The impact of EU commercial fisheries policies and practice on international trade in fisheries products. Final report

The Impact of EU Commercial Fisheries Policies and Practice on International Trade in Fisheries Products




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Acronyms

ACP	African Caribbean and Pacific
ADM	Anti-Dumping Measures
AGOA	Africa Growth Opportunity Act
APEC	Asia-Pacific Economic Cooperation
ASCM	Agreement on Subsidies and Countervailing Measures
CFP	Common Fisheries Policy
CSR	Corporate Social Responsibility
CTA	Technical Centre for Agricultural and Rural Cooperation ACP-EU
DDA	Doha Development Agenda
DEFRA	UK Department for Environment, Food and Rural Affairs
DFID	UK Department for International Development
DG	Directorate General
DWF	Deep-water Fleet
EBA	Everything but Arms
EEZ	Exclusive Economic Zone
EFF	European Fisheries Fund
EPA	Economic Partnership Agreement
EU	European Union
FAO	Food and Agricultural Organization of the United Nations
FIFG	Financial Instruments for Fisheries Guidance
FOB	Free On Board
FPA	Fisheries Partnership Agreement
FTA	Free Trade Agreement
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GFT	Government Financial Transfers
HACCP	Hazard Analysis Critical Control Point
IARC	Impact Assessment Research Centre, University of Manchester
ICTSD	International Centre for Trade and Sustainable Development
IFPRI	International Food Policy Research Institute
ITC	International Trade Commission
JETRO	Japanese External Trade Organization
LDC	Least Developed Country
LIFDC	Low Income Food Deficit Country
MCS	Monitoring, Control and Surveillance
MEA	Multilateral Environmental Agreement
MFN	Most-favoured-nation
MSC	Marine Stewardship Council
NAMA	Non-agricultural Market Access
NGOs	Non-governmental Organizations
NRI	Natural Resources Institute
NTB	Non-Tariff Barriers
NTM	Non-Tariff Measure
ODI	Overseas Development Institute
OECD	Organization for Economic Co-operation and Development
RFMO	Regional Fisheries Management Organisations
ROO	Rules of Origin
S & DT	Special and Differential Treatment
SCM	Subsidies and Countervailing Measures
SIA	Sustainability Impact Assessment
SIFAR	Support unit for International Fisheries and Aquatic Research

SOFIA	State of World Fisheries and Aquaculture, FAO
SPS	Sanitary and Phytosanitary Measures
TAC	Total Allowable Catch
TBT	Technical Barriers to Trade
TOR	Terms of Reference
UNCED	United Nations Conference on Environment and Development
UNEP	United Nations Environment Programme
UNCTAD	United Nations Conference on Trade and Development
USAID	United States Agency for International Development
WITS	World Integrated Trade Solution
WTO	World Trade Organization
WWF	World Wide Fund for Nature

1 Introduction

The European Union is a major player in world fisheries in both the catching sector and in international trade. It is the second largest producer after China, accounting for 5% of world fisheries catches and aquaculture production (EC, 2006). The EU is the world's biggest net importer of fisheries products and is increasingly dependent on imports for its fish supply.

EU countries imported 7.9 million tonnes of fish and fisheries products worth € 23.5 million in 2004, and exported 5.4 million tonnes of fish worth € 14.2 million. As such, the EU accounted for 40 % of global fisheries imports and 25 % of exports. However, a significant proportion of this (45 % of imports and 70 % of exports) is due to trade between EU countries (intra-EU trade) and much of the imports are to supply the EU's processing sector with raw material. Nevertheless, the EU is a net importer of 2.5 million tonnes of fish from outside the EU.

The EU fishing fleet operates in all the major ocean areas and also in the waters of specific countries under bilateral arrangements. Some 3,000 vessels operate outside of Community waters, both to the north and south of European waters (EC,2001).

The EU's trade policies define the rules that govern imports of fisheries products to the EU, an important market for many developing countries. The EU's fisheries policies have influenced the activities of catching sector, bringing about the current situation of the external fleet, and also having an impact on developing countries whose fish stocks they target. There may be examples where the trade policies have reinforced the fisheries policies for the external fleet.

This study was commissioned by the UK Department for International Development to review the elements of EU fisheries and trade policies and assess their impact on international trade in fish and fisheries products.

1.1 Key issues

In particular, two specific questions were raised:

- If the EU accounts for 30 per cent of global fisheries trade, is it the most efficient processor of fisheries products in the world today?
- Has EU fisheries policy created trade distortions in international trade in fish and fisheries products?

Other key issues include:

- What are the main fish and fisheries products traded with Europe and what are their sources and destinations?
- Does the EU capture a disproportionate amount of world fisheries trade compared with its consumption of fisheries products?
- If so, have EU fisheries policies influenced this? In particular, what influence, if any, do the EU's bilateral fisheries agreements have on international trade in fisheries products?
- What are the likely impacts of the World Trade Organisation (WTO) negotiations and the EU's forthcoming Economic Partnership Agreements (EPAs) with African, Caribbean and Pacific countries, on trade in fisheries products?

1.2 Approach

To consider the key issues above, the main elements of the EU's fisheries and trade policies were reviewed, and their influence and impacts on trade were considered.

Fisheries trade statistics from FAO and Eurostat as well as data from other sources were analysed to answer questions on whether the EU captures a disproportionate amount of world trade in fisheries products, and the impact that its fisheries and trade policies may have had.

This analysis was used as a basis to consider the potential impacts on fisheries trade of the most-likely outcomes of the WTO round and EPA negotiations, as well as the Fisheries Partnership Agreements (FPAs). As much as possible, impacts were assessed for their economic, social and environmental outcomes.

In light of this, and considering the foreseen changes taking place in world trading arrangements the implications for developing countries were considered and recommendations made.

2 World Trade in Fishery Products

2.1 Overview of global production, trade, and consumption patterns

In 2002, an estimated 38 million people earned their income through fishery and aquaculture production related activities (FAO, 2004). The vast majority of these people live in developing countries. The total number of fishers and fish farmers has increased at an average rate of 2.6% per annum since 1990.

Global fish production reached 140 million tonnes in 2004, up from about 133 million tonnes in 2003 (Table 1). Whilst approximately two thirds of the total production still comes from capture fisheries the driving force behind recent growth is aquaculture (Lem, 2006). Overall, the bulk of fisheries production takes place in developing countries (77 % of 133 million tonnes in 2003 (FAO Statistics)) and about 38 % of total production is exported.

Predictions on the development of fisheries supply and the potential growth of aquaculture are provided in Appendix 1, based on modelling of global fish supply and demand in 2020 by IFPRI and the World Fish Centre (Delgado et al. 2003). These predictions show that world fishery and aquaculture production for human consumption was 93.1 million tonnes in 1997, and is expected to increase to 130.1 million tonnes by 2020. Developing countries contributed 73 %, which is expected to increase to 79 % in 2020. The share of aquaculture to global fishery production for human consumption is expected to increase from 30 % to 40 % in 2020. China is the single largest producer, providing 33.1 million tonnes in 1997 (35.7 % of the total), which is expected to increase to 53.1 million tonnes (41 % of the total) by 2020.

Table 1: **Global fish supply and exports (in million tonnes)**

	2002	**2003**	**2004**
Capture fisheries production	93	90	95
Aquaculture	40	43	45
Total supply	**133**	**133**	**140**
Developing country exports	27	27	30
Developed country exports	22	21	23
Total exports	**49**	**49**	**53**

Source: Lem, 2006; FAO Statistics

China's production of capture and aquaculture fisheries has increased rapidly over the last two decades making it the single largest producer in both categories. However, the reliability of China's production data has been called into question suggesting that production has been systematically overestimated at least since the early 1990s. Lu (1998, quoted in Delgado et al, 2003) suggests that institutional incentives that reward or punish local officials based on reported productivity may be largely responsible for the increasing distortion.

Capture fisheries is an industry in crisis as the natural resource limits of the oceans, coastal regions, and many inland water bodies have been reached (World Bank, 2004). According to FAO estimates, approximately half of the stocks (52 %) are fully exploited and therefore producing catches close to their maximum sustainable limits, whilst approximately one-quarter are overexploited, depleted or recovering from depletion (16 %, 7 % and 1 % respectively) and need rebuilding (FAO, 2004). This alarming situation is perceived by many as jeopardising the livelihoods of fisherfolk in both developing and developed countries. Despite some international efforts to reverse this situation, trends have not significantly changed during the last few years.

Global trade in fisheries products has seen significant growth during the last three decades and has reached US$ 71.7 billion in 2004, up from US$ 63.5 billion in 2003 and US$ 8 billion in 1976. (Josupeit, 2005, Pawiro, 2006). Table 2 shows the main species and products traded, indicating the importance of shrimp and other crustaceans, demersal fish (e.g. cod, pollock, haddock, hake), tuna and salmon. Molluscs are also important when taken as a group.

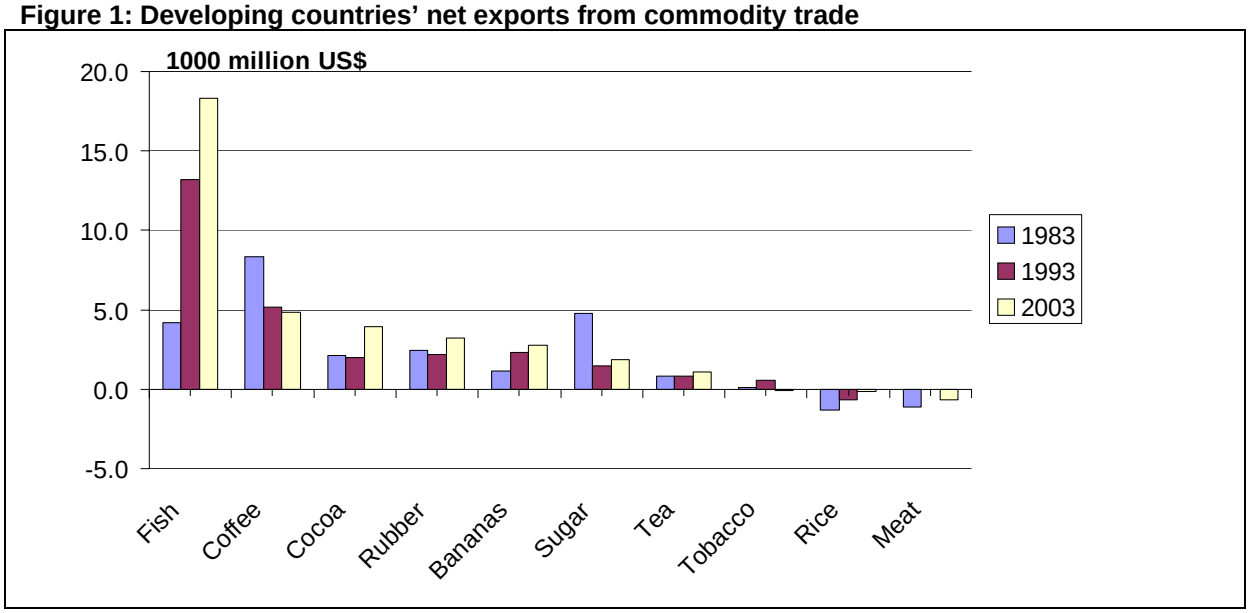
Table 2: Fisheries exports by value (2004)

Species / Products	Percentage of total export value
Shrimp	16%
Groundfish	15%
Tuna	9%
Salmon	8%
Crustaceans (other)	7%
Small pelagics	7%
Cephalopods	5%
Molluscs (other)	5%
Fish meal	3%
Freshwater fish	2%
Fish oil	1%
Others	22%

Source: Josupeit (2006)

Developing countries account for approximately half of the global fisheries exports by value, and 85% are destined for developed countries. The net receipts of foreign exchange earnings (i.e. export minus import values) from fishery commodities for developing countries increased from US$ 4.0 billion in 1982 to about US$ 20 billion in 2004 (Vannuccini, 2004; Lem, 2006). The importance of fisheries products as a source of export revenue for developing countries is demonstrated by the fact that net fish export earnings far outweigh their earnings from other food commodities such as coffee, bananas, cocoa, sugar, and tea (see Figure 1).

Figure 1: Developing countries' net exports from commodity trade



Source: Josupeit, 2005, based on FAO statistics

Japan and the USA, followed by Spain, France, Italy, China and the UK, are the main importers of fish and fisheries products (Table 3). Taken as a group the EU is the world's

principal importer and exporter (Figure 2), accounting for 40 % of global imports and 25 % of global exports in 2003 and 2004. At the same time, one must bear in mind that a significant portion of EU trade figures is made up of trade between EU countries ('intra-EU trade'). For example, intra-EU trade in fish, crustaceans, and molluscs was of the order of € 11.218 billion in 2003 and € 12.415 billion in 2005 (Eurostat, 2006)[1]. The position of the EU in international fisheries trade looks less dominant if this is taken into account (Table 3 and Section 4.2), and more in line with other major importers such as Japan and the USA.

China's international fisheries trade has grown rapidly during the course of the last two decades, making it the number one exporter and an important importer. In 2004, the Chinese fisheries trade surplus was in excess of US$ 3.5 billion (Lem, 2006). At the same time, the country is a net importer of fish (over 500,000 tonnes) due to the importation of significant quantities of fish destined either for domestic consumption or for processing of products that will be re-exported. As a result, China has become the world's fourth largest importer behind the EU, Japan, and US.

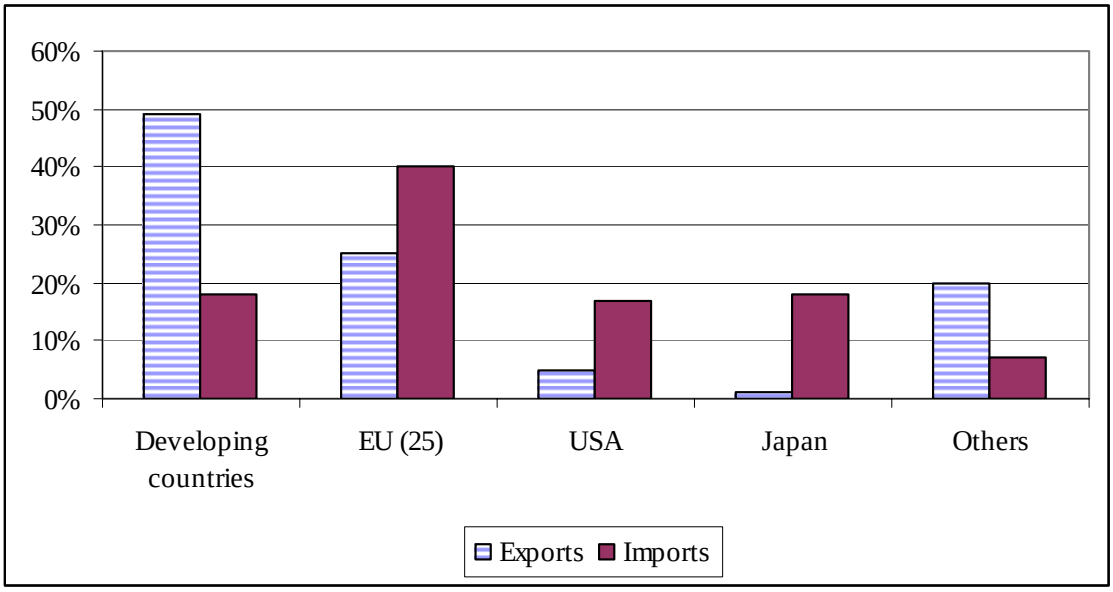
Table 3: International trade in fisheries commodities by principal importers and exporters in 2004

Imports			**Exports**		
	US $ billion	**as % of world total**		**US $ billion**	**as % of world total**
European Union (intra + extra EU-25)	29.193	38.8	European Union (intra + extra EU-25)	17.730	24.8
European Union (extra-EU 25)	15.029	20.0	European Union (extra-EU 25)	2.673	3.7
Japan	14.560	19.3	China	6.637	9.3
USA	11.967	15.9	Norway	4.132	5.8
Spain	5.222	6.9	Thailand	4.034	5.6
France	4.176	5.5	USA	3.851	5.4
Italy	3.904	5.2	Denmark	3.566	5.0
China	3.126	4.2	Canada	3.487	4.9
United Kingdom	2.812	3.7	Spain	2.565	3.6
Germany	2.805	3.7	Chile	2.484	3.5
Denmark	2.286	3.0	Netherlands	2.452	3.4
Korea Rep.	2.233	3.0	Vietnam	2.403	3.4
China, H. Kong	1.908	2.5	United Kingdom	1.812	2.5
Netherlands	1.837	2.4	China, Taiwan	1.801	2.5
Canada	1.537	2.0	Iceland	1.770	2.5
Total world	**75.293**		**Total world**	**71.508**	

Source: Country data are based on FAO Statistics, www.fao.org; EU data are based on Eurostat (2006); Exchange rates USD to EUR: 0.8054.

[1] Eurostat (2006), External and Intra-European Union Trade, Statistical Yearbook Data 1958 – 2005, Edition 2006, European Commission, Luxembourg.

Figure 2: Main exporters and importers of fish and fishery products, 2003 (by value)



Source: FAO (no date) FAO Support to WTO negotiations 4 – Fisheries trade issues in the WTO;
N.b.: EU figures include intra-EU trade.

Fish Utilisation

The bulk of fisheries production is destined for human consumption (79 % in 2003) as highlighted in Table 4. Most fish is marketed in fresh form, followed by frozen, cured and canned products. Processing of fish into fish meal destined for animal feed is another major purpose of production.

There is concern that increasing aquaculture production will lead to increased use of fishmeal with detrimental effects for the eco-systems concerned. As a result, the development and use of fishmeal substitutes as part of an eco-systems approach is being promoted in different parts of the world including the UK.

Table 4: Disposition of world fishery production ('000 tonnes)

	2002	**2003**	**2004**
Total world fishery production	133,651	133,187	140,475
For human consumption	100,159	102,690	105,632
Marketing fresh	52,205	53,159	54,968
Freezing	25,971	26,059	26,722
Curing (e.g. drying, salting, smoking)	10,693	11,237	11,550
Canning	11,289	12,235	12,392
For other purposes	33,492	30,497	34,844
Reduction (e.g. fish meal)	25,403	21,655	25,473
Miscellaneous purposes	8,089	8,842	9,371

Source: FAO Statistics

2.2 Key issues in international fisheries trade

2.2.1 Tariffs

The functions of tariffs (or import duties) include the protection of domestic producers from foreign competition and generation of government revenues. Following the GATT Uruguay Round, the average tariff on fish products was 4.5 % for developed countries and below 20 % for developing countries (Ahmed, 2006).

Table 5: Average tariff rates (%) by type of seafood for selected countries

	Raw fish	Intermediate seafood products	Processed seafood
EU	10.3	4.0	16.3
Japan	4.3	2.0	9.0
US	0.6	1.0	3.3
Korea	15.3	33.0	20.0
Canada	0.6	3.0	2.6
Developing countries (average)	19.4	22.0	23.8

Source: ICTSD (2006) adapted from Roheim (2004)

Average tariff rates for a selection of countries are shown in Table 5. Korea has the highest average tariff rates (15 % – 33 %) amongst a selection of industrialised countries. Tariffs applied in countries such as Canada, Japan, and USA are below 10 %, whilst the EU has most-favoured nation (MFN), i.e. maximum applicable duties, that are on average around 11 %. Although only 3 % of global fish imports are subject to tariffs above 15 %, there are cases of tariff peaks due to tariff escalation[2] (Ahmed, 2006). Details on tariffs applicable in the EU are contained in Section 3.2.1 and Table 1 in Appendix 2, and issues related to preferential market access to the EU are outlined in Section 3.2.2.

With average tariffs that are 19.4 % for raw fish, 22 % for intermediate products, and 23.8 % for processed seafood, developing countries have higher tariff rates than developed countries (ICSTD, 2006). At the same time, due to trade liberalisation and WTO accession of major fish importing and exporting countries (e.g. China), tariffs have declined in many developing countries. Table 2 in Appendix 2 contains examples of tariff rates for selected developing countries.

It is important to make the distinction between bound and applied tariffs. Bound tariffs (i.e. ceilings on customs tariff rates) are only relevant for WTO members (Melchior, 2005). Applied tariffs in many cases tend to be lower than bound tariffs, which provides some allowance for future tariff increases (ICTSD, 2006) or, if tariff cuts are negotiated on the basis of bound tariffs, it may lead to 'water in the tariffs' — i.e. cuts in bound tariffs may not affect applied rates very much if large gaps exist between the two (Melchior, ibid).

As for applied tariffs one must further distinguish between most-favoured nation (MFN) maximum applicable rates, and actually applied rates. The latter take into account preferential tariffs for developing countries.

[2] Tariff escalation occurs when tariffs are higher for more processed goods.

2.2.2 Non-tariff barriers

As a result of concerns over food safety there are increasingly complex requirements for food safety assurance and traceability, both in developed and developing countries. Major markets are imposing complex food safety assurance and traceability requirements, especially the EU and USA. These requirements present a threat to existing exporters and a 'barrier' to new entrants. Strict quality standards create a bias in favour of countries with a highly developed infrastructure and larger suppliers with greater resources.

While various trade round agreements since 1948 have led to a substantial reduction in tariffs — which were seen as the major barrier to trade — other forms of regulation have developed that have the potential to be used as a form of protection and to act as barriers to trade. These include arbitrary technical barriers and various sanitary and phytosanitary regulations. In an effort to reduce the trade-restricting aspects of these regulations, two agreements were reached under the Uruguay Round negotiations and adopted by WTO members in 1995:

- Application of Sanitary and Phytosanitary Measures (the SPS Agreement);
- Agreement on Technical Barriers to Trade (TBT).

The SPS Agreement applies only to measures covering food safety, animal and plant life and human health. Other technical measures outside this area come within the scope of the TBT Agreement. The SPS and TBT Agreements are thus complementary and mutually reinforcing.

These agreements have given a new direction to the international food trade, including fisheries products. The agreements are intended to ensure that requirements such as food quality, labelling and methods of analysis applied to internationally-traded goods do not mislead the consumer or discriminate in favour of domestic producers or goods of different origin. They also try to ensure a balance between the trade-facilitating aspects of standards and their trade-distorting potential.

Some key principles of the SPS Agreement include:

- The sovereign right of a country to put protective measures in place, but these measures should not be more restrictive than necessary to achieve the appropriate level of protection.
- The Agreement stresses that SPS measures should be scientifically based as well as the importance of risk assessment in determining the appropriate levels of SPS measures.
- Of crucial importance are transparency in the development and implementation of measures and the adoption of international standards.
- The SPS Agreement gives status and legal force to the standards set by the Codex Alimentarius Commission. The Codex Alimentarius — or food code — was created in 1963 by FAO and WHO and has become a global reference point for consumers, food producers and processors, national food control agencies and the international food trade.

Amongst other things, the WTO Agreement on TBTs seeks to ensure that:

- technical standards and regulations do not create unnecessary obstacles to trade;
- code of good practice is used;
- procedures for testing should be fair and equitable;
- there is no unfair advantage for domestic products as a result of standards;

- there is transparency (i.e. notifications).

Examples of technical import requirements may include restrictions on fish (e.g. size, presentation); the catch method (e.g. use of turtle excluder devices in shrimp fisheries; dolphin-safe tuna fishing), and labelling (e.g. origin of the catch, generic marketing names) including the use of eco-labels. In this context, findings from research in India show that SPS measures introduced in the 1990s had far more impact at the macro-level than TBT measures related to the turtle/shrimp dispute with the USA. Nevertheless, at the micro-level the latter also had some negative impacts on the livelihoods of poor fishing communities (Salagrama and Koriya, 2006).

