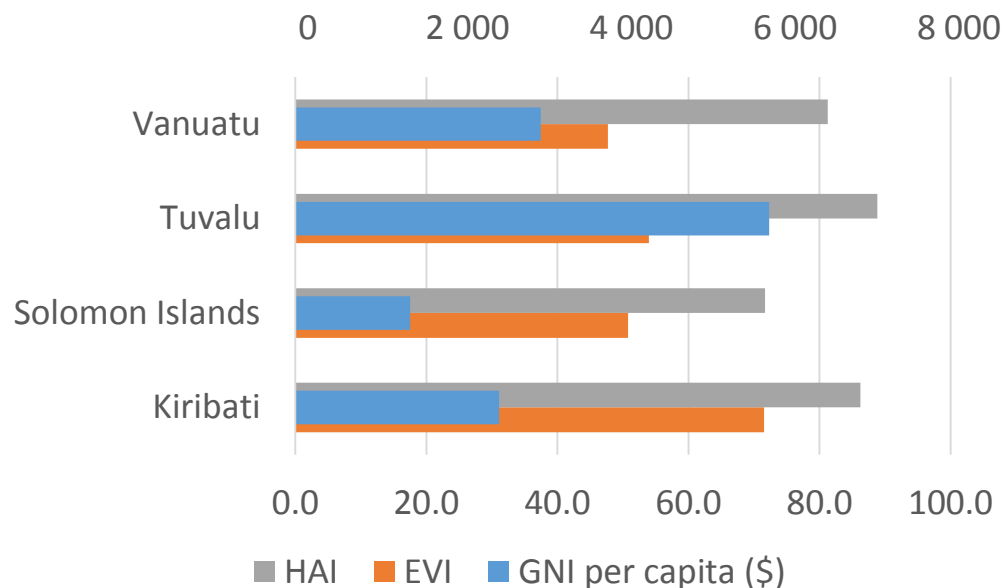
## 3. Adaptation and support mechanisms ~ context of SDG 14

- SDG14: By 2030, increase the economic benefits to Small Island developing States
  - Maximising value added: linkages and spillover effects
- Provide access for small-scale artisanal fishers to marine resources and markets.

# 1. Fisheries Sector in LDC Graduation

- How likely that half of all LDCs will be enabled to reach graduation?
  - 48 c's ~ only 4 graduates since 1971
- Estimated that only 10 LDCs are likely to meet the graduation threshold by 2020, which combines:
  - **Income criterion:** Above \$1,242 (3yr Av. 2011-2013)
  - **Human assets index:** nutrition, health, education, literacy rate
  - **Economic vulnerability index:** population, remoteness, export conc, share of agric, fisheries and forestry, pop in low elevated coastal areas, instability of goods and services, victims, instability of agric prod.
    - All relevant to the fisheries sector
- New graduates likely to include: Tuvalu, Kiribati, Vanuatu and Solomon Islands
  - As of 2016 already delayed for Tuvalu (high vulnerability), Kiribati (most vulnerable country in the world) and Vanuatu
  - Potential new graduate – Solomon Islands

