



Objective of the *Fisheries, International Trade, and Sustainable Development* programme

The *Fisheries, International Trade, and Sustainable Development* programme aims to inject both the sustainable development and natural resource management perspectives into the debate on trade and fisheries. The ultimate objective of the programme is to make international trade in fisheries supportive of sustainable development.

The programme's main activity will be to convene a series of policy dialogues on fisheries, international trade, and sustainable development which will link processes and actors, and bring together all the different stakeholders' perspectives. Initially the programme aims to facilitate a process in which each stakeholder can move beyond the constraints inherent in his or her position, to enable all participants to step back from particular debates and stand-offs regarding fisheries, trade, and sustainable development-related issues such as subsidies, ecolabelling, or conservation measures. The dialogues, research, and information exchange process will seek to build common understanding and a baseline of shared information, and pave the way for participating stakeholders to seek solutions compatible with the aims of sustainable development by exploring ways to improve resource management while safeguarding the livelihoods of those who depend on fisheries, and ensuring economic growth for developing countries.

In order to support its policy dialogue process, the *Fisheries, International Trade, and Sustainable Development* programme will commission and publish a series of background and discussion papers which will flag issues at the intersection of fisheries, international trade, and sustainable development. These publications will be issued from time to time to present illustrative case studies, to highlight key issues for discussion, or to make available relevant empirical evidence.

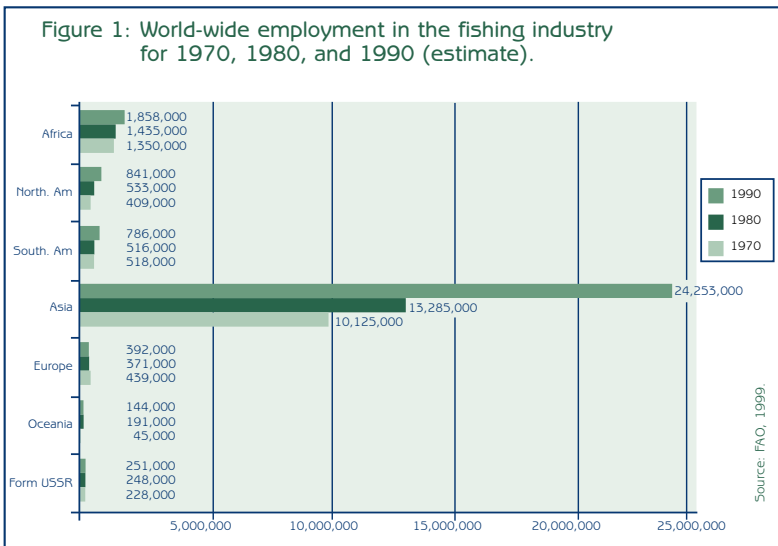
As the first publication in this series, *Fish for Thought* sets out the context in which ICTSD and IUCN have conceived and launched the *Fisheries, International Trade, and Sustainable Development* dialogues process. *Fish for Thought* should also serve as a map, albeit a "map-in-progress" to help focus thinking on some initial key questions at the intersection of fisheries, international trade, and sustainable development. It does not aim to be exhaustive, or to suggest policy options – that is the role of the stakeholders and the policy dialogues process – but rather aims to identify some initial key sustainable development concerns in fisheries trade.



Some Facts and Gaps About Fish and Trade...

Worldwide, people eat more fish than any other type of animal protein: fish is the primary source of protein for 950 million people and is an important part of the diet of many more. Fisheries are also a source of work and money for millions of people around the globe. Approximately 95 five percent of those earning a living from fisheries are in developing countries.

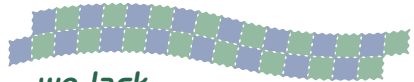
There is general consensus that an overall decline in world fish stocks has taken place in the past few decades. But despite conflicts among nations over the control of increasingly depleted fish resources, world marine fisheries production has increased from 20 million tonnes in 1950 to over 120 million tonnes in 1997.



The role of international trade in the fisheries sector is significant. In 1996, some 40 percent of the total world production of fish and fish products - worth over US\$52 billion – entered international trade, and this percentage is growing. Fish products are valuable exports for both developed and developing countries. While revenues from fish trade can generate significant benefits, such trade can also generate social and environmental problems. Increased foreign demand for fish products can for instance exacerbate pressure to harvest fish unsustainably, or lead to excessive investment in fishing capacity, which in turn can lead to overfishing and depletion of the

resources on which coastal communities in developing countries depend for their nutrition and livelihood.