2.2.3 Subsidies

Subsidies are seen as a driving force in creating overcapacity in the fishing industry which has contributed to overfishing. According to Milazzo (1998), annual aggregate subsidies to the fisheries sector were of the order of US$ 14 billion to US$ 20 billion (quoted in World Bank, 2004). WWF (2005) estimates that fisheries subsidies amount to at least US$ 15 billion per annum. An OECD report estimated that the value of fisheries subsidies in OECD countries amounted to US$ 6.4 billion in 2003 (OECD, 2003).

Difficulties related to the assessment of subsidies are related to the lack of notification by WTO members, and the fact that some subsidies are 'un-budgeted' such as tax concessions. Transparency regarding subsidies is a problem because few members of the WTO have complied with their obligation to report subsidies. The political sensitivity of the subsidies issue is highlighted by the use of euphemisms for subsidy, such as 'government financial transfers' and 'economic incentives'.

According to Cox (2006), government financial transfers (GFTs) by OECD countries were of the order of US$ 6.7 billion in 2003, which corresponds to 21 % of the value of landings. The GFTs were used as outlined in Table 6, with the biggest amounts going to management, research, and enforcement (38 %), and infrastructure (34 %). Figure 3 shows the distribution of GFTs amongst OECD countries (a) by value and (b) by value as a percentage of landed value, respectively.

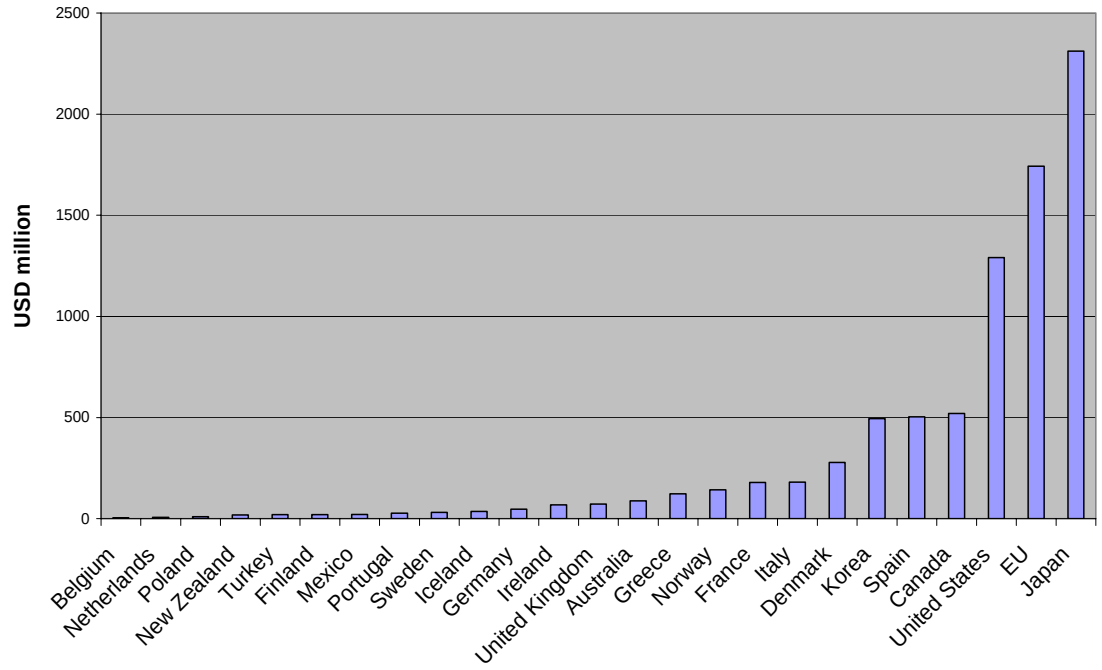
Table 6: OECD Government Financial Transfers to fisheries by programme objective, 2003

Programme objective	Percentage
Management, research and enforcement	38%
Infrastructure	34%
Access agreements	3%
Decommissioning schemes	8%
Vessel construction and modernisation	4%
Income support	6%
Other	7%

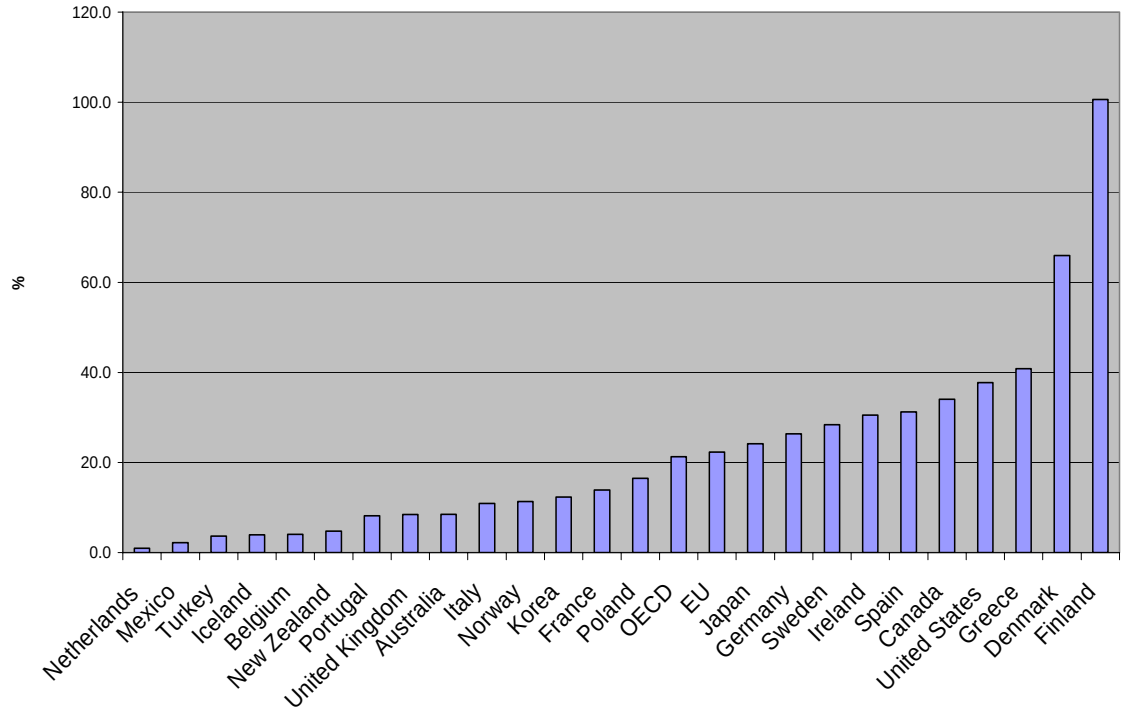
Source: Cox (2006).

Figure 3 GFTs to the OECD fisheries harvest sector, 2003

(a) Value in USD million



(b) Percentage of the value of landings



Source: Cox (2006)

OECD (2003) assumes that subsidies to the processing sector are limited. Support to the processing sector is primarily due to tariffs on processed products, i.e. market price support that is not financed by the governments but by higher prices for consumers, which were estimated to be of the order of US$ 400 million in 2000.

UNEP (2004) investigates the impacts of eight types of subsidy using a matrix based on two key variables: (1) type of management regime (categorised as 'open access', 'catch control' and 'effective management'); and (2) level of fleet capacity (expressed as 'overcapacity', 'full capacity', and 'less than full capacity'). Table 7 summarises the expected impact of eight categories of fisheries subsidies on fish stocks under different scenarios of the two key variables.

In addition to environmental impacts, subsidies also affect a range of other developmental issues such as production, trade patterns, social aspects, and governance. For example, fisheries subsidies can affect access to productive resources, distort trade flows, and have related social knock-on effects. Governance issues are frequently related to transparency (or the lack of it) as far as fisheries subsidies are concerned.

Table 7: Impact of eight categories of fisheries subsidies on fish stocks under different management regimes and levels of exploitation

Type of management regime	**Effective management**			**Management with catch controls**			**Open access**		
Level of fleet capacity	Over-cap.	Full cap.	Less than full	Over-cap	Full cap.	Less than full	Over-cap.	Full cap.	Less than full
Fisheries infrastructure	NH	NH	NH	H	H	NH	H	H	NH
Management services	NH	NH	NH	NH	NH	NH	NH	NH	NH
Access to foreign waters	NH	NH	NH	H	H	NH	H	H	NH
Decommissioning	NH	NH	---	PH	PH	---	H	PH	---
Capital costs	NH	NH	NH	H	H	H	H	H	H
Variable costs	NH	NH	NH	H	PH	PH	H	H	PH
Subsidies to income	NH	NH	NH	PH	PH	PH	H	H	PH
Price support subsidies	NH	NH	NH	H	H	PH	H	H	H

Source: UNEP (2004)

Key:

NH = Not harmful
PH = Possibly or probably harmful
H = Harmful
--- = Not applicable

Over-cap. = over-capacity
Full cap. = full capacity
Less than full = less than full capacity

Subsidies in European fisheries were provided under the Financial Instrument for Fisheries Guidance (FIFG) between 1993 and 2006, which was recently replaced with the new European Fisheries Fund (EFF). Details of these schemes are covered in Section 3.1.1.

Discussions on fisheries subsidies in the WTO have centered in particular on access fees to allow foreign fishing vessels access to fishing opportunities in national waters. Box 1 outlines the issue of fisheries access agreements and subsidies in the WTO context, based on a submission by UNEP to the WTO Committee on Trade and Environment in July 2006.

Box 1 Subsidies and Fisheries Access Arrangements
(Extract from UNEP Contribution to WTO Committee on Trade and Environment of 7 July 2006 - WT/CTE/W/242)

On 11 May 2006, UNEP, ICTSD, and WWF joined together in Geneva to convene an informal dialogue on 'Development and Sustainability in the WTO Fishery Subsidies Negotiations'. The focus of the workshop was on developing country issues in the current WTO fisheries subsidies negotiations. Amongst other things, the dialogue included a discussion of subsidies related to fisheries access arrangements. In this context, the following summarises the key points highlighted, which were included in UNEP's Contribution to the WTO Committee on Trade and Environment of 7 July 2006 (WT/CTE/W/242):

"Participants also discussed at length the issues raised by subsidies associated with fisheries access arrangements. This discussion helped clarify some important elements of the 'subsidies for access' question. In particular, there appeared universal agreement that new WTO rules should not treat government-to-government access fee payments as 'subsidies' flowing between distant water fishing nations and host EEZ nations.

In addition, those participants inclined to seek some new disciplines on 'access subsidies' expressed clear sympathy with the concerns that have been raised at the negotiating table by small vulnerable economies, including the fear of limited sovereign states' flexibility on how to negotiate such agreements and use the access fees. Participants from all perspectives appeared united in the view that new WTO rules should not impede or discourage the access payments on which many small vulnerable economies depend. Participants also generally agreed that the lack of transparency of current access arrangements poses significant problems. Some suggested that there might be a role for the WTO to address these problems.

With participants largely in agreement that access fees themselves should not be considered subsidies, the discussion turned to the question whether any other aspect of access arrangements should be considered a subsidy under new ASCM [Agreement on Subsidies and Countervailing Measures] fisheries subsidies disciplines. While there was no attempt to reach a common view on this point, there seemed some basis for agreement that any 'subsidy' that might be found within access arrangements could only arise between the distant water fishing nation (DWFN) and its own domestic fishing fleet, on whose behalf the DWFN secured access to foreign fishing grounds. In this regard, some participants suggested that a subsidy exists to the extent the access fees paid by the DWFN are not repaid to the DWFN government by its industry.

Other participants, however, argued that the amount (or even the existence) of a government-to-government access payment is irrelevant to the measurement of an access-related subsidy. According to this view, the proper measure of a subsidy would be the difference between the commercial value of the access enjoyed by the private fleet and the amount it paid to its government in return for the securing of that access. This raised the question whether the same would apply at the domestic level.

The quality of the 'access subsidies' discussion suggested, in the chair's view, that governments have more in common on this issue than has been apparent in the negotiations so far, and that further technical exploration of the definition of an access subsidy could be especially useful."

NB: The UNEP Contribution makes it clear that it is a summary workshop report, which is neither a consensus document nor fully comprehensive. Instead it seeks to review the main issues raised and suggestions made by participants. Also, it has been circulated for review to all workshop participants before its finalisation.

2.2.4 Eco-labelling

Certification and eco-labelling schemes are increasingly considered as a tool to achieve both fisheries management and marketing objectives. The objective of such schemes is to create market-based incentives for better management of fisheries by creating consumer demand for seafood products from well-managed stocks or from sustainable aquaculture (Lem, 2004). Although there may be some concerns related to issues such as legitimacy, credibility, and certification requirements, a slow change of perception appears to be taking place. For example, some of the largest retailers in the United Kingdom have now committed to source fisheries products from sustainable fisheries (personal communication: Dr Oluyemisi Oloruntuyi, Marine Stewardship Council). Nevertheless, observers also point out that the positive impact of eco-labelling should not be overestimated despite positive tendencies in the UK in that, in the medium term, it appears only to provide niche market opportunities.

It has been stressed that certification and eco-labelling schemes should be voluntary and price premiums should compensate for the costs of certification and compliance. There is a certain danger that large-scale retailers might capture the bulk of the benefits resulting from eco-labelling. Also, in particular in developing countries concerns have been raised that weaker stakeholders might lose out if they cannot meet the necessary requirements or afford to participate in the certification process. The FAO ‘Guidelines for the Eco-labelling of Fish and Fishery Products from Marine Capture Fisheries’ should be adhered to in the development of relevant schemes (FAO, 2005). Similar guidelines are being developed for aquaculture products.

3 The EU's Commercial Fisheries and Trade Policies

3.1 The Common Fisheries Policy (CFP)

The EU's Common Fisheries Policy provides the framework for the management of fisheries both within EU waters ('Community waters'), and outside EU waters ('international waters').

The CFP was established in 1983 as a separate policy from agriculture, through Council Regulation (EEC) No 170/83 of 25 January 1983 establishing a Community system for the conservation and management of fishery resources. This supplemented the 1976 common structural policy for the fishing industry[3], introducing measures such as effort limitations, restrictions on catches for certain species or species groups, restricted zones, gear standards and minimum sizes or weights of fish. This was replaced in 1992 by another regulation (No 3760/92). These successive regulations have shown a gradual shift of emphasis away from promoting production towards conservation and restricting capacity within EU waters.

Here we consider the aspects of the CFP that have an influence on fisheries outside EU waters, specifically those relating to the external or distant water fleet. The main aspects are financial support for the fleet (Section 3.1.1) and bilateral fishing agreements that allow vessels to fish in the waters of other countries (Section 3.1.2).

Reform of the CFP

In 2002, certain elements of the CFP were due to be reviewed, and the Commission took the opportunity to carry out a broad review of the CFP. The Green Paper in 2001 (CEC 2001) identified weaknesses and challenges and presented a number of options for its reform. These covered the areas of improving conservation policy, the social, economic and environmental dimensions, fleet policy, governance, monitoring control and enforcement and external relations.

The subsequent 'Roadmap' (CEC 2002) set out an action programme for reform of the CFP and a roadmap for its implementation. It includes actions in the field of international fisheries to promote and strengthen cooperation and ensure sustainable and responsible fisheries, both in terms of its own international fisheries activities as well as in international trade in fisheries products.

Whilst the basis of the new CFP is set out in Council Regulation 2371/2002 (EC 2002), topics including structural policy, aquaculture, markets and international relations are taken up in separate processes and legislation.

The Roadmap specifies that the international element of the CFP will consist of:
- An Action Plan to eradicate illegal, unreported and unregulated fisheries (IUU);
- An Action Plan to improve, at the regional and subregional levels, the evaluation of stocks that are accessible to Community fishermen outside Community waters;
- An integrated framework for fisheries partnerships at national and/or regional level (CEC 2002b)[4]; and,

[3] Council Regulation (EEC) No 101/76 of 19 January 1976 laying down a common structural policy for the fishing industry
[4] COM(2002) 637 final

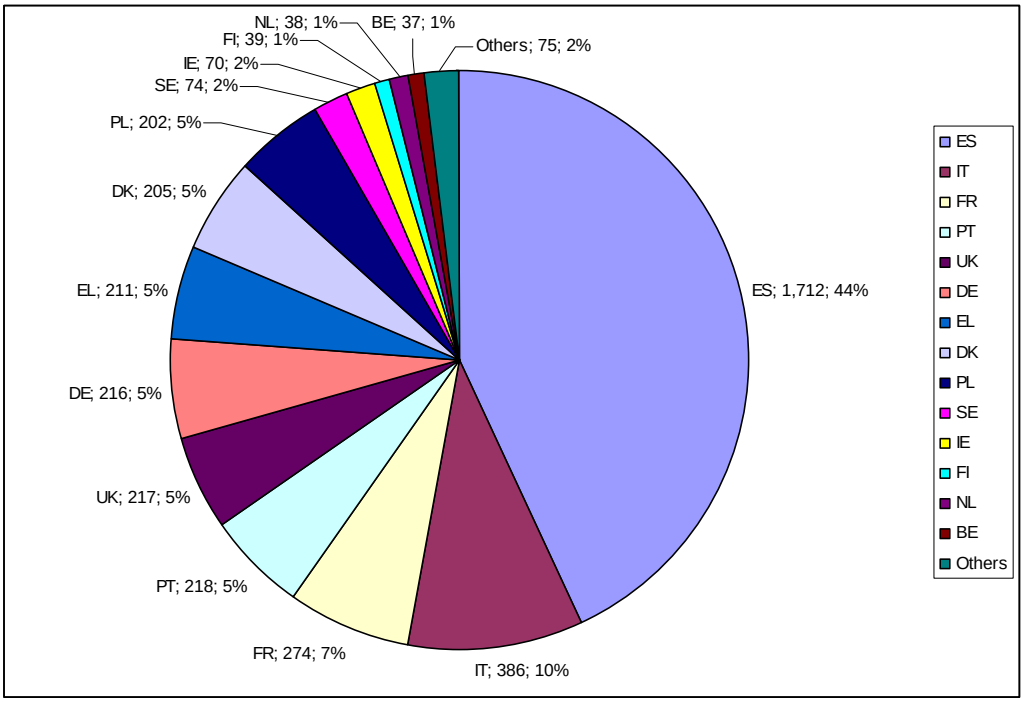
- Building, within regional fisheries organisations, new strategic alliances, in particular with coastal developing countries.

3.1.1 Subsidies

Financial support to the Community's fisheries sector has been an important component of the CFP. Between 2000 and 2006, EU aid to the fisheries sector in Member States amounted to € 3.97 billion, and national aid contributed a further € 2.08 billion. Spain was by far the largest recipient of EU aid, receiving € 1.7 billion in financial aid for the fisheries sector from the EU, 43 % of the total (Figure 4). Of this, € 369.8 million (22 %) was spent on the construction of new vessels, and € 281 million (16 %) was spent on processing and marketing measures.

Between 1993 and 2006, the Financial Instrument for Fisheries Guidance (FIFG) was the major structural fund that supported fisheries in the EU. In January 2007, it was replaced with the new € 3.849 billion European Fisheries Fund (EFF) which is similar to FIFG but has a wider remit to include diversification that benefits fishing areas (e.g. promotion of tourism, skill training etc). However, the emphasis is now on effort-neutral/reducing initiatives, especially fuel efficiency (e.g. re-engining of vessels, adoption of more efficient gear).

Figure 4: EU aid to the fisheries sector by Member State during the 2000-2006 programming period



Label information: Member State code; value of EU aid in € million; % of total EU aid to fisheries sector.

The FIFG was tied in with the other structural funds (the European Social Fund (ESF) and European Regional Development Fund (ERDF) which could augment its support to some degree. Over the period 2000 to 2006, 70 % of funding allocated was destined for 'Objective 1' regions (i.e. less prosperous regions).

To put this in perspective, 2003–2004 data from the Eurostat Fishery Statistics Pocketbook valued the seafood landings of the EU15 member states at € 6.06 billion annually. The FIFG allocation was € 0.53 billion annually over the period, or about 9 % of landings value (NAP Fisheries and NRI, 2006).

The main problem in assessing subsidies on the EU fisheries sector is the way these tend to be confounded with broader socio-economic support. The latter is designed to help impoverished regions of the EU catch up with more prosperous regions, and variously overlaps with, or focuses on, the fisheries sector. This is not the case for all potentially subsidising measures, but does underlie much of this state intervention. Key measures include:

- **Structural funds**, which are justified by the relative poverty of the disadvantaged location of the seafood industry in question. The subsidies to the fisheries sector are part of wider support to these 'impoverished' areas justified by the commitment to assist them to move towards EU socio-economic norms (cohesion). Until December 2006 FIFG was the key fisheries-related fund.

- **Fisheries Partnership Agreements (FPAs)** in which the EU provides financial compensation to other countries to allow EU fishing vessels access to fishery resources in their EEZ. Part of the financial compensation, which results in a reduction of operating costs for the EU distant water fleet, could be construed as being subsidies (see Box 1).

- **'Rescue and Restructuring Aid':** Emergency short-term support justified on the basis of the need to assist an industry under excessive stress due to temporary external circumstances. Recent fuel price increases are a topical case in point.

- **Price support, withdrawal and reference prices** are other potential subsidy areas, which would be important, were they to be as significant a part of the CFP as they are with the CAP. This sets 'floor' prices for certain fish species, but does so at prices so low that they are often irrelevant. The quantities eligible for withdrawal (being taken off the market) are relatively small, and the policy is to reduce this mechanism in the future. The fact that the budget for price support has been around € 20 million in recent years (0.3% of total EU landings value) suggests that price support measures are not a substantial market factor.

3.1.2 Fisheries Partnership Agreements

One of the elements of the revised CFP that affects developing countries with fisheries resources is the integrated framework for fisheries partnership agreements (CEC 2002b)[5] and the subsequent Council Conclusions (EC 2004)[6].

The EU's fisheries agreements (FAs) with coastal states allow access by European fishing vessels to the fisheries resources in third country waters in return for a financial payment. Fishing agreements began to proliferate in anticipation of the 1982 United Nations Convention on the Law of the Sea (UNCLOS). This established a 200-mile zone which countries could claim as their exclusive jurisdiction, known as the Exclusive Economic Zone (EEZ). Prior to this, the fleets of EU member states had traditionally fished in the waters of

[5] COM(2002) 637 final
[6] 11485/1/04 Rev 1 PECHE 254

other countries - 'distant water fleets' (DWFs). With the establishment of EEZs, it therefore became necessary for individual bilateral agreements to be set up in order for these fleets to maintain their access to third countries' waters.

