



Division for Africa, Least Developed Countries and
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Challenges, opportunities and prospects for LDCs to tap the development potential of the fisheries sector

- I. Some statistics and facts: Fisheries in LDCs
- II. Challenges and opportunities
- III. Evidence from selected LDC: Impact of standards
- IV. How did some LDCs respond to the challenges posed by standards?
- V. Conclusions and Recommendations

I. Some facts and figures: Fisheries in LDCs

Fishery sector holds potential for many LDCs:

- **Production:** 6 LDCs were in the top 16 producers in 2014;
2 LDCs are in the top 25 producers of farmed fish (**aquaculture**)
- **Trade:** In 14/48 LDCs, fish is in the top 5 merchandise exports (for Uganda the sector is the second largest export earner after Coffee);
- **Food security:** Fish provides 50 % of animal protein in most LDCs;
- **GDP Contribution:** 15% (Comoros), 10% (Cambodia), 7.4% (Mozambique) and 4% (Bangladesh);
- **Employment contribution:** Bangladesh (15 million); Cambodia (6 million or 40%); Comoros (10%). For Myanmar agriculture and fishing employ around 70% of the labor force.

....Some stylized facts...

The fishery sector in LDCs:

- ❖ is predominantly traditional or artisanal;
- ❖ It remains largely informal with limited access industrial food processing;
- ❖ Industrial fishing accounts for $\leq 10\%$ on average;
- ❖ EU is the largest market for LDCs' fishery exports.
- ❖ China's share is fast increasing (e.g. by 66% in the case of Mozambique);
- ❖ LDC fish exports are destined to wholesale (not supermarket chains);
- ❖ Bangladesh is the only LDC permitted to export aquaculture to EU and other major markets

II. Challenges and opportunities

Supply side challenges

- The sector remains underdeveloped and unexploited, characterized by
 - deficient transportation and storage facilities;
 - poor energy infrastructure and high electricity cost;
 - lack of investment, finance or credit to small operators;
 - overfishing and depletion of fish resources;
 - water pollution; and
 - a lack of common fishery policies among countries that share water resources.

II. Challenges.. (Continued)

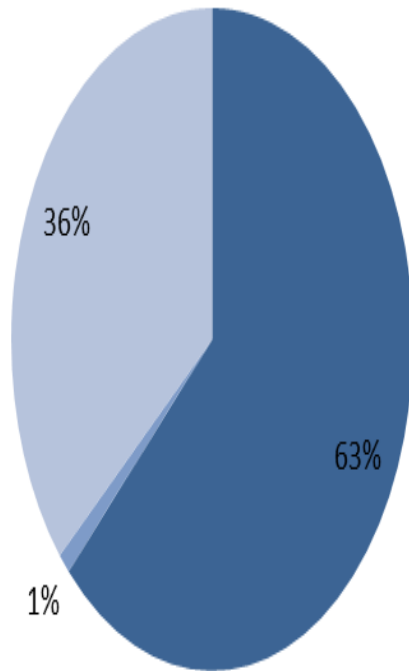
Demand side challenges

- For LDCs, the most pervasive challenge is inability to comply with food quality and safety standards imposed by importing countries;
 - Stringent safety and quality norms—public or private—block market entry
 - This challenge is reinforced by supply side problems;
 - Undermined market access opportunities granted to LDCs; and
- **The share of LDCs in world fish exports remains negligible**

....Share of fish by income group exports in value (1983 & 2013)

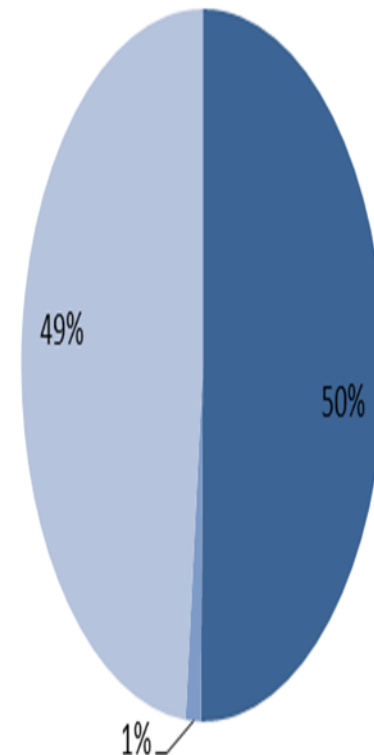
Share of Exports (Value) by Income Group (%)
1983

■ Developed Countries ■ LDCs ■ Other Developing Countries



Share of Exports (Value) by Income Group (%)
2013

■ Developed Countries ■ LDCs ■ Other Developing Countries



III. Evidence from selected LDC: Impact of standards on fishery exports



a) Bangladesh

- *1997 EU bans on shrimp imports;*
- *Affected shrimp exports, accounting for **25 per cent of exports of RMG** and **70 % exports of primary product from Bangladesh;***
- *Estimated financial losses for Bangladesh during the **4 months of the ban** range between **65 and 70 million US\$.***

b) Comoros

- Comoros is not in the EU list of fish exporting countries;
- Weak capacities to meet international standards;
- Comoros has a long standing fish licensing agreement with the EU

Evidence: The United Republic of Tanzania & Benin

Tanzania

- Suffered from series of bans in the late 1990s;
- The ban affected Nile Perch, which accounts about 80 % of fish from Lake Victoria; offering jobs for about 28,000 people;
- The ban affected fish exports, which accounted for 16 % of total non-traditional export of the country;

4) Benin

- The EU ban of shrimp import from Benin during 2003- 2005,
- Benin exports 90% of its shrimps to EU and this makes the consequence heavy for the country;
- The ban was due to the presence of high proportion of bacteria in a frozen shrimps imported from Benin;
- Even after the Ban was lifted, it took longer time for the export to revive.

