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BRIDGES AFRICA

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VOLUME 5, ISSUE 10 – DECEMBER 2016



The developmental promise of sustainable fisheries

WTO

The WTO's role in fisheries subsidies and its implications for Africa

AFRICA

How can West Africa promote sustainable seafood value chains?

MADAGASCAR

Interview: Supporting sustainable development through organic aquaculture



International Centre for Trade
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The developmental promise of sustainable fisheries



Whether from an environmental, societal, or economic point of view, oceans and fisheries play a critical role in human well-being around the globe. Halieutic resources provide 3 billion people, including many in low-income countries, with close to 20 percent of their animal protein consumption. In coastal and island African countries, in particular in West Africa, the proportion of fish in total protein intake can be as high as 63 percent. In addition to food security considerations, the fisheries sector is also central to the cultures and economies of many developing and African countries, making it a key concern for sustainable development.

In this context, ensuring the sustainability of fishing practices has become a priority for the international community. Over the last fifty years, global fishing effort and catch have increased tremendously, with severe impacts on fish stocks and marine ecosystems. One of the main factors behind this trend has been the abundant disbursement of capacity-enhancing subsidies, which has led to overcapacity and overfishing and triggered serious concerns that food security and economic development could be significantly undermined as a result.

In order to tackle this issue at the multilateral level, WTO members agreed at the Doha ministerial conference in 2001 to clarify and improve disciplines on fisheries subsidies. To date however, despite significant efforts including in December 2015 at the Tenth Ministerial Conference in Nairobi, these discussions have failed to produce meaningful disciplines able to curb harmful fisheries subsidies. Against this backdrop, what should we expect from WTO fisheries negotiations in the lead up to the organisation's Eleventh Ministerial Conference in Buenos Aires? In the first article of this issue, Stephen Fevrier and Manleen Dugal delve into the most recent discussions in the WTO framework, with a focus on their implications for the African continent.

Another key aspect for African economies lies in the need to enhance their ability to reap more benefits from their own halieutic resources. In the second article, Papa Gora Ndiaye offers insights on how West African governments could reorient their support policies to promote the development of fisheries value chains in the region.

This issue also features an interview with Mathias Ismail, Chair of OSO Group S.A., which aims at shedding light at OSO's organic shrimp farm project in Madagascar, an ambitious initiative that has successfully turned sustainability standards into the driving force behind its business model.

Finally, Ussif Rashid Sumaila's article draws from the work of the E15 Expert Group on Fisheries and Oceans. In his piece, the author presents a number of policy options on how the global trade system can to support a transition towards sustainable fisheries and healthier oceans.

As usual, we welcome your substantive feedback and contributions. Write to us at bridgesafrica@ictsd.ch.

WTO

The WTO's role in fisheries subsidies and its implications for Africa

Stephen Fevrier and Manleen Dugal

What should we expect from the current discussions on fisheries subsidies at the WTO? And what are the potential implications for African economies?

Fisheries subsidies have been long identified as a critical issue for trade and sustainable development and, more recently, a matter of significant international concern in efforts to manage global fisheries. Subsidies to the fisheries sector, through resulting production and trade distortions, lead to unsustainable fishing practices and overexploitation of fish stocks. Such overcapacity and overfishing can have a debilitating impact on fragile marine ecosystems, the sustainability of both coastal and offshore fisheries and the livelihoods in fisheries-dependent economies. In light of these threats, members of the international community, in various configurations, have recognised the urgency of curtailing subsidies that contribute to overcapacity, overfishing, as well as illegal, unreported, and unregulated (IUU) fishing. This understanding was reflected in paragraph 173 of the outcome document of the United Nations Conference on Sustainable Development (Rio+20) in 2012 – “The Future We Want”.

The call to prevent the harmful impacts of fisheries subsidies received the unanimous endorsement of the international community in Sustainable Development Goal 14.6 of the 2030 Agenda for Sustainable Development, which sets the unambiguous target of 2020 for the elimination of certain forms of fisheries subsidies which contribute to overcapacity and overfishing. This commitment is reflected in the following undertakings: (1) the elimination of all forms of subsidies contributing to IUU fishing; (2) the prohibition of harmful subsidies that promote overcapacity and overfishing, and (3) a commitment by UN members not to introduce any new “such” subsidies. These targets are accompanied by a recognition that appropriate and effective special and differential treatment (S&DT) provisions for developing and least developed countries should be an integral part of the WTO negotiations on the topic.

While the collective resolve of the international community is reflected in the SDGs, international best practice and norms on fisheries subsidies are increasingly being fashioned by commitments undertaken in the context of bilateral, regional, and multilateral processes engaged in by countries of varying sizes, and at different levels of development. In this context, many African states have participated in, or agreed to the expansion of a raft of international measures on harmful fisheries subsidies.

Samoa Pathway

Given the existential ecological risks posed by certain forms of capacity-enhancing subsidies, the outcome document of the Third International Conference on Small Island Developing States (SIDS) addresses the issue of subsidies in the fisheries sector, and urges the prohibition of certain forms of subsidies that contribute to over-capacity and overfishing, in accordance with the Doha and Hong Kong WTO ministerial declarations, respectively adopted in 2001 and 2005.

Bilateral and plurilateral commitments

The expansion of commitments on fisheries subsidies includes proposed new disciplines through the Trans-Pacific Partnership (TPP) – although significant uncertainty surrounds the future of the deal – wherein contracting parties “recognise that the implementation of a fisheries management system that is designed to prevent overfishing and overcapacity and to promote the recovery of overfished stocks must include the control, reduction and

eventual elimination of all subsidies that contribute to overfishing and overcapacity." To that end, contracting parties have agreed to provisions that explicitly prohibit subsidies negatively affecting fish stocks in an overfished condition and those for IUU fishing. Similar provisions can be found in the recently signed EU-Canada Comprehensive Economic and Trade Agreement (CETA) wherein parties committed to working jointly towards developing a multilateral resolution on fisheries subsidies. While this commitment falls short of those found in the TPP, the EU and Canada have assumed a binding commitment to advance efforts on fisheries subsidies would materialise at the multilateral level.

A further deepening of the international consensus on harmful fisheries subsidies can be found in the joint UNCTAD-FAO-UNEP statement that emerged from the Fourteenth Session of the United Nations Conference on Trade and Sustainable Development (UNCTAD XIV) that, *inter alia*, reaffirmed SDG 14. In a nuance of SDG 14.6, signatories noted that "regulating fisheries subsidies cannot be seen as a stand-alone issue." Moreover, the statement highlights the vital importance of adopting a "holistic approach for the sector's development that also addresses market access (tariffs and non-tariff measures) and capacity constraints in implementing sustainable fisheries-related measures." It also appears to reflect the implicit need to allow for equitable and differentiated rules for countries at different levels of development. As expressed in the statement, over 45 African countries – members of the African, Caribbean, and Pacific Group of States (ACP) – agreed to a standstill on subsidies that: (a) negatively affect overfished fish stocks; and/or (b) accrue to "vessels or operators engaged in illegal, unreported and unregulated fisheries."

A growing convergence of international commitments and the establishment of international norms and best practice on fisheries subsidies have led to an increased interest and effort at the WTO to agree on disciplines on fisheries subsidies ahead of the Eleventh WTO Ministerial Conference, carded for Buenos Aires, Argentina, in 2017.

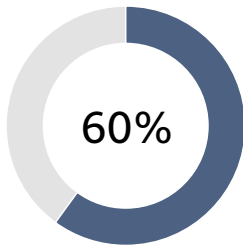
Fisheries subsidies disciplines, food security, and Africa

Multilateral rules that discipline fisheries subsidies can have a significant impact on food security in coastal and island African countries. Quantitative analysis of the sector reveals that fish is an important source of food for about over 400 million Africans, mostly supplied by small-scale, coastal, and inland fisheries.❶ It is projected that the continent will require an additional 1.6-2.6 million tons of fish per year by 2030 in order to satisfy anticipated consumption needs. Coastal and island African countries have extensive marine wild-capture fisheries that remain largely underexploited commercially, or as it relates to domestic consumption. This market failure is largely due to the fact that subsidised foreign fleets capture most of the fish for export via bilateral fisheries access agreements. Curtailing capacity-enhancing subsidies (which constitute approximately 60 percent of global fish subsidies) including operating subsidies, such as fuel subsidies, will impact on the ability of foreign fleets to exploit Africa's offshore fisheries resources. At the same time, any new multilateral disciplines must allow sufficient policy flexibility for coastal and island African countries to develop their domestic fisheries sectors, and thereby reap increased benefits from their own abundant resources. Additionally, any such approach by African countries to better exploit their own fisheries should be based on adequate science-based national and regional fisheries management systems as well as appropriate levels of transparency.

