

December 2003



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COMMITTEE ON FISHERIES
SUB-COMMITTEE ON FISH TRADE
Ninth Session
Bremen, Germany, 10-14 February 2004
Agenda Item 13
ISSUES OF ACCESS OF SMALL-SCALE FISHERIES CATCH TO INTERNATIONAL TRADE

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INTRODUCTION

1. The purpose of this document is to inform the Sub-Committee about relevant aspects of small-scale fisheries pertaining to international trade. Factors which prevent the sector's operators from participating in international trade or from reaping the full potential benefits from such participation are discussed and possible remedial strategies suggested for consideration by the Sub-Committee.

2. Whereas the importance of developing countries participating in international fish trade is universally recognised, the role of small-scale fisheries in this trade is less well defined. Almost all studies on the small-scale sector have dealt with poverty issues, fisheries management, local food-security or coastal development whereas the trade and marketing dimensions have been markedly neglected. The reason for the scarcity of trade-related studies is certainly not caused by the experts' lack of interest in trade issues but lies in the heterogeneous nature of the sector and the lack of reliable data on its composition and contribution to the economy. Such lack of data makes any analysis both complicated and cumbersome, and at best, only approximate.

3. In fact, the presence of numerous highly diverse definitions of the sector, of its scale and characteristics testify to the methodological problems inherent in any analysis of small-scale fisheries. Likewise, spatial categorizations are difficult as the substantial regional differences in scale make what is classified as small in one country be classified as medium-sized or even large-scale in another country. In this paper, small-scale fisheries are understood to mean fisheries characterized as employing labour intensive harvesting, processing and distribution technologies to exploit marine and inland water fishery resources. The activities of the sector, conducted full-time or part-time, all year or seasonally, are important in supplying fish and fishery products to local and domestic markets, as well as for subsistence consumption. Export-oriented production has increased over the last decades because of greater market integration and globalization.

4. It is often forgotten that small-scale fisheries form a significant part of the fishery sector also in many developed countries. In the following discussion the emphasis will be on small-scale fisheries in developing countries. Similarly, the emphasis will be for the most part on capture fisheries although many of the issues discussed and problems raised are also perfectly applicable to artisanal aquaculture.

5. In the 25th session of COFI, small-scale fisheries were discussed under agenda item 10: "Strategies for increasing the sustainable contribution of small-scale fisheries to food security and poverty alleviation". COFI noted that the small-scale fisheries sector makes a crucial social and economic contribution in many countries and underlined the particular importance of women in small-scale fish processing and marketing activities. Many Members of COFI observed that globalization had both positive and negative effects and that improved trading opportunities and access to technology and know-how must be carefully balanced with the requirements of ensuring adequate domestic food supplies and equitable participation in economic activities.

6. COFI "further welcomed the suggestion for FAO to elaborate, in the context of the Code of Conduct for Responsible Fisheries, technical guidelines on increasing the contribution of small-scale fisheries to food security and poverty alleviation. The guidelines should stress the importance of national fisheries development strategies that promote good governance and inclusiveness to create a sense of ownership and accountability by small-scale stakeholders in the decision-making process. Members agreed that appropriate avenues towards this goal included the encouragement of fishermen's organizations at community level and the facilitation of their representation at local, regional and national levels." An Expert Consultation will be convened by FAO in 2004 to develop these guidelines. It is brought to the attention of the Sub-Committee that a specific reference to trade is not included in the mandate from COFI, and the Sub-Committee

may wish to comment upon the desirability of the inclusion of trade as an aspect of small-scale fisheries to be discussed by the Expert Consultation.

7. Although this paper focuses on the small-scale fisheries sector and related issues of trade, it is important to underline that the small-scale sector not only is an integral part of the fishery sector of a country, but it is also an economic activity and frequently a vital part of the economy of many developing countries. The sector's problems, including those related to poverty or to social and demographic issues, can therefore not be effectively addressed without economic policies geared to generate sustainable growth in the economy as a whole leading to reduced levels of poverty in all sectors of society. For example, the recent World Economic and Social Survey by the United Nations¹ concludes that sound economic policies are needed if we are to achieve the Millennium Development Goal of cutting extreme poverty in half by 2015. Should this goal be achieved, then the operators of the small-scale fishery sector would be among the first to benefit.