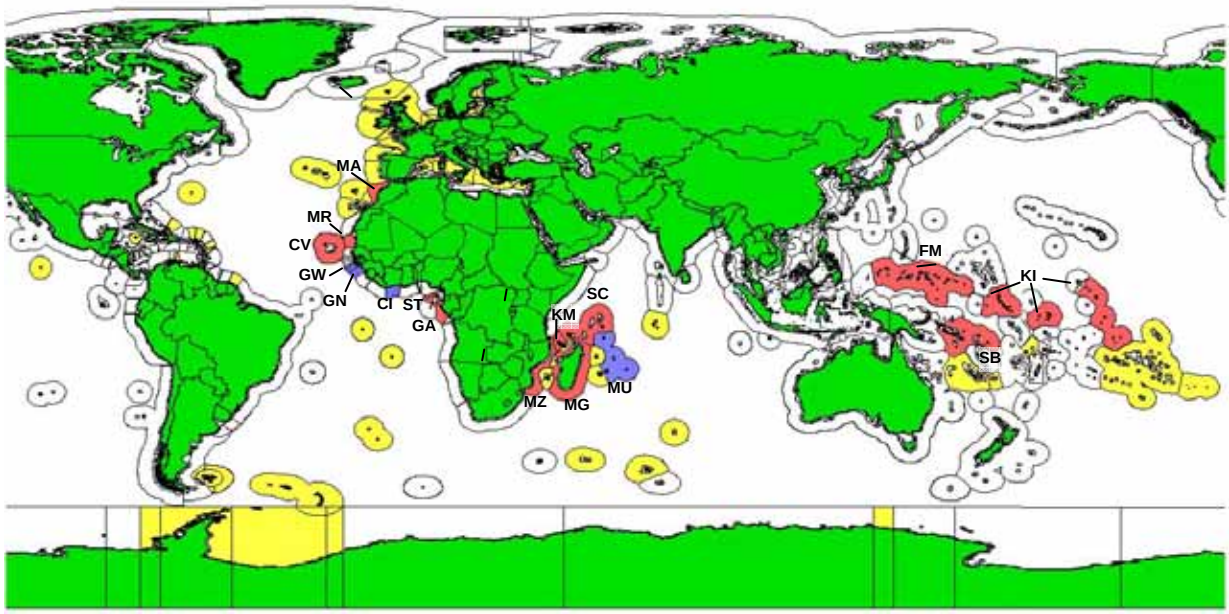
The EU has had fisheries agreements with third countries since 1979[7] and these began to proliferate in the 1980s and in particular with the accession of Spain and Portugal to the EU in 1986, who brought with them a number of bilateral agreements with other countries, particularly in West Africa.

However, these agreements have been criticised by many social and environmental interests that claim the EU is 'exporting' excess fishing capacity to third countries where monitoring and enforcement is often weak, contributing to over-exploitation of fish stocks, causing conflicts with local fleets and small-scale fishers, and capturing the majority of the value-added from developing countries' fisheries resources.

The reform of the EU's fisheries agreements to Fisheries Partnership Agreements (FPAs) under the new CFP, aims to protect the interests of the EU distant water fleets whilst adapting the agreements to sustainable development objectives, developing a 'partnership' between the EU and coastal states towards responsible fisheries management, development and combating IUU fishing, and improving the coherence between the EU's fisheries policy and other policies such as development and environment, amongst others.

The EU currently has 16 FAs or FPAs with developing countries, 15 of which are ACP countries. The location of FAs and FPAs are shown in Figure 5.

Figure 5: Map showing the location of current EU FAs and FPAs, and waters under the jurisdiction of an EU Member State



[7] The first agreement was signed with Senegal.

3.2 Trade Policies

3.2.1 Tariffs

Average EU Most Favoured Nation tariffs for fish and fisheries products are around 11 %. This is higher than the developed country average of 4.5 %, but lower than some industrialised countries' tariffs such as Korea which range from 15–33 %.

However, the EU implements tariff 'peaks' for certain products, in particular for 'sensitive', processed products such as canned tuna and tuna loins (24 %) and canned or processed shrimp and molluscs (20 %). Some of these high tariffs, such as for canned tuna, may have the effect of protecting the EU processing industry (and tuna canners in ACP and GSP+ countries that have 0 % tariff access to the EU market) from cheap imports from Asian canners. Other high tariffs, such as 24 % for tuna loins, may have the effect of protecting the EU tuna fleets by making tuna from EU vessels relatively cheaper than from Asian competitors.

Whilst EU shipowners benefit from the current high tariffs on tuna loins, which help ensure the competitiveness of EU-caught tuna, a reduction of tariffs on tuna destined for processing, such as tuna loins, would benefit EU processors by ensuring supply.

Examples of tariffs applicable in the EU on seafood are provided in Table 8 and further details are contained in Appendix 2.

Table 8 Examples of EU import tariffs for seafood

Item	Code	Conventional duty	Notes
Fresh freshwater fish (nei)	0302 69 11	8 %	*Ad valorem* throughout
Fresh marine fish (nei)	0302 69 99	15 %	
Salmon, fresh/frozen fillet	0602 1200, 0303 11/19/22	2 %	Atlantic & Pacific salmon
Fresh/frozen peneid shrimp	0306 1350/1380/2390	12 %	i.e. raw farmed shrimp
Frozen tuna loins	1604 14 16	24 %	4,000t quota at 6 %
Canned tuna in oil or brine	1604 14 11/18	24 %	Quota for Asian countries at 12 %

3.2.2 Preferential market access for ACP and Least Developed Countries

Whilst the provision of non-discriminatory (i.e. most-favoured nation, or MFN) access to each other's markets is a fundamental principle of the WTO, it permits trade preference programmes in order to stimulate development (Fisher, no date). To promote development and export-led growth in the developing world, various WTO exceptions allow members to give developing countries tariff treatment that is lower than the MFN tariff that a member guarantees to all other members.

The EU provides preferential market access to developing countries through different schemes, including:

- Cotonou Agreement (ACP countries, 0% tariff), but this arrangement does not comply with WTO regulations and the EU only has temporary waiver to put into place other arrangements by December 2007;
- Everything-but-Arms Initiative (EBA) (Least Developed Countries, 0% tariff);

- GSP+ (0% tariff)[8] is a special incentive arrangement for sustainable development and good governance; the predecessor scheme originally focused on 'Countries Fighting Drugs' but was abandoned due to a conflict in the WTO;
- Standard GSP (most remaining developing countries; MFN tariff minus 3.5%). These new GSP regulations, which came into force on 1 January 2006, also contain measures that directly benefit countries affected by the tsunami in South East Asia. For example, tariffs for unprocessed shrimp originating from the affected countries fell from 12% (MFN rate) to 4.2%.
- Tariff quotas: whilst EU tariffs are 24% for tuna loins and canned tuna, tariff quotas are in place for certain countries (e.g. 12% tariff on 27,750 tonnes of canned tuna shared by Thailand, Philippines and Indonesia; 6% tariff on 4,000 tonnes of loins destined for processing).

The ACP countries benefit from the Cotonou Agreement, which allows them quota-free 0% tariff access for their products to the EU market. This represents a substantial advantage over other countries that do not receive 0% tariff access. However, WTO negotiations are likely to reduce MFN tariffs for a range of goods, this advantage that ACP countries currently enjoy is likely to be reduced. This is known as preference erosion.

Preference Erosion

Developing countries benefiting from preferential market access in developed countries fear that tariff cuts resulting from further trade liberalisation (e.g. as a result of the WTO Doha Round) will erode the value of those preferences. At the same time, preferential access arrangements to the EU market for some Latin American and Asian producers has already started to lead to preference erosion for ACP and LDC countries.

Table 9 shows the 20 LDCs benefiting most from market access preferences in the EU, Japanese, and US markets. In addition, there are some fish-exporting ACP countries which benefit from preferential market access to the EU but do not appear in the table either because they are not LDCs or their total exports entering developed country markets under preferential market access are less than those of the 20 countries presented in the table. Full details of ACP – EU fisheries trade are presented in Appendix 5.

[8] As part of GSP+, the following developing countries benefit from the special incentive arrangement for sustainable development and good governance provided for in Regulation (EC) No 980/2005 from 1 January 2006 – 31 December 2008: Bolivia, Colombia, Costa Rica, Ecuador, Georgia, Guatemala, Honduras, Sri Lanka, Republic of Moldova, Mongolia, Nicaragua, Panama, Peru, El Salvador, and Venezuela.

Table 9 The 20 LDCs benefiting most from market access preferences in the EU, Japanese and US markets in recent years (fish products in bold)

Countries	Relevant products
Angola	Crude petroleum oil and preparations thereof; **cuttlefish and squid**
Bangladesh	**Frozen fish, shrimps and prawns**; urea; leather; jute fabrics and bags; garments; linen; tents; footwear; hats
Madagascar	**Frozen shrimps and prawns**; vanilla; cloves; **preserved tuna**; garments
Senegal	**Fresh and frozen fish and fish fillets**; **cuttlefish and squid; octopus;** crude groundnut oil; **preserved tuna;** leather footwear;
Cambodia	Garments; leather footwear
Nepal	Wool carpets; garments; hats
Democratic Republic of the Congo	Crude petroleum oil and preparations thereof
Myanmar	Garments; leather footwear
Mozambique	**Frozen shrimps and prawns**
Mauritania	**Fresh and frozen fish; cuttlefish and squid; octopus**
Malawi	Tobacco
Tanzania, United Republic of	**Fresh and frozen fish fillets; octopus**; fresh cut flowers; tobacco; preparations of petroleum oil
Uganda	**Fresh and frozen fish fillets**; fresh cut flowers; tobacco
Sudan	Crude groundnut oil
Equatorial Guinea	Crude petroleum oil
Solomon Islands	**Preserved tuna**
Yemen	Preparations of petroleum oil
Lao People's Democratic Republic	Garments
Zambia	Fresh cut flowers
Guinea	**Fresh fish**

Source: UNCTAD (2005)
NB: (a) Ranking of countries and identification of products are based on UNCTAD data on foreign exchange earnings from exports of goods and services.

The main ACP countries exporting fish products to the EU in 2002 were (by value, in descending order): Namibia, Seychelles, Senegal, Madagascar, Cote d'Ivoire, Mauritania, Tanzania, Ghana, Cuba, Mauritius, Mozambique, Uganda, Nigeria, Kenya, Angola, Bahamas (Lem, 2005).

The potential effects of preference erosion are assessed below in Section 5.2.1 on the impact of a possible WTO-induced reduction of margin of preference through tariff reductions.

3.2.3 Economic Partnership Agreements

The framework for a new trade and development partnership between the European Union and ACP countries was laid out in 2000 in the Cotonou Agreement (Hinkle et al, 2006). The trade component of the 1975 Lomé Convention was not WTO compatible in that it offered preferential access to EU markets to ACP countries, but discriminated against other

developing countries. In light of this, the main driving force behind the EU switch to an (eventually) fully reciprocal preferential trade relationship with the ACP is the need for WTO compatibility, in particular under GATT (1994) Article XXIV which deals with customs unions and free trade areas (Campling, 2006). The negotiation process was formally launched in September 2002 as required by the Cotonou Agreement and is set to be concluded by the end of 2007 with the creation of Economic Partnership Agreements (EPAs) from 1 January 2008. Preferential market access for ACP countries under the Cotonou Agreement is currently justified within the WTO by a 'waiver' that expires at the end of 2007.

EPAs are based on four fundamental principals (Pozzi et al, 2005):

- EPAs are partnership agreements and imply rights and obligations of both sides.
- EPAs promote regional integration among ACP states as an important device to integrate into the world economy.
- EPAs are primarily instruments for development, taking into account the different development levels of ACP states and particularly the situation of LDCs. The 39 ACP countries classified as Least Developed Countries (LDCs) will not be required to join immediately a regional EPA and will be able to retain their preferential non-reciprocal tariff status.
- EPAs are intended to integrate ACP states into the world economy and will build on the provisions of the WTO.

The EPAs are intended to replace the EU's current unilateral preferences for ACP countries with six reciprocal free trade agreements. The six regional groupings are:

- CEMAC (Economic and Monetary Community of Central Africa);
- ECOWAS (Economic Community of West Africa States);
- ESA (Eastern and Southern Africa) (includes Indian Ocean);
- SADC (Southern Africa Development Community);
- CARIFORUM (Caribbean Forum); and
- Pacific Forum.

Details of countries in each group are provided in Appendix 4.

According to Hinkle et al (2006), the effectiveness of EPAs will depend on the resolution of five interrelated sets of problems, namely:

- Poorly integrated regional markets for products;
- Regional groupings with varying levels of MFN protection, and tariff peaks;
- Losses in tariff revenues associated with EPA agreements;
- Unintegrated – and in some case unliberalised – services markets and the Singapore issues;
- Infrastructure and aid for trade.

Box 2 outlines the key issues related to Regional Trade Agreements (RTAs), EPAs and WTO Compatibility, in particular in the context of Article XXIV under GATT 1994, and the Enabling Clause.

Box 2: RTAs, EPAs and WTO Compatibility – Article XXIV and the Enabling Clause

In Article 36 of the Cotonou Agreement the parties to the agreement concurred to conclude new World Trade Organization (WTO)-compatible trading arrangements, removing progressively barriers to trade between them. In Article 37, it is agreed that economic partnership arrangements (EPAs), including the new trading arrangements, shall enter into force by 1 January, 2008.

Two WTO rules are most relevant to ensuring the compatibility of the new trading arrangements. Firstly, that on regional trade agreements (RTAs), Article XXIV of GATT 1994 and secondly, that on special trading arrangements involving developing countries, the Enabling Clause. Given that the specific application of these rules is subject to interpretation there is legal uncertainty that clouds the conclusion of WTO-compatible trading arrangements. Beyond compliance with the rules as they are currently, there is the possibility of revising them in the context of WTO negotiations to ensure compatibility, and further that the rules may also change after the EPAs are agreed, potentially raising new issues related to compatibility.

GATT Article XXIV contains the most important rules of the WTO system on Regional Trading Arrangements (RTAs). It recognises voluntary agreements, such as customs unions (CUs) or free-trade areas (FTAs) that should 'facilitate trade between the constituent territories and not to raise barriers to the trade of other contracting parties with such territories'. In both forms of RTAs the expectation is to eliminate restrictions on 'substantially all the trade' between the constituent territories. The main difference between a CU and an FTA is that in the former the national tariffs and other trade regulations are generally replaced by a common external tariff and a common system of other external regulations of commerce. In the case of an FTA the distinct national trade regimes remain intact.

If EPAs are concluded under Article XXIV the only option seems to be FTAs as it is unlikely that ACP countries would introduce roughly the same external trade regime as the EU, as would be required under a CU. However, meeting GATT rules remains elusive.

The Enabling Clause, officially known as the *Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries*[9], is the other important source of law relating to RTAs, involving particularly developing countries. The Enabling Clause constitutes an exception from GATT Art. I in three senses since it authorises: (a) developed country tariff preferences for goods of developing country origin on GSP terms (generalised, non-reciprocal and non-discriminatory); (b) special treatment for LDCs; and (c) South-South preferences as an exception from both Articles I and XXIV. Given that the Enabling Clause authorises only South-South RTAs, there is no room for North-South RTAs, such as the future EPAs, to be justified under it. Developed countries have failed, on several occasions, to defend discriminatory preferences accorded to developing countries on the basis of paragraph 2(c) of the Enabling Clause. EPAs therefore would have to be compatible with the regional trade arrangements for FTAs or Cus specified in Article XXIV.

Establishing compatibility of EPAs with WTO rules is a formidable task. Only for one of 270 RTAs notified to GATT have members agreed its compatibility with WTO rules.

Source: FAO and ACP Secretariat (2006)

3.2.4 Rules of Origin

Rules of Origin (RoO) specify the tariff applicable to products originating from different places and are required to ensure accurate tariff assessment (OECD, 2003). They are particular important for ACP countries because only fish that is considered to 'originate' from their country can be exported to the EU at 0% tariff. Given that fish are caught in many parts of the world and are traded in different forms (e.g. raw, semi-processed and processed) rules of origin present a particular challenge. As a consequence, the proper use and interpretation of

[9] GATT doc. L/4903, 28 November 1979.

rules of origin enhances the predictability and transparency in international fisheries trade. At the same time, from the point of view of exporters, rules of origin can be viewed as a trade impediment.

Duty-free access for ACP fishery products to EU markets is governed by the rules of origin applied to fishery products as part of the Cotonou Agreement (Protocol I, Annex V) (CTA/CFFA, 2005). To obtain duty-free access, ACP fishery products must be 'wholly obtained' in the ACP State concerned. The main criteria for defining 'originating products' are registration and flag, ownership and crewing arrangements on the fishing vessels and factory ships, which must basically be either ACP or European.

The restrictions of the rules of origin have led to tensions in EU-fisheries relations, in particular with regard to the valuable tuna fishery (CTA/CFFA, 2005). Given that ACP countries do not have their own tuna fleets, the way 'originating fish' is defined effectively forces their processors to purchase from highly priced EU suppliers, because fish from third country vessels is not 'originating', even if it is caught within an ACP country's EEZ.

As a consequence, ACP countries have requested that all catches within their national jurisdiction should enjoy originating status regardless of ownership of vessels (see CTA/CFFA, ibid, p12). At the same time, trade observers would argue that in some cases close links between processors and vessel owners help to overcome some of the aforementioned problems.

Under the Cotonou Agreement, a fish product must be 'wholly obtained' from an ACP state if it is to be eligible for tariff-free access to the EU market. Amongst other things, this has been interpreted by the EU to mean that:

- Raw material must be obtained from fishing conducted there;
- Raw material must be obtained from fishing by ACP or EU vessels;
- Vessel registered in ACP or EU; Vessel under flag of ACP or EU;
- More than 50% of crew must be nationals of ACP or EU countries;
- At least 50% ownership of vessels by nationals of ACP or EU countries, or by a company with its headquarters in ACP or EU, and whose Chairman and more than 50% of directors are ACP or EU nationals; and,
- For joint ventures, it is stipulated that more than 50 % of capital belong to ACP or EU nationals.

At the same time, there is a value tolerance (i.e. derogation) to the RoO in place, in that the value of non-originating fish can be up to 15 % of the ex-works price of the product (on a per shipment basis) (Campling, 2006).

There are a number of proposals for reforming the RoO, the two main ones being (i) value-added method; and (ii) change of tariff heading. The value-added method implies that if processing takes place in an ACP country, and a certain percentage of value is added to the product, it can be considered as originating in the ACP country, regardless of the original source of the raw material. The second method, change of tariff heading, would mean that if the product is processed resulting in a change of tariff heading under which the product is classified for trade purposes, then it would be considered as originating. The value-added method, with 40 % value-added is thought to be the preferred option of the EU. However, there is some concern 40 % value-added might be too high for canned tuna and tuna loins because of the fish makes up a large proportion of the final value of the product (Campling, 2007).

3.2.5 EU food safety and quality regulations for fishery products

The EU has been at the forefront of developing more stringent laws and regulations. The European Commission's Directorate-General for Health and Consumer Protection (DG SANCO) is responsible for food safety in the EU. The main directive affecting fish dates from 1991. Apart from the main text there have been a series of complementary directives that expand upon and clarify the main directive. These are becoming stricter, for example the regulations regarding residue monitoring, antibiotics and labelling. Alongside the tightening of its food safety legislation, the EU is demanding the adoption by exporting countries of agreed inspection, examination and certification procedures. Seafood production in third countries, including ACP producers, has to match EU standards in terms of hygiene and food safety. This means that it must be covered by the same general principles of food law and food safety that exist in the EU. These general principles are laid out in Council Regulation 178/2002. These various measures can be viewed as non-tariff barriers (NTB) to trade and are becoming more restrictive.

EU standards are enforced and regulated at the country level and thus a restriction of fish exports to the EU under the regulations affects all members of the export community. The EU has adopted a two tier approach: a *country* has to be licensed to export fish to the EU, and then each individual exporting company has to apply to the 'competent authority' (CA) within the exporting country for permission to export. This two tier system in effect means that the EU delegates authority for implementation and enforcement of its food safety legislation to the authorities in the exporting country. The CA is responsible for official controls throughout the production chain, which cover all relevant aspects of hygiene, public health and, in the case of aquaculture products, also animal health. All bilateral negotiations and other relevant dialogue concerning trade in fishery products are undertaken by the national CA, including private sector communications with the EU.

Currently out of a total of 79 ACP countries some 27 have satisfied the criteria to export fish to the EU and are included on 'List 1' (see Table 10 and http//forum.europa.eu.int/irc/sanco/vets/info/data/listes/ffp.html). The countries with a fisheries agreement that are on List 1 are characterised as those that have significant exports of fisheries products to the EU. There are several countries that have an Fisheries Partnership Agreement (FPA) or a Fisheries Agreement (FA) with the EU that are not on List 1 to export to the EU, namely the Comoros, Guinea-Bissau, Micronesia, Sao Tome & Principe, Equatorial Guinea, and the Solomon Islands, while Angola which formerly had an FA also does not have permission.

This is not necessarily an impediment to the entry of fish to the EU from that country, in particular where a fisheries agreement exists. Even if a country does not fulfill EU requirements, fish may be caught in its waters by an EU vessel and landed directly in the EU. In addition, some countries are included on 'List II' and are authorised to export fish and fishery products to certain EU countries on a bilateral basis, such as Fiji to the UK[10].

[10] Part II of the list (valid until 31/12/2003 not withstanding a possible short extension of the date currently under discussion) contains the 32 so-called "pre-listed" countries which, although not yet inspected by the Commission's Food and Veterinary Office, have been judged to have equivalent legislation and controls. Member States may choose to import (or not to import as the case may be) bilaterally from the countries included in List II and the fishery products imported from such countries are to be marketed only in the Member State which imports them.

Table 10: ACP Countries authorised to export fish and fishery products to the EU (List 1)

Countries with a fisheries agreement with the EU		ACP countries with no fisheries agreement with the EU
Countries on List 1	Countries not on List 1	Countries on List 1
Cape Verde Gabon Guinea Ivory Coast Madagascar Mauritania Mauritius Mozambique Seychelles	Comoros Guinea Guinea-Bissau São Tomé & Principe Solomon Islands Micronesia Kiribati	Antigua & Barbuda Bahamas Belize Cuba Gambia Ghana Grenada Jamaica Kenya Namibia Nigeria Papua New Guinea Senegal South Africa Suriname Tanzania Uganda Zimbabwe

In contrast to the EU, some other major importers (e.g. USA and Japan), have food safety import regulations which are generally enforced at a company rather than country level so a restriction on imports will only affect one particular exporter.

EU legislation for all food products has been brought under one directive covering all aspects of the supply chain from ‘farm to fork’. In 2005 the EU General Food Law (178/2002) introduced a harmonised framework for food safety assurance from farm to the consumer across the 25 EU members. This legislation supersedes the individual commodity-based directives. All the steps in the chain from primary producers (fishermen and aquaculture units) to final retailer/supplier have to take on board, the principles of Hazard Analysis Critical Control Point (HACCP) systems and other quality assurance. This will broaden the scope of the competent authority in regulating the industry.

The need to ensure that quality assurance measures are instituted prior to arrival at the processing factory gate poses a major challenge to export industries, particularly for the small-scale and non-industrialised sectors of the industry in ACP and other countries. Of even greater concern is that in order for the 'farm to fork' principle to be seen to be working a system of traceability of products throughout the chain will need to be instituted. Thus each person in the chain needs to be able to demonstrate that they know where the product has come from and where it has gone. This is now happening in horticultural produce where a detailed paper trail has to be established to achieve compliance – e.g. UK supermarkets selling green beans from Kenya know exactly who produced the beans and all the stages in the supply chain for those particular beans.

If this is enforced for fisheries major problems can be forseen; e.g. small quantities of product from traditional fishermen are consolidated into larger batches by purchasers at landing points leading to mixing of batches which means that particular raw material supplies cannot be traced back to source. The knock-on effects that this might have on poor producers have yet to be ascertained.

Impact of EU Directives

Even prior to the recent EU General Food laws, the strict EU food-safety regulations have caused serious difficulties for exporters of fishery products from ACP suppliers and other developing countries e.g. Bangladesh, China, Ghana, India, Indonesia, Tanzania, Thailand and Uganda have all had restrictions placed on their fish exports to the EU. One recent growing concern has been with regard to residual antibiotics in some products, especially shrimp. EU authorities have initiated a food-safety policy calling for 'zero tolerance' towards various antibiotics. However, there is no scientific evidence to show that a very low content of residue can be harmful to customer's health. The issue of residual antibiotics in shrimp continues to be a cause for concern for exporting countries.