Towards this end, the ACP Group issued a submission on 15 November 2016 which builds on, refines, and reaffirms previous ACP submissions related to the disciplining of fisheries subsidies, discussed in further detail in the next section.

Recent ACP proposal on principles and elements for fisheries subsidies negotiations

The ACP submission reprises the original fisheries subsidies mandate as well as a supplementary mandate agreed in 2005 that, *inter alia*, holds that "appropriate and effective special and differential treatment (S&DT) for developing countries and least developed countries should be an integral part of the negotiations, taking into account the



Capacity-enhancing subsidies constitute approximately 60 percent of global fisheries subsidies, with important repercussions in terms of overcapacity and overfishing.

importance of the sector to development priorities, poverty reduction and livelihood and food security concerns.²

The core principles outlined in the ACP submission include the disciplining of IUU fishing, subsidies provided to large-scale commercial or industrial fishing, and subsidies to fishing activities outside of a member's maritime jurisdictions – subsidies that promote fishing in the high seas or in the exclusive economic zone (EEZ) of another member. As a cross-cutting S&D principle, the ACP proposes the adoption of a general carve-out according to which "nothing shall prevent" a developing country or LDC member from maintaining or granting subsidies that do not contribute to overfishing and overcapacity or do not negatively affect third countries (with examples of such subsidies cited in the text). Specifically, and with due account of jurisdictional considerations with respect of multi-species catch, the ACP has proposed the prohibition of:

- Subsidies to fishing vessels or fishing activity that negatively affect fish stocks that are in an overfished condition; and
- Subsidies provided to vessels or operators engaged in illegal, unreported and unregulated (IUU) fishing.

In terms of S&DT, the ACP proposal specifies that provisions should ensure that LDCs and SVEs are not required to assume commitments beyond these two general prohibitions and that implementation-related flexibilities, including with respect to transparency and notification requirements, should be supported by technical assistance and capacity building.

The Trade Facilitation Agreement style approach to a fisheries agreement

The November 2016 proposal by Argentina, Peru, and other co-sponsors calls for a WTO fisheries agreement that would be structurally and procedurally similar to the Trade Facilitation Agreement (TFA).³ The co-sponsors of the proposal are correct in pointing out that since the UN adopted fisheries-related goals as part of the SDGs, members have effectively de-linked progress on fisheries subsidies from other areas of the Doha Round, tacitly agreeing to untie fisheries subsidies from the straightjacket of the so-called single undertaking. Such an approach has been challenged by other members who wish to preserve the spirit of the "single undertaking", according to which nothing is agreed until all elements of the package are agreed, at least within the context of the rules negotiations.

The Argentina and Peru proposal seeks to establish a framework that aligns the commitments to be undertaken by members with their capacity to implement each measure, similar to the approach followed by the WTO TFA. Proposed implementation categories are as follows: (1) category A – implementation of disciplines by 2020; (2) category B – to be implemented after a transitional period following the entry into force of the agreement (available to developing and least developed countries); and (3) category C – technical cooperation is required for capacity building to implement relevant measures. It should be noted that unlike category C of the TFA, technical assistance is not an explicit condition for implementation under the proposed structure.

There are some preliminary concerns regarding this proposal, particularly with regard to how policy space (appropriate S&DT provisions) for small and vulnerable economies – including SIDS – and LDCs can be accommodated in the proposed structure. Additionally, given the general lack of information regarding current subsidies baselines, it would be difficult for members to agree on which subsidies would fall under category A, and which would be appropriate for category B. The criteria for subsidies that would fall into category A would need to be spelt out clearly if such an approach is to yield results. One size does not fit all, even within the developing country grouping. A self-designation approach as contemplated by the Argentina proposal might be used by some of the more advanced developing countries to avoid taking meaningful commitments, hence watering down the proposed disciplines and limiting the ability of any new multilateral rule to discourage

the harmful effects of certain types of subsidies. In the context of fisheries, category C would also have to relate to technical cooperation directed at strengthening fisheries management plans and systems for targeted fisheries and/or fleets.

Furthermore, the proposal ends up reopening Pandora's Box with regards to the definition of "overfishing", "overcapacity", and "artisanal fisheries", which has proven to be a major sticking-point in previous discussions within the negotiating group on rules. The enhanced notification requirement provision is an interesting proposal that ought to be explored while ensuring that this obligation is not unduly burdensome for developing countries. Overall, given the complexity and unique nature of the fisheries issue, a TFA style approach may become unwieldy and unnecessarily complicated. Hopefully proponents will provide further clarification in the weeks and months ahead.

Recent EU proposal and its implications for Africa

The recent EU proposal ought to be credited for its attempt to revive text-based discussions in the WTO negotiations.⁴ In particular, it rightly emphasises the need to start defining the subsidies that are harmful if members are serious about developing disciplines ahead of the upcoming 2017 ministerial conference.

The EU's submission was preceded by a blog post by EU Trade Commissioner Cecilia Malmström, which specifically acknowledged that apart from targeting IUU fishing, the focus needs to be on disciplining capacity-increasing subsidies, based on UNCTAD's estimate that 60 percent of global fisheries subsidies are capacity-enhancing.⁵ The lack of data from reluctant governments continues to be a major problem in identifying the size and nature of national subsidy programmes. However, if the above statistic is accurate, the textual proposal presented by the EU is a step in the right direction, given that it specifically targets subsidies supporting the construction of new vessels, the enhancement of capacity through equipment/technology, and the importation and transfer of fishing vessels through joint ventures (i.e. those that increase the capacity of the vessel to fish more).

Some have expressed concerns that the EU, in its proposal, does not explicitly prohibit fuel subsidies, which are technically effort-enhancing and have been found to have significant effects on the overexploitation of fish stocks. Fuel subsidies constitute 22 percent of total subsidies and have been particularly problematic in extending the range of the distant water fishing fleets into African waters.⁶ However, a strong argument can be made that operating subsidies such as fuel are a part of "subsidies that increase the marine fishing capacity of a fishing vessel" and are thus forbidden under the EU proposal. Alternatively, members can push for an explicit prohibition by drawing a distinction based on strict definitions of fishing capacity and fishing effort or cost-reducing categories of subsidies.

If the proposed prohibitions lead to a reduction in the activities of subsidised commercial foreign fleets in the EEZs of African coastal and island states, it will benefit the development of the continent's artisanal and small-scale commercial fisheries, which has long been neglected. Recent studies that have carried out bottom-up re-estimations of catch show that EU and Chinese fishing fleets report only 28 and 6 percent of their actual catch respectively, and overall, have a poor record in terms of illegal fishing, patterns of exploitation, and contribution to the sustainability of resource use.⁷ There is also evidence that foreign bottom-trawlers have significantly exploited near-shore fisheries in places like Senegal that have a long tradition of fishing.⁸ Additionally, benefits from license fees obtained through bilateral fishing treaties with foreign governments do not trickle down to benefit African populations.

Cecilia Malmström's blog post also acknowledges an important fact: that a one-size-fits-all approach cannot work with regards to these disciplines, hence the need for appropriate S&DT provisions, which is followed through in EU's WTO submission. However, the submission falls short of providing any flexibility for the development of commercially viable small-scale fisheries, including commercial-artisanal fisheries. Proposed exemptions in the EU proposal provide only for subsistence fishing activities,

which are for non-commercial purposes only. The development of small-scale fisheries has been identified by numerous fisheries agencies (such as the World Fish Centre) as an opportunity for growth, and a high priority for increasing food security. Indeed, linking commercial retailers/exporters to artisanal fish supply chains in coastal and island African countries has been identified as an innovative strategy for producing more stable incomes and improving the livelihoods of their fisheries-dependent communities.

Implications for the African region

Regardless of the approach adopted by WTO negotiators, sufficient flexibility should be granted to African countries, which lack the capacity to engage in commercially viable fisheries, to allow them to provide policy support aimed at the development of capacity, including support for the scaling-up from subsistence to commercially-viable fisheries, especially small-scale fisheries.