Evidence: Uganda

Uganda

- Uganda faced three successive bans from EU in 1997-2000
- The ban affected **90%** of fish destined to the EU market;
- Trade loss was significant as fish is the **2nd largest** export earner for Uganda;
- Most of fish **processing plants** were closed
- The livelihood of about **700,000** people directly employed in the sector was threatened; and
- Uganda was **subjected to regular and intrusive inspections**

IV. How did LDCs respond to export bans?

- Available evidence indicates that different countries responded to the challenges differently;
- **For Bangladesh** the immediate action includes efforts to minimize loss of export markets and earnings
- The country **shifted its shrimp exports** towards the US and Japan- the two major markets that have different compliance requirements,
- The shift helped to **minimize** the financial loss but could not compensate fully due to the small share of exports to the two markets
- The GoB and shrimps entrepreneurs made substantial investments to ensure HACCP
- Also the support of international community was sought and special credit programmes were designed. **The annual cost of meeting HACCP was estimated at about US\$2.5 million;**
- With improved compliance the ban was gradually lifted and by 2001 exports to have resumed since then.

....Responses of LDCs to the bans

Tanzania

- Respond by **reforming and revamping** outdated and in effective national food safety and health regulations;
- Revamped regulations require licensing of fishing activities, reporting and documenting poor qualities and other safety violations;
- Put in place and implemented new fisheries acts with strict observance of sanitary and clean conditions by all fish processing and packaging firms (plants);
- Provided **training and awareness-creating** workshops for those involved in fisheries activities;
- Substantially **upgraded its infrastructure** such as testing centers, laboratories and other facilities such as cold storage, communications and transportation;
- Enhanced **institutional capacities** such as fisheries department at the estimated cost of about **US\$9 million**.

Responses... (Continued)

Benin:

- Benin updated the legal codes, enhanced the capacity of Competent Authority and upgraded three laboratories;
- Credits and soft loans were granted to fishery firms and consequently,
- Exporting firms and enterprises improved compliance and adopted HACCP system;
- The cost of HACCP compliance was estimated at about £1 million per year;
- The ban stayed longer for Benin as compared to other countries;
- Although it was lifted in February 2005, Benin joined EU list of countries permitted to export fish to the market only in 2009;

Response...

Uganda:

- Reformed regulations and strengthened institutions
- HACCP implementation and compliance were areas of interventions by Uganda;
- Several sites were upgraded to handle fish landing and internationally accredited laboratory was established;
- **The initial cost for Uganda was in the range of US\$200,000 and US\$ 1.9 million per plant.**
- Recurrent costs such as , quality management, employees training and management cost range between **US\$40,000 to US\$ 80,000 per firm**

V. Conclusions and recommendations

In the countries analyzed, the ban by EU resulted in several benefits such as:

- ❖ Streamlining regulations and strengthened institutional capacities;
- ❖ Putting in place new codes, regulations, monitoring systems and institutions;
- ❖ Improved compliance to international food safety and health norms such as HACCP;
- ❖ Enhanced investment in facilities such as cold storage, transportation, fish handling sites and laboratories;
- ❖ Better trading opportunities and increased exports;
- ❖ In most cases partnership between governments, the industry (private sector) and donor countries played crucial role in helping countries to improve standards, meet the demands of importing countries and to maximize their trading opportunities

Conclusions....

- The impact of international standards on trading opportunities of LDCs is significant;
- Meeting standards is key to access important markets, enhance competitiveness but it is costly and cumbersome for LDCs;
- Lack of harmonization of standards and regulations is posing enormous challenges for LDCs;
- Many LDCs are still unable to export fish to major markets;
- Support of donors and trading partners is critical for LDCs to address supply and demand-side challenges

Recommendations: Development and trading partners

Partners are encouraged to provide targeted financial and technical assistance to LDCs to:

- modernize infrastructure, including storage facilities and energy infrastructure;
- build regulatory and institutional capacities as well as capacities to monitor and regulate fishing;
- Improve technical, institutional and regulatory capacities to meet international food standards;
- Simplify and harmonize food standards, and realign these with internationally agreed ones;
- Assist LDCs in tapping development potential of their fishery sector.

Recommendations: LDCs

- Redouble efforts to develop their fishery sector;
- Put in place integrated domestic policies- economic, social, environmental pillars;
- Diversify fisheries particularly into aquaculture by enhancing investment (public and private) and mobilizing support from donors;
- Mainstream responsibilities across relevant ministries;
- Invest in sustainable fishing and optimization of resources; and
- Address supply- and demand- side constraints