Various country case studies have been undertaken which assess the impact of these SPS restrictions on various ACP fish exporting countries (see www.nri.org/projects/projects.htm, www.onefish.org/id/225570 and www.sia-trade.org). Case studies on the impact of fish export bans and the introduction of HACCP regulations in Bangladesh and Uganda are provided in Appendix 6. Enforcement of SPS measures has represented a major shock for export fisheries sectors for several ACP countries. In particular, in the short-term it can lead to loss of foreign exchange earnings, company bankruptcies and unemployment. However, the impact of SBS/TBT measures is not always negative. These measures have had some positive impacts including improvements in fish quality management; improvements in the quality of products on the domestic market and enhanced export potential. In the medium to long-term, the sectors appear to be able to recover following a consolidation process leading to fewer but better equipped processing industries. Support from the EU to build capacity in HACCP, sanitary and hygiene measures and provide training could be a valuable way to help the ACP states integrate into the global economy, as foreseen in the 2004 Council Conclusions. Such support could be provided through or in addition to FPAs.

4 The Impact of EU Policies on Trade

The EU is increasingly dependent on imports of fish and fishery products to meet the needs of its processing industry and consumer demand. Fish processing is particularly important for employment in some regions, especially Spain and France, often in regions where there are limited other employment opportunities. As a result, the EU has an interest in maintaining employment on its fleets and protecting its processing sector from cheap imports of processed fish, whilst maintaining access for raw and semi-processed material to support its processing industry. These issues lie behind the EU's tariff peaks for certain processed fishery products, its Rules of Origin for imports from ACP countries, and its fisheries agreements with ACP countries.

This section investigates the main fish and fishery products traded with Europe, their sources and destinations, and explores the impact of EU policies on fisheries trade in relation to its place in international trade in fish and fishery products, and whether the EU has created trade distortions.

4.1 Supply lines of key fisheries products into EU

This section outlines the supply lines of some key fisheries products into the EU. These are based on imports according to Globefish market reports and Eurostat data. Given the importance of tuna for ACP countries, the focus is on this product and its major markets in the EU: Spain, United Kingdom, France, Italy and Germany. In addition, other major fisheries products such as shrimp and whitefish (e.g. hake) are also analysed. Appendix 5 contains full details of EU imports and price data for these products.

4.1.1 Tuna

ACP countries provide a large proportion of tuna imports to the EU in fresh and frozen whole, loins and canned forms (Table 11). Seychelles, Mauritius, Cote d'Ivoire, Madagascar, Ghana and Papua New Guinea are the main ACP exporters of canned tuna to the EU. Kenya and Ghana also export tuna loins to the EU. Tuna loins and fresh and frozen whole tuna are imported mainly by Spain, France and Italy to supply their processing sectors with raw material for canning.

However, despite the tariff preferences that ACP countries enjoy, particularly for canned tuna and loins, non-ACP countries represent a significant share of EU imports. Thailand, Philippines, Colombia, Ecuador and Indonesia are all important exporters of canned tuna to the EU. Tuna loins are also exported to the EU from Ecuador, Colombia, Thailand, El Salvador and Guatemala.

In some cases, imports to the EU from non-ACP countries represent the reduced tariff quota given to some producers, although in the case of Germany, over half of canned tuna imports originate from countries with the highest duty.

Table 11: Supply lines of tuna products into the EU

EU Markets / Products	Main sources	Remarks
Spain Fresh and frozen whole: (159,000 tonnes imported in 2005) Loins: (36,000 tonnes imported in 2005)	Seychelles, Panama, France, Guatemala, Ghana El Salvador, Ecuador, Guatemala	A good share of imports includes transhipment from Spanish vessels (Globefish, October 2006). Quantities exported by source show substantial fluctuations. The importance of tuna loin imports is growing.
United Kingdom Canned tuna: (133,000 tonnes imported in 2005, equivalent to approx. 309,000 tonnes whole tuna[11])	Seychelles, Mauritius, Thailand, Philippines	Part of the supplies appear to be imported as part of the tariff quota for SE Asian producers.
France Canned tuna: (108,000 tonnes imported in 2005) Loins: (10,000 tonnes imported in 2005)	Cote d'Ivoire, Spain, Madagascar, Seychelles, Italy Italy, Ecuador, Thailand, Ghana	Supplies from Cote d'Ivoire have declined as a result of unstable political situation there. Thai loin exports to the EU seem to stop once the tariff quota is used up.
Italy Canned tuna: (72,000 tonnes imported in 2005) Loins: (41,000 tonnes imported in 2005)	Spain (about 50%); Cote d'Ivoire, Colombia, Seychelles, France Ecuador, Colombia, Kenya	Italian – Spanish joint ventures are important in the market (Globefish, Sept. 2006). Growing importance of tuna loin imports for processing.
Germany Canned tuna: (84,000 tonnes imported in 2005)	Philippines, Thailand, Ecuador, Papua NG, Indonesia, Seychelles, France	Apparently, 24% duty is less important than thought. Over half of German imports originate from countries with highest duty (Globefish, Sept. 2006)

NB: Main sources reflect countries of origin in declining order (see Appendices for details)

4.1.2 Shrimp

Overall, the bulk of EU shrimp imports comes from non-ACP suppliers such as Greenland, Ecuador, Brazil, India, China, Bangladesh, Canada and Indonesia (Table 12).

ACP countries such as Madagascar and Mozambique play a relatively minor role, each one supplying about 10,000 tonnes to the EU in 2005 (Appendix 5), although this represents an important source of foreign currency earnings for them, contributing 14.3% of total exports by value in the case of Mozambique (FAO 1999, 2002).

This shows that ACP countries have not been able to establish a share in the EU shrimp market similar to the one they were able to achieve in the tuna market. Reasons for this include competition from a range of suppliers including coldwater shrimp producers, and aquaculture supplies from Asia and Latin America, plus preferential access arrangements to the EU market for several of these suppliers.

[11] Based on a conversion factor of 2.33, i.e. from each 100kg of whole fish, utilisation of light meat for canning is between 40 % and 46 % of its weight. Source: International Dolphin Conservation Program (2004).

Table 12: Supply lines of shrimp into the EU

EU Markets / Products	Main sources	Remarks
Spain 156,000 tonnes imported in 2005	China, Brazil, Ecuador, Colombia, Argentina	China has become major supplier following the easing of EU restrictions on Chinese shrimp imports (Globefish, February 2006)
United Kingdom	Iceland, India, Bangladesh, Ecuador	UK market is traditionally oriented towards coldwater shrimp suppliers in northern Europe and warmwater shrimp supplies from Asia (Globefish, Jan. 2006).
France	Brazil, Madagascar, Ecuador, Netherlands,	Increased imports from Ecuador, and falling supplies from Madagascar in 2005.
Italy	Ecuador, Denmark, India, Spain	

4.1.3 Whitefish

Table 13 provides an example of a whitefish supply line (i.e. frozen whole / headed and gutted (H&G) hake). Spain has been given as an example because it is the EU's principal importer of hake. Total Spanish hake imports were of the order of 160,000 tonnes in 2005, down by 14 % compared to 2004 (Globefish, Hake market report, March 2006).

Nile perch is another major fisheries export from ACP countries. Both Tanzania and Uganda exported about 24,000 tonnes each to the EU in 2005, worth approximately € 90 million and € 101 million, respectively (Globefish, 2006). Kenya exports smaller quantities of Nile perch to the EU (e.g. 5,200 tonnes in 2005).

Table 13: Supply lines of hake into the EU

EU Markets / Products	Main sources	Remarks
Spain e.g. Frozen whole / H&G hake imports (38,000 tonnes in 2005)	Namibia, Argentina, South Africa, Chile	Due to declining supplies, Spanish frozen hake imports have declined from 52,000 tonnes in 2004 to 38,000 tonnes in 2005.

Source: Globefish, Hake market report, March 2006

4.2 The EU's place in international fisheries trade

4.2.1 Does the EU capture a disproportionate amount of international trade?

As indicated in Figure 2, if considered as a group the EU represents the world's principal importer and exporter of fisheries products. For example, EU-25 countries accounted for 39 % of global fisheries imports and 25 % of exports by value in 2004 (Table 3). However, when analysed individually, the EU countries figure well behind Japan and the USA. The

EU's main importers include Spain, France, Italy, UK and Germany, whilst Denmark, Spain, Netherlands, and UK are the principal exporters.

When considering trade figures, the EU is not directly comparable to other major importers and exporters such as Japan and the USA, as it consists of 25 individual countries (now 27 countries, since 1 January 2007) and a significant amount of trade occurs between these individual countries. This substantial intra-EU trade is usually implicit in global fisheries trade figures. Intra-EU trade of fisheries products were of the order of US$ 9.9 billion (€11.1 billion) and US$ 15.4 billion (€12.4 billion) per annum between 2001 and 2005 (Table 14). For example, in 2004 intra-EU trade in fish, crustacean, and molluscs was valued at US$ 14.5 billion (€ 11.7 billion).

If the EU-25 are taken as a block and intra-EU trade discounted from trade figures, global trade in fishery products would have been of the order of US$ 56.98 billion rather than US$ 71.51 billion. Taking the lower global trade figure as the baseline, extra-EU exports would have accounted for only 4.7 % of global trade, whilst extra-EU imports would have represented 26.9 % of global trade in fisheries products in 2004.

When one takes into consideration that the EU population consumes a large amount of fish (on average, 24 kg per person per year), and that the total population of the EU-25 is 458 million, these figures for extra-EU imports and exports are not excessive. Indeed, they are comparable to other major fish-consuming nations, such as the USA. When one considers the percentage of the value of world fishery trade (imports and exports) that the EU captures, compared to the percentage of the world's population that it represents, extra-EU trade is relatively smaller than USA and Korean trade in fish and fisheries products (Table 15). When intra-EU trade is included, the figures are predictably higher, but not excessively so.

Table 14: Trends in EU-25 Trade in Fish, Crustaceans and Molluscs (US$ billion)

	2001	2002	2003	2004	2005
Value of extra-EU exports	1.883	2.068	2.406	2.678	2.841
Value of extra-EU imports	11.503	11.746	13.957	15.056	17.021
Value of intra-EU trade	9.947	10.530	12.700	14.527	15.462
Value of world trade			63.686	71.508	
Value of world trade discounting intra-EU trade			50.986	56.981	

Source: Eurostat (2006) External and Intra-European Union Trade, Statistical Yearbook Data 1958 – 2005, Edition 2006, European Commission, Luxembourg.
Data supplied in €; Exchange rates used are the average for the year from www.oanda.com. EUR to USD (Interbank rate) 2001: 0.89658; 2002: 0.94590; 2003: 1.13208; 2004: 1.24386; 2005: 1.24539.
N.b: Intra-EU trade is described as exports / dispatches in Eurostat (2006).

Table 15 Fish imports and exports compared to population size and fish consumption

	Population in 2004 (millions)	Fish supply (kg/ person/ year)	Imports		Exports		% of world population	% world imports / % world population	% world exports / % world population
			$ billion	% of world imports	$ billion	% of world exports			
Spain	42.646	47.5	5.222	6.9	2.565	3.6	0.66	10.52	5.47
France	60.257	31.3	4.176	5.5	1.526	2.1	0.93	5.93	2.30
UK	59.479	23.2	2.812	3.7	1.812	2.5	0.92	4.04	2.77
Netherlands	16.226	24.5	1.837	2.4	2.452	3.4	0.25	9.61	13.74
EU (intra+extra)	**458.194**	**24.3**	**29.193**	**38.8**	**17.73**	**24.8**	**7.05**	**5.50**	**3.52**
EU (extra)	**458.194**	**--**	**15.029**	**20**	**2.673**	**3.7**	**7.05**	**2.84**	**0.53**
USA	295.410	21.3	11.967	15.9	3.851	5.4	4.54	3.50	1.18
Japan	127.923	66.3	14.56	19.3	1.077	1.5	1.97	9.81	0.77
China	1,307.989	25.6	3.126	4.2	1.801	2.5	20.12	0.21	0.13
Thailand	63.694	30.9	1.231	1.6	4.034	5.6	0.98	1.67	5.76
Korea, Rep	47.645	58.7	2.233	3.0	1.139	1.6	0.73	4.05	2.17
Iceland	0,292	91.0	0.100	0.1	1.770	2.5	0.00	29.66	551.00

Is the EU the most efficient processor of fisheries products?

Some EU countries, in particular France and Spain, import raw or semi-processed material to supply their processing industries, in particular the tuna canning industry. Table 16 presents the costs of production of canned tuna in the European Union (Spain and Italy), Thailand, and an ACP country (Seychelles), indicating the efficiency of processing industries in the respective countries. The results demonstrate that Thai production costs are lowest, in particular if low-value products such as skipjack in brine are taken into account. As for yellow fin tuna in vegetable oil, Spanish and Seychelles' processing costs are 17.8 % and 12.6 % higher, respectively, compared to Thailand. This suggests that Thailand is a more 'efficient' processor than the EU or ACP countries considered in the table. In particular, this is due to their lower labour costs.

Table 16 Cost of production of a case of canned tuna in different countries

Country	Product	Cost (€/case)
Spain	Yellow fin in veg oil	27.1
Italy	Yellow fin in olive oil	35.7
Seychelles	Yellow fin in veg oil	25.9
Thailand	Yellow fin in veg oil	23.0
Thailand	Skipjack in brine	17.3

Source: NAP Fisheries and NRI (2006)

Whilst the EU is not the most efficient processor of fisheries products, its established infrastructure provides it with a comparative advantage in relation to countries that do not yet have a processing industry. At the same time, EU processing industries are struggling to compete with competitors from developing countries, some of which have preferential market access arrangements with the EU as outlined above. For example, according to the Globefish tuna market report for the EU (October 2006), 'the long term decline in French tuna imports, to be used as raw material for tuna canneries, is in line with the gradual closure of canning factories'. As a result, the few remaining French canneries are focussing on high-quality products at the upper end of the market. Italy underwent a similar process. As for Spain, according to Globefish (October 2006), 'the traditional and high quality tuna canneries

in Spain have been resisting the use of tuna loins for processing for years. But now also this industry has to obey the rules of the market, where labour cost reduction is the main theme ... Spanish companies are opening up factories in Central American or Andean Community countries, to produce tuna loins, but also canned tuna, for the Spanish market'. This has implications for jobs in regions where the Spanish tuna processing industry is located (e.g. Galicia).

4.3 Has the EU created distortions in international trade in fish and fisheries products?

4.3.1 Impacts of ACP preferential access to EU markets

The EU's trade policies actively increase the dependency of ACP countries on the EU, both as a trade partner as well as a fishing partner. The tariff preference that ACP states enjoy has resulted in them relying on the EU market for a large proportion of their exports (see Section 4.3.1). Furthermore, because most ACP states do not have sufficient domestic fisheries harvesting capacity, the EU's RoO also increase their reliance on the presence of EU fishing vessels in their waters to provide originating tuna for their processing factories. This provides the EU with an extra 'bargaining chip' when negotiating FPAs.

The EU RoO provide an advantage to EU capital in the form of fishing vessels or processing plants, and a disadvantage to third-country capital (Lem, 2005). Not only does it put third-country supplies of raw-material for processing in ACP countries at a disadvantage, it also precludes third-country capital from setting up capacity in ACP countries for exports to the EU. The current RoO may in some cases act as an incentive for coastal states to sign a fisheries agreement with the EU, in order to gain access to 'originating' tuna for their processing plants. As a result, the RoO have an influence on the EU's fisheries policy, reinforcing the presence of the EU distant water fleet in the waters of ACP countries.

Table 17 highlights the significance of the EU market for ACP countries. Whilst, as a group, the ACP are the second largest supplier of unprocessed fish to the EU (after Norway), ACP countries also have a dominant position in the supply of processed products. In particular, this is the result of preferential market access for 'sensitive' products such as canned tuna where ACP suppliers have a margin of preference of 24 %. This has the double-effect of providing preferential access for ACP countries whilst protecting European fish processing industries. Trade data demonstrate that the ACP countries that export significant quantities of processed fish to the EU are those countries that have tuna canning factories, demonstrating the importance of this product for their economies (Appendix 5 and Table 20).

Preferential market access through tariff based protection and elaborate Rules of Origin (RoO) have trade distorting effects in that potentially more efficient competitors are priced out of the market (also see Section 5.2). Nevertheless, ACP preferences are already being eroded as a consequence of other preferential market access arrangement as part of the EU's Generalised System of Preferences (GSP), e.g. Everything but Arms initiative (EBA), GSP+[12], standard GSP including special arrangements for tsunami affected countries, and tariff quotas (Section 3.2.2).

[12] As part of GSP+, the following developing countries benefit from the special incentive arrangement for sustainable development and good governance provided for in Regulation (EC) No 980/2005 from 1 January 2006 – 31 December 2008: Bolivia, Colombia, Costa Rica, Ecuador, Georgia, Guatemala, Honduras, Sri Lanka, Republic of Moldova, Mongolia, Nicaragua, Panama, Peru, El Salvador, and Venezuela.

Table 17: Fish imports into the EU, 2003 (percentage, by value)

Origin	Unprocessed fish	Processed fish	Total EU fish imports
ACP countries	12%	33%	15%
Norway	17%		15%
Iceland	7%		6%
Morocco	4%	11%	5%
Argentina	6%		5%
USA	4%	4%	4%
China	4%		3%
Faroe Isles	4%		3%
Russia	4%		3%
Thailand		9%	
Ecuador		11%	
Colombia		4%	
Philippines		4%	
Other	38%	24%	41%
ACP value (€ billion)	1.21	0.53	1.74
Total value (€ billion)	9.87	1.6	11.47

Source: Mackie, 2004

Exchange rate (2003): 0.886 € per US$

As highlighted in Table 18, Namibia, Senegal, Tanzania and Mauritania are the principal ACP suppliers of unprocessed fish into the EU, whilst Seychelles, Ivory Coast, Ghana, and Mauritius are the main suppliers of processed fish (i.e. predominantly canned tuna). Details of fisheries trade between the EU and individual ACP countries for the 2003–2005 period are contained in Appendix 5.

Table 18: EU fish imports from ACP countries, 2003 (percentage, by value)

	Unprocessed fish	Processed fish
Namibia	30%	
Senegal	13%	4%
Tanzania	10%	
Mauritania	9%	
Seychelles	8%	27%
Uganda	5%	
Ghana	4%	15%
Madagascar	4%	11%
Mozambique	2%	
Kenya	2%	1%
Guinea	2%	
Nigeria	2%	
Ivory Coast	1%	21%
Togo	1%	
Papua New Guinea		6%
Mauritius		14%
Other		1%
Total value (bn €)	1.21	0.53

Source: Mackie, 2004

Exchange rate (2003), 0.886 € per US$

Canned and processed tuna products represent the main supply of fisheries products from ACP countries to the EU (Lem, 2005). This is followed by fish fillets, shrimp, chilled whole and frozen whole fish, and octopus (Table 19).

Yellowfin and skipjack tuna, which are the predominant species used for canning, are the main species imported by ACP countries from the EU. This 'import' is usually in the form of landings from EU vessels in those countries. Other species imported by ACP countries include herring and mackerel, in particular by West African countries. Net exports by ACP countries to the EU were of the order of US$ 1.8 billion in 2002 (Lem, 2005).

Table 19: Summary of ACP – EU fisheries trade, 2002

ACP exports (USD 2.1 billion)	ACP imports (US$ 315 million)
Canned/processed tuna (US$ 531 m; 25 %) Fish fillets (US$ 409 million; 20 %) Shrimp (US$ 355 million; 17 %) Fish chilled, whole (US$ 159 m; 8 %) Fish frozen, whole (US$ 109 m; 5 %) Octopus (US$ 102 million; 5 %)	Yellow fin tuna (US$ 57 million; 18 %) Skipjack tuna (US$ 53 million; 17 %) Herring (US$ 51 million; 16 %) Mackerel (US$ 46 million; 15 %)

Source: Lem, 2005

4.3.2 Impacts of FPAs on fisheries trade

Fisheries Partnership Agreements (FPAs), the bilateral agreements that allow EU vessels to fish in the waters of other countries, can have an influence on fisheries trade flows in several ways. By allowing EU vessels to catch fish in other countries' EEZs, they increase the amount of fish directly available to the EU. However, whether FPAs increase or decrease fisheries trade depends primarily on whether EU vessels land fish locally (in the coastal state) or not.

Where EU vessels land fish caught under FPAs directly into EU ports, FPAs have the effect of reducing the amount of international fish trade; if FPAs did not exist and the EU had to import fish to supply its processing factories and consumers, there would be more fish trade between the EU and those countries, presuming that the fishing capacity to catch those fish were available to the third country.

On the other hand, FPAs increase fish exports from the EU to coastal states in those cases where EU vessels land the fish in-country for local processing. For example, the fish caught by an EU vessel fishing in Seychelles' EEZ would be of EU 'nationality'. Therefore when those fish are landed in Seychelles for processing, they are 'exported' from the EU and imported into Seychelles. This inflates apparent exports from the EU to those coastal states. If the coastal state had sufficient harvesting capacity to catch those fish themselves, the fish would not need to be 'exported' from the EU to then be processed. Table 1Table 20 shows trade figures for fresh/frozen and canned tuna between the EU and Indian Ocean countries. The countries with both a fisheries agreement with the EU as well as processing capacity (Seychelles and Mauritius) receive substantial exports of fresh and frozen tuna from the EU, usually from EU vessels operating in their waters, in other EEZs in the region or in High Seas areas.

Table 20 EU exports and imports of fresh/frozen tuna and canned tuna to and from Indian Ocean countries (in tonnes)

	FPA	Processing factories	Exports		Imports	
			Fresh/frozen	Canned	Fresh/frozen	Canned
Comoros	✓	×	–	–	–	–
Mauritius	✓	✓	24,774	8	57	33,881
Maldives	×	✓	–	–	225	6,920
Reunion	×	×	–	–	–	–
Seychelles	✓	✓	72,855	–	42,180	54,409
Mayotte	×	×	–	3	–	–

Source: Eurostat

Where they land in-country, EU vessels fishing under FPAs (as well as EU vessels fishing under private arrangements) provide a source of 'originating' fish (see section 3.2.4 on Rules of Origin) for the local processing sector where this exists (e.g. Seychelles, Cote d'Ivoire), and the products therefore qualify for export to the EU at 0 % tariff. This can support ACP countries' trade in fish and fish products under the current Rules of Origin.

Table 21 illustrates the quantities of fish obtained from FPAs compared to the gross and net imports of fish from the same countries. The fish from African FPAs represents almost half of the net fish imports from those countries, and in the Indian Ocean the proportion is greater, 63 %. In the Indian Ocean this is partly because net fish imports are relatively low (40,692 tonnes) as there are substantial exports of frozen tuna from EU vessels to processing plants in Mauritius (24,774 tonnes of exports from EU) and Seychelles (72,855 tonnes of exports from the EU). Therefore, part of the 69,000 tonnes of tuna caught under FPAs in the region is also represented in the total imports from the region, as canned tuna. The influence of FPAs in the Pacific region is minimal, as in 2004 only one FPA was operational (Kiribati).

Fish from FPAs represent a relatively large proportion of net fish imports from African FPA countries, because net imports are depressed by relatively large exports of fish from the EU to some African countries, in particular of small pelagic species to provide a low-cost protein source for the population. In contrast, the species exported, and caught under FPAs, are typically higher value species such as tuna, shrimp, whitefish and cephalopods.

In addition to the fish that is caught and landed directly in the EU, the EU imports relatively high value fish from FPA countries, such as shrimp, whitefish and octopus, as well as fresh and frozen tuna to supply the processing industry. The tuna comes predominantly from the Indian Ocean countries particularly Seychelles, but fresh and frozen yellowfin is also imported from Senegal, as well as frozen yellowfin from Cote d'Ivoire.

