



## Fisheries: Improving Policy Coherence for Development

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### Introduction

The fishing sector is a key concern in conserving our common but scarce global resources. It is vital for millions of people in developing countries, providing livelihoods, nutrition and protein, especially to the poorest. It is also a reserve of wealth for economic growth and development.

The mismanagement, degradation and over-exploitation of many fish stocks throughout the world are of paramount concern.

Although aid remains an important driver for development, including in the fisheries sector, mutually supportive policies across a wide range of economic, social and environmental issues are essential to support sustainable fisheries and poverty reduction. Policy incoherencies reduce prospects for growth and undermine aid policies. For instance, when governments offer subsidies to modernise fishing fleets, it often leads to a sharp increase in fishing capacity. In the absence of sustainable management and without the proper monitoring and surveillance, this exacerbates the current problems of overfishing.

Beyond issues of international equity and the international community's commitment to the Millennium Development Goals, achieving policy coherence in fisheries is increasingly in the interest of OECD members as well as that of developing countries. Increased interdependence of the world economy – OECD countries import about 60% of their fish from developing countries – necessitates coherent policies. Neglecting the development dimension will in time undermine the pursuit of other objectives.

If the development progress falters, it can generate highly negative economic, humanitarian and security impacts.

Decision makers should be well-informed in assessing relevant policy options to take into account the impact of fishery policies on other policy areas, such as coastal management, local livelihoods and food security.

This *Policy Brief* explains the importance of the fisheries sector for development and looks at how the OECD is using its policy expertise and direct contacts in national ministries and authorities to help governments promote policy coherence for development in the fisheries sector. ■

### Why is coherence important in the fisheries sector?

More than 30 million people worldwide, almost all of them (95%) in developing countries, rely directly on the fisheries sector for their livelihoods and another 10 million people are involved in aquaculture. Fish is an important part of the diet of many people in developing countries and contributes a large share of total animal protein intake. The sector is facing numerous environmental, economic and social challenges in a context of growing global demand. In most countries, fisheries account for a relatively small share of national gross domestic product (GDP), but in some small island developing states the sector can account for up to 30% of national economic revenue.

The importance of fisheries for poverty reduction and the interdependence of rich and poor countries highlight the need for coherence. Current trends include:

- Over half of the fish eaten in the developed world originates from developing countries.
- The fishing sector in OECD countries is well established and supported by public management policies, but represents a minor component of national economies. In developing countries, where fishing is often more important to the economy as a whole, the sector is less organised and public infrastructure and governance often insufficient.
- Export earnings from fisheries are crucial to the welfare of many developing countries. Total world trade in fish and fisheries products reached 57 million tons worth USD 78 billion in 2005. China and Thailand are the biggest exporters.
- Valuable fish stocks in many coastal areas of the developing world are severely threatened by over-fishing and weak regulatory environments.
- Pirate fishing – or illegal, unreported and unregulated fishing (IUU) – is profitable and thus widespread in spite of efforts to combat it.

The importance of fish for the developing world is underscored by the fact that exports of fish and fish products generate revenue for developing countries equal to the combined earnings from other agricultural exports (see Figure 1). ■

### How do OECD fisheries' policies affect developing countries?

Failure to address the *management of fish stocks* to ensure sustainable fisheries has major consequences for fishers and consumers. Despite widespread recognition of the need for immediate action to protect marine fish stocks, ineffective fisheries management regimes and excess fishing capacity remain the reality (see Box 1).

The fisheries sector in OECD countries benefits from *domestic support* in the form of government transfers, totalling about USD 6 billion annually according to OECD estimates. Subsidies aimed directly at increasing fishing capacity have declined, but many subsidies such as those for modernising fishing vessels continue to make it more difficult to reduce fishing capacity and have slowed the recovery of levels of fish stocks. Recent increases

in fuel prices have placed further pressure on governments to provide additional subsidies for fishing operations, over and above the fuel subsidies already provided by most countries. Overall, subsidies to OECD countries' fisheries may compromise the ability of the developing world fisheries sector to benefit from globalisation as market signals and relative competitiveness are distorted.