ISSUES RELATED TO BETTER STATISTICS AND INFORMATION

8. FAO statistics show that currently more than 50 % of fish exports come from developing countries. This percentage has increased steadily over the last two decades in line with creation of national EEZs, growth in aquaculture output and more recent developments in fish processing for exports in many developing countries.

9. Unfortunately, reliable statistics are not available for the contribution of small-scale fisheries to total capture fisheries production. Consequently, data on volumes or value of the fish and fishery products originating in the sector and entering international trade are also non-existent. The following discussion will therefore have to build on non-quantitative data supplemented by experiences reported by sectoral operators and their representatives and information gathered by the FISH INFOnetwork as well as anecdotal evidence from various sources.

TRADE AND ORGANIZATIONAL ISSUES

10. Lack of data or under-representation of the small-scale sector in official statistics also explains to some extent why in many countries, small-scale fisheries are not treated in accordance with the sector's substantial importance to national economic and social development and, in particular, its contribution to food security and poverty reduction. This leads to the small-scale fisheries sector not being given its proper voice in the formulation of national poverty reduction strategies, nor adequately being reflected in the setting of national economic policy and development and investment priorities.

11. The issues concerning trade and small-scale fisheries fall broadly into two different dimensions; one related to domestic issues and a second category of issues related to the export market. Although the issues are inter-locked and the geographical distinction rapidly is losing much of its traditional meaning, it may be considered helpful in the discussion to treat the two dimensions separately.

12. Among the problems of a domestic nature related to the sector's capacity to benefit from international trade, the most salient are linked to the structure of the sector itself. By its very nature, the small-scale fisheries sector is characterized by a large number of small operators. These operators may be single fishermen or small groups of fishermen that jointly operate their fishing vessels or work together in the subsequent stages of operations, i.e. trade, processing or distribution. The operators are generally poor, although large differences in income levels or in

¹ World Economic and Social Survey 2003, at www.un.org/publications

access to capital may exist within the same category of people or between groups in different areas.

13. Despite frequent attempts at local levels to create organizations, such as affiliations or co-operatives, a large majority of small-scale fishermen probably still operate alone without any organizational alliance or affiliation. The high degree of fragmentation on the supply side weakens not only the commercial and economic position of the individual participants but is also detrimental to the sector's overall economic performance. The operators' weak position in commercial negotiations and transactions combined with frequent lack of organizational structures to represent the individual operators makes them over-dependent upon the services of other operators such as domestic collectors, buyers and tradesmen, especially for finance, or on processors, with the result that a substantial part of the benefits generated by the small-scale fisheries are lost to the subsequent levels in the marketing chain.

14. This situation is aggravated by deficiencies in access to price and market information, by lack of trade finance and capital for investments in new technology or gear, and by inadequate infrastructure especially at the landing sites. Lack of transparency in the price formation process and asymmetric information flows is exacerbated by lack of fish auction systems in many countries, especially at the first hand level.

15. Where fishermen or farmers' co-operatives or affiliations do exist, for example in Asia, results have been mixed. The main reason for this seems to be lack of attention to marketing issues caused by inadequate knowledge of market requirements at the local level, and inability to overcome more overriding weaknesses, such as lack of defined user-rights or access-rights, lack of capital for investing in improved technology or new equipment, inadequate trade finance or basic infrastructural handicaps.

16. Politically, the fragmentation of the sector and the frequent lack of organizational structures to represent the views and interests of the individual operators at the national policy-setting level, weakens the sector's ability to attract funds for improvement of infrastructure as well as to ensure the necessary involvement in the decision-making process on issues of relevance to the sector. As reported by COFI, globalization provides opportunities for those that are able and willing to take advantage of new trade opportunities and improved access to technology and know-how. Experience in many developing countries indicates that frequently those benefiting the most from this development are not the small-scale operators but the subsequent stages in the marketing chain. It can be assumed that as long as the small-scale fishermen remain unorganized, unaffiliated and fragmented, they are destined to remain price-takers rather than price-setters. It is clear therefore that the encouragement of fishermen's organizations at the community level and representations at all levels, will also bring direct commercial and economic benefits to the sector.