Table 21 Fish imports to EU from FPA countries, by region (2004)

	Africa	Indian Ocean	Pacific
Fish imports from FPA countries (tonnes)	182,320.4	138,644.1	0.0
Net fish imports from FPA countries (tonnes)	77,153.6	40,691.5	0.0
Fish from FPAs (tonnes)	73,017.1	68,775.3	624.0
Total fish from FPA countries (net, in tonnes)	150,170.7	109,466.8	624.0
Fish from FPAs as % of net total	48.6	62.8	100.0

5 The Evolving Trade Context and Potential Impact

The context in which trade in fish and fisheries products takes place is evolving, due to two main factors:

- The negotiation of EPAs with ACP countries, to bring EU-ACP trading arrangements in line with WTO rules;
- WTO negotiations on tariffs, which are likely to lead to a reduction in tariffs and subsequent preference erosion for those countries currently enjoying 0 % tariff access to the EU market;
- WTO negotiations on fisheries subsidies, which may lead to greater regulation and restrictions of government financial transfers to the sector.

5.1 Potential impacts of EPAs on fisheries trade

Table 22 and Table 23 show the EU fisheries trade with ACP countries by EPA region. ECOWAS (to which Mauritania has been added), ESA, and SADC each account for substantial fisheries supplies to the EU. CARIFORUM, CEMAC, and Pacific Forum play a lesser role, although in the latter case fisheries play an increasingly important role in the negotiations.

Details of fisheries trade between the EU and individual ACP countries are contained in Appendix 5.

Table 22 EU fisheries imports from ACP countries by EPA region ('000 Euros)

Origin	Unprocessed fisheries products			Processed fisheries products		
	2003	2004	2005	2003	2004	2005
CARIFORUM	56,405	52,393	62,822	5	742	1,216
CEMAC	20,801	22,721	23,246	-	-	-
ECOWAS + Mauritania	430,600	277,121	371,576	218,618	207,154	169,265
ESA	269,097	292,627	298,814	286,219	280,027	296,052
PACIFIC FORUM	1,874	1,066	2,714	24,021	29,442	45,924
SADC	444,347	417,592	428,436	1,255	3,280	6,450
Total	**1,223,124**	**1,163,520**	**1,187,608**	**530,118**	**520,645**	**518,907**

Source: Eurostat - http://fd.comext.eurostat.cec.eu.int/xtweb/
Dataset: DS-016890 - EU25 Trade since 1995 by CN8
Unprocessed products: CN Code 03, Fish and crustaceans, molluscs and other aquatic invertebrates
Processed fisheries products: CN Codes 16041100 - 16059090

Table 23 EU fisheries exports to ACP countries by EPA region (in '000 Euros)

Origin	Unprocessed fisheries products			Processed fisheries products		
	2003	2004	2005	2003	2004	2005
CARIFORUM	13,812	5,306	3,605	3,729	1,729	2,531
CEMAC	3,549	2,639	1,794	639	488	614
ECOWAS + Mauritania	228,651	188,565	180,325	1,033	1,247	890
ESA	90,582	96,833	103,266	665	499	1,046
PACIFIC FORUM	122	2	-	91	55	1
SADC	3,782	5,548	7,747	2,512	2,536	2,582
Total	**340,598**	**298,893**	**296,737**	**8,669**	**6,554**	**7,664**

The key issues for ACP countries regarding EPAs and fisheries are:

- How EPAs will affect fisheries trade flows;
- Whether and how Rules of Origin may be relaxed;
- How bilateral FPAs and regional EPAs may complement or conflict with each other.

5.1.1 EPAs and fisheries trade flows

The way in which EPAs may affect trade flows between the EU and ACP countries and cross-border trade within ACP regions depends on the current tariff structures and how these are affected by EPAs.

To be consistent with WTO Article XXIV, the EPAs are to be based on the principle of reciprocity in 'substantially all trade', which is widely understood to be of the order of 90 % of the current EU – ACP trade flows (Hinkle et al, 2006). The transition has to take place within a 'reasonable length of time', which is interpreted to be 10 years. While the EU plans for a maximum of asymmetry and flexibility in the implementation of the EPAs (especially regarding the product coverage and duration of the transitional periods), any asymmetry or non-reciprocity is only permissible during the phase-in period (Pozzi et al, 2005).

This means that ACP countries will have to open up their markets to imports from the EU and other ACP countries, except for a basket of strategic commodities, which may or may not include fisheries products. Appendix 2 shows the fisheries tariff structure for some selected ACP countries, based on Melchior (2005). Countries that currently apply high tariffs on fisheries imports and which would have to reduce tariffs as a result of EPA membership, are likely to be affected as a result of potentially higher fisheries imports from the EU, and loss of duty revenue (if they currently import substantial quantities).

Stevens (2006) points out that EPAs could strengthen regional integration but also weaken it in that there is a danger for regionalism (e.g. existing groups may splinter, or as EPAs are implemented they may provide new reasons not to remove intra-regional border controls), and EPAs can provoke regional realignments (e.g. parties to the SADC Trade Protocol have split into two groups). Also, the three EAC states are split between the SADC and ESA negotiating groups — Tanzania is a member of both but has decided to negotiate the EPA with the SADC group.

5.1.2 Rules of Origin

A key concern of ACP states is how the **Rules of Origin** can be relaxed to the benefit of ACP countries, allowing them more flexibility to obtain raw material from non-ACP/EU sources, and lower production costs.

There are three main options (Campling, 2006):

> ***Relaxation of existing fisheries RoO****:* In addition to general RoO reforms, the EC Taxation and Customs Union Directorate-General (TaxUD) has suggested three areas for probable reform of fisheries specific RoO. Amongst other things, the EC proposal includes deletion of the crew condition; simplification and clarification of the ownership condition, and simplification of the 'wholly obtained' criteria.
>
> ***Value-added method****:* DG Taxud is in favour of the value-added criterion across the board for GSP and EPA RoO. The initial proposal is that an item would require 40 %

value to be added within the contracting country for it to qualify for originating status and therefore preferential access.

***Change in tariff sub-heading (CTSH) method**:* Substantial transformation is defined as a tariff change of heading at a six digit level. However, when a tariff heading change only results in the product's transformation from fresh to frozen, such fish would not be treated as originating fish.

As for their impacts, RoO lead to increased production costs (e.g. limited supply of raw material, administrative burden). They are modelled to be of the order of 5 % on average for EU imports originating in ACP countries. For some products the costs may be as high as 16 % (Price Waterhouse Coopers, 2006).

More relaxed RoO are expected to lead to a reduction in costs for exported goods and increased exports from ACP countries to the EU. A sustainability impact assessment of the EU–ACP Economic Partnership Agreements – Rules of Origin in the SADC Group was carried out by PriceWaterhouse Coopers (2006, P61-63). This study assumed the reduction in costs to be 5 % in a standard case, and 10 % in a higher case scenario. The simulation analysis carried out showed that cost reductions are likely to lead to increased fisheries exports from the SADC countries to the EU. The highest export increases to the EU are likely to occur in Angola (up to 19 % increase of exports in the case of a 10 % cost reduction). At the same time, Angola represents a different case in that it exports less in the current situation and is less dependent on the EU market. As a result, the shift would primarily be the result of trade being redirected; total Angolan exports would only increase marginally.

Exports may also increase in the other three SADC countries with significant marine fisheries (i.e. Mozambique, Namibia, Tanzania), especially if a 10 % cost reduction can be achieved. Unprocessed fish export increases to the EU can be expected to be of the order of 1–2 % in the case of a 5 % production cost reduction, and 6–10 % if costs are reduced by 10 %. Overall exports (i.e. to EU and elsewhere) would only really go up (i.e. by 3–4 %) if production costs can be substantially reduced (e.g. 10 % cost saving).

In the case of processed fish, only Namibia and Mozambique would benefit from better access to EU markets, as they are the only ones that currently export any real amounts of processed fishery products to the EU. Export increases to the EU are expected to be in the range 5.6 % to 10.9 % for Namibia, and 3.9 % to 9.6 % for Mozambique, depending on the decrease in production costs as a result of relaxed RoO.

Brenton (2006) argues that depending on the level at which the value-added requirement is set, RoO would either be less or more restrictive:

> *By reforming the rules of origin for LDCs to provide a value-added requirement of no more than 10 percent across all products in the EBA (with the alternative of satisfying either the value-added rule or a change of tariff heading requirement), the European Union would widen access to its market in a manner consistent with the Doha process and with the on-going adjustment to the expiration of quotas on textile and clothing products. …. A low value-added requirement (10 percent) common across all products would be more transparent, simpler for firms to satisfy, and easier to administer by customs and other agencies. Setting a high value-added requirement (such as 40–50 percent) and allowing limited regional cumulation is most unlikely to provide for substantial easing of the rules of origin. It could even make them more restrictive.*

In comparison, ODI (2006) argued that a 'major challenge is to avoid either enormous complexity of thresholds that are too high for some but too low for others. If this hurdle is

overcome and the Commission suggests value added thresholds of around 25 % or less in many sectors, they could well be development friendly. If they are 35 % or more, they are probably unfriendly. And countries exporting under the GSP or Cotonou have reason for great caution.'

5.1.3 Coherence between bilateral FPAs and regional EPAs

It is still not clear how FPAs and EPAs will complement or combine with each other. The Pacific and Eastern and Southern Africa regions are keen to negotiate fisheries arrangements at a regional level with the EU, but have not been successful in their requests. Pacific Island Countries have agreed a Multilateral Fisheries Partnership Agreement (MFPA) to negotiate with the European Union as part of the regions Economic Partnership Agreement. The same press statement (14/11/06) further states that the proposed MFPA will not affect the bilateral fisheries agreements that three of the Pacific ACP states, namely Federated States of Micronesia, Kiribati and Solomon Islands already have with the EU[13]. In fact, the MFPA is expected to deliver benefits over and above those contained in the bilateral fisheries agreements.

There are a number of arguments to **keep fisheries access separate from EPAs**:

- FPAs are related only to access to the fishery and is not directly related to trade relationships – these are not overtly negotiated in the agreements;
- By including fisheries access in EPAs, it may be traded off against other EPA issues – leaving ACP states in a weaker position;
- FPAs are not compatible with EPAs as they cannot be arranged on the same regional groupings as the EPAs;
- EU does not accept regional FPAs although some countries would prefer such an approach;
- Although 'development objectives' run through EPAs, these agreements are not the place to consider regional fisheries management objectives;
- EPAs are not foreseen to include any funding for development initiatives.

However there a number of aspects of where **FPAs and EPAs are expected to have impacts on each other**. These include:

- The combination of the Rules of Origin (RoO) and the access of DWFs to ACP waters gives the EU a trade/marketing advantage in that:
    - The DWFs can land their catch within ACP ports at a higher price because the fish is considered 'originating';
    - The DWFs can land their catch into EU ports and have less competition from ACP processors as they have trouble with the RoO rules;
    - The DWFs have access to fisheries resources before ACP states can charter vessels and import the resulting catch into the EU;
    - The DWF can be considered to be receiving 'subsidies' in that they have to pay a lower licence fee and the negotiation costs for establishing the agreement are covered by the EU. This means that they can supply the EU market at a lower cost than other fleets.

[13] Trade and Fisheries Ministers conclude meeting, Press release, [Pacific Islands Forum] 14 Nov 2006

- The SPS rules also reinforce this and give DWF a competitive advantage because a number of countries cannot import directly into EU as they have not passed the required standards.

If fisheries is included as a separate chapter in EPAs a number of queries remain:

- The Eastern and Southern Africa (ESA) group is negotiating to maintain preferred tariffs for fisheries. The question is whether this is WTO compatible if the rest of the EPA covers 'substantially all trade';
- The question will also be whether the EU will agree to this within the negotiation and whether fisheries may be traded off against other issues, such as market access to the EU for other products. All the ESA states would have to agree to the importance of fisheries to maintain this as a priority;
- The degree that fisheries policy and sectoral development are treated in EPAs is variable.

5.2 Potential impacts of WTO Doha Round

Fisheries gained prominence in the Doha Round negotiations due to the inclusion of a statement in the Declaration of the fourth WTO Ministerial Conference (Doha, 2001), stipulating that participants in the negotiations should aim to clarify and improve WTO disciplines on fisheries subsidies, taking into account the importance of this sector to developing countries. This was reiterated at the sixth WTO Ministerial Conference in Hong Kong (December 2005), calling for the prohibition of certain forms of fisheries subsidies that contribute to overcapacity and over-fishing.

The Doha Round negotiations were suspended in July 2006 due to deadlock over issues such as agricultural subsidies. At the end of 2006, informal meetings of several of the WTO negotiating groups restarted (ICTSD, 2006) and full-scale negotiations resumed in early February, although confidence in the political will to conclude the negotiations is lacking (ICTSD, 2007).

If the negotiations are brought to a successful conclusion they will have an impact on fisheries mainly through two areas:

- Market access (i.e. tariff measures) as part of the negotiations on non-agricultural market access (NAMA). The EU favours tariff reductions based on a Swiss formula (Appendix 3) with flexibilities for developing countries. Non-tariff measures such as SPS and TBT, which also form part of NAMA, are unlikely to be affected.
- Subsidies to the fisheries sector in different forms, which are being discussed by the WTO Negotiating Group on Rules. The EU position lies between the 'top-down approach' of the Friends of Fish group (e.g. New Zealand, Chile, Peru, USA) whereby all subsidies should be banned apart from specifically-defined cases, and the 'bottom-up approach' by countries such as Japan, Korea, and Taiwan, whereby all subsidies should be allowed apart from specifially-defined cases. The EU approach (i.e. middle-ground) is based on categorising subsidies into 'boxes' (i.e. red and green) whereby 'red' subsidies contributing to overcapacity are prohibited (e.g. subsidies for vessel construction or renovation).

Questions to be addressed as part of this study include an assessment of the impacts resulting from the reduction of the margin of preference to approximately 12 % by the EU (as a result of NAMA negotiations). In particular, the impacts are being assessed for both ACP

and EU countries that are currently major producers of processed fish (e.g. tuna), and which will be exposed to stronger competition from producers such as Thailand.

Expanding on Table 16, Table 24 provides the cost of a case of canned tuna from Thailand under different levels of import duty. This indicates that EU and Seychelles suppliers would struggle to compete if EU import tariffs were reduced to 12 %. The figures explain the keen interest of EU and ACP suppliers of canned tuna that the 24 % EU duty rate is maintained. However, ACP tuna processors are also concerned that the Thai tuna fishing and canning sector may receive subsidies to enable it to operate at such low costs.

Table 24 Comparative cost of production of canned tuna

Country	Product	Total cost €/case	Duty 12%	Duty 18%	Duty 24%
Spain	Yellowfin in veg oil	27.1			
Italy	Yellowfin in olive oil	35.7			
Seychelles	Yellowfin in veg oil	25.9			
Thailand	Yellowfin in veg oil	23.0	25.7	27.1	28.5
Thailand	Skipjack in brine	17.3	19.4	20.4	21.4

Source: NAP Fisheries tuna processing model; in NAP Fisheries and NRI (2006)

5.2.1 Potential impact of reduced margin of preference

European Union

The impact of a reduced margin of preference will be greatest where current rates are relatively high and for product areas of major importance in EU markets (e.g. tuna and shrimp) (Kleih *et al*., 2006). The key economic fundamental underlying competition from developing country suppliers is their lower labour costs.

The impact of tariff reductions for the EU tuna industry would be quite serious for the industries in question. Spain (the main EU tuna canner) and to a lesser extent Italy, France, and Portugal are likely to lose out to low cost Asian canners for all but the highest quality speciality products. It is difficult to see how the Spanish processing industry could remain competitive in the mainstream market if tariffs were to be reduced by half. The outcome would probably be the Spanish industry following its French and Italian equivalents into a specialist high quality niche market that relies upon strong national brands and imported tuna loins to reduce production costs. Loss of a significant number of jobs may be the consequence.

The main loser will be the processing sector, but there may also be potential knock-on effects for the EU tuna fleet due to the potential loss of the domestic market (and ACP canneries under threat from preference erosion). However, given that tuna trade very much resembles a global commodity market EU producers should be able to divert supplies to third country canners – they export to them now anyway. Also, shorter transport distances between fishing areas and some third country canneries could prove a benefit.

In addition to tuna canning, small pelagic canning, whitefish processing and shrimp processing all seem likely to suffer. This will be exacerbated where low cost raw material (farmed shrimp, farmed or wild whitefish) is sourced from developing country regions, as there will be strong incentives to process where production takes place rather than in the EU.

Primary producers (ground fish and shrimp fishers) could also be disadvantaged as competition from imported cheap whitefish and shrimp will put downward pressure on prices at a time when quotas, low catch rates and high costs (e.g. fuel) are already jeopardising the industry.

In sum, the effects seem likely to be felt most severely in the EU fish canning sector, and particularly in the tuna industry of the Mediterranean countries. Small pelagics canneries throughout the EU including the north (especially the Baltic region including Scandinavia, the Baltic States, Eastern Germany and Poland) will also be under threat.

Shrimp processing would increasingly move to developing countries (an on-going process that is likely to be reinforced) with negative implications for processors in Northern Europe. The coldwater shrimp fishing industry will find already low prices dropping further.

Traditional whitefish supplies may be increasingly supplanted by cheap farmed tropical alternatives, reducing prices for already pressed EU ground fish fleets. EU primary seafood processors will see the move to low cost areas accelerate. Expansion of foreign markets for small pelagics could help some northern fisheries. However, this will frustrate Eastern European hopes of developing a seafood processing sector as it becomes cheaper to relocate further east. Duties are low on most salmon products, so the impact will be muted, except perhaps for added value items (smoked) from Chile.

There will be a general move within the EU fisheries sector to supply premium fresh products that are more immune to import competition. A reorientation of the EU small pelagic fisheries to exploit expanded markets (e.g. Russia, Turkey) and better prices in third countries is likely to take place. The overall impact will result in an even larger EU seafood trade deficit with the rest of the world.

However, in contrast to the general picture of losses in production and processing, economic benefits are likely to accrue from tariff impacts to the retail and food service sub-sectors, as well as to the consumers, as a result of falling prices. At the same time, consumer benefits will depend on price reductions being passed on by the food service industry and retailers and not being captured by the latter (e.g. supermarket chains).

Social impacts are generally linked to the economic outcomes already noted. Loss of livelihoods in fishing communities may be particularly significant since in some cases there may be few alternative options available. Moreover where processing as well as capture fishery are involved there may also be important gender implications (e.g. because of impacts on women's employment in processing factories). Effects may also be concentrated in particular regions with wider knock on effects for local economies (e.g. in Galicia and the Basque coast in the case of tuna processing, or in Scotland in the case of smoked salmon).

As for environmental impacts, in theory at least the growth of cheaper whitefish supplies from farmed fish in developing countries if coupled to strengthening of fisheries management systems and reductions in catch allowances for EU whitefish could enhance the potential for fish stock recovery in EU waters. The latter would apply to the lower value whitefish most affected by competition, (i.e. mainly gadoids such as cod and hake). However lower EU catch/production could have offsetting effects in developing countries if expanding cultured fish production and/or more intensive methods leads to environmental degradation. The extent of the latter will depend on the nature of management systems that are adopted and the efficacy of their implementation. As for environmental impacts, capture primarily depends on catch control. As a consequence, increased imports do not necessarily mean less pressure on domestic fish stocks in that catch size will be determined by quotas.

ACP/LDC countries

A substantial reduction of tariffs on imports into the European Unionis likely to have the greatest negative impact on ACP/LDC countries that largely depend on preferential market access for their exports. This is due to **preference erosion** resulting in the loss of their competitive advantage, which in turn is expected to lead to lower profits as a consequence of declining prices and lower volumes traded. Increased competition will force fish processing plants to attempt to reduce costs through measures such as paying lower prices for raw material or laying off workers. There is a danger that some processing industries (e.g. tuna canneries) will collapse, threatening the viability of some transhipment centres. In addition, government revenues (e.g. tax income) will be reduced, and a drop in foreign exchange earnings may lead to greater exchange rate instability. The following outlines the potential impact of tariff reductions for different ACP and other developing countries.

Ghana: If import tariffs in developed country markets were to be significantly lowered, then the quantity of tuna and smoked fish exported from Ghana is expected to be significantly reduced given that most of the processing industries would struggle to remain competitive. This would negatively affect employment and the income levels of the companies and individuals involved (Box 3), and, in turn, Government revenue from taxes and licences would also be negatively affected. For the foreseeable future it is envisaged that Ghana will continue to export high-value demersal fish species and tuna and import low-value fish such as sardinella and mackerel to supplement the domestic supply. At the same time, fears have been expressed by certain sector stakeholders that the increasing export of high value species could result in declining availability and consumption of these types of fish locally. Preference erosion and subsequent decline of the local fish processing industry does not necessarily mean that there will be less pressure on Ghana's fish stocks. Depending on the species (e.g. tuna) the latter may be caught and shipped to fish processing facilities in countries which have a competitive edge. Ultimately, the quantities of fish caught will depend on the effectiveness of the fisheries management system in place. At the same time, the absence of Government of Ghana (GoG) capacity-building support could have a negative impact on marine and freshwater stocks (Antwi *et al.*, 2006).

Box 3 Women's livelihoods and their role in fish processing in Ghana

As active participants in the fisheries sector and home makers, the impact of trade negotiations could have far-reaching implications for women's livelihoods and the wellbeing of families. In a study in Elmina, Ghana, a major fishing community, it was found that women's incomes in the community varied depending on whether the fishing season was good or bad. For small tradeswomen, the income can increase from US$ 25 to US$ 40 per month. Fishmongers of relative importance earned between US$ 112 and US$ 470, whilst larger-scale fishmongers earned between US$ 430 and US$ 2,092. It must be stated that the most important part of their annual income is earned during the high season from July to September. The bulk of the income that women fish processors and mongers receive from their activities is spent on providing food for their families. The women also spend on medical care for their children, provide clothing and, to a lesser extent, pay school fees. Besides catering for their family needs, women also fund fishing inputs, mainly the purchase of fuel, from their savings (Odotei, undated). The above illustrates the typical role played by women in fishing communities. Should the women's ability to play this role be affected as a result of the proposed trade liberalisation (e.g. tariff reductions in the major export markets may make smoked fish exports less competitive), then this may have serious knock-on effects on the nutrition, health and general wellbeing of fishing families.

Source: Antwi *et al.* (2006) in Kleih *et al.* (2006)

Seychelles: WTO-induced tariff reductions would lead to substantial loss of employment at the IOT tuna cannery in Mahe, although the direct impact would be mitigated in that a substantial proportion of the workforce is foreign (e.g. the impact may be felt in the Philippines as much as in the Seychelles). There would be reduced income for the population of Mahe and associated lower spending power. There will be knock-on effects to support industries, especially the can fabricating plant and other subsidiary industries supplying to the cannery. The reduction in frequency of cargo vessels visiting Port Victoria would lead to an overall lowering of economic activity. There could also be an indirect effect on tuna transshipment. Were similar difficulties to affect the Mauritian and Malagache canneries, then regional demand would slump potentially undermining some of the case for transshipping in the Seychelles, so severely reducing the sector's economic 'critical mass' (NAP Fisheries, 2006).

The knock-on effects of the reduction in employment in the tuna processing industry would be lower earnings and increased poverty amongst the Mahe workforce and that of firms supplying to IOT. The reduction in overall economic activity and thus in tax receipts by government would lead to lowered capacity to provide key state services such as healthcare, and education.

As for environmental impacts, the tuna fishery is managed by regional bodies in concert with the Seychelles authorities. A declining fisheries and processing sector could lead to a reduced national management and administration capacity, resulting in a reduced commitment to monitoring, control and surveillance (MCS) activities essential to enforce the agreed management regimes. Although one might expect that a declining processing sector may have a positive effect on domestic fish stocks, there could be little impact if catches simply get diverted to countries with a more competitive processing industry.

