

PROCEEDINGS OF THE BRAINSTORMING SESSION

On

WTO AND FISHERIES

7th February 2002

Organised by

Central Institute of Fisheries Education

(Deemed University - ICAR),
Fisheries University Road, Versova,
Mumbai - 400 061

and

Indian Fisheries Association

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BACKGROUND

The founding of the World Trade Organization (WTO) in January 1995 marked the culmination of a series of complex, arduous and long drawn out negotiations under the Eighth Round of General Agreement on Tariffs and Trade (GATT). It also marked the beginning of a distortion free multilateral trade among the economies of the World as the core principle of the WTO is institutionalization of global framework for deregulated competitions. India, being a founder member of the GATT, is a signatory to the commitments made during the negotiations. The provisions under various agreements are expected to have an impact on the different sectors and fisheries are not the exception.

Indian fisheries sector plays an important role in the socio-economic development of the country, in view of its potential contribution to national income, nutritional security, employment opportunities, social objectives and export earnings. The emerging trend in Indian fish production indicates that the fish production grew to a record level of 5.95 MT in 2000-01. The new technologies and changes in the institutional arrangements coupled with the perceptible changes in the management of fisheries made fish a commodity for trade and export besides a source of income for the poor people subsistence. Fisheries contributes 4.3 percent to the agricultural GDP and export earnings are presently valued at over Rs. 6,443 crores which is one third of the agricultural export. In addition, it provides direct and indirect employment and dependency for over seven million fisher folk in the country.

In this connection the Central Institute of Fisheries Education, Mumbai, in association with the Indian Fisheries Association organised a brainstorming session on “WTO and Fisheries” at CIFE, Mumbai on 7th February 2002. The following issues were deliberated during the session.

- Intellectual Property Rights and Aquaculture
- Safeguarding Fish Health in Global Trade
- Agreement on Sanitary And Phytosanitary Measures: A bliss or bane to Indian Seafood Industry.
- Fisheries Subsidy, Responsible Fishing and Sustainable Development
- Market Access for Developing Countries
- The Distributional Impact of International Trade on Food Security
- Investments in Deep-sea Fishing and Fisheries Conservation
- Environmental Measures and Disguised Protection

The thoughts and strategies emerging from discussions on component issues are summarized in the following.

The Current Status of Global Trade in Fish and Fishery Products

- Presently about 195 countries export part of their production and the international trade accounts for about 40 percent of total production from capture fisheries and aquaculture at a value of US \$52.5 billion.
- Developed countries account for nearly 85 percent of the value of total imports of fishery products with developing countries achieving a net trade surplus of US\$16.6 billion. Japan is the biggest importer of fishery products accounting for 25 percent of the global total.

- Shrimp is the most important commodity accounting for about 20% global trade in value terms
- Groundfish (demersal fish) is another group of species accounting 12% of fishery trade
- Tuna, traded fresh, frozen or canned, represents 9% of the total trade.

Emerging scenario in Indian Fisheries

- Indian fish production grew to a record level of 5.95 m t in 2000-01
- Seafood exports rose to US \$1.10 billion
- Contribution to GDP increased from 0.46% in 1950-51 to 1.3% in 2000-01
- Livelihood support to seven million poor fisher folk
- Fishery products constitute largest share in India's agricultural exports
- Our seafood delicacies are exported to more than 75 countries

Quality Management of Fishery Products

- The quality management is extremely important for enterprises in food sector to remain competitive in the current environment of free global trade. A striking example of this is the rejection of 40 percent of the consignments of Indian marine exports by European Union a few years ago.

Fish Exports from India (2000-2001)

| Market | Value (in crores) | Item | Value (in crores) |
|-----------------|----------------------|-------------------|----------------------|
| Japan | 2560.39 | Frozen shrimp | 4461.51 |
| U.S.A | 1164.40 | Frozen fish | 874.91 |
| European Union | 1025.36 | Frozen squid | 324.43 |
| China | 827.42 | Frozen cuttlefish | 288.99 |
| South East Asia | 462.97 | Dried items | 89.80 |
| Middle East | 188.32 | Live items | 39.88 |
| Other | 215.04 | Others | 364.37 |

Fish Exports from India

| Years | Quantity (['] 000 tonnes) | Value (in crores) |
|---------|--|----------------------|
| 1950-51 | 19.7 | 2.46 |
| 1960-61 | 15.7 | 3.92 |
| 1970-71 | 35.9 | 35.07 |
| 1980-81 | 75.6 | 234.84 |
| 1990-91 | 139.4 | 893.37 |
| 1991-92 | 171.8 | 1375.89 |
| 1992-93 | 208.6 | 1767.43 |
| 1993-94 | 244.0 | 2503.62 |
| 1994-95 | 307.3 | 3575.27 |
| 1995-96 | 296.3 | 3501.11 |
| 1996-97 | 378.2 | 4121.36 |
| 1997-98 | 385.8 | 4697.48 |
| 1998-99 | 303.0 | 4626.87 |
| 1999-00 | 340.0 | 5096.00 |
| 2000-01 | 440.5 | 6443.89 |

Agreement on Sanitary and Phytosanitary Measures

- Today with the ever-increasing global trade the rapid transport of infected/contaminated animals over long distances or transport of products is leading to the outbreak of serious disease epidemics.