However even before beginning to explore the issues at the intersection of fisheries, international trade, and sustainable development, we must acknowledge that we lack empirical evidence as to the effects of international trade in fish, fish products, and fisheries services on fish stocks and on marine ecosystems. There is also a lack of knowledge as to the effect on fisheries and marine ecosystems of applying certain trade rules and measures to the fisheries sector. For instance, would proposals under the Accelerated Tariff Liberalisation initiative (ATL – which essentially calls for early conclusion of World Trade Organisation negotiations in a number of sectors including forest and fishery products) contribute to sustainable fisheries?



***we lack
empirical evidence as to
the effects of
international trade in
fish, fish products, and
fisheries services on fish
stocks and on marine
ecosystems***

Despite the knowledge gaps, the fisheries and trade debate is very much alive today in a number of international fora, most notably the UN Food and Agriculture Organisation (FAO) and the World Trade Organisation (WTO). Yet until now it has been difficult to muster the political support necessary to move the debate forward.



...Which Led to Fisheries, International Trade, and Sustainable Development

Based on this consideration, ICTSD and IUCN are launching a dialogues, research and information exchange process which recognises that:

- there is a need to ensure that sustainable development concerns are taken into account in the fisheries and international trade debate,
- many countries remain sceptical of attempts to harmonise environmental, trade and sustainable fisheries objectives, harbouring strong concerns about market access, competitiveness and protectionism,
- there is an urgent need to shift the parameters of the current debate from a win-lose perspective into a win-win mindset. The process to achieve this should be conducted at the global level and with the involvement of all interested players,
- at present, there is no specific forum for ongoing discussion of fisheries, international trade, and sustainable development issues that brings together different stakeholders from diverse geographical and professional backgrounds and perspectives. In other words, the absence of a multi-stakeholder, non-threatening environment for discussions may be a factor constraining policy progress on these issues.



***at present,
no specific forum exists
for ongoing discussion of
fisheries, international
trade, and sustainable
development, that brings
together different
stakeholders from
diverse geographical
and professional
backgrounds and
perspectives***

Moreover, there is a recognised need for more systematic, applied and sophisticated analyses of international norms, and national rights and obligations, as well as of environmental, social and cultural concerns as they relate to trade rules. A sectoral approach is helpful as a start to such an analysis. Besides the fact that the crisis in world fisheries and the urgency of developing responses to the crisis make the fisheries sector a prime candidate for immediate and focused attention, the fisheries sector incorporates key outstanding issues – including trade, environmental protection,

national and community development, imperfect science, complex social system interactions, international commons, and property issues – and thus provides a particularly good lens through which to look at trade and environment issues. It is also an attractive sector to focus on because there is already some common ground developing between the trade and environment communities – particularly on the need to reduce trade-distorting subsidies that lead to overfishing. As such, there is a small but significant momentum that advocates of sustainable development should be able to capitalise upon to move toward a broader common understanding and goals.



***discussion
of sustainability
considerations
in the fisheries
sector is often
confused by the use
of the word
'sustainable' for
different purposes***

To date, discussion of trade issues in the fisheries sector has focussed on:

- market access for developing countries;
- the distributional impacts of international trade, such as impacts on food security;
- the effects of subsidies on fisheries;
- concerns that trade-related environmental measures may constitute disguised protectionism;
- how the mismanagement of fishery resources can lead to trade distortions; and
- fears that trade rules may interfere with or impose constraints on environmental management or conservation efforts relating to fisheries.

Discussion of the sustainability aspects of the international trade and fisheries debate is also constrained by:

- insufficient awareness in the fisheries and conservation communities of the impacts of potential trade flows, and of trade law and policy;
- insufficient awareness of fisheries and related natural resource management issues in the trade community;
- reluctance on behalf of governments to discuss conservation efforts that may affect domestic fishing communities, domestic industry competitiveness or access of their products to foreign markets;

- inadequate analysis of the conservation and sustainable development aspects of the trade-fisheries nexus;
- lack of empirical evidence of the effects of trade flows in fish, fish products, and fish services on sustainable fisheries and marine ecosystems;
- lack of empirical evidence of the effect on fisheries and marine ecosystems of the potential application of trade rules and measures, such as tariff or subsidies reductions; and
- lack of knowledge about the structure of fisheries markets, and of the links between market structures, prices, trade liberalisation and sustainability issues.