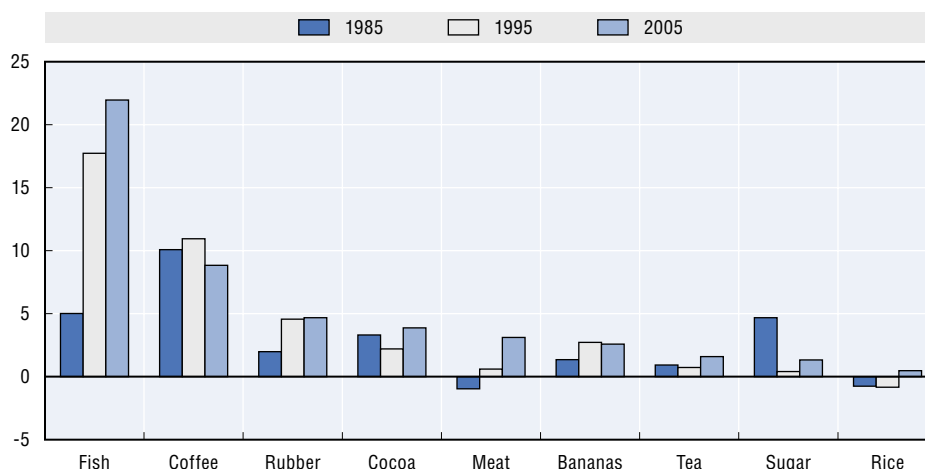
Tariffs and non-tariff measures on certain fish and fish products limit access to OECD markets, which account for 80% of world trade. The average tariff rate for fish and fish products applied by OECD countries is 4.5%. This figure may seem low, but since it is an average it does not reflect tariff peaks, or tariff escalation, where the tariffs rise as the degree of processing in an item increases, making it more difficult to export fish paste or tinned fillets than fresh fish. Developing countries could benefit from fish processing but are often penalised when attempting to add value to the raw material for export.

Fish trade is also subject to stringent *regulatory policies*. These include sanitary and phytosanitary standards (SPS) related to food hygiene, packaging, traceability and labelling requirements. While such policies generally pursue legitimate public or private interests, they can also be unnecessarily protectionist. In retail supply chains, such standards exist in response to consumer demand, but also to sustain retailers' own brands which may have higher margins and be part of a high-value niche market.

Specific concerns raised by developing countries include issues of access to information, predictability and transparency of standards and regulations, a lack of involvement in international standard-setting bodies and insufficient funds and knowledge to comply with requirements. Some developing countries' own standards are equivalent to those established by international markets, but they lack the required certification processes to demonstrate it.

Some fishing in developing countries' waters is carried out by Distant Water Fishing fleets from OECD countries that operate under *fisheries access agreements* (FAAs). FAAs are generally negotiated at the initiative of the

**Figure 1.**  
NET EXPORTS FROM  
DEVELOPING COUNTRIES  
OF SELECTED  
COMMODITIES  
(USD BILLIONS)



Source: FAO (2008).

country seeking access, rather than the host country seeking a buyer for its fish. Distant water fleets catch around 5% of global marine catches annually. The compensation level to developing countries under these agreements is estimated to be 2%-17% of the catch value. Countries in Africa, the Caribbean and the Pacific region (ACP) are affected proportionally even more since they receive on average only between 3%-6% of the value of the catch.

FAAs may be inconsistent with efforts to promote the sustainable development of coastal states. FAAs have in some cases contributed to changes in African consumption patterns, from high value fish to low value fish or even to poultry imported from Europe. The shift of the EU from FAAs to partnership agreements signifies an attempt to make the agreements more conducive to development. Such partnership agreements need to ensure coherence between two diverse objectives: ensuring the sustainable development of fisheries in developing countries and promoting the interests of the EU's fishing fleet in long distance fishing operations. ■

### How do OECD aid policies affect developing countries' fisheries?

Trade liberalisation and improved access for developing countries to OECD markets alone cannot ensure economic growth and poverty reduction. Poor infrastructure and underdeveloped institutions prevent many countries from fully exploiting market access. Developing countries thus need assistance in order to partake more effectively in the rapidly changing world of fisheries.

For a long time, aid was directed towards developing an industrial fishing capacity and building harbour infrastructure and processing plants. Official development assistance (ODA) peaked at USD 470 million in 2002, representing 0.8% of total ODA. At the 2002 World Summit on Sustainable Development in Johannesburg, governments agreed that specific actions, such as strengthened donor co-ordination and partnerships between international institutions and bilateral agencies, are needed to achieve sustainable fisheries and pro-poor growth.

In recent years, aid has been re-oriented towards institutional support and integrated ecosystems or fisheries resource management. But total aid to the fisheries sector has declined and in 2006 it amounted to only USD 187 million, less than 0.2% of total ODA. Against a background of diminishing aid it is even more important to ensure coherent policies. ■

### What is the role of developing country policies?

Developing countries have the primary responsibility to ensure that their policies are sound and support sustainable growth. Good governance, including the rule of law, accountability and transparency, and tackling corruption, are vital to development and play a critical role in the fisheries sector.

Capacity building and improved scientific and technical knowledge are areas where development aid is having a remarkably positive impact. There is a need for legal frameworks and development of adequate transport and post-catch infrastructure. Technological skills and processes are important for complying with the increasing number of private and public certification schemes.