Substantial investments will have to be made in order to build capacity and develop the continent's fisheries sector domestically, as it is now dominated by distant-water fishing vessels. According to the World Fish Centre, 25 percent of the fish caught and landed in Africa never makes it to the mouths of the consumer, largely due to poor infrastructure (storage, handling, and transporting) and poor domestic processing facilities.^① In order to capture more of the value-added component of the value chain domestically, investments will have to be made to improve processing facilities and technologies. This will require sufficient flexibility for African countries to allow for the development of viable and sustainable fisheries sectors. Unfortunately, fisheries management is still a low priority for several governments, and thus will continue to be a key concern. In this regard, any exemptions to WTO provisions ought to be conditioned on the implementation of science-based fisheries management plans.

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- ① World Fish Center. "Fish Supply and Food Security in Africa." July 2009.
 - ② WTO Document TN/RL/GEN/182, 16 November 2016
 - ③ WTO Document TN/RL/GEN/183, 28 November 2016.
 - ④ WTO Document TN/RL/GEN/181, 18 October 2016.
 - ⑤ Cecilia Malmström. "Protecting global fisheries through the WTO," Blog post, 17 October 2016.
 - ⑥ Sumaila, Ussif R., et al. Note titled "Global Fisheries Subsidies", prepared for the European Parliament's Committee on Fisheries. 2003.
 - ⑦ Belhabib, Dyhia, et al. "Euros vs. Yuan: Comparing European and Chinese Fishing Access in West Africa." *PLoS ONE* 10(3). 2015.
 - ⑧ Pala, Christopher. "African Fisheries Plundered by Foreign Fleets." *IPS News*. 23 June 2016.
 - ⑨ World Fish Center. "Fish Supply and Food Security in Africa."



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AFRICA

Trade subsidies and the development of fisheries value chains in West Africa

Papa Gora Ndiaye

Developing a blue economy in West Africa will require fostering fisheries value chains. How can support policies be revised for the region to better harness the opportunities offered by the fisheries sector?

In Africa, approximately 10 million people work in the fishing industry, including 7 million in West Africa and Central Africa. In West Africa, exports and direct access to fishery resources are the two main procurement processes for international markets, especially through fishing agreements such as fisheries partnership agreements (FPAs) with the EU. To these two legal processes, one must add illegal, unreported, and unregulated fishing (IUU) – also known as pirate fishing – which is prevalent in the waters of West African countries and is difficult to quantify. According to INTERPOL, IUU fishing is responsible for an estimated financial loss of US\$1.3 billion per year in West Africa. Fishing brings with it many advantages: it fuels economic growth, provides livelihoods to a large part of the population and is, for most people, the main source of dietary protein as it is easily accessible. Fisheries value chains (fishing and aquaculture) are undoubtedly one of the key components of the future development of West African countries. However, this industry has been threatened by the overuse of fishery resources for years, which has impacted not only fish stocks but also the blue economy.¹

To help develop fisheries value chains, coastal African states have instituted support schemes to modernise small-scale fishing techniques, facilitate supply to national markets and increase export revenue. Nevertheless, these efforts should take place within a framework where ensuring the sustainability of fishing practices is a priority. This has led in particular to the current discussions at the WTO on increased regulations for trade subsidies in this field, along with the development of other instruments such as eco-labelling and the FAO's Port State Measure Agreement.² Consideration should therefore be given to how trade subsidies and support policies can ensure the sustainable management of halieutic resources while also encouraging the development of fisheries value chains and strengthening the competitiveness of African fishery products on the global market. Likewise, as evidenced further on, the development of these value chains relies on inter and intraregional African trade which, far from being a way of turning inward, helps increase the value added derived from the sector by small-scale fishing communities that play an active role in production and processing, while contributing to food security.

Trade policies and subsidies

Following their independence, most West African coastal countries financed and subsidised their fishing industries in order to modernise their fleets and develop a substantial national capability that would allow them to harness their fishery resources. This state support helped modernise small-scale fishing and provide equipment (nets, lifejackets, Sat-Nav, etc.) to fishermen. At the same time, states instituted support schemes to build national industrial fleets in order to strengthen their export capabilities for fishery products, which are a source of foreign currency and export revenue. The modernisation and development support schemes for the fishing industry still exist today, despite the overuse of fish stocks and fishing overcapacity for most of the exported resources, and in particular for coastal demersal species.

Senegal, one of the main West African fishing powers, is a textbook case for the use of support schemes and trade subsidies to develop fisheries value chains. As this country is a member of the WTO and of ECOWAS, its trade policies are in line with the schemes

US\$1.3 billion

According to INTERPOL, illegal, unreported, and unregulated (IUU) fishing is responsible for an estimated financial loss of US\$1.3 billion per year in West Africa.

of both these organisations. The strategy of the Senegalese trade ministry involves accelerating integration in international trade, developing competition, and improving distribution networks, as well as fostering the integration of the informal sector in today's modern economy.

A study of Senegalese trade policies for the fishing industry can therefore highlight several export support measures. Since the mid-1970s, there have been trade development strategies based on using the status of free export company as well as granting direct or indirect subsidies. In addition to these strategies to strengthen the export position for fishery products, the devaluation of the CFA franc in 2014 and the signing of fishing agreements – including with the EU – played a significant role in helping the fishing industry look outwards. Finally, the Senegalese state also implemented certain measures in order to facilitate supply of the national market.

Consideration should be given to how trade subsidies and support policies can ensure the sustainable management of halieutic resources while also encouraging the development of fisheries value chains.

The statuses of special free zones and of free export companies

These statuses are used to give fishing companies significant fiscal, customs, and financial benefits. Examples of such benefits include:

- prohibition of measures of a discriminatory nature compared to unlicensed companies;
- lower corporation tax (15 percent instead of 15 percent);
- elimination of tariffs, taxes, and customs duties for imports and exports of capital goods, raw materials, and semi-finished or finished goods;
- exemption from taxes on investment income made by the company from dividends distributed;
- exemption from employers' nominal charges;
- exemption from registration fees and duties on forming and amending articles of association.

On 13 April 1991, Act 91-30 defining the status of special free zone extended these benefits to export companies outside of the industrial free zone. In 1995, these advantages were granted to all national agricultural businesses (including the fishing industry), provided that the company exports 80 percent of its production. They helped increase the competitiveness of the country's exports, in particular for fishery products, and were supplemented by subsidies.

Export subsidies

With Act 80-36, passed on 15 August 1980, export companies were able to benefit from subsidies of 10 percent of the FOB (free on board) value of their goods. This amount was raised to 15 percent in 1983. Originally restricted to farm goods, the subsidies were then broadened to include fishery products, starting with tuna. In 1986, a criterion regarding the national industrial value addition incorporated in finished products was introduced by another law that defined the base of the premium more clearly. This new law raised the rate to 25 percent.

The devaluation of the CFA franc

In 1994, the devaluation of the CFA franc had a positive impact on the competitiveness of national products (including fishery products). Following an average decrease of 12.4 percent per year recorded between 1990 and 1993, the total volume of seafood exports saw an average increase of 5.8 percent per year between 1994 and 1999.

Support measures for small-scale fishing

In addition to support measures implemented by the state to strengthen the export position for fishery products, exemptions and tax refunds were also granted to small-scale fishing business units in order to strengthen supply of the local market. This included tax refunds for boat fuel as well as tax exemptions for the purchase of overboard engines. The Senegalese state has recently introduced a five billion CFA franc subsidy to buy overboard engines for small-scale fishing. In general, direct and indirect subsidies (in the shape of tax exemptions) granted to small-scale fishing average nearly thirty million euros per year.

Adverse effects

The support provided to small-scale fishing aims at facilitating the supply of fishery products to the national market. Paradoxically, the small-scale fishing units that benefit from it rather tend to supply exporting industrial units, to up to 80 percent of their input needs. This situation therefore has a negative effect on the supply of national markets for fishery products value chains, as products become rarer and local prices surge.

Furthermore, without efficient control mechanisms, state support also encourages overfishing. Not only do national fishermen divert state subsidies from their initial objective, they also often carry out a form of “environmental dumping” to compensate for the attrition of their profit-and-loss accounts and increase their profits. Fishery resources suffer from this, as it leads to risks of overfishing and biological disruption – or even extinction – if fishing capabilities increase and no measures are taken to ensure their sustainability.

