

MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS

Liberalisation of trade in fish and fish products

Communication from Canada, Iceland, New Zealand, Norway, Singapore and Thailand

The following communication, dated 14 October 2005 is being circulated at the request of the Delegations of Canada, Iceland, New Zealand, Norway, Singapore and Thailand.

I. SUMMARY

1. Fish and fish products have been traded over vast geographic distances for centuries. For many economies, trade in fish and fish products represents a significant source of foreign exchange earnings and plays an important role in income generation, employment and source of food. Since, in many economies, the prosperity of this sector relies largely on international trade, secure and stable export markets are particularly important for fish and fish products. Fish production has increased significantly at the global level over the past decades, in particular in developing countries. Developing countries are today among the world's largest producers and traders and represent a constantly increasing share of both production and trade.¹

2. Significant barriers to trade still exist in this sector. After 8 rounds of multilateral tariff negotiations in the GATT, expansion of trade is inhibited by tariff peaks and high tariffs in important markets. In addition, tariff escalation resulting in increased tariffs on processed products poses a significant obstacle to development of viable processing industries, in particular in developing countries. Non-tariff barriers are often a further obstacle to expanding trade. A sectoral agreement on fish and fish products resulting in the elimination or substantial reduction of tariffs would be an important contribution in facilitating further economic development within a sector of particular export interest to many developing countries, which constitute roughly two thirds of WTO membership.

II. BACKGROUND

3. Global production from capture fisheries and aquaculture was about 146 million tonnes in 2003, of which about 55 million tonnes came from aquaculture. The expansion of fisheries management regimes is an important component in ensuring the sustainability of the resource. The increase in aquaculture production is taking place predominantly in developing countries. Technological developments in aquaculture are instrumental to the sustainable expansion of the industry. The contribution of aquaculture to global supplies of fish and fish products increased from around 5% of total production in 1970 to around 37% in 2003, thus reducing the pressures on fish stocks.

¹ All figures from: FISHSTAT Plus, *FAO Fisheries Department, Fishery Information, Data and Statistics Unit*.

4. The fish-processing industry is gradually changing and becoming more globalised. Industrial processing is increasingly taking place at locations other than the country of origin of the fish. This applies to both basic industrial processes and more advanced processes such as the development of new and higher value products. This is an expanding industry, particularly in developing countries, which provides a source of employment, economic growth and development.

5. The total value of world exports of fish and fish products in 2003 was USD 64 billion, representing an increase of 54% in comparison with the export level in 1993. Around half the world's exports come from developing countries and developed countries represent more than 80% of imports. For developing countries fish is a very important foreign exchange earner. In 2003, for example, the value of exports of fish and fish products from developing countries exceeded the combined total net value of exports of coffee, cocoa, bananas, rubber, sugar, tea and rice.

6. These developments are taking place despite the remaining plethora of barriers to trade that affect developed and developing countries alike in this sector. Fish and fish products continue to face higher tariffs than many other NAMA products. The bound average tariff is 33% on fish compared to 29,6% on all non-agriculture products (including fish). These averages hide a number of high tariffs and tariff escalation in developed countries. In addition, tariffs on fish and fish products generally remain high in developing countries and pose a barrier to increased south-south trade. Tariff escalation is particularly prevalent for fish and fish products. In many markets tariffs on processed products remain very high, and are, in practice, prohibitive thereby limiting the development of this industrial sector.

7. Fish and fish products also face a number of non-tariff barriers. The complexity and lack of transparency of these NTBs can be an additional burden to trading in fish products, in particular for developing countries without the technical capacity to meet the various requirements. The problems vary according to the products and markets involved.

III. OPTIONS FOR A SECTORAL ON FISH AND FISH PRODUCTS

8. The ultimate goal of a sectoral agreement would be to eliminate or substantially liberalise tariffs and address unjustified non-tariff barriers within the sector. In order to achieve this goal, the interests and needs of participating members will have to be duly reflected. Particular issues relevant to LDCs, for instance questions related to preferential exports, are among the matters that could be discussed taking into account specific input from the Members concerned. The final scope and modalities for a sector agreement on fish and fish products and the exact nature of special and differential treatment would be questions for negotiation among the interested parties.

9. These negotiations should be guided by the following:

- The coverage of any sectoral arrangement should be as wide as possible in order to include fish and fish products at all stages of processing.
- The concept of "critical mass" in order to include major producers, importers and exporters.
- Several alternative approaches could be taken into account in designing special and differential treatment for developing countries. These might include:
 - a) zero for zero
 - b) zero for x harmonisation
 - c) tariff harmonisation
 - d) credits for participation if this is agreed as part of the modalities for the formula
 - e) longer implementation periods and/or different implementation patterns

10. Without prejudice to the modalities for liberalisation within the sector as outlined in paragraph 9 third tiret above, the sector should include:

- HS 0509 (sponges)
- HS 0511.91 (fish unfit for human consumption)
- HS 03 (fish and fish products)
- HS 1504.10 (fishoil)
- HS 1504.20 (fishoil)
- ex HS 1603 (juices and extracts of meat and fish)
- HS 1604 (prepared or preserved fish)
- HS 1605 (prepared or preserved crustaceans and molluscs)
- HS 2301.20 (fishmeal)

IV. CONCLUSION

11. Global consumption of fish and fish products continues to expand. Demand for high value fish products has increased significantly. The globalisation of the fish processing industry has provided new opportunities for developing countries, making them by far the largest producers of fish and fish products, accounting for more than half of world trade in this sector. Further liberalisation of trade in fish and fish products provided by a well-developed sectoral initiative would be an important contribution to unleashing the full potential of this industry providing substantial benefits to the WTO membership as a whole, and to developing countries in particular.