# 1a. LDC Graduation Indicators

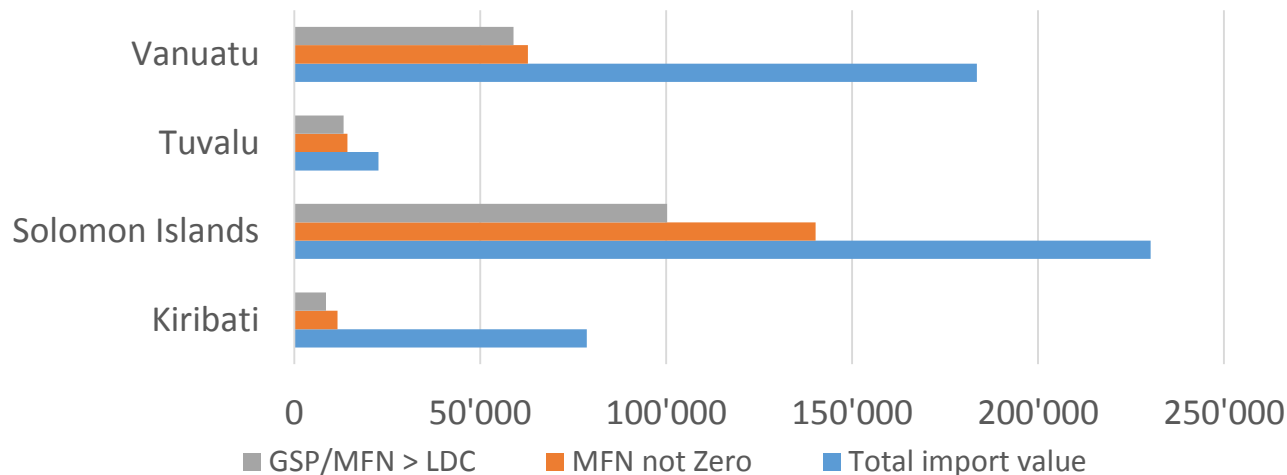


Countries	Income	Economic Vulnerability Index				Human Assets Index	
	GNI per capita (\$)	EVI	Share of population in low elevated coastal zones	Export concentration	Shares of agriculture, forestry and fisheries	HAI	Prevalence of undernourishment in total population (%)
Kiribati	2 489	71.5	95.22	0.83	26.2	86.3	5.0
Solomon Islands	1 402	50.8	12.88	0.58	28.2	71.7	12.5
Tuvalu	5 788	54.0	94.73	0.69	25.5	88.8	10.0
Vanuatu	2 997	47.7	1.18	0.70	25.1	81.3	7.2

## 2. Fisheries Sector in LDC Graduation

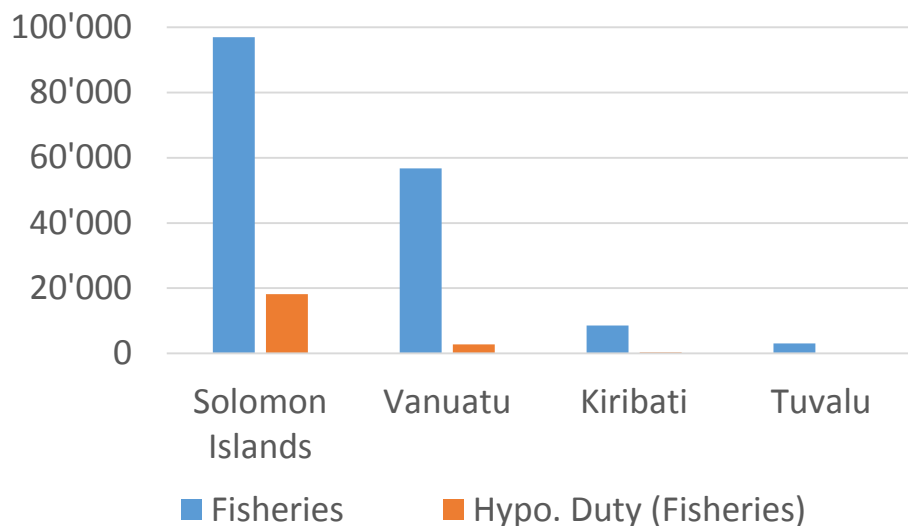
- Focus on major exports within the fisheries sector which may face an increase in tariffs
  - Tax change may imply reduction in imports (increased cost of exports)
  - Margin trimming – no effect on imports (producer bares costs)
  - Other competitiveness effects

**Figure 1: Potential Preference Loss (US\$'000)**



Notes: Based on analysis undertaken by Kennan (2016) forthcoming in Keane and Kennan (2016)

## 2a. Est. Cost of Graduation



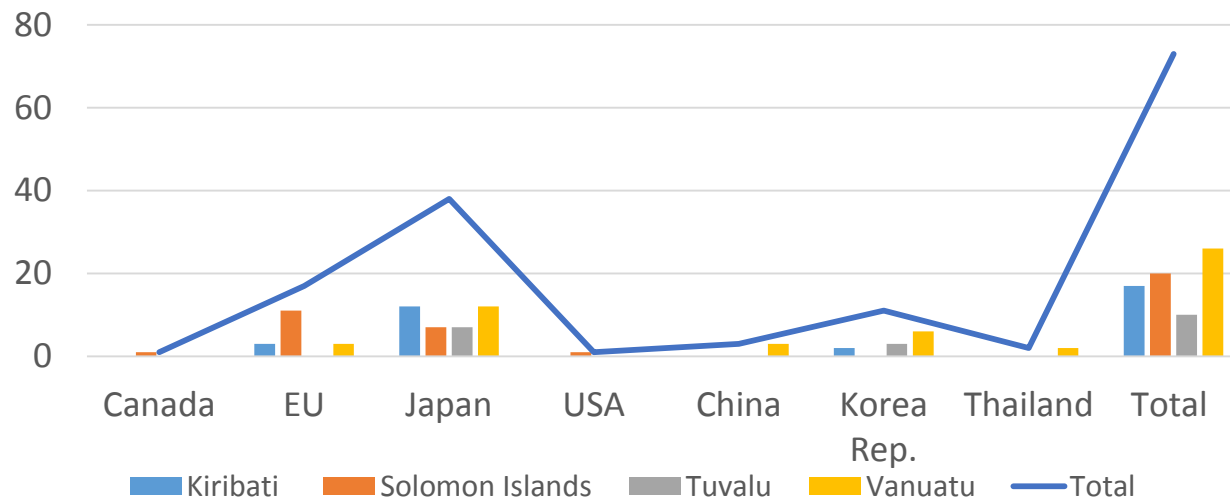
Country	Fisheries (Total M)	Hypo. Duty (Fisheries) (\$'000)
Solomon Islands	96,947	18,198
Vanuatu	56,713	2,722
Kiribati	8,529	305
Tuvalu	3,092	110