Finally, not only do the trade subsidies granted by the state to reinforce the export position for fishery products encourage exports without further processing and without any form of enhancement as well as the overuse of fishery resources, they also increase the dependence of West African countries on the European market. This dependence was reinforced by the trade preferences granted to countries in this region through the Cotonou Agreement – and, before that, the Lomé Conventions – between African, Caribbean and Pacific States (ACP countries) and the EU. These trade preferences, which were significantly weakened by the decrease of tariffs for other countries that also export fishery products to the European market (Thailand, China, etc.), will likely be abolished when the Economic Partnership Agreement (EPA) between the EU and the West African region enters into force shortly.

Developing fisheries value chains in West Africa involves redirecting trade subsidies from the “capture segment” to the “post-capture segment”.

Developing value chains by redirecting subsidies

Fishing subsidy regulations under the auspices of the WTO are therefore a windfall for West African countries with a view to creating a true blue economy from the development of fisheries value chains. Indeed, this could allow states to completely rethink support schemes for fishery industries by adopting a sustainability perspective and focusing on added value for the African market. At the same time, they might question the transfer of developed countries' fishing overcapacity to West African waters through fisheries agreements. Developing fisheries value chains in West Africa involves redirecting trade subsidies from the “capture segment” to the “post-capture segment”, which includes

improving the quality of products, their processing and access to local, regional, and African markets, since they hold enormous potential that remains largely untapped.

Redirecting these subsidies would help increase competitiveness on the African market while also having a positive impact on food security and the fight against poverty. It could also encourage the empowerment of women, as they often play a dominant role in the processing of seafood products. Fisheries value chains should therefore be supported by states through support policies and subsidies that help address the significant constraints that they face. Whether in terms of the added value created, job creation, contribution to the diet of the people, or weight in exports, the processing of fishery products is a key pillar of fisheries value chains, which is why it is important to support it as much as possible.

The marketing of processed products, which continues to be mainly carried out through informal channels, also needs to be developed. Despite the dynamism and flexibility of these channels when it comes to meeting regional demand, the sector is faced with huge challenges (limited transport facilities, border issues, duties, lack of information, etc.).

Experts generally agree that the key to developing fisheries value chains has nothing to do with increasing catch levels, but rather lies in enhancing the value of local products through small-scale processing and more effective marketing. Subsidies must be redirected to these business segments in order to face the challenges posed by respecting health and quality standards, providing adequate infrastructure and production, storage, and transport equipment, fostering capacity building for women involved in processing activities in intra and interregional trade, as well as combating police and customs harassment and all forms of violence against women.

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- ❶ The blue economy is wide-ranging and covers more industries than just fishing and aquaculture. It also includes tourism, transport, naval construction, energy, bioprospecting and all aspects of the underwater mining industry.
 - ❷ The FAO's Agreement, which came into effect in June 2016, helps fight IUU fishing by allowing port authorities to prohibit the entry and trade of fishery products of dubious origin that cannot be traced.
 - ❸ This corresponds to over 7 million euros worth of subsidies intended for purchasing engines for small-scale fishing.
 - ❹ Fishing more to earn more in order to compensate for the potential loss of competitiveness in markets, against the background of free access to resources and/or absence of restrictive controls on landings (authorised sizes and weights) and the fishing gear used.



Papa Gora Ndiaye
Executive Director of REPAO
(Network for fishing policies in
West Africa).

MADAGASCAR

Organic aquaculture supporting sustainable development in Madagascar: Interview with Mathias Ismail



Mathias Ismail

is Chair of OSO Group S.A., the seafood division of Groupe SOCOTA, and Chief Executive of R&O Seafood Gastronomy.

Bridges Africa met with Mathias Ismail, Chair of OSO Group S.A. and Chief Executive of R&O Seafood Gastronomy, in order to shed light on an ambitious project that has successfully turned sustainability standards into the driving force behind its business model thanks to a clear strategic vision and a committed approach. OSO is the seafood division of Groupe SOCOTA, one of the leading companies in the Indian Ocean with operations in Madagascar, Mauritius, and France. Groupe SOCOTA, founded in Antananarivo nearly a century ago, has a diversified portfolio of activities including textiles and clothing, agriculture, real estate, aquaculture, and seafood distribution.

How did the idea of establishing an organic shrimp farm in northern Madagascar originate?

[Mathias Ismail] The strategic vision that has guided OSO since it began is based on a simple equation and supported by highly complex implementation. Before the current organic trend in Western societies, and even before EU states enacted regulations governing organic production, OSO wanted to solve the following challenge: provide the most demanding international consumers with top quality gambas, from a gastronomic, environmental, and social point of view, originating from somewhere that already had a solid reputation for wild shrimp, i.e. Madagascar.

With this in mind, the objective was to provide markets with a sustainable alternative to wild shrimp – which is typically caught using a trawl net in overexploited oceans – as the impact of this practice on the seabed, the coast, and traditional fishing communities is criticised worldwide. We also wanted our approach to be socially responsible by changing the life and opportunities of the human community of Ankarana and Madagascar. The goal was therefore to guarantee gastronomic excellence supported by strong values that were recognisable at the point of sale. In order to convey these values, it became clear to OSO that it needed to obtain the highest quality certifications, both in terms of (organic) aquaculture production and on a social level, so that the brand's clients could be guaranteed environmental sustainability along with social responsibility.

What have been the main challenges you have had to overcome in order to secure a sustainable business and development model?

[MI] The OSO project for organic gambas in Madagascar had to face three main types of barriers.

Regulatory Barriers

Organic agriculture is a highly regulated industry in Europe. When the OSO project was launched, the official texts that governed the organic sector covered the main agricultural species that were essentially linked to land-based production. Aquaculture production, including shrimp, did not have the necessary regulatory framework to claim the use of the "organic" label and the official recognition connected with the AB (Agriculture biologique – organic agriculture) logo, which is recognised by over 80 percent of French consumers.

Box 1: OSO in figures

Since its launch, the OSO project has raised investments of over €45 million for a parcel of land of approximately 40 km² dedicated to organic gambas production in Madagascar. These investments cover a wide range of activities, including domesticating and breeding the crustaceans, farming and packaging, as well as the implementation of social, medical, road, port, and airport infrastructure.

OSO has an annual capacity of 1,600 tons of gambas. They are 100 percent organic and are sold on the international market, including in France and its neighbouring countries, in the United Kingdom, and in Japan. Over 90 percent of OSO's volumes come from whole organic gambas that are sold to high-end restaurants, prestigious *maisons de gastronomie* and traditional shops such as fishmongers and caterers.

OSO employs 900 people in Madagascar, in one of the most impoverished areas of the main island, in the heart of a world-renowned ecological site: the Ankarana Special Reserve.

OSO lobbied the French government until it introduced an official regulation, which was enacted on 13 February 2007, five years after we launched our site in the Ankarana region. From there, France built on OSO's integrated model and used it as an example to convince the European Commission to harmonise the organic regulations applicable in the 28 member states. The harmonisation of production practices has been in effect since 1 July 2010.

Human and Technological Barriers

As it was the first project of its kind in the world, OSO invented innovative aquaculture techniques in order to reach – after a slow build-up – technical performances that were comparable to those of similar conventional production. OSO surrounded itself with the best zootechnical talent, from Madagascar and worldwide, and trained them in organic thinking, values, and “science” by shedding the paradigms that support intensive production practices in Asia and South America. As organic production practices prohibit the use of chemical products, antibiotics and other allopathic treatments, growth hormones, and genetically-modified organisms, OSO has focused on designing original farming techniques that respect the shrimp and their ecosystems since its inception. This approach was an enormous challenge for the men and women who built OSO.

Social and Environmental Barriers

SOCOTA's ambition to set up its OSO farm in the middle of nowhere, at the foot of the Ankarana Special Reserve, in an area of Madagascar that is cut off from the rest of the world for six months during the rainy season, was a real challenge. This region of Madagascar is inhabited by the Antakarana tribe, a traditional, young, and proud people who have historically been impoverished and isolated. Thanks to the OSO project, these people have been able to benefit from free access to quality medical care and communication channels. Furthermore, the company arranged for drinking water to be supplied to the Ampapamena village (3,000 people), and an educational facility for children was set up thanks to the École de Félix Foundation – which was recognised as being in the public interest by the Malagasy state in 2014. However, the OSO project has especially enabled the provision of secure jobs, particularly for women, for a population that was still surviving off fishing and traditional agriculture for subsistence.