Uganda: A lowering of tariffs in EU import markets is expected to reduce Nile perch exports because of increased competition from substitutes. Stakeholders fear that the incomes of fish firms as well as fishermen will be reduced through reduced prices offered by exporters (Keizire, 2006). At the same time, the potential competitors of Ugandan Nile perch, such as catfish from Vietnam, already face relatively low tariffs in the major markets (e.g. 9 % in the EU, which could be reduced to about 5 % following further trade liberalisation). As a result, the consequences for Ugandan whitefish exporters are potentially less severe than expected.

There are claims that food security has been affected in Uganda as a result of fish exports. Although there is less Nile perch and tilapia available for the domestic market, this needs to be weighed against the substantial amounts of income generated by the fishing industry, which in turn positively affects people's access to food. At the same time, income generated in the fishing communities has often not been invested in productive enterprises or saved as a result of lack of saving infrastructure. Keizire (2004) argues that there are also fish species other than those exported which are available in Uganda for domestic consumption. Whilst tilapia is the preferred fish consumed by local communities around Lake Victoria, some observers argue that Nile perch is traditionally not eaten because it is not an indigenous species.

Nevertheless, in particular in famine situations, there are poor communities around Lake Victoria that have come to rely on the consumption of fish bones and other by-products from the processing plants. Attempts by the animal feed industry to purchase increasing amounts of these by-products have been curtailed by East African governments so that they remain available for human consumption (pers. comm. Mr Stephen Mbithi Mwikya).

Although reduced markets for fish could potentially assist in the revival of fish stocks, this may not be the case if increased competition leads to increased catch efforts. Also, it has

been reported that Nile perch catches have recently declined as a result of overfishing and lower stocks.

Non-ACP/LDC developing countries

Thailand: In the short-term, large increases in employment and income generation by the tuna canning industry can be envisaged. Likewise, increased shrimp production will take place, but most likely at the expense of alternative coastal production of rice or other coastal crops (NAP Fisheries, 2006).

Two forces seem set to determine the long term economic effects of liberalisation upon the Thai seafood sector: (i) the benefits of the opening of OECD markets and (ii) the threat of competition from Thailand's neighbours.

On the one hand, Thailand's efficient, highly competitive producers and processors would have the potential to expand their already impressive impact upon global seafood trade substantially. Shrimp farming/processing and tuna canning are obvious candidates for expansion, but given Thailand's flexible and entrepreneurial approach, there is no reason why new areas cannot develop. Indeed a move into sophisticated added-value seems an obvious response to fast rising demands for highly finished convenience products in industrialised countries.

On the other hand, liberalisation will allow Thailand's key competitors greater scope to undercut Thailand. Economic progress has naturally led to rising prosperity, and thus wages. Therefore one of Thailand's main advantages — low cost/high quality labour — will erode continually. Seafood industries, especially processing, are not occupations of choice and Thai labour is likely to move towards better paying and more congenial hi-tech jobs. This will leave the seafood industry in a quandary: whether to import cheaper labour or to migrate their activities to lower cost areas like Vietnam, Indonesia, or China.

It is difficult to judge how this will play out, because, for example, Thailand's rising prosperity (and wages) will similarly be experienced by the regional competitors. Overlying this, there could also be major changes in the market with China and possibly India becoming major seafood importers as these huge economies continue to modernise and prosper. The West and Japan may then cease to dominate in the way they do now. Thus the outcome for Thailand will rely upon a very complex interplay of regional and global economic forces.

As for social issues, in the short-term, gains are expected for the urbanised and semi-urban workforces in employment in tuna canneries. Similarly, rural workforces will see increased employment on shrimp farms and processing plants. In turn, there will be gains for small businesses supplying these industries, including the small 'satellite' shrimp farmers. At the same time, fears were expressed regarding potential losses for freshwater farmers and fishermen as cheaper imports might displace their products or lower their prices.

In the long-term, the changes seem likely to be mostly beneficial to the Thai workforce if not the sector (i.e. a 'prosperity problem'). Social problems already associated with foreign labour used in the fisheries might be replicated in the processing and aquaculture industries. At the same time, there might be a decline in rural smallholder agriculture (rice especially) from commercial shrimp farming, disadvantaging the communities involved who may be displaced.

The environment is expected to be the principal longer-term loser in the development process of the Thai seafood industry. Coastal zone ecosystems and wetlands (both coastal and inland) are under particular threat, and key agricultural areas like coastal paddy are

under threat already. Conversely, environmental problems threaten aquaculture, namely water shortages inland and pollution along the coast for shrimp farming. This, rather than the market or trade, may turn out to be the key constraint to growth in aquaculture output

India: In economic terms, for a net exporter of fish like India, the impact of more relaxed tariffs is likely to be positive as it offers the opportunity to consolidate its market share and diversify into other markets. Preference erosion could lead to somewhat reduced profitability of the export sector in the short term, but might prove to be a positive change in the long term as it makes the supply chains more competitive and diversified, hence less risk-prone (Salagrama et al, 2006).

As for imports, consumers, importers, retailers, processors (who intend to use their idle capacity for reprocessing the imported fish for re-export) would benefit from reduced tariffs, but this is perceived to be at the cost of livelihoods and incomes for different categories of stakeholders in the sector, whose capacity to hold on to their share in the value chain in the face of competition from imported goods is very limited. As yet, fish imports into India are low (i.e. approximately one percent of exports) and have not significantly increased following the relaxation of import regimes over recent years. The Free Trade Agreement (FTA) with Thailand for the import of fish for reprocessing and exports led to protests by fishermen in Kerala, who complained that the imports would affect their livelihoods adversely. At the same time, the Seafood Exporters Association of India (SEAI) argues that fish imports from Thailand would address the issue of shortage of raw material in the country, which in turn would also lead to job creation. In sum, a country such as India may face some increased fish imports but not necessarily as a result of the Doha Round negotiations. On the other hand, the country's net export position is likely to further improve as a result of the negotiations.

In social terms, Indian producers are expected to be affected both due to preference erosion as well as due to competition at sea and at the market place by new players and products, but on the other hand the increased access to new markets and demand for species other than fish might offset this. For the secondary stakeholders (particularly women, *dalit*s and other vulnerable people), the overall impact of lifting of tariffs is likely to be more negative than positive as this can hurt their current livelihoods, while not really offering an affordable means to take advantage of the new opportunities this may present. In terms of quality of life, the increased impoverishment of some categories of people might weaken their conditions of life, while the increased availability of fish at affordable prices (potentially also as a result of imports) might enhance consumers' access to cheap protein and improve nutritional security.

Regarding the environment, in view of Indian exporters' traditional emphasis on shrimp, as a result of various trade measures the producers might decide to break out of the 'shrimp-trap' and diversify fishing and culture operations to target a number of other commercial fish species, thereby reducing pressure on inshore waters. Increased opportunities for export to new developing country markets might also support the shift away from shrimp, although shrimp will continue to remain a major export earner for the country. On the other hand, lowered tariffs, continued state support for export of shrimp and reduced margins due to trade measures (e.g. SPS, TBT, and antidumping) might increase demand for shrimp and lead to more intensive exploitation and culture practices with implications on natural resource health, environmental quality and biodiversity. With increased trade-environment linkages, the tension between environmental conservation and livelihood needs will become more intense, with negative consequences for both.

China: With WTO membership China has already undertaken a series of tariff reductions in the fisheries sector; on average import duties have fallen from 15.3 % in 2001 to 10.4 % in 2005. For edible products the new bound rates overall are generally quite low and as such further tariff reductions may have little effect. This is even more the case for fishmeal which is

imported under a 2 % tariff and thus downward adjustment is not a significant issue. Reductions in tariffs may have some impact e.g. by stimulating increasing imports of raw material for processing — such as those for domestically marketed products (although re-exported products can claim a rebate and hence tariff changes are neutral). Similarly for higher value fish/products which are an area of growing demand, tariff reductions could induce further expansion. In respect of the latter the reduction in duties on shrimp may be significant.

More important outcomes might be expected to arise from the impacts of any tariff changes that may take place in China's major export markets — notably the USA and Japan. However, in both countries tariffs, both current and prospective, are not particularly high and other aspects are likely to have greater impact (e.g. anti-dumping or SPS measures). Thus for the USA duties on frozen fish, molluscs and shrimp and prawns are zero rated, although some processed products attract duties (e.g. 7.5 percent on some processed fish and 5 percent on canned shrimp). Overall tariffs are therefore of limited importance for China in major export markets — especially in comparison to economic fundamentals such as low domestic labour costs.

A more important factor for trade may be the future course of anti-dumping activity, notably by the USA, which has imposed measures upon Chinese products in the past (e.g. on crawfish). Despite the imposition of anti dumping measures, Chinese exports of crawfish have continued, but this might not be the case for future US action. An additional factor is the application of, for example, SPS measures.

As for social issues, the larger scale Chinese processing sector will offer employment and income opportunities, but these may be partly at the expense of potentially more labour intensive smaller scale enterprise. If export processors also move in to supply the greater part of the growing domestic market for processed items, these effects could be significantly greater. In location terms the expectation is that export processing will remain focused in coastal regions — areas where environmental pollution issues are already often the most intense. There continue to be major environmental pollution problems in China, in both inland freshwater bodies and in coastal marine areas.

Peru belongs to a group of Latin American countries that benefit from zero duty access to the European Union as part of the GSP+ initiative. Although there may be no significant effects on real income expected overall, there may be some possible effects on diversification by artisanal fishermen to species at another price level. Levels of trade of major products are controlled by government quotas, therefore WTO measures would not be felt (Tilman, 2006). No direct effects are expected on current employment levels in the industrial plants and fleet that represents 21.5 % of the labour force in the fishing sector. Equally, no direct effects are envisaged for artisanal fishermen who are self employed along with family members and represent roughly 50 % of the fishing sector labour force. There could be some negative effect on female fish processors (10 % of labour force) if squid imports were reduced, but this could be replaced with the canning of other species that are a growth industry.

Latin American countries that have become major exporters of tuna to the EU as a result of GSP+ and its predecessor initiative (e.g. Ecuador) would face increased competition from SE Asian tuna processing countries (e.g. Thailand).

6 Conclusions and Recommendations

6.1 Conclusions

The 40 % of world imports and the 25 % of world exports that EU countries account for appears at first sight to be a disproportionate amount, leading to questions regarding the EU's fisheries and trade policies and whether it is capturing a disproportionate amount of fisheries trade. When intra-EU trade is discounted, the EU only accounts for 27 % and 4.7 % of world fish trade. When this, as well as fish consumption and population size in the EU, is taken into consideration, this does not represent a disproportionate amount of world trade.

Despite this, the EU's fisheries and trade policies may indeed have created distortions in international fisheries trade, giving preference to ACP countries and encouraging those countries to sign fisheries agreements with the EU in order to obtain 'originating' fish for their processing factories. The fisheries agreements themselves may increase trade between the EU and the coastal state, if EU vessels land in-country, or decrease potential fisheries trade that could occur, when catches are transhipped or landed directly in EU ports.

The consequences of the EU fisheries policies for ACP countries are arguably clearest in the case of tuna processing. Cotonou and its predecessor agreements have assisted in establishing major tuna processing industries in countries such as Seychelles, Cote d'Ivoire, and Papua New Guinea. At the same time, domestic EU processing industries have been protected by high import tariffs. Nevertheless, the EU processing industries are struggling to compete with lower-cost supplies from developing countries.

The key issues for ACP countries regarding EPAs and fisheries are:

- How EPAs will affect fisheries trade flows;
- Whether and how Rules of Origin may be relaxed;
- How bilateral FPAs and regional EPAs may complement or conflict with each other.

As for the reform of Rules of Origin, the challenge will be to increase the flexibility for developing countries in sourcing raw material for their processing industries, and negotiate value-added thresholds that are development-friendly.

The WTO Doha Round negotiations were suspended in July 2006 due to deadlock over issues such as agricultural subsidies. At the end of 2006, informal meetings of several of the WTO negotiating groups restarted and full-scale negotiations resumed in early February 2007, although confidence in the political will to conclude the negotiations is lacking.

If the negotiations are brought to a successful conclusion they will have an impact on fisheries mainly through two areas:

- Market access (i.e. tariff measures) as part of the negotiations on non-agricultural market access (NAMA);
- Subsidies to the fisheries sector in different forms, which are being discussed by the WTO Negotiating Group on Rules.

The main WTO Doha Round related question in this study is related to the potential impacts of a reduced margin of preference (i.e. tariff cuts as part of NAMA negotiations). The study shows that the impact of a reduced margin of preference will be greatest where current rates are relatively high and for product areas of major importance in EU markets (e.g. tuna and shrimp). For example, traditional Spanish tuna processing industries are likely to lose out and follow their Italian and French counterparts into high-end niche markets. This is expected to lead to job losses.

Developing countries can be grouped into those that currently enjoy preferential market access (e.g. Cotonou Agreement, GSP+, EBA) and those that do not or only at a relatively small scale (e.g. tariff quota for canned tuna benefiting Thailand, Philippines and Indonesia). Countries that are currently 'protected' by high tariffs on processed products (e.g. canned tuna) will suffer from preference erosion which will have negative knock-on effects for their economies. At the same time, preference erosion is already underway for ACP countries in that other developing countries also increasingly benefit from preferential market access (GSP+ mainly for a group of Latin American countries, and EBA for Least Developed Countries). Asian producers and processors such as Thailand or India are likely to be main beneficiaries.

6.2 Recommendations

Fisheries bring substantial benefits to many developing countries and in particular ACP countries. In order for the benefits of foreign currency earnings that countries gain from export of fish and fisheries products to be sustained, effective fisheries management is a prerequisite. As a result, reduction or redeployment of fishing capacity in order to reduce overcapacity of fishing fleets, and related overfishing of capture fisheries is neccesary in some areas. Combating illegal, unreported and unregulated fishing should also be a priority.

Capacity building and institutional support in both fisheries management and trade issues are needed for developing and ACP countries. This can include raising awareness of fisheries management personnel about the ongoing trade negotiations, as well as raising the awareness of trade and finance ministers of fisheries issues.

Capacity building in relation to non-tariff market barriers (e.g. strengthening of standard boards or competent authorities), would help developing country suppliers engage fully in the world market. Furthermore, investments for the provision of infrastructure, support systems and modern efficient technology could help make developing country suppliers more competitive. Some of this support could be provided through Aid for Trade initiatives. Technologies that have adverse impacts on the environment should be avoided.

In relation to the current trade negotiations, special and differential treatment of small-scale and artisanal fisheries in developing countries with regard to fisheries subsidies measures should be considered, but also recognising that they can in some cases contribute to overfishing.

If tariffs were to be implemented as part of the WTO Doha Round, there should be a gradual rather than sudden reduction. This should allow fisheries and processing industries to adapt to changes in both economic and social terms. Development assistance or other support from the international community would help cover losses from preference erosion.

In relation to the EPA negotiations, improvement of Rules of Origin will be particularly important for ACP countries. Any changes in the RoO should aim to benefit developing countries in sourcing raw material for their processing industries. This will require the identification of 'development friendly' value-added thresholds (e.g. 10–25 %) as part of the EPA negotiations.

ACP countries should explore and develop marketing initiatives such as new domestic, regional or overseas markets, and targeting of 'higher-end' quality markets, in order to diversify and avoid over-reliance on traditional markets (e.g. canned tuna market) in which they may become less competitive under new tariff regimes. The private sector can play an active role in this.

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Appendix 1: Global fish production, trade and consumption patterns

Table 1: Total production of food fish, 1997 and 2020

	Actual 1997		Projected 2020	
	Million tonnes	**Share from aquaculture**	**Million tonnes**	**Share from aquaculture**
China	33.3	58%	53.1	66%
Southeast Asia	12.6	18%	17.5	29%
India	4.8	40%	8.0	55%
Other South Asia	2.1	23%	3.0	39%
Latin America	6.4	10%	8.8	16%
West Asia and North Africa	2.2	9%	2.8	16%
Sub-Saharan Africa	3.7	1%	6.0	2%
United States	4.4	10%	4.9	16%
Japan	5.2	15%	5.2	20%
European Union 15	5.9	21%	6.7	29%
Eastern Europe and former Soviet Union	4.9	4%	5.0	4%
Other developed countries	4.8	12%	5.8	20%
Developing world	68.0	37%	102.5	47%
Developing world excluding China	34.6	17%	49.4	27%
Developed world	25.2	13%	27.6	19%
World	93.2	31%	130.1	41%

Source: Delgado et al (2003);

Note: Actual data were calculated by authors from FAO 2002a; projections for 2020 are from the baseline scenario of IFPRI's IMPACT model (July 2002). Actual data are three-year averages centred on 1997. Projected growth rates are exponential, compounded annually using three-year averages as endpoints.

Projections are based on the most likely (baseline) scenario.

Appendix 2: Seafood tariffs

Table 1: EU Tariffs generally applying to seafood products imported into the EU

Item*	CN Code (Eurostat)	Conventional duty	Notes
Fresh freshwater fish (nei)	0302 69 11	8%	*Ad valorem* throughout
Fresh marine fish (nei)	0302 69 99	15%	
Fresh/frozen small pelagics	0303 7130/7490/7991	13-15% (0-23% seasonally)	Sardines, mackerel etc
Frozen freshwater fish (nei)	0303 79 19	8%	
Salmon fresh/frozen whole	0302 1200, 0303 11,19, 22	2%	Atlantic & Pacific salmon
Frozen marine fish (nei)	0303 79 98	15%	
Freshwater fish fillets (nei)	0304 10 19	9%	Fresh fillets
Fresh marine fish fillets	0304 10 98	15%	Quotas apply
Freshwater fish fillets (nei)	0304 20 19	9%	Frozen fillets
Frozen marine fish fillets	0304 20 97	7.5%	Frozen fillets
Salmon fresh/frozen fillet	0304 1030, 203	2%	Atlantic & Pacific salmon
Frozen surimi	0304 90 05	15%	
Dried/smoked fish	0305 4980/5980/6950	12-14%	
Smoked salmon	0305 4100	13%	Atlantic & Pacific salmon
Fresh/frozen rock lobster	030611	12.5%	
Fresh/frozen Penaeid shrimp	0306 1350/1380/2390	12%	ie Raw farmed shrimp
Fresh/frozen crabs	0306 1490/2480	7.5%	
Frozen squid	0307 49	6-8%	Various quotas @ 3-3.5%
Frozen tuna loins	1604 14 16	24%	4,000tn quota @ 6%
Canned tuna in oil or brine	1604 14 11/18	24%	Quota Asians @12% duty
Canned small pelagics	1604 1500/1600	12.5%-25%	Sardines 12.5% anchovies 25%
Salmon added value	1604 1100, 2010	5.5%	Canned & processed
Canned/processed shrimp	1605 20	20%	
Canned/processed crab	1605 1000	8%	
Canned/processed molluscs	1605 90	20%	Including squid

Source: Commission Regulation (EC) No 1719/2005 to Annex 1 of Council Regulation No 2658/87. Also Council regulations No 975/2003 & 379/2004 for reduced duty quotas nei = not elsewhere indicated (i.e. a general category), in NAP Fisheries and NRI (2006).

Table 2: Selected country average seafood tariffs (extracted from Melchior, 2005)[14]

Country	Tariff type	Tariff average			
		Simple, tariff line	Simple, 6 - digit	Import weighted	Weighted by world imports
European Union	Bound	13.0	11.7	11.8	12.0
European Union	MFN applied	12.5	11.7	11.8	11.9
European Union	Actually applied	5.2	4.6	4.3	4.7
Ghana	Bound	79.3	79.3	40.0	99.0
Ghana	MFN applied	11.4	11.3	6.4	12.8
Ghana	Actually applied	11.1	11.1	6.4	14.1
Mozambique	Bound	100.0	100.0	100.0	100.0
Mozambique	MFN applied	24.0	24.2	9.8	23.8
Mozambique	Actually applied	23.1	23.5	9.8	22.7
Namibia	Bound	37.0	37.0		37.0
Namibia	MFN applied	6.0	4.8		5.3
Namibia	Actually applied	12.9	7.8	5.5	4.8
Nigeria	Bound	110.0	110.0		78.4
Nigeria	MFN applied	31.3	28.1		32.7
Nigeria	Actually applied	18.4	18.4	7.5	31.6
Senegal	Bound	30.0	30.0	30.0	30.0
Senegal	MFN applied	14.5	14.5	18.8	16.8
Senegal	Actually applied	17.6	17.6	18.8	18.1
Seychelles	Bound				
Seychelles	MFN applied	84.4	84.4	93.1	87.5
Seychelles	Actually applied	48.4	48.4	93.1	70.6
Tanzania	Bound	120.0	120.0	120.0	120.0
Tanzania	MFN applied	24.1	24.4	25.0	4.8
Tanzania	Actually applied	23.9	23.8	24.9	24.0

NB: In many cases, the percentage of bound tariffs is quite small

[14] Melchior, A (2005) The Fishy Story About Tariffs in World Seafood Trade; Paper written for FAO (Food and Agriculture Organization of the United Nations. Rome).

Appendix 3: The Swiss Formula

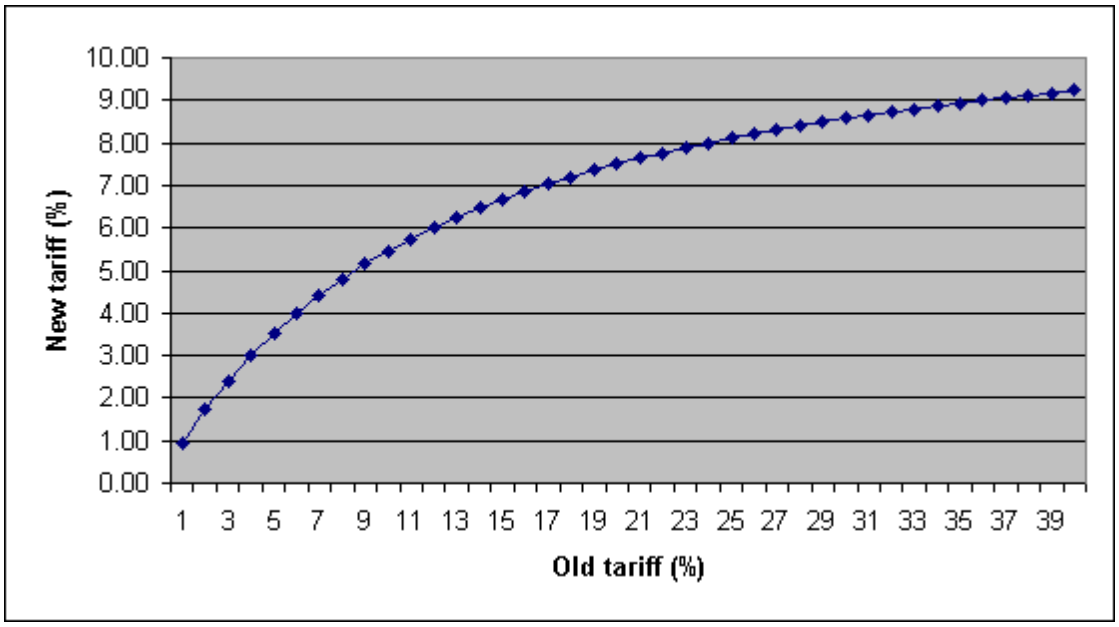
The Swiss Formula and the coefficients to be used for tariff cuts as part of the NAMA (Non-Agricultural Market Access) negotiations form a key aspect of the WTO Doha Round. The use of two different coefficients is being considered for developed countries (around 10) and developing countries (20 – 30). The effect of the Swiss formula is to reduce high tariffs proportionately more than lower tariffs.