- The SPS measures are typically applied to both domestically produced and imported goods to protect human or animal life or health from food-borne risks; humans from animal and plant-carried diseases; plants and animals from pests or diseases; and, the territory of a country from the spread of a pest or disease.
- Owing to the concern that SPS measures might be used for protectionist purposes, a specific Agreement on the Application of Sanitary and Phytosanitary Measures was negotiated during the Uruguay Round.
- The Agreement confirms that countries have the right to maintain SPS measures for the protection of the population and the agricultural sector. However, it requires them to base their SPS measures on scientific principles and not to use them as disguised restrictions to trade.
- The agreement recognizes the Office International des Epizooties (OIE) and Codex Alimentarius Commission (CAC) as the relevant international organisations responsible for the development and promotion of international animal health standards, guidelines, and recommendations affecting trade in live animals and animal products.
- Presently India's export earnings through seafood products alone are about Rs 6443 crores. This market has been rapidly growing. However, it might be affected by the recent insistence of USA and other developed countries on imports of food products only from those suppliers who have established HACCP system at their plants.

Intellectual Property Rights and Aquaculture

- The agreement on Trade Related Intellectual Property Rights (TRIPs), which was an integral part of the General Agreement on Trade and Tariffs (GATT), calls for protection and legitimate reward system for the creative inputs of the inventors of intellectual property. Patents are considered the strongest form of IP protection
- The TRIPS agreement states that patents shall be available for any inventions in all fields of technology provided they are new, involve an inventive step and are capable of industrial application. However, the patenting of higher animal life forms was left unresolved, with signatories having the option to use or not use patents to protect such intellectual property rights.
- In view of the accession to global market in post WTO era, the TRIPs may impinge upon the future of high investment frontier technology such as Biotechnology for its products and their commercialization, and eventual utilization for the benefit of aquaculturists.
- The increased investment in animal biotechnology research and development implies an increased likelihood of finding solutions to some of the fish diseases (like White Spot Syndrome Virus) that currently defy treatments. In this way, consumers and farmers benefit from the improvements in the practices that may take place in aquaculture.

BEYOND DOHA

Doha Declaration was significant for fisheries and fish trade due to :

- Fisheries subsidies were on WTO negotiating agenda for the first time
- New negotiations were aimed at clarifying and improving WTO disciplines on fisheries subsidies
- Reduction or elimination of tariff on products of export from developing countries
- Negotiations on the relationship between WTO Rules and specific trade obligations under multi-lateral environmental agreements (MEAs)

Fisheries Subsidies and Responsible Fishing

- World bank estimates that US\$ 11-20 billions of subsidies are being granted each year by the governments around the world to the fisheries sector which amounts to 20-25 percent of global marine fish catch value
- Countries with the largest fishery subsidies include European Union, Japan, Korea, Taiwan, Russia, China and United States
- Subsidies to the fisheries sector include payments for national access to fish in foreign waters, direct grants for fishers and their vessels, tax breaks for fuelling fishing boats, funds for the construction and maintenance of port facilities and support for ship building and fish processing.

- It is widely believed that most of the subsidies directly contribute to overfishing, fuelling the expansion of global fishing fleets, excessive use of environmentally damaging technologies and facilitating competition for space and resources between developed and developing countries and also within developing countries.
- It is also important to recognize that some subsidy programmes are beneficial and work to support responsible fishing and sustainable development

Trade Related Investment Measures (TRIMS)

- At present investments are not parts of the WTO mandate. However, the proposals of a Multiple Agreement on Investment (MAI) spell concern for fisheries sector.
- The provisions of MAI would fundamentally alter the climate for international investment by preventing governments from providing more favourable conditions for their citizens and domestic companies than for other investors.
- Under proposed agreement countries would be required to treat foreign investors no less favorably than domestic ones. It allows foreign fishing fleets the same access to domestic waters that local enjoys.
- The European Union demands access to fishery resources for market access and a link between market- and resource access has been a core issue in negotiations for investments.

- The proposals of MAI are in direct conflict with international agreements, treaties or conventions relating to fisheries such as
 - UN Convention on the Law of the Sea (UNCLOS)
 - UN agreement on the conservation and management of straddling fish stocks and highly migratory stocks.
 - FAO's code of conduct for responsible fisheries
 - Convention on International Trade in Endangered Species in Wild Fauna and Flora (CITES)
 - Convention on Biological Diversity (CBD)

Strategies and Policy Guidelines

- In order to have safe food and larger Foreign and Domestic market for the Indian food products, it is necessary for all the seafood processing companies to gear up to improve the quality to comply with the guidelines of HACCP.
- Training programmes on HACCP may be initiated to impart training to employees and entrepreneurs of seafood industry.
- Trading countries should focus on the importance of enforcing and applying animal health regulations based on standards of OIE and CAC.

- Quarantine and health certification programmes must be further developed within the context of larger national and international standards addressing the problem of spread of infectious diseases in aquatic species.
- More research in the communicable diseases of aquatic species.
- Need for both domestic & international reforms to safeguard and promote sustainable use of resources.
- An urgent need to enhance awareness about intellectual property rights.
- A clearly defined property rights system across stakeholders with fish farmer at the center stage of all rights & control is required.
- Massive investments under 'Green Box' measures are required to build up infrastructure, overcome technology gaps and create safety nets for farmers & their allies.
- Reduction or elimination of tariff on products of export interest to developing countries.
- India should judiciously use tariff provision to protect the domestic industry.
- Considering the competitive price of Indian shrimp in international market, the WTO challenges can be converted into opportunities by vigorously utilizing the vast potential of unexplored brackishwater resources.

- An urgent need to improve the balance between the fishing industry's productive capacity and the availability of fish.
- Elimination of non-targeted subsidies leading to inefficiency, over-fishing and excess capacity.
- A process has to be initiated towards "Agreement on Fisheries" (AoF) at WTO.
- More systematic studies on linkages between policies, trade and fisheries are to be undertaken.

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