How would you describe the domestic and international regulatory environment in your sector?

[MI] OSO's production of organic gambas in Madagascar is governed by EU regulations, both in terms of food safety and for the official “organic agriculture” certification of the production process. OSO has a sanitary approval number, which was granted by the relevant Malagasy authority, under powers delegated by the EU. This European sanitary approval number allows OSO to produce in Madagascar and to export worldwide, either

directly or through equivalents. On a sanitary level, the international rules governing the food trade are generally consistent and recognised by the main consumer countries.

However, when it comes to organic certifications and regulations, the legal situation varies widely from country to country. To date, only the EU has managed to put in place common rules, by enacting Regulation No 834/2007 and its "aquaculture" component (Regulation No 710/2009). Implemented and controlled by the 28 signatory states, this regulation ensures the free movement of organically certified goods within the European Community. The other key consumer countries still do not have specific regulations for organic agriculture and, in some cases, do not recognise the EU's official certification in their territory. For example, there is no reciprocity or recognition between European organic standards and those of the United States Department of Agriculture. This forces OSO, along with all the other producers, to obtain double certifications and, in some cases, to choose between one or the other, as production standards can be very different and non-compatible.

Table 1: The history of the OSO project in the Ankarana region of Madagascar

2000–2001	Environmental, social, and technical impact assessment phase (2 years); decision to invest by Groupe SOCOTA.
2002	First 1.8 km ² of ponds. Creation of OSO's social and environmental integration department. Creation of OSO's health centre, offering free access to medicine.
2003	First expansion, increasing the farming area to 2.2 km ² . Creation of the first primary school (future École de Félix Foundation).
2004–2005	Second expansion, increasing the farming area to 3.2 km ² . First organic certification audit (Ministry for Agriculture, France). 14 km of pipeline installed to supply drinking water to the Ampapamena village. Introduction of waste collection and sorting services in Ampapamena.
2008	Third expansion, increasing the farming area to 4.25 km ² of ponds. "Ethical trade" social certification.
2012–2013	Launch of an R&D project on domesticating gambas stocks that have a natural immunity to the major pathogens, then exclusive partnership on the issue with the reference centre of the World Organisation for Animal Health (OIE).
2013–2016	Investment of €8 million into R&D in the fields of biosecurity, domestication, genetic, epidemiological surveillance, and zootechnics. Business strategy focused on animal well-being (organic).

What areas do you see for improvement from a trade-related perspective?

[MI] The capacity to convince the relevant agencies of the need for international equivalence regarding organic regulations, especially between the United States and Europe, is an important issue. We wish to see a legal gateway that would enable the harmonisation of organic production benchmarks, along the lines of what happened in the aeronautical industry with the "Joint Aviation Regulation". This would set up a framework that would encourage the development of organic production capabilities, without forcing operators to choose between one regulation and another to access a given market. Why not a "Joint Organic Regulation"?

How do standards (especially the AB organic label) link production in Madagascar to the end consumers in Europe and Asia?

[MI] In Europe, the AB organic certification is an "official" recognition. Under powers delegated by the European Commission, the French state (in OSO's case) controls and certifies, via a competent certified body, that the entirety of the production, transformation, and distribution chain for organic shrimp is in compliance with the EU's organic regulations. This certification confers entitlement to use the AB (France) and Euro Leaf (EU) brands and logos free of charge on packaging. For example, the French agency for the development and promotion of organic agriculture (Agence Bio) advertises widely in mainstream media to increase awareness of organic products and of the AB logo and to encourage consumers to use organic products. This critical support is free for producers like us.

In Asia, as far as we know, there are no official regulations in key consumer countries such as Japan and China. Nevertheless, even without a regulatory framework for this type of production, these markets are starting to consume organic products. Since 2012, OSO has produced organic gambas from Madagascar specifically for Japan, highlighting the values of organic produce as well as the high quality of the OSO brand. It is an evolving market for organic goods and has significant growth potential for OSO.

The capacity to convince the relevant agencies of the need for international equivalence regarding organic regulations, especially between the United States and Europe, is an important issue.

What are the main success factors for companies operating in low-income countries when it comes to meeting the standards governing value chains in the aquaculture industry?

[MI] The secret of OSO's organic approach can be summed up through three key factors of success. These key factors can be applied to any company, whether national or foreign, that operates in an environment characterised by a low level of economic development, such as Madagascar.

- *Continuously* training our human capital, at all levels of the company – executives as well as employees – on the standards and protocols required for organic certification and mobilising all the company's stakeholders around the AB requisites. This ranges from the pond officer who ensures that the water renewal inlet mesh is cleaned properly to the senior executive responsible for the molecular biology lab who analyses the DNA of the gambas, in compliance with organic regulations, to make sure they are in good health.
- *Leadership*, through a proactive management approach of our human resources and organisational structures in order to turn organic production processes into a founding, unifying element of the company – a corporate philosophy that is based on a deep respect for nature and people.
- *Excellence*, because this quest, this ambition, has become the fabric of an isolated human community that set itself the task of producing gambas of unique quality in the Ankarana region of Madagascar through the continuous pursuit of progress and innovation.

Is biosecurity an important issue in Madagascar? If so, how have you addressed it??

[MI] Biosecurity is a major challenge for aquaculture in Madagascar and in the Indian Ocean region in general, especially since 2011 when the WSSV (White Spot Syndrome Virus) pathogen was discovered in Mozambique. This pathogen affects decapods, which do not have an immune system and therefore do not develop antibodies. Since 2012, in order to preventively protect northern Madagascar, and particularly the Diégo-Suarez area, OSO has implemented significant scientific and technical measures.

OSO has a molecular biology lab certified by the World Organisation for Animal Health (OIE) with a daily output of 600 PCR (polymerase chain reaction) tests in order to analyse all the decapods of the Malagasy coast and thus detect potential infectious animal diseases. OSO conducts approximately 37,000 PCR analyses per year as part of epidemiological surveillance measures covering the entire western coast of Madagascar and specifically an enhanced control area that goes from the town of Majunga (western part of the island) to Cape Amber (northern tip).

Alongside biosecurity measures for the OSO site in Ankarana and the epidemiological surveillance of marine environments, OSO has launched an ambitious R&D programme to domesticate shrimp stocks that have a natural immunity to pathogens, in particular the WSSV pathogen. This R&D programme, which requires significant technical, scientific and financial resources in Madagascar and Taiwan, is promising for the future and consolidates OSO's position at the cutting edge of progress in the field of sustainable, responsible aquaculture.

According to you, what is the future of aquaculture in Madagascar and, more generally, in Africa?

[M] According to the Global Aquaculture Alliance, the international production of shrimp represented approximately 7 million tons in 2016, approximately 60 percent of which came from aquaculture. Aquaculture's share went from zero to almost two thirds in 30 years. Global demographic growth – and in particular Africa's population growth – brings with it the need to feed the planet while effectively managing the environmental impact, which is a fantastic opportunity for the aquaculture industry and specifically African and Malagasy aquaculture. Global overfishing is another important rationale in favour of sustainable aquaculture.

Aquaculture is a heavy, capital-intensive industry with long returns that depend on the vagaries of nature. In order to develop, this sector needs political and regulatory stability, particularly for land and taxes. In general, the aquaculture sector contributes substantially to the balance-of-payments of these economies and creates jobs in coastal regions that are often impoverished. However, it is still in its infancy in Madagascar and Africa, and everything remains to be done.

In order to develop, aquaculture also needs strong support from the state to give a sense of direction regarding blueprints for the implementation of production areas, scientific training, health monitoring and prevention, and scientific research to produce endemic species that are adapted to African ecosystems.

The African continent has significant potential, both for marine aquaculture and land-based fish farming – which can foster economic growth, earn foreign currency, and, above all, create jobs. Some experts consider aquaculture to be a potential pillar of the “blue revolution.”

E15 EXPERT GROUP ON FISHERIES AND OCEANS

Trade policy options for sustainable oceans and fisheries

Ussif Rashid Sumaila

Fishing plays a crucial economic role in many human communities around the globe. How can trade-related policies contribute to the sustainable management of halieutic resources?