Natural Resources, International Trade, and Sustainable Development

The concept of “sustainable development” achieved prominence in the Brundtland Commission’s *Our Common Future*¹ and in the process leading to the 1992 UN Conference on Environment and Development, held in Rio. Sustainable Development was subsequently singled out as one of the objectives of the World Trade Organisation when it was created. Sustainable development challenges the system to reconcile trade objectives with broader environmental, social, and cultural imperatives, and also raises concern as to the issue of what constitutes effective and legitimate development, rather than measuring development in narrow terms of economic growth.

Discussion of sustainability considerations in the fisheries sector is often confused by the use of the word ‘sustainable’ for different purposes. The goal of sustainable use of fish resources focuses on the fish stock itself. The goal of sustainable fisheries management tends to incorporate a broader concern for the health not only of the fish stock but also of the surrounding marine biodiversity and ecosystems. Unfortunately, sustainable fisheries management places more emphasis on gathering data on a species-by-species basis than on an ecosystems basis. In addition, meeting the goals of sustainable development in the fisheries sector requires that fisheries



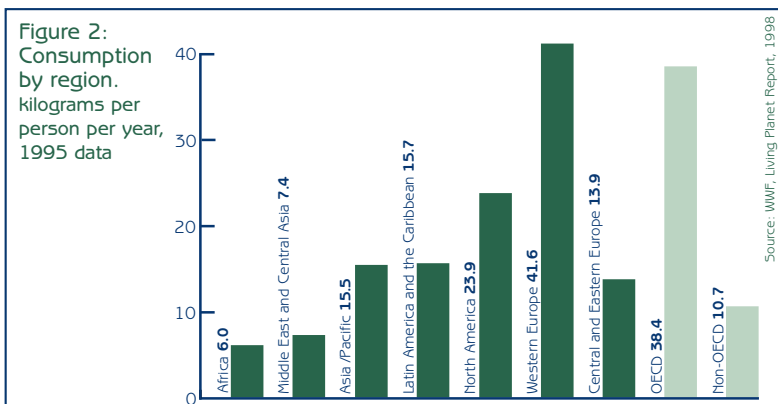
meeting the goals of sustainable development in the fisheries sector requires that fisheries management decisions take into consideration the economic, social and cultural needs of communities which depend on fisheries, as well developing countries’ need to maintain revenues from trade

management decisions take into consideration the economic, social and cultural needs of fisheries-dependent communities, as well as the need of developing countries to maintain revenues from trade that are necessary for development.

1. World Commission on Environment and Development (1987) *Our Common Future*, Oxford University Press: Oxford, UK.

Several other key points arise at the intersection of the trade, environment, and sustainable development debate when thinking about fisheries:

- the effects of trade flows on the environment are not always readily identifiable since to a great extent they manifest themselves indirectly through impacts on levels and patterns of production and consumption;
- trade and environment issues cannot properly be addressed in isolation from broader development and sustainable development questions;
- effective environment and natural resource management policies must be in place in order to ensure that trade and trade liberalisation contributes to effective resource allocation and sustainable development
- there is an imbalance between the relative strengths of the global trade regime and the global environment and sustainable development regimes;
- assessments of trade and trade liberalisation should identify both the positive and negative environmental and social effects of specific trade measures such as the removal of trade restrictions or distortions;
- trade rules may have a potential role in strengthening development efforts;
- trade rules may be sought to be used with the aim of enforcing conservation and resource management policies, domestically or extra-territorially; and
- civil society has an important role to play in international discussions where trade, conservation and sustainable development issues intersect: when a diversity of perspectives are engaged in real dialogue, better policies emerge.





