Some thoughts on international trade in aquaculture products and human development[1]

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NACA (or the Network of Aquaculture Centres in Asia-Pacific[2]) is an intergovernmental organization promoting cooperation in development of responsible aquaculture, and improving aquatic resources management in Asia. There are 15 full member governments, and a further 6 participate actively in the work of the organization. With aquaculture products becoming significant in international seafood trade, there is an increasing trade dimension to NACA's work. Aquaculture, and small-scale fisheries, are an important of the livelihoods of many millions of people in Asia, including some of the poorest, and the need to better understand the implications of the seafood trade for human development, and to develop strategies to address priority concerns, is becoming urgent. A regional consultation "Aquamarkets 2003: market access for aquaculture products[3]", organized by NACA and the Government of the Philippines in June 2003, assisted by FAO and WTO, helped identify some of the key points to be addressed. This paper highlights some of the outcomes from the consultation, and issues emerging from other NACA work, concerning international trade in aquaculture products.

Importance of aquaculture and fisheries. As readers of Samudra know well, small-scale and subsistence fisheries, and aquaculture, play important roles in the livelihoods of many rural people throughout the region, although the significance is often "hidden" in national, regional and international statistics, and even rural development projects. In the lower Mekong basin, for example, the livelihoods of as many as 40 million people out of the 60 million people living in the basin are in some way connected or dependant on the Mekong rivers aquatic resources (directly in fishing, or "foraging" for a wide range of aquatic resources from lakes, ricefields, swamps and floodplains, but also indirectly in

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1 This paper is a further development of a statement made to the Regional Consultation on Trade, Human Development. Agriculture, Fisheries and Geographical Indications. What is at stake in the Cancun WTO Ministerial, 16th-17th June 2003, Hanoi, Vietnam (see www.asiatradeinitiative.org)

2 See www.enaca.org for details of NACA's work, and also outcome of recent studies and meetings that relate to aquaculture, poverty and aquatic resources management. See also www.streaminitiative.org for NACA's Regional Support to Aquatic Resources Management – or STREAM initiative.

3 See www.enaca.org/AquaMarkets for details of the consultation

marketing, processing and other activities). While these people are not all involved in trade of fishery products, the point is that in analyzing the relations between aquatic resources and trade, and particularly when considering the human development dimensions of this trade, the diversity of linkages between fisheries and aquaculture and the livelihoods of rural people must be recognized and understood. Another example from Vietnam indicates that 80% of the communities in coastal Vietnam are in some way involved in fishing[4] – this goes way beyond the traditional statistics on numbers of "fishermen" of "fishers". The catfish farming industry in the Mekong delta of Vietnam is another example, with an astonishing array of stakeholders involved, including some very poor people, participating in feed collection and preparation, supply of raw ingredients, fish seed and marketing, women involved in processing of catfish for exports, and recycling of off-cuts, many of whom have been affected by the recent US "anti-dumping" decision[5]. With the fishery sector as an important sector for human development in Asia, an understanding of the array of stakeholders involved, and indeed ensuring their better participation in policy setting processes and trade discussions, is necessary to bring a more human development-oriented dimension to trade policy.

Asia is the major producer of aquaculture products. In production volume and value, developing countries in Asia as major producers and consumers have huge development stakes in the seafood trade – for both aquaculture and capture fishery products. Asia is the biggest producer of aquaculture products, contributing 90% to global production. Aquaculture is the world's fastest growing food sector, and one in four fish now comes from aquaculture. The sector will continue to grow. Asia is already facing increasing trade-related constraints with aquaculture products, that are likely to substantially increase as the sector grows. In such situations, understanding of links between trade and human development, awareness raising and actions to address key issues are essential. Aquaculture itself has not been without its critics in both developing and developed countries, particularly concerns over social and environmental impacts of some highly traded products such as shrimp. While such discussions will certainly continue, they are increasingly influencing trade and marketing of aquaculture products in some major importers, and will need to be addressed through better management as the sector grows.

Sanitary and phytosanitary (SPS) issues. Asian governments and seafood businesses are moving towards strengthening implementation of sanitary and phytosanitary standards in aquaculture production, to address food safety and aquatic animal health requirements of trade. Trace-ability of product will become essential for products to enter major importing markets. Application of HACCP is now moving back down the production chain from the processing plants to the producers, and eventually will include all inputs to aquaculture, such as feed and seed. As many participants in Aquamarkets 2003 have emphasized, such requirements may be particularly difficult for small-scale producers, raising concerns that the costs of compliance to adopt international sanitary

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4 Trade in Fisheries and Human Development. Country Case Study - Vietnam. Lam Quoc Tuan (2003). www.asiatradeinitiative.org/view/vn/default.htm

5 See "The Great Catfish War" http://www.globalexchange.org/campaigns/wto/931.html

and phytosanitary standards may be substantially beyond the capacity of small-scale producers, and small scale trading/supply networks.