The ocean is a vital component of the earth's system. It is home to over half of the earth's biodiversity and contributes significantly to the well-being of human society. Oceans provide half the planet's oxygen and fix a quarter of the world's carbon dioxide. Fisheries (marine, freshwater, and aquaculture) provide three billion people with up to 15 percent of the animal protein they consume and generate employment for at least 140 million people worldwide, including some of the most vulnerable.

The ability of oceans and fisheries to continue to deliver these functions and services depends on their sustainable use. Ensuring ocean sustainability has become a global challenge, as unsustainable practices threaten marine biodiversity, food security, and livelihoods, especially with respect to future generation needs, which are affected by overfishing, pollution and habitat destruction, warming, ocean acidification, sea level rise, and anoxia. The rapid expansion of aquaculture and contribution to fish protein supply has eased some pressures but also raised concerns about its environmental impact, highlighting the need to continue ongoing efforts to achieve sustainable aquaculture worldwide.

Trade in fish and fishery products is extensive and shapes global production patterns. An estimated 37 percent of fish harvest is exported as food for human consumption or in non-edible forms. This level of trade in fish and fish products provides an avenue for trade-related policies to make an important contribution towards solving the challenges facing the ocean and fisheries. To address the role of trade policy frameworks, ICTSD, in partnership with the World Economic Forum, convened a group of world experts under the broader E15 Initiative. The objective was to provide fresh thinking on the key challenges facing the world's oceans and fisheries, including aquaculture, and identify policy options and reform opportunities for the global trade system to support a transition towards sustainable fisheries and healthier oceans.

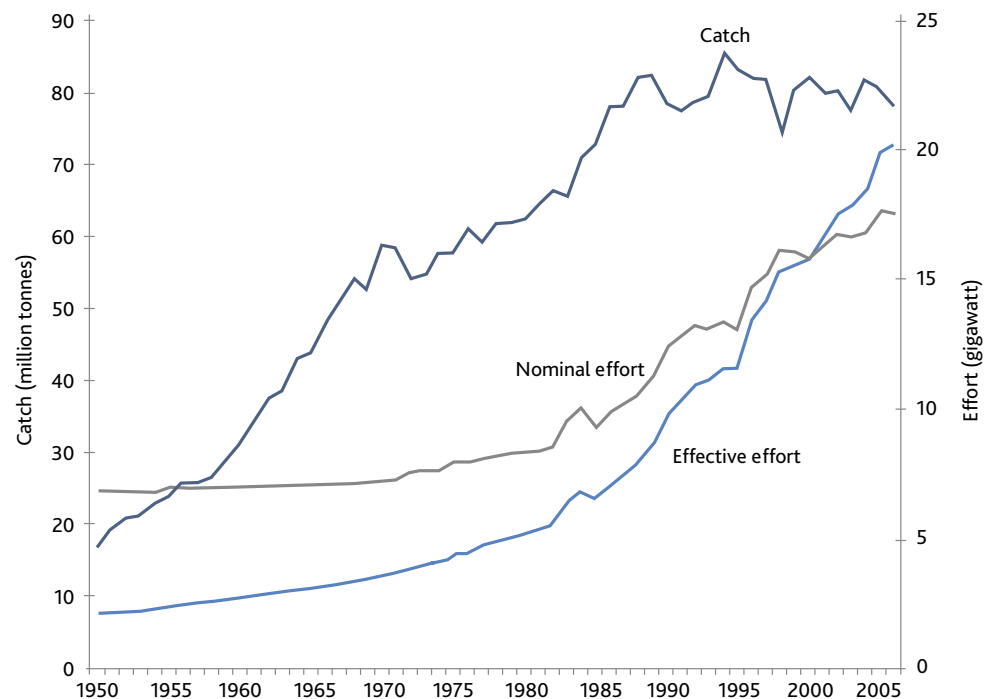
Challenges facing oceans and fisheries

A number of marine fisheries management and governance institutions have been established to support the sustainability of fisheries at the local, national, regional, and global level. While there are examples of success, these attempts have failed to meet the challenge of balancing current and future use of fisheries in many regions due to the prioritisation of short-term gains, the lack of precautionary and ecosystem-based management, and the weakness of enforcement mechanisms often leading to stocks being overfished.

The impact of overfishing on wild stocks

The expansion of the geographic extent of fishing in the second half of the 20th century has been accompanied by a ten-fold increase in global fishing effort (Figure 1). The reasons for this large increase in fishing effort are many, with ineffective management, technological innovation, and the provision of subsidies chief among them. The observed increase in effort and catch has impacted wild fish stocks and their habitats negatively. These impacts have significantly affected marine ecosystems and the health of oceans. To ensure the sustainability of world fisheries, the international community will have to implement comprehensive and cooperative policy responses in more effective ways than seen before.

Figure 1. Global trends in fisheries catch and fishing effort (1950-2006)



Source: Watson et al. 2013

The growth in aquaculture production

The aquaculture sector contributed to 3 percent of total fish supply in 1970. Today, the world's fish farms supply more food fish than wild landings, although total global catch of wild fish remains larger due to non-food uses such as reduction to fishmeal. This huge increase in aquaculture production in recent years has its benefits and costs. It has helped to fill the gap between growing demand and stagnant landings from wild fish stocks. However, the increase in the production of fish in farms has resulted, in certain instances, in environmental impacts that have caused concerns among experts, including effects on the sustainability of wild fish stocks. It is thus crucial that coherent policies and measures are put in place to ensure that fish farms are operated in a manner that minimises negative externalities.

Illegal, unreported, and unregulated fishing

Illegal, unreported, and unregulated (IUU) fishing is still common in many parts of the world. It occurs not only in the high seas but also within exclusive economic zones (EEZs) that are poorly managed. IUU fishing is a barrier to the effective management and sustainability of oceans and fisheries and also represents a major loss of potential revenue and wealth for many coastal developing countries. IUU fishing occurs because of the significant overcapacity that exists in the world's fishing fleet, growing demand for fish which boosts prices, inadequate fisheries management (especially monitoring and surveillance), and the low penalties usually meted out when fishers are apprehended fishing illegally. Trade-related policy measures have great potential in contributing to solving this source of unsustainability in fisheries.

Fisheries subsidies

Three types of subsidies can be identified according to the impact they tend to have on fisheries resources: (i) subsidies for management and research, sometimes defined as good subsidies because they are generally assumed to have a positive effect on our ability to sustainably manage fishery resources; (ii) capacity-enhancing subsidies, including those for boat construction and renewal, fuel subsidies, and fishery development programmes, which tend to promote disinvestment in the resource by motivating overcapacity and overfishing; and (iii) ambiguous subsidies, including those to vessel buy-back programmes and rural fisher community development, which can promote or undermine the sustainability of the fish stock depending on circumstances. While reliable and accurate

data remains sparse, partly due to a lack of transparency, total fisheries subsidies are estimated at around US\$35 billion, which constitutes 30 to 40 percent of the landed values generated by the wild fisheries sector worldwide. Capacity-enhancing subsidies make up the highest share at around US\$20 billion.

Tariffs and non-tariff measures

Tariffs and non-tariff measures shape fish processing and trade. They are widely employed by countries. From a sustainable development perspective, the question of tariff liberalisation presents a number of policy tensions. The first includes balancing the interests of those who benefit versus those who may lose if tariffs on fish products are lowered. The second relates to balancing the increased demand and potential economic gains from liberalisation with the need to limit catch levels to ensure the long term sustainability of fish stocks. In addition, while tariff barriers to fish products have gradually fallen through regional integration and unilateral liberalisation, non-tariff measures, which include both public and private standards, are growing in significance. They can be perceived as either barriers to market access or necessary tools to protect public health and support sustainable fish production. In the context of sustainable development objectives, the manner in which fish products are produced matters. The policy options summarised below have thus been crafted with the recognition that differentiation based on process and production methods may be legitimate.

Trade-related policy options

Trade policies and measures constitute an essential part of the overall policy framework needed to support sustainable environmental and human development priorities connected to oceans and fisheries. In support of these objectives, the policy options are divided into three work packages: closing the market for IUU fish catch, disciplining fisheries subsidies, and addressing tariffs and non-tariff measures.