In the developing world, women are the dominant actors at the post-harvest, processing and marketing stages. Increased recognition in developing countries' regulatory and investment policies of women's contribution to the fishing industry can help stimulate female entrepreneurship and economic growth.

Developing countries also provide subsidies to the fisheries sector. Subsidies include fuel subsidies and tax reductions on the purchase of gear and equipment. They are usually given without sufficient controls on fisheries stock management or enforcement, thus causing over-exploitation and inefficiencies in the local fishing industry.

The long-term impact and role of fisheries for sustainable growth needs to be taken into account to reconcile export development, food security and resource preservation objectives. Compromises between different actors, such as small-scale and industrial fishers, have led to serious mismanagement problems.

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**Box 1.**  
**THE POLITICAL ECONOMY**  
**OF FISHERY POLICY**  
**REFORM**

Despite 30 years of fishery management programs, most coastal nations have not yet succeeded in effectively controlling activities in their waters, or maintaining healthy fish stocks. It has been estimated that in 2005, half of marine fish stocks were fully exploited and about one quarter of stocks was overexploited, depleted or recovering from depletion. Nonetheless, it is not uncommon that statistical data and scientific evidence are ignored in policy setting. For example, total allowable catch rates are frequently set above the rates recommended by fishery scientists as necessary for sustainability. Reasons for such "governance failures" include: i) special interest effects; ii) rational voter ignorance; iii) bundling of issues; iv) short-sightedness; v) decoupling of costs and benefits; and vi) bureaucratic inefficiencies.

Short-sightedness of the principal actors and decoupled benefits and costs of fishery products have a powerful influence on the choice of fishery management policies. Politicians often exhibit short-sightedness by enacting special legislation and appropriations for fisheries. Fishermen, in turn, tend to be short-sighted because they have no secure claim on future outcomes in their fishery, and because of the great uncertainty about future fishery policies, fish stocks and markets. Thus, effective conservation policies tend to be disfavoured because they concentrate short-term costs upon resource users in exchange for benefits in the future that would not necessarily accrue to the users who make the sacrifice.

Only when those who sacrifice in the present can expect to receive benefits in the future can the political marketplace of fishery be expected to produce effective conservation policies. To correct or minimise governance failures in fisheries, national administrations can introduce strong property rights (e.g. transferable individual licences and individual quotas), decentralise rights and responsibilities to individuals and user groups and implement cost recovery and various forms of sustainable financing mechanisms in order to change the incentive structure. But, ultimately, the success of any of these measures depends on the interests of and support from private sector actors.

Source: Sutinen (2007).

Developing countries could benefit from regional coalition building, as shown by, for example, the Southern African Development Community, and improved monitoring of fishing activities.

Balancing priorities between the sustainable development of natural resources and immediate economic gains from global market access presents decision makers with difficult policy choices. An OECD study of the fisheries sector in seven West African countries focused on regional approaches to policy coherence, using a framework that identified major trends and challenges, as well as ways they could be met. Table 1 shows the case of Senegal. Senegal has an experienced and powerful small-scale fleet, whose annual production of almost 350 000 tonnes places it far ahead of the industrial fleet. The structure of fishing in Senegal is characterised by at least three main objectives: i) providing jobs in a country where unemployment rates are high; ii) food security; and iii) exports or foreign exchange. ■

**How can OECD contribute?**

There is only limited research documenting the results of policy coherence for development. This is partly due to the difficulties of evaluating cross-sectoral policies, especially in quantitative terms. A key challenge is to identify indicators that would capture the impacts of policies when causes and effects are not always identifiable and where results may appear only in the medium-to long-term. The OECD is well placed to integrate the development dimension into other policy domains thanks to its analytical capacity and the horizontal nature of its work.

The main challenge for policy coherence for development, however, lies at the national level – with national policy making and implementation. If governments are not willing or able to implement reforms or policies that take into account the need for coherent policies, then the OECD advice will be in vain. The link between policy coherence for development and the political economy is therefore a vital factor to consider when promoting policy coherence (Box 1).