Causes of the Global Fisheries Crisis

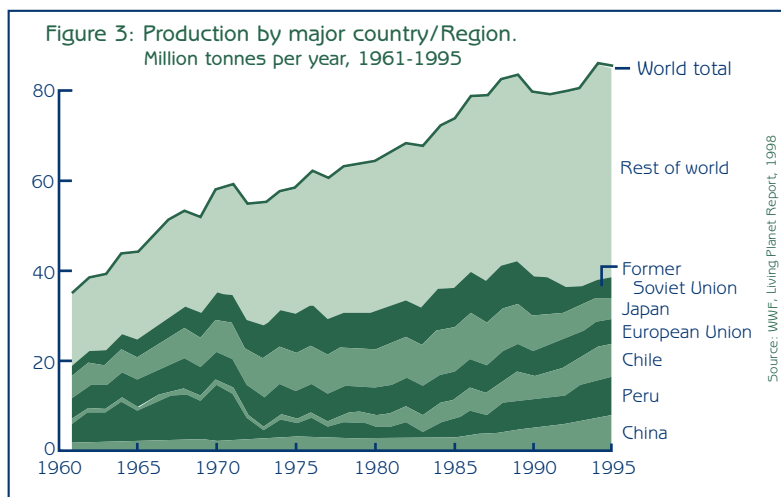
It is generally agreed that the main cause of the global fisheries crisis is poor management of fish stocks. In an ideal world, fisheries would be subject to effective management regimes, including conservation regulations and incentives for responsible fishing that would ensure that fishing is kept at a level consistent with productive fisheries, healthy marine ecosystems, and the livelihoods of those who depend on fish and fish products. In the real world, management of fisheries has tended to be notoriously ineffective. The improvement of fisheries management and marine conservation efforts is a sine qua non for sustaining the productivity of the world's fisheries as well as conserving marine ecosystems and biodiversity.



it is generally agreed that the main cause of the global fisheries crisis is poor management of fish stocks

Many factors hamper efforts to improve fisheries management. One of the key factors is that most fisheries management regimes fail to adequately address the problem of open access to fishery resources. Even where management regimes do strive to limit access, the limits are often not tight enough or are poorly enforced. Another factor is the difficulty in calculating the sustainable rate of use of fish stocks. Scientific uncertainty or disagreements concerning stock fluctuations and recovery rates for instance, or lack of adequate technical or financial capacity to carry out scientific research, stock assessments or economic analyses of management regimes contribute to this difficulty. Other factors hampering effective fisheries management are the pressure on many governments from fishing communities and industry to maintain access to fisheries and high fish catch quotas, the lack of a single universal solution to fisheries management problems, the cost of monitoring and enforcement of fisheries management regimes, and perverse economic incentives structures. For some countries, economic and social objectives with short- to medium-term benefits outweigh sustainable development objectives. Some developed countries are particularly irresponsible as they over-subsidise and do not properly regulate the activities of their distant water fishing fleets.

Further research is needed to identify cases where trade or trade rules contribute directly to unsustainable fisheries management, and how this occurs, and to identify cases where trade and trade rules can contribute to more effective management. Even in cases where trade is a cause of overfishing, addressing the trade aspect of the problem may not necessarily be the best way to a solution.



Three of the world's major fish exporting countries, Norway, New Zealand and Iceland,² are considered to be at the leading edge of sustainable fisheries management. This shows that fisheries trade and sustainable management are not incompatible. Management regimes might improve if the right incentives were present. In this context one might consider the following questions, bearing in mind their trade aspects:

- how can we ensure that the price consumers pay for fish and fish products reflects the social and environmental cost of such products?
- what can be done to address the perverse incentives and economic necessities that lead to overfishing?
- how can we stimulate greater political commitment to effective fisheries management at the national level?

2. The success of Iceland's fisheries management system is attributed to the fact that it is based not only on rigid ecological requirements, but on economic efficiency; the system is market-driven, and free from government subsidies.

- how can we eliminate excess fishing capacity (by reducing or eliminating distortionary subsidies, for instance) in order to bring about necessary reductions in overfishing?
- how can we generate alternative income and employment opportunities for affected fishing communities? and
- how can we ensure that commitments made by industrialised countries to provide financial, technical and scientific assistance to developing countries to help them meet international environmental obligations - such as those provided for by the 1992 Convention on Biological Diversity or by the 1982 UN Convention on the Law of the Sea - are effectively met?



Fisheries, International Trade and Sustainable Development: Tensions and Synergies

The percentage of fish production that enters international trade currently stands at approximately forty percent, and is increasing. International trade in fish, fish products and fisheries services plays a vital role in the export and development strategies of many countries, particularly developing countries, and provides an important source of income for fishing communities in both developed and developing countries. Developing countries are the main exporters of fish products while developed countries are the key importers, so developed countries' trade policies can have a great impact on developing countries, given the latter's dependence on income from exports to developed countries.



developed countries' trade policies can have a great impact on developing countries, given the latter's dependence on income from exports to developed countries

In volume terms, international fisheries trade is dominated by a few important fish products, especially shrimp (both cultured and wild), tuna, and fishmeal and fishoil. Some fish species (such as live reef fish, or southern bluefin tuna) are highly traded, even if, in volume terms, trade in that species does not play a major role in total international trade in fisheries products. International trade in the fisheries sector encompasses not only trade in fish products but also

Table 1: Share of Major World Markets in Total International Fish Trade (1994)

	Imports %	Exports %
Developing Countries	15	51
EU	33	19
United States	14	7
Japan	31	2
Others	7	22

Source: FAO, 1997.

in fisheries services (including chartering of vessels, and access rights).