It is increasingly clear that developing countries need to more engage more actively and effectively in the standard setting processes for aquaculture products, such with the FAO/WHO Codex and OIE (World Animal Health organization). The fishery sector in Asia, for example, and thanks to a joint FAO, NACA and OIE initiative, has only recently started to engage in OIE's aquatic animal health standard setting, traditionally the domain of livestock veterinarians. The Manila consultation has also emphasized the importance of developing "common positions" through cooperation among Asian countries, and putting forward these positions more effectively to international standard setting bodies. Awareness raising of the importance of international standards in trade of aquatic products, and capacity building among governments and private sector is also important. Many fishery agencies in the region are simply not aware of the issues, and their implications, but small-scale producers will be hit hard by the trade standards when applied. The implications of SPS measures are likely to be particularly significant for the small-scale sector and need to be better understood. Producers will increasingly bear the costs of applying new standards for food safety and animal health and are probably least well equipped to do this – measures need to be explored and put in place if these small producers are not going to be squeezed out of the seafood trading system.

Certification of aquaculture products. Certification of aquaculture products and eco-labeling is becoming an increasingly important issue for Asia. Both the US and EU will require traceability of aquaculture product in some form in near future, and international certification and eco-labeling of aquaculture products are coming. Some schemes already exist, such as the organic certified shrimp products from Vietnam, but overall product volumes are small. The potential for labeling to become a further non-tariff barrier is a concern expressed by developing countries in Asia during the Manila consultations, and the implications for small-scale aquaculture producers again may be particularly significant. Certification related to better management of aquaculture, if implemented in a fair and practical way, sensitive to the needs of small producers in developing countries, may provide opportunities to support responsible and sustainable development of aquaculture, addressing some of the environmental and social concerns about some forms of aquaculture. However, the active participation of Asia in the process of development of certification principles and systes that really take account of the special circumstances of aquaculture development in Asia will be essential if such goals are to be achieved. The issues at stake here are very significant, in terms of the number of small-scale producers (and input suppliers, traders *etc*) people and financial sums involved. At the same time, the possibility of increased confusion in seafood markets, and additional cost burdens among producers and producing countries exists from multiple certification schemes – several organic and other certification schemes are being developed. As some form of certification and eco-labeling of aquaculture products is inevitable, the time is right to actively engage producers and producing countries of Asia in the process of developing fair and as far as possible harmonised approaches to certification.

Market chains. With increasing attention to food safety, labeling and trace-ability, market chains are becoming more vertically integrated, according to the "farm to plate" philosophy. Thailand is planning a massive campaign in 2004 by declaring it "Food safety year" to improve awareness and farming systems for safe aquaculture production, and to link "safe" food producers to processors and market access. Capacity building and technical assistance will be essential to ensure small-scale producers can participate and hopefully benefit from such trends. The implications of trace-ability for the small-scale services and input suppliers surrounding some aquaculture systems, with very fragmented input supply and trading systems (eg the catfish industry) remains to be seen. At the same time, vertically integrated market chains may provide producers with more stable markets, and even perhaps opportunities for funding from "higher" in the chain to support costs of transition to better practices. Consider shrimp farming – it generates globally around US$6-7 billion at the farm gate. At the consumer plate, the product is worth US$40 billion or more. The strict food safety requirements and SPS measures being required are increasingly being put on the producer at the bottom of the chain – adding an additional cost to small-scale producers at a time when commodity prices for major aquaculture products are at best stable, and likely going down. There must be ways to bring some of the values at the consumer plate to assist producers develop, and adapt to the modern market chains and consumer demand?

Building the right institutions. Traditional fisheries and aquaculture institutions are not yet well equipped to address issues surrounding trade and aquaculture products. With major shifts occurring in trading patterns and market chains, the right sort of institutional support will be necessary for small-scale aquaculture producers (and fishers), and the network of support services and associated small-scale industries, to adapt to the changing international fishery trading system. The social implications are highly significant. There are considerable positive human development impacts that can occur through responsible development of aquaculture and international trade in aquaculture products. Nevertheless, institutional and policy change may be necessary also, such as more emphasis on empowering farmers and farming groups to organise at the base of the chain. The opportunities for "self – help groups", formal or informal organizations of small-scale farmers, as a way of bringing small-scale producers together, and a foundation for better market access are promising, but remain to be fully explored. The issues need to be clearly understood and trading positions and capacity building, national policies and institutions put in place to provide the necessary support.

As many Asian nations face common issues affecting the aquaculture sector, there is a considerable opportunity and need to improve national, regional and international cooperation to share information on markets and trade in aquaculture products, and to ensure that relevant information on fisheries and aquaculture are provided to those engaged in trade negotiations, and to enhance cooperation between private and public sector. The Aquamarkets 2003 has emphasized that nations in the Asia-Pacific region should develop common stances on issues of interest to the aquaculture sector, such as in harmonizing standards and technical regulations, regionally as well as internationally. Apart from SPS standards, there are a number of other trading issues and agreements being discussed in the "Doha Development Round", even after the problems of Cancun,

including Multilateral Environment Agreements, subsidies, services and others, that will have an influence on international trade of aquaculture products. Better understanding of the issues, and participation of developing countries in the discussions will be essential.

To provide better understanding of human development issues concerning aquaculture and international trade, NACA will participate in a new initiative "The International Seafood Trade: Supporting Sustainable Livelihoods Among Poor Aquatic Resource Users in Asia" supported by the EC-Poverty Reduction Effectiveness Fund (EC-PREP) from October until March 2005. Keep an eye on the NACA web site (www.enaca.org) for further information. NACA welcomes your comments, suggestions and participation in the debate.