**Table 1.**  
**APPLYING**  
**THE FRAMEWORK**  
**– THE CASE OF SENEGAL**

Policy domain	Major trends	Challenges
Environmental	Highly productive and fragile ecosystem capable of considerable fluctuation in productivity. Marine ecosystem threatened by over-exploitation of most fish stocks and perturbations in its balance.	Resource conservation is an environmental but also social and economic objective. Apply trans-sectoral approach and long-term planning to environmental management policy.
Technology	Considerable diversity of fleets. Unrestricted access to resources for small-scale fishing. Undervaluing of industrial fishing activity.	Improve the regulation of access to resources and quantification of industrial fishing activity to avoid conflicts among fleets. Develop post-catch infrastructure for small-scale fishing.
Economic	Primary export is heavily dependent on European market. Fisheries agreements geared towards export-oriented fishing. Aquaculture has high potential.	Diversification of exports by exploitation of regional markets. Standardisation of small-scale fisheries.
Social	Export-oriented fishery diminishes employment opportunities. Local post-catch industries provide employment in particular for women.	Link fisheries policies to food security policies. Improve education and training to engage fishers in management schemes.
Governance	Subsidised small-scale fisheries. Some participatory management initiatives. Lack of coherence between sectoral and national policies.	Review beneficiaries of direct financial assistance. Continue participatory approach to fisheries governance. Encourage the integration of fisheries policy within strategic planning processes.

Source: OECD (2008).

Dialogue with national actors – including civil society and consumers – in both OECD and developing countries is needed. The role of parliamentarians is critical in enhancing policy coherence for development; they are key players in promoting national reforms in the fishery sector and they can explain to their constituencies the positive beyond-the-border impacts of reforms for developing countries.

**OECD countries** should:

- Rebuild depleted fish stocks while adjusting fishing capacity and management methods to allow for sustainable levels of exploitation. Develop structural adjustment policies that are effective in helping fishers into alternative activities.
- Adapt both national and high-seas fisheries management and governance regimes to allow for sustainable levels of harvesting.
- Increase developing countries' access to markets in general, and for value-added products in particular.
- Enhance the transparency of fisheries access agreements and integrate the development dimension into them.
- Focus aid on key challenges, such as the development of science-based management systems and improved infrastructure in the post-catch sector, and raise awareness of stakeholders.

**Developing countries** on their part should:

- Continue to improve governance, promote transparency, accountability and effective user rights, and tackle corruption.
- Improve scientific and technological knowledge and assessment and sustainable management of fishery resources, including impacts of climate change.
- Incorporate fisheries and aquaculture policies into national development policies to achieve policy coherence and promote regional co-operation for natural resources management.
- Build knowhow and develop effective quality and safety certification procedures and improve infrastructure, especially in the post-harvest sector.
- Establish regional co-operation to tackle illegal, unreported and unregulated fishing, with the support of OECD countries. ■

**For further  
information**

For further information about this Policy Brief, please contact:  
Raili Lahnalampi, e-mail: [raili.lahnalampi@oecd.org](mailto:raili.lahnalampi@oecd.org).



### For further reading

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### Where to contact us?

#### OECD HEADQUARTERS

2, rue André-Pascal  
75775 PARIS Cedex 16  
Tel.: (33) 01 45 24 81 67  
Fax: (33) 01 45 24 19 50  
E-mail: [sales@oecd.org](mailto:sales@oecd.org)  
Internet: [www.oecd.org](http://www.oecd.org)

#### GERMANY

**OECD Berlin Centre**  
Schumannstrasse 10  
D-10117 BERLIN  
Tel.: (49-30) 288 8353  
Fax: (49-30) 288 83545  
E-mail:  
[berlin.contact@oecd.org](mailto:berlin.contact@oecd.org)  
Internet:  
[www.oecd.org/berlin](http://www.oecd.org/berlin)

#### JAPAN

**OECD Tokyo Centre**  
Nippon Press Center Bldg  
2-2-1 Uchisaiwaicho,  
Chiyoda-ku  
TOKYO 100-0011  
Tel.: (81-3) 5532 0021  
Fax: (81-3) 5532 0035  
E-mail: [center@oecdtokyo.org](mailto:center@oecdtokyo.org)  
Internet: [www.oecdtokyo.org](http://www.oecdtokyo.org)

#### MEXICO

**OECD Mexico Centre**  
Av. Presidente Mazaryk 526  
Colonia: Polanco  
C.P. 11560 MEXICO, D.F.  
Tel.: (00.52.55) 9138 6233  
Fax: (00.52.55) 5280 0480  
E-mail:  
[mexico.contact@oecd.org](mailto:mexico.contact@oecd.org)  
Internet:  
[www.oecd.org/centrodemexico](http://www.oecd.org/centrodemexico)

#### UNITED STATES

**OECD Washington Center**  
2001 L Street N.W., Suite 650  
WASHINGTON DC. 20036-4922  
Tel.: (1-202) 785 6323  
Fax: (1-202) 785 0350  
E-mail:  
[washington.contact@oecd.org](mailto:washington.contact@oecd.org)  
Internet: [www.oecdwash.org](http://www.oecdwash.org)  
Toll free: (1-800) 456 6323

The OECD Policy Briefs are prepared by the Public Affairs Division, Public Affairs and Communications Directorate. They are published under the responsibility of the Secretary-General.