

Comment

Shades of trade

No one can deny the importance of trade in fisheries. About a third of global fish production enters international trade. In value terms, this amounts to US\$52 billion. According to the FAO, the developing countries increased their share of international trade in fish and fish products from 44 per cent in 1985 to 46 per cent in 1995. In the same decade, the share of low-income food-deficit countries (LIFDCs) rose from 14 per cent to 19 per cent. The 1996 Report of the WTO Committee on Trade and Environment recognizes the developmental and environmental benefits of trade liberalization, including wiping out restrictions and distortions like tariff barriers and subsidies. This could lead to a more efficient allocation and use of resources.

The fisheries sector is often cited as an exemplary beneficiary of trade liberalization. Take the case of several African countries faced with high tariff barriers, if there were no such barriers, greater intra-regional trade could take place. This, in addition to reducing pressures on national waters, would also create new employment opportunities. Or consider the import of processed fish into the European Union (EU) and US, especially from developing countries. A tariff cut will not only promote exports but could also provide more jobs in several developing countries.

The question of trade also throws up the issue of subsidies. It is generally argued that subsidies to fisheries encourage capital to move into a sector that is already overcapitalized. They promote overfishing and represent a misallocation of government financial resources. While this criticism is valid for the fisheries of developed countries, especially in the case of the distant-water fleet of the EU, it can not be applied to developing countries for several reasons.

First, it assumes that subsidies in fisheries go primarily to harvesting and not to the processing or marketing sectors. This may be true in many developed countries, but preliminary evidence and field-level impressions suggest that this is not so in developing countries. Second, the argument also presumes that fish stocks are generally depleted. While this may globally be true, in several countries, especially in the Indian Ocean region, resources may not be overfished. There are other compelling reasons to retain subsidies in fisheries. In capture fisheries, subsidies may be needed to force fishers to shift to more resource-friendly harvesting methods. Subsidies may also help develop the fisheries of certain underexploited stocks and thus relieve pressure on other overexploited stocks. Further, certain social situations, like civil war (as in Mozambique) or famine (as in Senegal), may warrant subsidies, to help coastal populations overcome unexpected vagaries.

Available evidence from different parts of the world, like Thailand, Senegal, South Africa and Ghana, suggests that most subsidies to the harvesting sector in developing countries go to large-scale fleets that would be rendered economically unviable without this crutch. By facilitating competition for space and resources, these subsidies thus pose an unfair threat to the artisanal sector.

The operations of subsidized distant-water fleets in third countries affect the resources of developing countries, and also distort trade. In Mauritania, for example, the operations of foreign vessels fishing under fisheries agreements have overfished cephalopod stocks. They also deprive the highly efficient domestic fleet, which uses primarily artisanal techniques.

Many artisanal fisheries in the tropical belt depend on shrimp production. In this sector, they face competition not only from destructive trawling operations but also from brackishwater aquaculture operations. Many of the costs of shrimp aquaculture operations are borne by society, and amount to hidden subsidies to the aquaculture industry. These hidden subsidies help the aquaculture industry to sell shrimp at a cheaper price in the international market. This discriminates against artisanal fishers, who use passive and environment-friendly techniques.

Without efficient and purposive fisheries management programmes, it would be quite meaningless to leave fish mainly to the dynamics of trade. In countries with poor fisheries management policies and programmes, perhaps the only way to protect the right to life and livelihood of economically disadvantaged coastal communities is to place some restrictions on trade, until a proper management system is put into effect.