FOOD SAFETY AND QUALITY

17. The sector's frequent lack of visibility in national plans has also implications for food safety, in particular where lack of necessary infrastructure impacts negatively on the post-harvest level. Highly perishable catches depend on good access to infrastructure that facilitates rapid entry into a chilled environment or to establishments for collection or processing of the fish. Deficiencies at this level lead to losses in quality and lower prices to the small-scale operators, not only for products aiming at international markets but also when selling through commercial domestic channels. Likewise, deterioration in quality may have serious consequences on food safety and for the well-being of domestic consumers, whether in rural and coastal areas or in urban areas where consumers depend on national domestic supplies for their fish consumption.

18. Weaknesses at the domestic level are quickly translated into weaknesses at the international level, which is the second dimension of the issues relevant to small-scale fisheries and trade. The major importing markets in the world have gradually increased safety and quality

requirements for imported fish and fishery products, especially in the late 1990s with the introduction of Hazard Analysis Critical Control Point (HACCP) programmes but also more recently with new legislation on labelling for fish and fishery products. The implications are especially severe for processed fish products as the processing facilities must adhere to international acceptable standards. In practice, all fishery products have come under tighter scrutiny, and the new demands to the national competent authorities for fish inspection and food safety determine whether products from a given country are allowed to enter a specific market or not.

19. It is however important to underline that it is feasible and realistic for most developing countries to engage successfully in international trade and to abide by the requirements of importing countries to quality and safety. This does not at all mean that it is an easy task or that it can be done without major and continuous efforts on both the industrial and political levels or without significant investments. However, experience shows that it is possible. Although the costs of compliance with process-based food safety systems such as HACCP may be onerous, they are necessary to gain access to major import markets and are in fact cheaper and more cost effective than traditional inspection-based systems.

20. This is not only evidenced by the share of exports now coming from developing countries, in fact more than half of the world's total, but also by the number of accepted countries for exports to major markets such as the EU, where out of 77 approved countries, about 85 % are developing and transition countries.

SMALL ISLAND DEVELOPING STATES

21. A special case can be made for small countries, especially small island developing states, which face difficulties in meeting the scales of production needed to compete in the global environment and are constrained by logistical handicaps as well. In addition, the frequent absence of a designated competent authority and of adequate legislation, inspection services and laboratory facilities calls for special attention to the problems of these countries with the aim of finding regional solutions or other means to facilitate the integration of these economies into the international fish trade.

TRACEABILITY AND LABELLING

22. Other recent requirements set by major import markets relate to traceability and labelling. Mandatory requirements have also implications for products originating from small-scale fisheries and put new demand on producers and their ability to keep up with the pace of change. Likewise, heavy demands are placed on the national authorities in developing countries where the competent authorities for food safety and fish quality see their capacity to carry out a growing amount of tasks being stretched to the utmost. The necessary upgrading of laboratory facilities and inspection services also require capital investments that not all countries are able to undertake, at least not in the short run and at short notice.

23. In addition to mandatory requirements in labelling and traceability, voluntary concepts such as environmental certification and labelling are also placing demands not only on operators choosing to participate but on national institutions as well. Although the small-scale sector has many aspects that potentially make it an ideal subject for eco-labelling schemes, long supply chains, costs of certification, difficulties in assuring the chain of custody and requirements to management systems and institutional mechanisms for ensuring sustainable harvesting of the resources would require significant preconditions to be met for small-scale fishers to benefit from eco-labelling schemes.

24. In addressing this issue, the report from the recent FAO Expert Consultation on the Development of international guidelines for eco-labelling of fish and fishery products from marine capture fisheries states that "in accordance with Article 5 of the Code of Conduct for Responsible Fisheries, recognizing that all countries should have the same opportunities, and in view of the special conditions applying to developing countries and their important contribution to international fish trade, it is acknowledged that in order to benefit from applying ecolabelling schemes, developing countries will require technical and financial assistance to develop and maintain appropriate management and monitoring, control and surveillance (MCS) arrangements that will allow them to participate in such schemes. Such assistance should consider direct support, as well as cost implications for accreditation and certification".

25. Further, the Report states that "The use of ecolabelling schemes should be seen as an opportunity and a potential tool for developing countries to add value to their fish and fishery products and facilitate access to international markets, including for processed products".

GENDER ISSUES

26. The important role of women in small-scale trade, retail distribution and processing has in some countries stimulated the growth of gender-based associations or co-operatives. In addition to their role in improving the economic conditions of their members, in some cases also through micro-credit schemes, such organizations have proved effective in providing link-ups to other community-based social service programmes.