Closing the market for IUU fish catch

At its root, the fisheries problem is caused by overcapacity in fishing fleets, inadequate management, weak governance, and greed. The goal is to suggest trade policy measures as key elements of a solution. This could be achieved by progressively closing down international trade in IUU fish products, taking into account the implications of adjustment for low-income countries. One way to work towards eliminating IUU fishing is thus to establish means to make it difficult for fish products from IUU fishing to enter the market.

Build consultative, effective, & coordinated unilateral import measures

The European Union's IUU regulation, particularly its escalating warning system, is having an impact. A key gap in the current situation is that the EU's import policy is limited to one market although the US is developing options. For this recommendation to succeed, other large seafood markets need to adopt trade measures that incorporate good aspects of the EU system, such as those that address the transshipment and import of IUU caught fish. Coordinated unilateral measures must include consultation with affected trading partners and they should take a stepwise and fair approach with an import ban as a last step. The impact of IUU import measures will depend on improving underlying marine governance systems, including Catch Documentation Schemes, IUU vessel lists, traceability, and flag state responsibilities.

Create a network of regional measures to address IUU fish trade

The global nature of fisheries trade means that many producers may be able to sell IUU fish catch in less regulated markets. To extend the reach of import measures, they need to be adopted on a bilateral or regional basis through regional trade agreements (RTAs). The real novelty in this approach is that it seeks to use RTAs to link unilateral IUU trade measures in a cohesive network with broad country coverage — either directly or by establishing platforms that will help countries converge towards best practice. To increase the effectiveness of these measures, linkages would need to be developed with large import markets, especially China.

US\$35 billion

Total fisheries subsidies are estimated at around US\$35 billion, which constitutes 30 to 40 percent of the landed values generated by the wild fisheries sector worldwide.

Develop a system of multilateral instruments on trade in IUU products

Regional approaches to closing the market for products from IUU fishing could gradually change the economics of the activity such that the cost of supplying IUU fish catch is too high to make it worthwhile on a large scale. However, a comprehensive and inclusive solution to the problem would most efficiently be negotiated multilaterally. This option is new in that it seeks to use regional agreements to support the entry into force of other multilateral instruments, and to establish, through the WTO, a code of conduct on illegal fish trade. The following options could be considered: RTAs could be used to incentivise the ratification of the FAO Port State Measures Agreement (PSMA), which targets the landing of illegal fish products; endangered marine species could be listed in Appendix I or II of the Convention on International Trade and Endangered Species (CITES); and, elements of best practice from unilateral and regional systems could be captured in a voluntary code on IUU fish imports and transshipment within the WTO.

Support the expansion of private sector schemes

It is generally accepted that state-based solutions alone will not suffice to address the challenges of IUU fishing. They need to be supported and complemented by private sector initiatives and actors. Several private sector certification schemes focus on assessments of the sustainability and legality of fish caught, and some already involve comprehensive and reliable traceability systems, which could be used to ensure the legality of fish provenance in the supply chain. However, private schemes could be improved by enhancing the participation of developing country fisheries in sustainability and legality certification. Assistance directed at the development of data collection and infrastructure to enable the traceability and certification of fish products could be provided as aid for trade.

Disciplining fisheries subsidies

The goal of this work package is to improve transparency regarding global fisheries subsidies and build momentum towards a multilateral agreement on subsidy reform. The very high level of annual capacity-enhancing support advanced to the fisheries sector is a key driver of unsustainability that the following options would seek to discipline and reduce significantly.

Develop reliable data on fisheries subsidies

There are few independent assessments of actual subsidy levels against which to evaluate inconsistent WTO notifications. Improving transparency is a fundamental requirement for further work on disciplines. It could stimulate action not only by revealing the scale of the problem but also by providing a dataset accepted by governments with the responsibility of implementing reform. This would underpin the transparency and monitoring of unilateral reform efforts, support improved coherence across national policies, strengthen momentum for collective reform, and enable the reporting and implementation of reduction commitments to be verified.

Adopt fisheries subsidies disciplines among a core group of countries

Given the difficulty in achieving universal subsidies disciplines through the WTO and the urgent need for action, an option would be for a coalition of countries to move forward with disciplines. To reduce the extent of free-riding on the part of large subsidisers, an agreement among a core group of countries to reform harmful subsidies could, in the context of an RTA, be combined with trade rules that specify preferential conditions under which this core group would engage in the trade of fish and fish products with countries that are not participating in the agreement.

Establish multilateral disciplines built stepwise and bottom-up

Another approach would be for a group of countries to stimulate collective action with bottom-up voluntary commitments to subsidy reform. Each country would declare the amount of capacity-enhancing subsidies that they would voluntarily eliminate within a given time period. Based on these voluntary commitments, the group would then negotiate the remaining "ambition gap" between the offers made and the level of overall reductions required at a multilateral level. To effectively close the gap, the process would require either multilateral participation or at least the involvement of the world's largest

providers of fisheries subsidies. The stepping stone of a plurilateral agreement could eventually be multilateralised in the WTO if enough large subsidisers were involved.

Restart WTO negotiations based on areas of relative agreement

The first best option — an ambitious multilateral agreement — could be pursued by establishing disciplines built on areas of subsidy reform that attracted the most support in the WTO fisheries subsidies negotiations. These include subsidies to IUU fishing, vessel transfers, and access agreements. There was arguably some level of consensus with the idea of reforming vessel construction subsidies and those affecting overfished stocks. It may therefore be possible for WTO members to agree to eliminate a small list of subsidies in the interest of healthy oceans and sustainable fisheries by focusing on the low-hanging fruit.

Align incentives by focusing negotiations on international fish stocks

A key reason for the lack of progress in protracted fisheries subsidies negotiations at the WTO is that they suffer from the requirement that negotiators should aim for an all-inclusive deal. One way to overcome this difficulty is to align subsidies policies with national interests by splitting the world's fisheries into domestic and international fisheries. The former would comprise fisheries operating within a country's EEZ, targeting fish stocks that spend all their lives within the zone. The latter would include fish stocks that are transboundary, highly migratory, or discrete high seas stocks. International negotiations could then prioritise agreement to reform subsidies that affect international fish stocks, and governments, pressured by civil society, would work unilaterally to reform subsidies that affect their domestic fisheries.

Tariffs and non-tariff measures

There are several broad policy reforms that could support more efficient markets for fishery products. These include reducing distortions like tariff escalation, improving infrastructure, and establishing procedures to lessen the costs of trade. The options in this work package address more specific issues in international fisheries trade, particularly in relation to developing country producers.

Differentiate between capture and aquaculture fish in HS tariff codes

Distinguishing between wild-caught and aquaculture fish products in tariff lines would enable better measurement of the changing structure of global fisheries trade and improve the traceability of products through the value chain. It would also help policy-makers address the distinct environmental impacts of the two production methods. The purpose would be to gather information regarding wild capture and aquaculture product flows, and not to allocate different tariff levels to these products.

Support the adaptation of preference-dependent countries

As preference margins are gradually eroded, preference-dependent producers will need to adjust to a changing competitive environment. More flexible rules of origin in preferential arrangements could help producers diversify their sourcing of inputs and access global production networks, thereby creating more options as their competitiveness evolves. They could also facilitate the development of regional value chains. Flexibility could be conditioned on fish meeting sustainability and legality requirements. Beyond rules of origin, there may be a case for international financing mechanisms, including under the Aid for Trade initiative, to provide technical assistance for producers to adjust to a loss in competitiveness caused by preference erosion or graduation from preference schemes.

Assist low-income fish exporting countries to reach standards

The aim of this option is to help producers adapt to changing competitive conditions imposed by sustainability standards. As tariff barriers become less relevant in major markets, public and private standards are likely to become the main market access constraint for fish products. Producers that are small, located in poor countries, with limited access to capital, or operating in fragmented industries, are at a disadvantage when it comes to meeting high standards in export markets. Given the contribution of fisheries trade to employment and income in many developing countries, an inclusive

approach in which producers can move towards certification is essential. Private actors are well positioned to both improve access to existing certification schemes and assist producers and retailers to work towards bridging the gap between production realities and sourcing requirements.