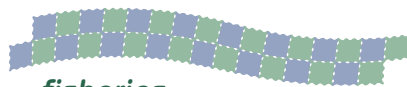
While some observers – particularly those from the environmental or conservation communities - fear that increased trade in fisheries will mean increased resource use and therefore increased overfishing, other observers state that increased trade can bring in increased financial resources that would enable a country to implement sustainable management programmes. With a very few exceptions relating to specific cases, current knowledge does not allow us to draw conclusions as to the accuracy of either statement. One must nevertheless acknowledge that very real fears and beliefs exist about perceived tensions or synergies between international trade in fish, fish products and fisheries services and sustainable development. Some frequently raised issues are presented below.

The issue of subsidies is probably the trade aspect of fisheries that has received the most attention to date, both in the literature and in international and regional policy-making fora. Within the World Trade Organisation (WTO), several countries have pointed to the potential win-win-win situation that could follow from removing subsidies that contribute to fishing overcapacity: removing such subsidies would be beneficial for sustainable development, trade, and the environment. Some subsidies in the fisheries sector can however be beneficial both for fish stocks and the livelihoods of fishing communities, and one should distinguish between these and other trade-distorting subsidies. A number of States (including Australia, Peru, the Philippines and the U.S.) have proposed setting up a WTO group to examine subsidies that contribute to overcapacity in the fisheries sector. Although there is a body of research on subsidies in the fisheries subsidies, there are still analytical gaps that need to be filled in.

Members of the Asia-Pacific Economic Co-operation Forum (APEC) have proposed early conclusion of WTO negotiations (Accelerated Tariff Liberalisation (ATL) initiative)³ in a number of areas, including fisheries. Many environmentalists have reacted angrily to this proposal saying that this initiative would lead to increased trade and thus increased overfishing. Further study is required to assess the economic, environmental and social costs and benefits this and other similar trade liberalisation proposals, such as those to reduce tariff peaks on fish and fish products.

3. APEC members Japan and Korea do not support the idea of including fisheries or forestry into the ATL initiative. They have made a separate proposal to set up a WTO negotiation group on fishery and forestry products, saying that these products perform important social and environmental functions and are by their nature susceptible to quick depletion when coordinated efforts to conserve them are absent.

Different voices have raised the need to address obstacles to imports of fisheries to particular markets. The effect of these obstacles on fish stocks and on sustainable development needs to be considered on a case-by-case basis. Japan, for instance, argues that import controls on fish may be the only effective means of influencing allocation of fishing effort in poorly controlled fisheries. Although this trade measure as applied by Japan does indeed seem to achieve its stated aim, it may need further analysis.



fisheries access agreements have been an important source of revenue to many developing countries, but these agreements have also had negative effects on fish stocks, livelihoods, and possibly on long-term development prospects

Several developing countries have criticised importing countries' strict or changing sanitary, phytosanitary, and technical standards which hinder developing countries' potential to derive income from exports of fish and fish products. The debate about what to do when these standards do legitimately aim to protect a fish species or the environment is one that is currently very lively, as evidenced by the reactions to the WTO Appellate Body decision in the Shrimp-Turtle case.⁴ This issue and that of other trade-related environment measures – including how the WTO should deal with processes and production methods (PPMs), multilateral environmental agreements (MEAs), and regional fisheries management organisations (RFMOs) – will need further analysis and discussion in the context of the fisheries, international trade, and sustainable development debate.

Some environmental groups advocate using trade as a lever through which consumers can demand well-managed and sustainably harvested fish. Consumer boycotts of unsustainably produced fish, ecolabelling and certification are examples of such demand-led measures. Many observers in the trade and sustainable development communities are concerned that these proposals may be disguised protectionist measures, or incompatible with international trade rules. Discussions about fisheries, international trade, and sustainable development will also need to address the possible conflicts between such trade-related conservation objectives and trade rules, as well as the desirability of pursuing trade measures provided for by multilateral environmental agreements such as the

4. *United States - Import Prohibition of Certain Shrimp and Shrimp Products*, complaint by India, Malaysia, Pakistan and Thailand. Appellate Body decision circulated to Members on 12 October 1998. See WTO document WT/DS58.