TECHNOLOGICAL IMPROVEMENTS

27. The new technologies available to the sector go beyond the harvest level, although the introduction of the outboard engine, better gear and improved fishing techniques certainly have increased catches. Technological improvements in communication and logistics in particular have facilitated trade, not only with international buyers but also locally and regionally. In addition, advances in post-harvest technologies and storage have helped maintain product quality and safety.

CIVIL SOCIETY ORGANIZATIONS

28. A relatively new opportunity for small scale fishermen is represented by the growth of consumer groups and members of civil society in major export markets that have started taking an interest in the well-being of small-scale producers in developing countries. "Fair-trade", ethical or social initiatives and labels have been introduced in several markets, and although the degree of success again has been found to be crucially linked to the organizational structure of the operation and on the logistical set-up, these initiatives do represent important niches in the overall market.

29. The interest in small-scale fisheries shown by civil society and non-governmental organizations has also stimulated the debate around the problems and concerns of the sector. The role of non-governmental organizations in aiding small-scale operators to organize themselves collectively for political as well as commercial purposes at the local level or to link up with consumer groups in export markets is important and should not be underestimated. In addition, non-governmental organizations are often instrumental in implementing projects at the community level which in many countries have proven to be flexible and cost-effective with a positive impact on the communities involved.

FAO ACTIVITIES IN SMALL-SCALE FISHERIES AND TRADE

30. Over the last decades, FAO has carried out a number of activities to promote the role of developing countries in international fish trade and to build capacity on trade, safety and quality issues. In the current regular programme of the FAO Fish Utilization and Marketing Service (FIU), a significant part of resources is dedicated to capacity-building on issues relevant to trade. Likewise, FIU is responsible for the module on fisheries in FAO's Umbrella II trade-related capacity building programme in developing countries. A special effort is made to ensure that the small-scale fisheries sector is adequately involved and integrated in all these activities concerning trade. Similarly, trade-related aspects should be considered in the upcoming work by the Department on technical guidelines on increasing the contribution of small-scale fisheries to food security and poverty alleviation.

CONCLUSIONS

31. The discussion of the future role of small-scale fisheries in a world of increasing globalisation has frequently focused on how the sector suffers the negative consequences of such developments, rather than from how it could benefit or take advantage of opportunities offered by globalisation. As seen in the above, there are many reasons for this, including the sector's extreme fragmentation, unclear or unrecognised access or user rights and a frequent lack of political, financial or organisational clout. It is clear that no single panacea exists as a remedy for the ills of the sector; however, by strengthening local-level institutional arrangements, granting communities access and user rights to resources as well as ensuring the sector's participation in decisions of relevance to the interests and activities of its numerous operators at the national level, a reversal of trends can at least take place. This necessitates political will on the part of decision-makers both inside and outside the sector. Many recent examples, especially in Asia, show that such a change is possible, and where this has come about, both the sector itself and the coastal and national economies have benefited.

32. The small-scale fisheries sector has a long history of evolution and development. Despite many rapid and important changes over the last decades, not the least related to technological changes and to growing trade, the small-scale sector can be expected to remain the backbone of the fishery sector in many if not most developing countries for many years to come. It is therefore all the more necessary that institutional changes are implemented to ensure the sustainability of the sector as well as safeguarding its important contribution to local food security, to economic development, to generation of employment and income and as a supplier of safe, nutritious, wholesome fish and fishery products to domestic and international consumers.

33. This paper highlights some of the problems encountered in the small-scale sector and attempts to suggest some remedies. It is however important to underline that the problems of the sector cannot be seen in isolation but must be addressed within holistic policies. In the same manner, the sector's problems cannot be effectively solved in the absence of economic policies for sustainable growth in the overall economy with the aim to reduce levels of poverty and food insecurity in all sectors of society.

SUGGESTED ACTION BY THE SUB-COMMITTEE

34. The Sub-Committee is invited to comment on the information provided and contribute additional experience. It is requested to provide guidance for future work of FAO in the area of small-scale fisheries and trade; on the relevance of trade in the Department's planned activities on small-scale fisheries including the planned Expert Consultation; and on the role of FAO in trade-related capacity-building for the small-scale fisheries sector in developing and transition countries. The Sub-Committee might also wish to provide guidance on the collaboration between FAO and other institutions and regional networks with respect to small-scale fisheries and trade.