Ensure coherence between private standards and the TBT Code on standards

Although the provisions of the WTO Agreements on Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary (SPS) Measures do not formally cover private standards and labels, non-governmental standard-setting bodies should be urged to adhere to the TBT Agreement's Code of Good Practice for the Preparation, Adoption and Application of Standards. In order to both their economic power to shape production patterns and ensure they are inclusive, these schemes should be encouraged to follow basic principles set out in the 2000 Decision of the TBT Committee on international standards, such as transparency, openness, and coherence, while preserving their effectiveness as incentives for sustainable fisheries and aquaculture production.

Link mutual recognition systems for standards applicable to fish products

National SPS and TBT systems differ and are sometimes applied inconsistently. Mutual recognition between large markets can exclude other producers and reduce their competitiveness — even when these standards can be met. In order to ensure that these integration tools covering behind-the-border measures are inclusive, the parties to large regional trade agreements (e.g. TPP and TTIP) could consider including a linking mechanism by which trading partners who are outside of the agreement, but whose testing and conformity assessment systems enjoy mutual recognition with one or more of the parties involved, could benefit from the agreement's wider mutual recognition provisions.

Priorities and next steps

Priority trade-based policy solutions include the reform of harmful subsidies and efforts to restrict the global fisheries market to sustainable and legal products. While there is a preference for multilateral approaches, options are proposed that may compromise on multilateralism in the short term in order to facilitate the building of broader solutions in the system in the longer term. Coordinated unilateral instruments, including trade bans as a final step, could be useful short-term measures, but they should be fair, transparent, reasonable, and proportionate.

A sectoral trade agreement on sustainable fisheries could address a number of different aspects of fisheries trade, including tariffs and non-tariff measures, IUU fishing, and fisheries subsidies. Aid for trade and other development finance tools can be used not only to catalyse agreement and action but also to mitigate the potential negative impacts of these policies on small-scale fisheries. Such a sectoral initiative could be developed either within the WTO as a plurilateral agreement or within the framework of regional trade agreements.

To restate the premise on which the policy options have been devised: with 37 percent of fish and fish products traded internationally, enlightened and well-informed trade-related policies can make an important contribution towards securing a healthy ocean and sustainable fisheries worldwide. The three work packages provide an innovative and inclusive agenda for domestic reform and international cooperation.



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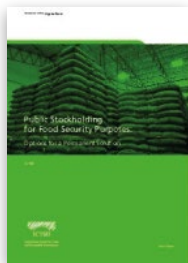
① Watson, Reg A., et al. "Global Marine Yield Halved as Fishing Intensity Redoubles." *Fish and Fisheries* 14(4): 493-503. 2013.

Publications and resources



Trade Facilitation and Global Value Chains: Opportunities for Sustainable Development – ICTSD – November 2016

There is considerable interest in the development community as to the complex relationship between GVCs and sustainable development outcomes in low-income countries. This paper analyses that relationship from the specific perspective of trade facilitation. If policies are appropriately designed and implemented, there is much that trade facilitation can do to increase GVC involvement, which in turn can have positive implications for sustainable development prospects. <http://bit.ly/2gCOHjl>



Public Stockholding for Food Security Purposes: Options for a Permanent Solution – ICTSD – November 2016

WTO members have agreed to seek a “permanent solution” to the problems that some developing countries say they face in addressing food security objectives under the trade body’s existing farm subsidy rules. Negotiators now need to construct an equitable and sustainable solution. This paper seeks to contribute to this process by surveying the extent to which this evidence is available, analysing the data which does exist, and drawing some initial conclusions about options that negotiators might fruitfully be able to explore. <http://bit.ly/2fi2QMm>



Global Value Chains, Industrial Policy, and Sustainable Development – Ethiopia's Apparel Export Sector – ICTSD – November 2016

Ethiopia is an exporting latecomer compared to other sub-Saharan African apparel exporters. But recent export growth has been impressive with Ethiopia being hyped as a “rising star” for apparel sourcing. This country case study, based on a methodology developed by ICTSD, assesses the achievements and challenges manifested in growing the Ethiopian apparel sector, the government’s active industrial policy strategy to develop the sector, and its implications for industrial and sustainable development. <http://bit.ly/2fKRcNU>



Global Value Chains, Sustainable Development, and the Apparel Industry in Lesotho – ICTSD – November 2016

The apparel industry has been central to Lesotho’s economy, accounting for one third of the country’s gross domestic product. This country case study examines the interplay between two different sets of foreign direct investment (FDI) driving two very different value chains: the one global, with FDI from Asia and production based on preferential access to the US market under the African Growth and Opportunity Act (AGOA); the other regionally based, with FDI from South African firms relocating production in Lesotho. <http://bit.ly/2fUVOPe>



Comparing Safeguard Measures in Recent Regional and Bilateral Trade Agreements – ICTSD – November 2016

As negotiators pursue talks on a workable agricultural safeguard mechanism at the World Trade Organization, it is critical that they have access to up-to-date and reliable information. This paper, which builds on a previous ICTSD study, provides policy-makers and others with an evidence-based analysis of the implications of recent bilateral and regional trade negotiations for developing countries’ ability to use safeguard measures to protect domestic producers from sudden surges in the volume of imports or price depressions. <http://bit.ly/2fKU2m2>



Trade Measures to Combat IUU Fishing: Comparative Analysis of Unilateral and Multilateral Approaches – ICTSD – October 2016

Illegal, unreported, and unregulated (IUU) fishing is a persistent and global problem. This research paper describes and compares the apparent impact of multilateral and unilateral trade-related measures taken to address IUU fishing, including trade and catch documentation schemes and trade-restrictive measures that identify and sanction countries for perceived weaknesses in addressing IUU fishing. The research is presented in two formats: an issue paper and a summary for policymakers. <http://bit.ly/2hxCEC9>



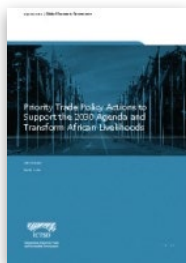
Trade, Food Security, and the 2030 Agenda – ICTSD – October 2016

The new 2030 Agenda for Sustainable Development sets a ground-breaking new commitment for all countries: to end hunger and “all forms of malnutrition” by 2030, including undernourishment, micronutrient deficiencies, and overnutrition. This paper examines how policies affecting trade and markets are relevant to those new commitments on hunger and malnutrition, looks at past progress and projected trends, and examines options for government action in the years ahead. <http://bit.ly/2eoSBuD>



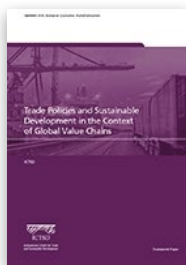
Trade and Water: How Might Trade Policy Contribute to Sustainable Water Management? – ICTSD – October 2016

This paper identifies some of the key intersections between trade policy and water management, in areas such as agriculture, hydropower generation, water services and wastewater management. While the local nature of water systems and the diversity of water management objectives is not conducive to the application of trade instruments to enforce a prescriptive, one-size-fits-all, approach to water management, the paper identifies a range of areas in which trade policy could support the sustainable management of water. <http://bit.ly/2dZRIM0>



Priority Trade Policy Actions to Achieve the 2030 Agenda and Transform African Livelihoods – ICTSD – September 2016

This think piece, one of a series that analyse the contribution trade and trade policy could make in implementing the 2030 Agenda, explains that the poverty challenge is particularly steep for Africa. The continent's commodity-led growth over the last few years has not, by and large, generated widespread economic opportunities. Against this backdrop, this paper focuses on how trade-related policy, including regional economic integration, could contribute to transforming livelihoods across the continent. <http://bit.ly/2dygnAU>



Trade Policies and Sustainable Development in the Context of Global Value Chains – ICTSD – September 2016

Global value chains (GVCs) have become a major feature of the 21st century economy. This paper argues that the expansion and increased sophistication of GVCs has created a new “trade-investment-services-technology nexus.” This paper surveys the types of trade and trade-related policies that are the most relevant to support the development of country participation and upgrading in GVCs. It also explores the implications these policies may have for GVCs to contribute to sustainable development. <http://bit.ly/2d54La0>



Services and Sustainable Development: A Conceptual Approach – ICTSD – September 2016

This paper, the first in a series of services and SDG-related publications, aims to provide the basis for further work in this area and support positive service sector policy change in the world's poorest countries. It offers a conceptual framework which identifies the primary channels through which services effect the SDGs, as well as a set of criteria designed to guide policymakers in prioritising competitiveness-enhancing policy change in particular service sectors. <http://bit.ly/2cLUB6s>

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