Workshop on Policy Coherence for Development in Fisheries
24 April 2006

Trade and fisheries globalisation: issues for developing and developed countries

Ken Heydon - OECD Trade Directorate
Globalisation needs to be put in Perspective

• The rate of structural change has not accelerated
Nevertheless, a changed context

- More Players
  - OECD fisheries markets have become more dependent on imports from developing countries
- More innovation
  - More efficient vessels and improved transport systems facilitate long distance transport of fish
- Changed societal values
  - Environmental concerns have led to controls on fishing in mangrove areas
- More emphasis on services
  - Including the use of fishing capacity as a service
Services have a bigger share of economic activity

Changing pattern of Global Economic Activity
High Income OECD

Changing pattern of Global Economic Activity
Middle Income

Changing pattern of Global Economic Activity
Low Income

- Services
- Industry
- Agriculture

Share of GDP
And a differentiated picture – by sector

- Linked to income elasticity of demand
  - Food generally has a relatively low ED, but is fish special?

- And sector specific factors, such as
  - Extension of EEZs to 200 miles from 1977, prompting increased trade in fish and fish products
  - The decline in fish stocks and increasing overexploitation of fisheries resources and fleet overcapacity in developed economies, adding fuel to the globalisation process
But a shared Policy Framework, Built on Trade

• In the processing sector, opening of trade in raw materials has eased pressure on domestic fish stocks and contributed to adjustment

• Outsourcing has eased capacity pressures, with primary processing being carried out in developing countries and secondary processing in developed countries
With particular gains from trade in services
With particular gains from trade in services
But not by Trade Alone:  
Complementary Policies

- a sound macroeconomic framework
- regulatory reform
- Institution building  
  – As seen in the Thai seafood sector
- Sound labour market policies  
  – which need to be implemented with care
Proceeding in Parallel?

• Is there an optimal order?

• No blueprint for sequencing

• Best to proceed in parallel: to reduce resistance to change

• To promote synergies between policies

• To help ensure labour and capital move from declining to expanding areas of activity
Helping Those who Lose?

- Targeted assistance may be the price for acceptance of reform
- But assistance and subsidies may also inhibit adjustment eg where income support discourages vessel owners and crew from leaving the industry
- So assistance should be:
  - transparent and accountable
  - time bound, with a clear exit strategy
  - decoupled from production
  - compatible with general safety net arrangements
  - cost effective
Not by Domestic Policy Alone: Multilateral Cooperation

• Maximising the gains from trade
  – The DDA is seeking to « clarify and improve » subsidy disciplines in fisheries
  – Including through the prohibition of certain forms of fisheries subsidies that contribute to overcapacity and over-fishing