The chart below illustrates to what extent the maximum new tariff is determined by the coefficient, i.e. it cannot exceed the value of the coefficient no matter how high the old tariff was.

Swiss Formula: $t_1 = (A \times t_0) / (A + t_0)$

A = coefficient
t_0 = old tariff
t_1 = new tariff

Swiss Formula; calculation of new tariffs using coefficient of 12



Appendix 4: EPA negotiating groups

The six ACP Groups negotiating EPAs with the European Union

Table 1.1: ACP Groups Negotiating EPAs

Africa Group					
CEMAC	**ECOWAS**	**ESA**[7]	**SADC**	**CARIFORUM**	**Pacific Forum**
Cameroon[2]	Benin[1,2]	Burundi[1,5]	Angola[1,4]	Antigua & Barbuda[2,6]	Cook Islands[3,4,6]
Central African Republic[1,2,5]	Burkina Faso[1,2,5]	Comores[1,3,6]	Botswana[2,4,5]	The Bahamas[2,3,6]	Fiji[4,6]
Chad[1,5]	Côte d'Ivoire[2]	Djibouti[1]	Lesotho[1,2,4,5]	Barbados[2,6]	Kiribati[1,3,4,6]
Republic of Congo[2]	Guinea-Bissau[1,2,5]	Eritea[1,3]	Mozambique[1,4]	Belize[2,6]	Marshall Islands[3,4,6]
DR Congo[1]	Mali[1,2,5]	Ethiopia[1,3,5]	Namibia[4]	Dominica[2,6]	Federated States of Micronesia[3,4,6]
Gabon[2]	Niger[1,2,5]	Kenya[8]	Tanzania[1,8]	Dominican Republic[4,6]	Nauru[3,4,6]
Equatorial Guinea[1,2,3]	Senegal[1,2]	Madagascar[1]	Swaziland[2,4,5]	Grenada[2,6]	Niue[3,4,6]
Sao Tome & Principe[1,3,4,6]	Togo[1,2]	Malawi[1,5]		Guyana[2,6]	Palau[3,4,6]
	Cape Verde[1,3,4,6]	Mauritius[6]		Haiti[1,2,6]	Papua New Guinea[4,6]
	Gambia[1,4]	Rwanda[1,5]		Jamaica[2,6]	Samoa[1,3,4,6]
	Ghana[4]	Seychelles[3,6]		St. Kitt & Nevis[2,6]	Solomon Islands[1,4,6]
	Guinea[1,4]	Sudan[3]		Saint Lucia[2,6]	Tonga[4,6]
	Liberia[1,3,4]	Uganda[1,5,8]		St. Vincent & the Grenadines[2,6]	Tuvalu[1,3,4,6]
	Nigeria[4]	Zambia[1,5]		Suriname[2,6]	Vanuatu[1,3,4,6]
	Sierra Leone[1,4]	Zimbabwe[5]		Trinidad & Tobago[2,6]	

1 - Least Developed Country
2 - Has a common external tariff (Customs Union) with other Members of group
3 - Not a WTO Member/ in the WTO Accession Process
4 - Not a Member of the Customs Union but has Preferential/Free Trade Agreement with other Members of Group
5 - Land-Locked Country
6 - Small Island Developing State
7 - Group does not Represent a Regional Economic Community
8 - Belongs to a Customs Union with countries of other negotiating group

Source: FAO and ACP Secretariat (2006)

Appendix 5: EU fish supply lines

EU Fisheries Trade with ACP Countries, by EPA Group

EU Fisheries Imports from CARIFORUM Countries (in '000 Euros)

	Unprocessed fisheries products			Processed fisheries products		
Origin	**2003**	**2004**	**2005**	**2003**	**2004**	**2005**
Antigua&Barbuda	951	556	522			1,185
The Bahamas	30,691	30,158	37,068			
Barbados	9	16	24		8	
Belize	308	532	5,912			
Dominica	7		3			
Dominican Rep.	126	151	192	5		
Grenada	1,167	1,081	1,086			
Guyana	48	2,326	2,327			31
Haiti	15	40	12			
Jamaica	2,818	2,473	3,286			
St Kitt & Nevis					734	
Saint Lucia		1				
St Vincent&the Gren.		56				
Suriname	20,265	15,003	12,351			
Trinidad & Tobago			39			
Total	**56,405**	**52,393**	**62,822**	**5**	**742**	**1,216**

EU Fisheries Exports to CARIFORUM Countries (in '000 Euros)

	Unprocessed fisheries products			Processed fisheries products		
Destination	**2003**	**2004**	**2005**	**2003**	**2004**	**2005**
Antigua&Barbuda	93	188	28	30	38	58
The Bahamas	254	525	45	27	60	270
Barbados	272	290	247	77	18	57
Belize	1	77	70	345	182	18
Dominica	66		5	386	6	4
Dominican Rep.	1,140	827	999	972	432	714
Grenada	41	48	28	3	15	3
Guyana				3	3	11
Haiti	1,131	1,038	1,116	669	201	197
Jamaica	1,148	495	701	1,070	653	1035
St Kitt & Nevis	9,603	1,737	37			
Saint Lucia	87	4	167	58	25	34
St Vincent&the Gren.	21	5	14	3	1	8
Suriname	43	55	132	80	65	83
Trinidad & Tobago	12	17	16	6	30	39
Total	**13,912**	**5,306**	**3,605**	**3,729**	**1,729**	**2,531**

Source: Eurostat - http://fd.comext.eurostat.cec.eu.int/xtweb/
Dataset: DS-016890 - EU25 Trade since 1995 by CN8
Unprocessed products: CN Code 03, Fish and crustaceans, molluscs and other aquatic invertebrates
Processed fisheries products: CN Codes 16041100 - 16059090

EU Fisheries Imports from CEMAC Countries (in '000 Euros)

	Unprocessed fisheries products			Processed fisheries products		
Origin	**2003**	**2004**	**2005**	**2003**	**2004**	**2005**
Cameroon	1,022	360	82			
Central African Rep.			2			
Chad						
Republic of Congo	3,277	3,916	3,858			
DR Congo	208	157	101			
Gabon	16,291	18,288	19,203			
Equatorial Guinea	3					
Sao Tome&Principe						
Total	**20,801**	**22,721**	**23,246**	**-**	**-**	**-**

EU Fisheries Exports to CEMAC Countries (in '000 Euros)

	Unprocessed fisheries products			Processed fisheries products		
Destination	**2003**	**2004**	**2005**	**2003**	**2004**	**2005**
Cameroon	1,118	181	78	53	24	23
Central African Rep.				3		2
Chad	13	44	31	85	51	84
Republic of Congo	477	683	294	78	85	157
DR Congo	171	188	333	79	64	156
Gabon	1,053	899	485	130	174	132
Equatorial Guinea	686	602	543	32	40	27
Sao Tome&Principe	31	42	30	179	50	33
Total	**3,549**	**2,639**	**1,794**	**639**	**488**	**614**

EU Fisheries Imports from ECOWAS Countries, plus Mauritania (in '000 Euros)

	Unprocessed fisheries products			Processed fisheries products		
Origin	**2003**	**2004**	**2005**	**2003**	**2004**	**2005**
Benin	1,981		876	559		
Burkina Faso	15					
Cape Verde	277	864	8,751	20	88	88
Cote d'Ivoire	11,847	12,121	12,503	120,773	124,327	82,810
Gambia	1,887	1,778	972			
Ghana	29,807	28,851	22,509	71,961	59,987	66,136
Guinea	24,072	21,053	21,784	71	52	39
Guinea-Bissau	5,015	3,423	2,095			
Liberia		3				
Mali	36	18	27			
Mauritania	106,706	89,020	93,193	379	1,568	1,022
Niger	9	66	30			
Nigeria	50,891	47,970	49,882			35
Sierra Leone	9	1	10			
Senegal	187,918	169,314	158,922	24,855	21,132	19,135
Togo	10,130	2,639	22			
Total	**430,600**	**377,121**	**371,576**	**218,618**	**207,154**	**169,265**

EU Fisheries Exports to ECOWAS Countries, plus Mauritania (in '000 Euros)

	Unprocessed fisheries products			Processed fisheries products		
Destination	**2003**	**2004**	**2005**	**2003**	**2004**	**2005**
Benin	736	590	5	11	10	30
Burkina Faso	7	5	27	10	25	25
Cape Verde	301	307	522	125	102	72
Cote d'Ivoire	62,635	50,870	33,807	275	156	115
Gambia	8	7	49	4	21	3
Ghana	8,418	11,556	10,112	50	206	112
Guinea	55	5	4	12	8	5
Guinea-Bissau	2	19	70	56	9	8
Liberia	626	406	335	17	74	108
Mali	21		17	13	7	1
Mauritania	125	57	341	47	55	135
Niger	3		5	32	58	3
Nigeria	150,089	120,352	129,862	109	29	91
Sierra Leone	512	173	35	175	115	37
Senegal	4,479	4,187	5,125	89	337	131
Togo	634	31	9	8	35	14
Total	**228,651**	**188,565**	**180,325**	**1,033**	**1,247**	**890**

EU Fisheries Imports from ESA Countries (in '000 Euros)

	Unprocessed fisheries products			Processed fisheries products		
Origin	**2003**	**2004**	**2005**	**2003**	**2004**	**2005**
Burundi	90	96	100			
Comoros						
Djibouti						
Eritrea	681	428	25			
Ethiopia	7					1
Kenya	28,491	31,738	26,358	9,442	25,771	32,647
Madagascar	129,149	115,829	99,252	48,218	43,076	40,057
Mauritius	5,073	5,006	6,504	60,157	67,932	75,765
Malawi	210	227	236			
Rwanda						
Seychelles	43,359	59,632	51,341	168,257	143,248	147,578
Sudan		4	1			
Uganda	59,237	77,151	113,259	2		4
Zambia	253	221	174	143		
Zimbabwe	2,547	2,295	1,564			
Total	**269,097**	**292,627**	**298,814**	**286,219**	**280,027**	**296,052**

EU Fisheries Exports to ESA Countries (in '000 Euros)

	Unprocessed fisheries products			Processed fisheries products		
Destination	**2003**	**2004**	**2005**	**2003**	**2004**	**2005**
Burundi		24	32	3	26	55
Comoros	26	44				
Djibouti	73	56	72	41	55	168
Eritrea	111	46	73	52	38	17
Ethiopia	41	20	8	13	12	30
Kenya	1,529	10,642	5,492	326	113	43
Madagascar	14,988	11,586	12,628	17	42	22
Mauritius	15,822	19,038	31,131	133	160	580
Malawi						
Rwanda	5	2	8		2	
Seychelles	57,918	55,337	53,758	8		12
Sudan	25	2	53	11	15	37
Uganda	37	18	4	61	35	79
Zambia	5	11			1	
Zimbabwe	2	7	7			3
Total	**90,582**	**96,833**	**103,266**	**665**	**499**	**1,046**

EU Fisheries Imports from Pacific Forum Countries (in '000 Euros)

	Unprocessed fisheries products			Processed fisheries products		
Origin	**2003**	**2004**	**2005**	**2003**	**2004**	**2005**
Cook Islands	51	36	4			
Fiji	1,741	844	1,083			
Kiribati	1					
Marshall Islands	38	47	43			
Micronesia			24			
Nauru			31			
Niue	2					
Palau	5		15			
Papua NG	7	57	1,291	24,021	25,905	38,613
Samoa						
Solomon Islands	5	4	8		3,537	7,311
Tonga	9	67	42			
Tuvalu	5		5			
Vanuatu	10	11	168			
Total	**1,874**	**1,066**	**2,714**	**24,021**	**29,442**	**45,924**

EU Fisheries Exports to Pacific Forum Countries (in '000 Euros)

	Unprocessed fisheries products			Processed fisheries products		
Destination	**2003**	**2004**	**2005**	**2003**	**2004**	**2005**
Cook Islands	94			39	2	
Fiji						
Kiribati				52	50	
Marshall Islands	3	2				
Micronesia						
Nauru	22					
Niue						
Palau						
Papua NG						
Samoa						
Solomon Islands						
Tonga						
Tuvalu	1					
Vanuatu	2				3	1
Total	**122**	**2**	**-**	**91**	**55**	**1**

EU Fisheries Imports from SADC Countries (in '000 Euros)

	Unprocessed fisheries products			Processed fisheries products		
Origin	**2003**	**2004**	**2005**	**2003**	**2004**	**2005**
Angola	2,041	1,209	16,936			
Botswana						
Lesotho	4		22			
Mozambique	59,067	51,647	63,329	33	5	5
Namibia	254,737	244,170	216,340	1,210	3,275	6,390
Swaziland	191		91			
Tanzania	128,307	120,566	131,718	12		55
Total	**444,347**	**417,592**	**428,436**	**1,255**	**3,280**	**6,450**

EU Fisheries Exports to SADC Countries (in '000 Euros)

	Unprocessed fisheries products			Processed fisheries products		
Destination	**2003**	**2004**	**2005**	**2003**	**2004**	**2005**
Angola	3,638	5,283	6,558	2,133	1,863	1,597
Botswana				1		
Lesotho			3		1	1
Mozambique	2	56	114	228	455	768
Namibia	103	54	1,054	28	63	79
Swaziland				76	119	123
Tanzania	39	155	18	46	35	14
Total	**3,782**	**5,548**	**7,747**	**2,512**	**2,536**	**2,582**

EU tuna landings by main tuna fishing states & by species; (000 tonnes)

	2000	2001	2002	2003	2004
Country					
Spain	289	255	277	307	301
France	152	136	161	175	179
Italy	7	10	13	22	25
Portugal	4	5	8	7	9
Total	**453**	**406**	**460**	**511**	**515**
Species					
Skipjack	199	175	217	222	231
Bluefin	18	17	18	16	16
Albacore	28	22	22	26	23
Yellowfin	151	155	160	210	216
Bigeye	58	37	45	36	29
Tuna total	**453**	**406**	**460**	**511**	**515**

Source: NAP Fisheries (2006) based on FAO statistics, NB: 2004 estimate is a forecast

EU net tuna imports by major importing state, (000 tonnes)

	2001	2002	2003	2004
Production (landings)				
Spain	255	277	307	301
Italy	10	13	22	25
France	136	161	175	179
Net fresh tuna import				
Spain	2	1	4	-2
Italy	2	-1	5	1
France	0	-2	3	4
Net frozen tuna import				
Spain	62	64	12	-46
Italy	32	36	34	28
France	-143	-109	-174	-164
Net frozen tuna loins import				
Spain	-1	9	30	25
Italy	28	30	35	31
France	15	12	13	12
Canned tuna imports (intra & extra EU)				
UK	123	138	131	133
France	92	117	107	107
Germany	74	86	92	81
Italy	51	61	69	74
Netherlands	15	33	33	31
Spain	8	10	18	20
Belgium	12	13	14	13
Other	39	42	47	43
Total	**414**	**500**	**512**	**502**

Source: NAP Fisheries, based on Eurostat trade data,
(Note, negative value = a net export)

EU – Tuna Supply Lines

Annual canned tuna imports, United Kingdom, in 1000 tonnes

Source	2001	2002	2003	2004	2005
Seychelles	23.3	29.4	23.9	29.5	28.8
Mauritius	22.5	23.4	23.1	29.5	24.9
Thailand	16.9	17.6	18.2	13.1	15.9
Philippines	6.0	8.5	7.7	6.2	9.7
Indonesia	4.7	6.8	4.3	3.1	2.8
Maldives	2.7	3.4	3.4	4.1	4.6
Cote d'Ivoire	0.3	0.1	0.7	0.1	0.0
Others	47.6	48.0	48.9	46.6	45.9
Total	**124.0**	**137.2**	**130.2**	**132.2**	**132.6**

Source: Globefish, September 2006, Tuna Market Report - EU

Annual tuna imports - Fresh and frozen whole, Spain, in 1000 tonnes

Source	2001	2002	2003	2004	2005
Panama	11.0	18.1	24.4	5.7	23.0
Seychelles	*	*	14.6	20.3	32.6
Ghana	6.0	8.8	6.8	2.6	8.2
France	17.7	14.9	18.0	30.1	20.7
Netherlands Antilles	19.8	20.7	29.0	2.2	0.0
Morocco	3.4	5.6	4.1	4.0	4.0
Ecuador	15.9	7.0	2.2	1.8	3.0
Guatemala	21.4	17.1	13.5	6.5	9.7
Mexico	7.9	8.5	17.9	1.0	5.8
Korea Rep.	5.4	9.1	3.0	0.0	3.9
USA	0.2	6.2	10.6	6.1	3.5
Taiwan PC	7.8	10.6	4.0	0.1	2.5
Colombia	1.1	1.8	1.5	0.0	0.5
Venezuela	21.8	27.1	9.6	0.1	0.0
Belize	2.5	NA	0.0	0.0	0.0
Total	**157.9**	**206.6**	**187.0**	**101.1**	**158.5**

Source: Globefish, October 2006, Tuna Market Report - EU

Annual tuna imports - loins, Spain, in 1000 tonnes

Source	2001	2002	2003	2004	2005
El Salvador	*	*	0.5	8.7	13.2
Ecuador	4.0	5.6	19.0	7.2	8.8
Guatemala	*	*	*	*	6.6
Venezuela	0.0	3.8	5.7	2.9	0.1
Colombia	1.4	0.2	0.1	0.1	0.1
Total	**6.3**	**12.5**	**31.9**	**26.5**	**35.8**

Source: Globefish, October 2006, Tuna Market Report - EU

Annual canned tuna imports, France, in 1000 tonnes

Source	2001	2002	2003	2004	2005
Cote d'Ivoire	33.4	41.0	30.3	33.7	21.6
Spain	15.2	13.8	19.1	18.6	21.8
Madagascar	9.3	10.0	14.4	12.9	14.7
Seychelles	8.6	11.0	12.6	14.7	11.3
Senegal	4.9	6.7	6.9	4.9	4.3
Italy	3.6	6.2	9.8	7.3	8.0
Ecuador					7.2
Ghana	5.3	3.5	5.3	5.1	6.5
Others	10.6	25.2	17.4	9.9	12.5
Total	**90.9**	**117.4**	**115.8**	**107.1**	**107.9**

Source: Globefish, September 2006, Tuna Market Report - EU

Annual frozen tuna loin imports, France, in 1000 tonnes

Source	2001	2002	2003	2004	2005
Thailand	0.0	0.5	3.3	1.8	1.6
Italy	3.2	2.6	2.1	3.9	3.8
Ghana	0.0	0.0	0.7	1.1	1.7
Ecuador	11.1	8.3	5.2	3.2	2.9
Total	**14.3**	**11.4**	**11.3**	**10.0**	**10.0**

Source: Globefish, October 2006, Tuna Market Report - EU

Annual canned tuna imports, Italy, in 1000 tonnes

Source	2001	2002	2003	2004	2005
Spain	33.0	33.1	35.0	36.1	37.0
Colombia	0.6	2.2	3.7	6.4	7.0
Cote d'Ivoire	5.9	9.2	9.9	14.0	8.9
Seychelles	7.3	6.8	7.7	4.6	7.0
France	0.5	3.3	5.2	6.1	4.6
Portugal	2.2	2.6	2.7	2.6	2.8
Others	2.5	3.9	5.2	4.3	4.2
Total	**52.0**	**61.1**	**69.4**	**74.1**	**71.5**

Source: Globefish, September 2006, Tuna Market Report - EU

Annual frozen tuna loin imports, Italy, in 1000 tonnes

Source	2001	2002	2003	2004	2005
Ecuador	15.2	9.9	13.0	12.6	12.0
Colombia	12.6	10.8	14.6	12.8	14.3
Kenya	2.3	5.7	2.9	7.0	8.1
Thailand	0.5	2.1	1.8	1.1	1.3
Spain	0.9	0.1	0.0	0.0	0.0
Others	3.7	1.2	4.1	2.6	4.9
Total	**35.2**	**29.8**	**36.4**	**36.1**	**40.6**

Source: Globefish, October 2006, Tuna Market Report - EU

Annual canned tuna imports, Germany, in 1000 tonnes

Source	2001	2002	2003	2004	2005
Philippines	20.5	28.5	29.4	19.1	20.3
Thailand	5.1	9.3	9.6	5.6	11.5
Ecuador	2.2	4.1	4.8	13.7	14.6
Papua NG	2.0	5.2	8.7	10.7	9.6
Indonesia	1.3	2.1	2.7	3.5	7.0
Seychelles	6.9	8.2	10.6	5.4	6.6
France	9.2	16.8	13.7	7.3	5.7
Others	21.3	11.5	12.2	15.9	8.5
Total	**68.5**	**85.7**	**91.7**	**81.2**	**83.8**

Source: Globefish, September 2006, Tuna Market Report - EU

Annual canned tuna imports, USA, in 1000 tonnes

Source	2001	2002	2003	2004	2005
Thailand	64.0	68.5	79.9	71.8	77.4
Philippines	28.2	34.2	38.4	43.3	43.8
Ecuador	14.6	23.6	23.4	24.7	15.5
Indonesia	15.2	14.2	16.9	17.0	18.0
Others	10.5	12.4	8.9	12.0	14.3
Total	**132.5**	**152.9**	**167.5**	**168.8**	**169.0**

Source: Globefish, November 2006, Tuna Market Report – US

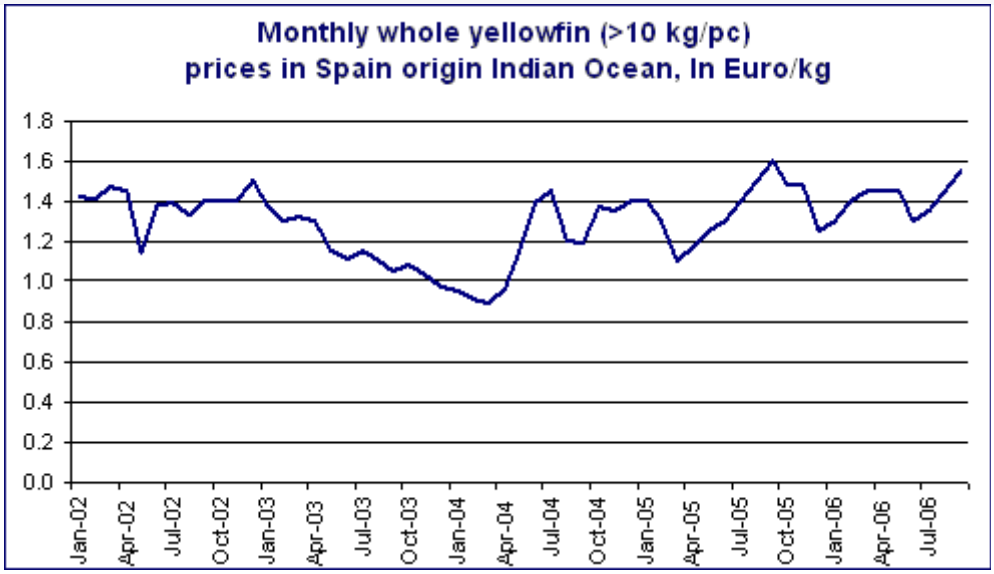
Annual imports of tuna products other than canned tuna, USA, in 1000 tonnes