**Table 3: Hypothetical Duties on Key Fisheries Products (USD\$'000)**

Country	Kiribati	Solomon Islands	Tuvalu	Vanuatu
Canada	–	0.1	–	–
EU	1.4	18,092	–	1.4
Japan	294.1	105.6	107.2	1,663.50
USA	–	?	–	–
China	n/a	n/a	n/a	704.6
Korea Rep.	9.3	–	2.8	352.4
Thailand	–	–	–	0.3

## 2b. Est. Cost of Graduation

### Total Number of Key Fisheries Products Affected



(a) 'Key' products are those on which there would be a loss of preference if LDC status ceased. Fisheries products are those falling within Harmonised System Chapter 03 and sub-heads 1604 and 1605.

Country	Kiribati	Solomon Islands	Tuvalu	Vanuatu	Total
Canada	0	1		0	1
EU	3	11	0	3	17
Japan	12	7	7	12	38
USA		1		0	1
China				3	3
Korea Rep.	2	0	3	6	11
Thailand	0	0	0	2	2
<b>Total</b>	<b>17</b>	<b>20</b>	<b>10</b>	<b>26</b>	<b>73</b>

## 2c. Potential for Trade Shifts

Country	Market	HS Code	Product	Pref Loss % point)	Hypo Duty (US\$000)	Imports (av. 2013-2015 US\$'000)	Competitors	Av. 2013-2015 (US\$000)	Tariff
Kiribati	Japan	30342000	tunas, yellowfin, frozen excluding heading no 03.04, livers and roes	3.5	155.9	4,454	Taiwan	69,350	3.5
							China	21,635	3.5
							Korea Rep.	17,935	3.5
Solomon Islands	EU	16041436	fillets known as 'loins' of yellowfin tuna 'thunnus albacares', prepared or preserved	20.5	6862	33473	Ecuador	63,327	0
							Mauritius	32,653	0
							Philippines	29,805	0
Tuvalu	Japan	30344000	Frozen bigeye tunas "Thunnus obesus"	3.5	44.68	1,277	Taiwan	234,097	3.5
							China	95,261	3.5
							Korea Rep.	36,312	3.5
Vanuatu	Japan	30344000	Frozen bigeye tunas 'Thunnus obesus'	3.5	767.63	21,932	Taiwan	234,097	3.5
							China	95,261	3.5
							Korea Rep.	36,312	3.5



## 2d. Potential for Trade Shifts

- Influence on lead firm and buyers decisions;
  - Buyers trading within oligopolistic market structure;
    - How do firms set their prices within a given market
  - Redistribution of rents within supply chain: key ~ how?
    - Who bears increased costs
- Adaptation and Mitigation
  - FTA negotiations - Economic Partnership Agreement: Solomon Islands
    - Other investment incentives
    - LDCs RoO ~ global sourcing
  - No FTA yet between Japan, Korea and China, but planned (RCEP)
- Avoid “race to the bottom” ~ context of SDGs
  - Need for additional indicators related to the achievement of structural economic transformation within LDC graduation framework
  - Consideration of graduation framework within evolving int support architecture

## 3. Concluding Remarks

- **Interaction of SDG14 with respect to the other LDC trade-related targets**
  - Double share of LDC world exports;
  - Increase AfT resources
  - Interaction between SDGs and the LDC-driven IPOA
- **Loss of old certainties necessitates a focus on value added**
  - Linkages and spillover effects
    - Cost increases, competitiveness challenges, offset by other efficiencies
    - Pacific LDCs: Trade costs ~ different order of magnitude
  - Fisheries – Transportation – Tourism: linkages often underexploited
    - Aid for Trade must be addition to ODA and better targeted: ~ effects on productive capacity so far underwhelming
- **SDG14**
  - SDG14: By 2030, increase the economic benefits to Small Island developing States and least developed countries from the sustainable use of marine resources, including through sustainable management of fisheries, aquaculture and tourism.
  - Provide access for small-scale artisanal fishers to marine resources and markets.

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