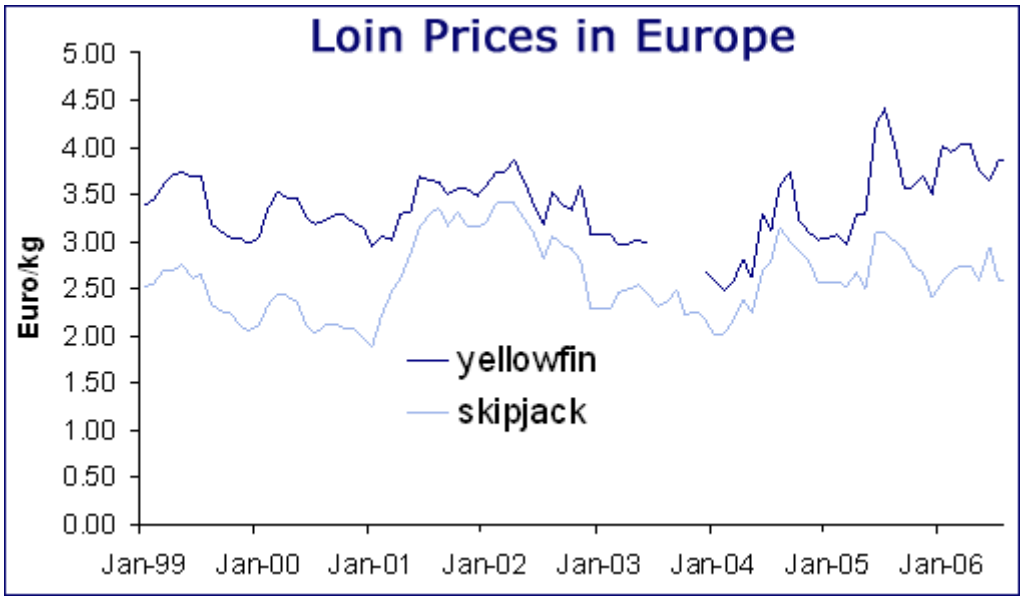
Source	2001	2002	2003	2004	2005
Frozen tuna	45.1	17.9	19.3	11.0	10.5
Tuna loins	32.4	35.4	43.8	44.0	46.7
Fresh tuna	23.0	24.4	25.6	26.4	25.9
Tuna in foil pouches		18.6	40.7	32.3	36.0

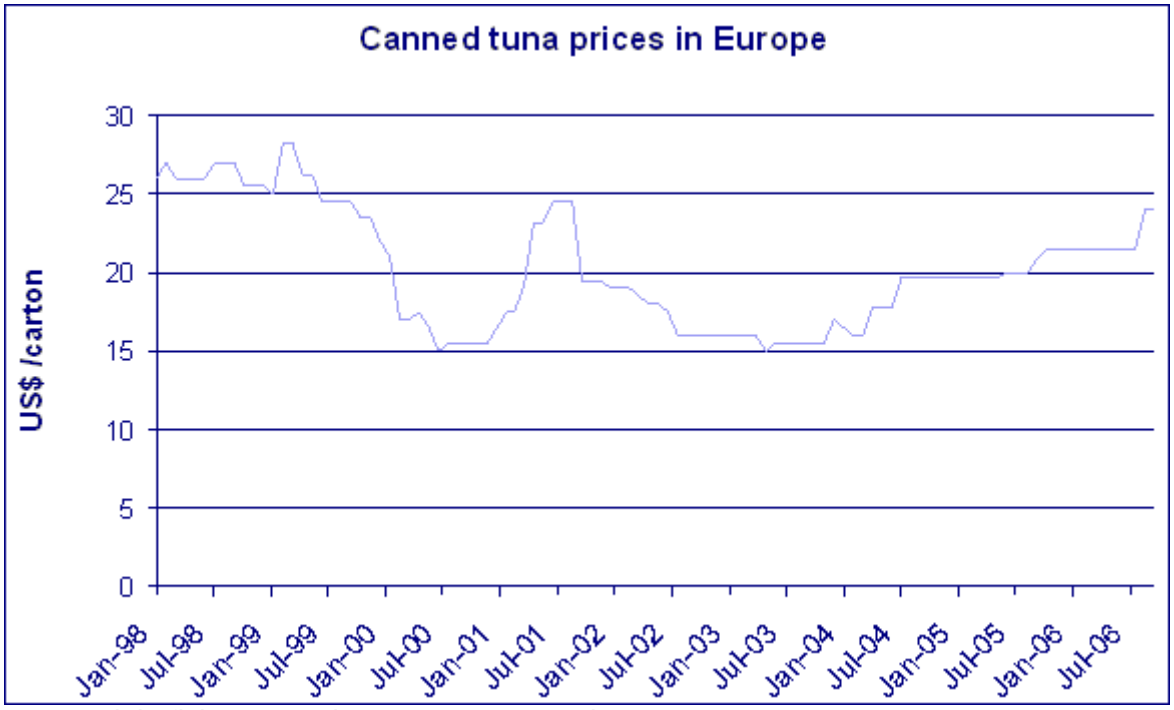
Source: Globefish, November 2006, Tuna Market Report – US

Tuna Prices

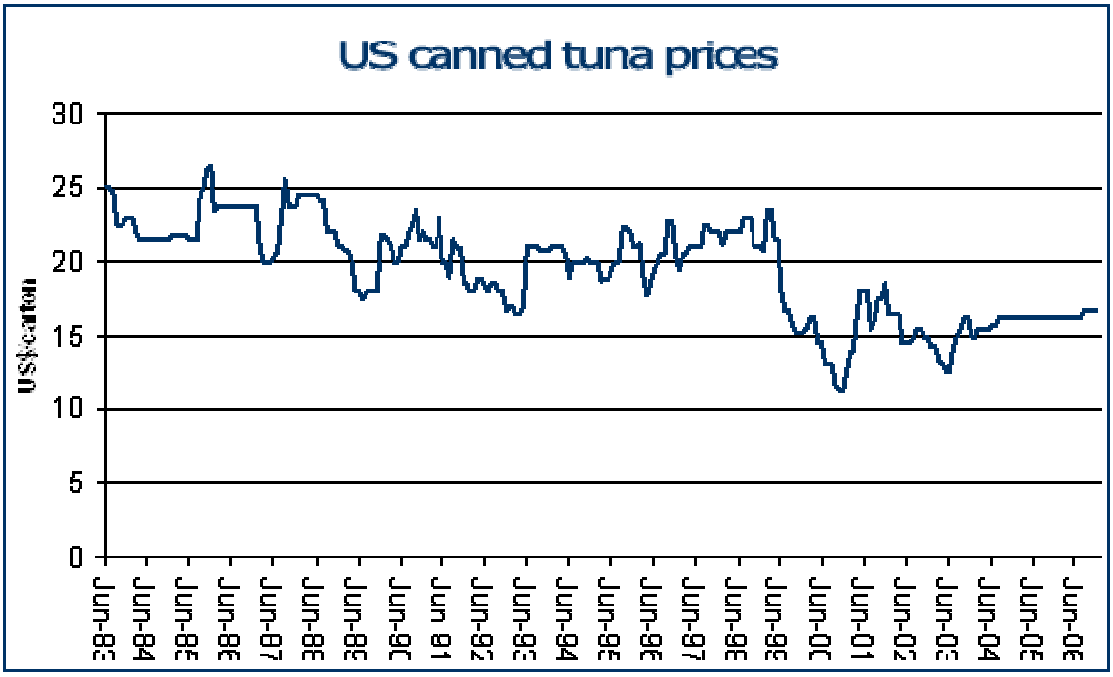
(Source: Globefish – various tuna market reports)







Source: Globefish, September 2006, Tuna Market Report - EU



Source: Globefish, November 2006, Tuna Market Report – US

Shrimp

Total EU Imports of shrimp (all product types), by country of origin, in 1000 tonnes

Country	2001	2002	2003	2004	2005
Greenland	45.3	69.2	69.1	74.3	81.7
Denmark	39.1	41.4	45.3	46.8	48.5
Netherlands	36.3	47.5	45.7	49.0	47.0
Ecuador	13.3	12.9	19.4	31.1	43.8
India	19.1	34.1	41.5	36.9	41.5
Brazil	*	*	37.2	42.9	40.1
Canada	23.0	19.6	27.2	32.2	37.4
China	21.6	3.0	1.2	3.5	34.3
Indonesia	16.2	16.0	27.6	30.6	26.2
Belgium	17.9	21.1	28.9	26.7	23.1
Iceland	26.2	26.0	28.9	24.5	10.1
Germany	*	*	14.0	17.2	18.8
Norway	22.6	21.1	19.3	18.4	18.3
Vietnam	*	*	*	*	17.4
UK	24.6	26.0	22.8	20.0	15.3
Malaysia	13.4	12.5	22.6	19.5	14.6
Spain	14.8	16.4	15.1	18.0	12.5
Colombia	*	*	*	*	12.3
Thailand	14.7	7.2	5.0	7.5	12.0
Madagascar	*	*	*	*	10.1
Morocco	*	*	13.7	9.5	10.0
Mozambique	*	*	*	*	7.8
Argentina	49.3	47.8	39.5	27.5	6.6
Bangladesh	16.2	19.7	23.8	21.4	4.7
Faeroe Isles	13.5	8.8	9.5	4.7	3.5
Others	155.0	177.4	151.0	140.3	95.9
Intra-EU	162.2	189.0	195.2	200.7	539.4?
Extra-EU	420.0	438.7	513.1	501.8	729.3?
Total	**582.2**	**627.7**	**708.3**	**702.5**	**702.5?**

* = Included under ‘Others’
Source: Globefish, based on Eurostat

Total EU Imports of chilled and frozen shrimp, by country of origin, in 1000 tonnes

Country	2001	2002	2003	2004	2005
Greenland	33.0	55.5	56.0	57.4	58.3
Ecuador	13.3	12.7	19.2	30.6	43.1
Brazil	*	*	37.1	42.8	40.1
India	17.4	33.1	40.2	34.8	38.4
Netherlands	26.1	36.3	33.5	37.6	35.4
China	20.7	2.9	1.1	3.5	33.5
Denmark	24.5	27.0	28.9	29.7	30.7
Bangladesh	15.3	18.7	22.3	20.6	23.7
Canada	15.4	10.6	14.7	15.7	20.3
Indonesia	*	*	*	*	20.0
Belgium	13.7	16.7	23.1	21.0	17.5
Germany	*	*	*	*	14.7
Vietnam	*	*	*	*	12.8
France	*	*	*	*	12.1
Colombia	*	*	*	*	11.9
Spain	13.9	15.6	14.2	17.4	11.8
UK	17.7	19.2	18.0	15.7	11.6
Malaysia	*	*	*	*	10.3
Madagascar	*	*	*	*	10.1
Mozambique	*	*	*	*	7.8
Argentina	49.6	47.8	39.5	27.5	6.6
Thailand	8.0	2.4	0.7	2.1	4.8
Other	180.4	192.4	209.7	197.6	97.5
Total	**449.0**	**490.9**	**558.2**	**554.0**	**573.0**

* = Included under ‘Others’
Source: Globefish, based on Eurostat

Spanish Shrimp Imports - tonnes

Origin	2004	2005
China	2,700	26,470
Brazil	17,880	16,840
Ecuador	10,080	15,600
Colombia	6,990	9,620
Argentina	20,720	5,320
Others	87,290	82,040
Total	**145,660**	**155,890**

Source: Globefish – Shrimp market report – February 2006 - Spain

UK Shrimp imports – Jan – Oct; tonnes

Origin	Jan – Oct 2004	Jan-Oct 2005
Iceland	15,400	11,500
India	8,620	8,620
Bangladesh	6,870	7,790
Ecuador	2,660	2,280
Others	40,320	42,510
Total	**73,870**	**72,700**

Source: Globefish – Shrimp market report – January 2006

French shrimp imports – Jan – Oct; tonnes

Origin	Jan – Oct 2004	Jan-Oct 2005
Brazil	20,200	19,780
Madagascar	9,380	7,740
Ecuador	4,660	6,770
Netherlands	5,880	5,570
Other	39,250	39,570
Total	**79,370**	**79,430**

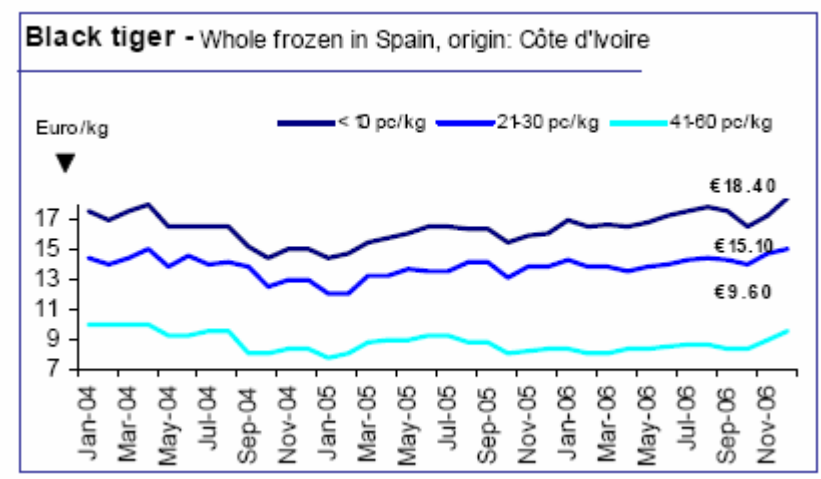
Source: Globefish – Shrimp market report – January 2006

Italian shrimp imports – Jan – Oct; tonnes

Origin	Jan – Oct 2004	Jan-Oct 2005
Ecuador	9,000	12,020
Denmark	4,870	5,310
India	3,260	3,440
Spain	4,430	3,290
Others	23,620	25,730
Total	**45,180**	**49,790**

Source: Globefish – Shrimp market report – January 2006

Shrimp prices



Source: Globefish, European Price Report – Issue 12/06; 16 December 2006

Whitefish

Spanish hake imports - frozen whole/H&G - tonnes

Origin	2004	2005
Namibia	16,800	8,700
Argentina	10,600	6,400
South Africa	9,200	7,900
Chile	8,400	6,800
Others	7,300	7,800
Total	**52,300**	**37,600**

Source: Globefish – Hake market report – March 2006
NB: In 2005, total Spanish hake imports fell almost
14% to less than 160,000 tonnes compared to the previous year.

Exports of Nile perch fillets to the EU – tonnes

Country	2001	2002	2003	2004	2005
Kenya	2,747	3,972	5,086	6,737	5,176
Tanzania	23,063	23,119	26,965	30,813	23,880
Uganda	14,776	12,213	13,062	18,539	23,793
Total	**40,586**	**39,303**	**45,113**	**56,089**	**52,849**

Source: Globefish

Appendix 6: Cost of Compliance with International Standards

Case study: The Impact of Fish Export Bans in Uganda

According to several studies, the fish export bans faced by Uganda during the 1990s as a result of EU HACCP regulations led to losses of over US$30 million. For example, UNIDO (2003) estimates that the ban of April to August 1999 alone resulted in a loss of US$36.9 million. It further estimated the loss to fishing communities in the form of reduced prices and less fishing activity at US$4.25 million. Moreover, it was estimated that out of over 100,000 people who were directly employed in the fisheries sector, 32,000 people lost their jobs as a result of the ban while others earned less than one third of their average income. It is also estimated that over 300,000 people from families directly depending on fishing as a household activity were affected.

During the whole period of the ban (1997-2000), there were 11 operating fish factories in Uganda. The fish ban resulted into the closure of 3 of the 11 factories while the remaining ones had to operate at less than 20% capacity. This also resulted into factories laying off 60% to 70% of their labour force. Other auxiliary industries such as packing, the fishnet manufactures, the transport industry, the fuel industry and Uganda's economy in general were directly affected and all the people involved suffered the direct consequences of the EU fish export ban.

In Uganda, measures to comply with the international fish trade requirements are estimated to have increased the operating costs of fish processing plants by 50% (UNIDO, 2003). In addition, costs were incurred as a result of efforts to streamline the fish inspection services and the capacity of the Department of Fisheries as the 'Competent Authority' (e.g. training of inspectors, provision of equipment, and introduction of a fish inspection manual).

In Uganda, in regard to the impact of globalisation on fish utilisation and marketing systems, certain sections in the chain observed that the Nile Perch export fishery has had positive impacts as well as negative ones for fish dependent communities and the country as a whole.

On the positive side, most communities generally agree that fish export trade increased the fishers' income through increased fish prices, compared to the period before liberalisation. According to the communities, the export boom and the resultant increase in fish prices acted as an incentive to other communities, as a result of which the number of people acquiring fishing licenses increased. At the same time, it was reported that the income increase in the fishing communities often did not lead to local development or investments.

On the negative side, people in the marketing chain also believe that international fish trade led to an exposure of local and regional markets. A concern is that exports of Nile perch and even other fish species has left low income communities with no fish to eat, or only bones and other bye-products. In the same light it has been indicated that the average increase of fish prices discriminates against the poor, resulting in a food security problem.

Source: Keizire (2004), in Bostock et al (2004)

Case Study - A Woman Fish Processing Worker in Khulna, Bangladesh

Amina is a woman processing worker in her thirties and married with a son. She used to live in a village in Dumuria upazilla of Khulna district. Her husband is a shrimp cultivation worker who works in a shrimp *Gher* (farm). She used to work in a processing depot nearby her village. Processing depots were mostly situated near the villages so that women workers could easily come and work there. Now after the introduction of HACCP measures, the processing has shifted to urban factories. Since Amina was a processing worker and there was no suitable job for her in the shrimp cultivation, she too had to shift from her village to the town where factories are situated. Now she is working in Sigma Sea Foods Ltd., and lives in a hostel of the factory with other workers. It was a bit difficult for her to make such arrangements since she had to leave her family behind. This change has created structural inconveniences and economic problems. *First*, she is now detached from her family and is deprived of a regular family life. *Second*, her cost of living has increased as she has to manage two families now - one on her own in the town and the other in the village. Moreover, she has to travel once or twice a month to her village home to meet her family, which involves a cost. She has to spend about 300 taka (US$ 5) for each travel to her village. *Third***,** there is a peak and off-peak season in the shrimp industry. When she used to live in the village she was involved in a number of activities like rearing cattle, poultry, homestead plantations etc., which are mostly managed by women in the villages of Bangladesh. These brought some extra money during the off-peak season. But after the shift to the urban factory there is no one to look after her livestock or plants. As a result, in the off-peak season she faces a financial crisis since she cannot earn any extra income now. One positive impact of HACCP is that Amina can now concentrate more on her work, which was a bit difficult earlier due to her responsibility towards the family. Now she can work longer and thus earns more money. However, as mentioned earlier the increased living cost and loss of income from homestead activities due to the change in family structure cannot be made up by this extra income from slightly longer working hours.

Source: Khatun (2004), in Bostock et al (2004)

Appendix 7: European Fisheries Fund

Source: http://europa.eu/scadplus/leg/en/lvb/l66004.htm (19 March 2007)

This Regulation establishes a new European Fisheries Fund (EFF) for the period 2007-13. It sets the Fund's objectives and priorities plus the responsibilities under it and the financial framework. It also sets out the arrangements for programming, managing, monitoring and monitoring the EFF. The new Fund provides financial assistance to help implement the latest reform of the common fisheries policy (CFP) and to support the restructuring that has become necessary as the sector has developed.

ACT

Council Regulation (EC) No 1198/2006 of 27 July 2006 on the European Fisheries Fund.

SUMMARY

To implement the Common Fisheries Policy (CFP), the EFF may grant financial support to meet the economic, environmental and social goals in order to:

- ensure the long-term future of fishing activities and the sustainable use of fishery resources;
- reduce pressure on stocks by matching EU fleet capacity to available fishery resources;
- promote the sustainable development of inland fishing;
- help boost economically viable enterprises in the fisheries sector and make operating structures more competitive;
- foster the protection of the environment and marine resources;
- encourage sustainable development and improve the quality of life in areas with an active fishing industry;
- promote equality between women and men active in the fisheries sector.

Priorities

The EFF provides for five priorities:

- **measures to adapt the EU fishing fleet**: financial assistance will be available to fishermen and fishing vessel owners affected by the measures taken to combat overfishing or to protect public health to help them temporarily or permanently lay up fishing vessels and to train, re-skill and provide early retirement to fishermen. Vessels that are permanently laid up, in addition to those already due for scrapping, may be reused for other non-fishing activities or for the creation of artificial reefs. The EFF may contribute to improving working conditions, the quality of products, energy yield and catch selectivity. It may also contribute towards replacing engines, providing non-renewable compensation to fishermen affected by permanent cessation of fishing activities and for premiums for young fishermen to buy their first fishing vessel. However, financial assistance may in no circumstances lead to an increase in the catch capacity or the power of the fishing vessel's engine;
- **aquaculture, inland fishing, processing and marketing**: the EFF will promote the purchase and use of gear and methods that reduce the impact of fishing on the environment and improve human and animal health and

safety and the quality of produce. Assistance will be limited to micro, small and medium enterprises rather than a few large enterprises. Priority will be given to micro and small enterprises;

- **collective action**: the following projects will be eligible for aid: those which contribute to the sustainable development or conservation of resources, to improving the services offered by fishing ports, to strengthening markets in fishery products and to promoting partnerships between scientists and operators in the fisheries sector;
- **sustainable development of coastal fishing areas**: the EFF will support measures and initiatives aimed at diversifying and strengthening economic development in areas affected by the decline in fishing activities.
- **technical assistance**: the Fund may finance initiatives involving preparations, monitoring, administrative and technical support, evaluation, audit and checks needed to implement the proposed Regulation.

Programming *

One of the main objectives of the EFF is to simplify the allocation and management of funding. Member States must send the Commission a strategic plan and an operational programme in order to benefit from assistance under the EFF.

The national strategic plans must set out the national priorities and objectives to implement the CFP. The Commission will organise a debate with Member States by 31 December 2011 to assess the progress made in implementing the strategic plans on the basis of the information it receives.

The strategic plans will form a basis for the operational programmes, which will implement the policies and priorities to be co-financed by the EFF. The Commission will approve the operational programmes by issuing a decision, after having checked that they are in line with the objectives of the EFF. If necessary, it may require that the operational programmes be modified.

The operational programmes will be assessed in three stages. Member States are responsible for forecast and interim assessments whilst the Commission is responsible for the final assessment of the programme's effectiveness. The part of the budget reserved for technical assistance may be used to finance these assessments.

Responsibilities

The Regulation defines the responsibilities of the Member States and of the Commission concerning the EFF. In particular, Member States are tasked with informing the general public, potential beneficiaries and stakeholders of the opportunities available under the EFF to ensure that the Fund is used in a transparent manner and to underline the role of the EU.

Financial framework

The EFF has a budget of 3 849 million for the period 2007-13. Over that period the Commission proposes to allocate 538 - 556 million per year to all the 25 Member States.

The amounts will be divided between the Member States according to the size of their fisheries sector, the number of people working in the sector, the adjustments considered necessary for the fishing industry and continuity of the measures in hand.

Except for certain expenditure incurred by the Commission that is 100% covered by the EFF, the maximum contribution of the EFF is always calculated as a proportion of the total sum of all public expenditure. It varies according to the priority of the initiative and will be higher for the most disadvantaged regions and for the new Member States, i.e. those covered by the new 'convergence' objective under the Structural Funds. The intensity of public aid authorised for each operation financed also varies according to the same parameters (see Annex II to the Regulation).

The Regulation sets the rules governing eligibility of expenditure (Article 55), financial management, financial corrections, budgetary appropriations and reimbursement. It establishes a Committee of the European Fisheries Fund to assist the Commission in managing the EFF.

Management, monitoring and control

Each Member State must appoint the following bodies before requests for payment can be submitted:

- a managing authority for the programme to select and monitor initiatives to be financed;
- a certification authority to verify that expenditure complies with EU rules;
- an audit authority to verify the proper functioning of the managing and certification authorities;
- a monitoring committee, which a representative of the Commission participates in for advisory purposes and which assesses progress in reaching the objectives of the operational programme.

Each year the managing authorities must send the Commission an annual report, to which the Commission replies with its comments. The Commission summarises these reports in its own annual report which it sends to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. The Member States must also send a final report on the implementation of the operational programme before 31 March 2017.