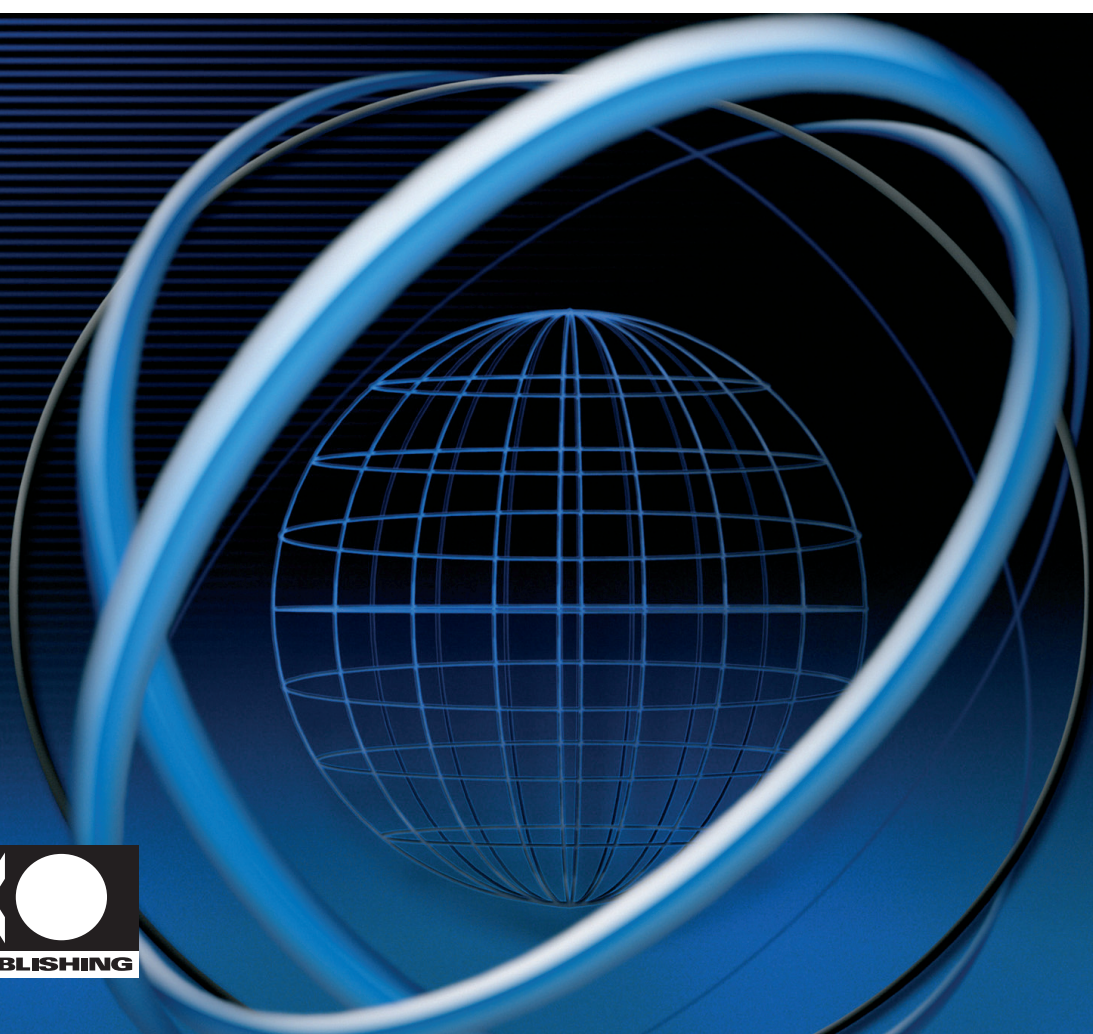




The Development Dimension

Fishing for Coherence

**PROCEEDINGS OF THE WORKSHOP
ON POLICY COHERENCE
FOR DEVELOPMENT IN FISHERIES**



OECD



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ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

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Foreword

Growing exposure to trade, investment and technology flows has raised both the rewards and the risks of connectivity to the global market. Nations have become more economically, socially and environmentally interdependent and the policies of OECD countries have come to exert major influence on the development prospects of poor countries.

Accordingly, the issue of policy coherence for development (PCD) has achieved prominence in the OECD work program. The fisheries sector was selected for special attention under this theme because mutually supportive policies by OECD and non-OECD countries are urgently needed to protect vital marine fisheries resources.

Towards this end, a scoping study was commissioned by the Committee for Fisheries (COFI) of the OECD in 2003. It formed part of the 2005 edition of the *Review of Fisheries in OECD Countries* and was subsequently issued as a free standing report (OECD 2006a).

In order to draw the policy implications of the scoping study, to advance the thinking about policy coherence for development in fisheries and to provide a forum for reflection for the fisheries and development policy communities a workshop was held in Paris on April 24-25, 2006. This publication is the *Proceedings* from the Workshop.

The workshop

Convened jointly by the Committee for Fisheries and the Development Assistance Committee (DAC) of the OECD, the workshop benefited from the co-operation of the OECD Development Centre. The United Kingdom's Department for International Development, the Czech Republic and the World Bank provided vital financial support.

The workshop was co-chaired by Lori Ridgeway and George Carner¹ and was structured to:

- ensure communication, cross fertilisation, and co-operation between the fisheries and development policy communities;
- provide senior level development and fisheries experts with an opportunity to discuss inter-linkages between developed countries' fisheries policies and development objectives; and
- identify major instances of policy incoherence and suggest ways of overcoming them.

1. At the time of the meeting, Lori Ridgeway was Chair of the OECD Committee for Fisheries and George Carner Vice-Chair of the Development Assistance Committee.

About 125 world class experts in fisheries development from developed and developing countries representing governments, civil society organizations, academic institutions and international organizations addressed the meeting².

The views and opinions expressed in these *Proceedings* are those of the individual authors and do not necessarily represent the views of the OECD. It is published on the responsibility of the Secretary-General of the OECD.

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The publication has been prepared and edited by Emily Andrews-Chouicha and Maria Consolati. The workshop was organised by Jeff Dayton-Johnson (OECD Development Centre), Alexandra Trzeciak-Duval (OECD Development Co-operation Directorate), Anthony Cox and Carl-Christian Schmidt (OECD Directorate for Food, Agriculture and Fisheries).

2. A list of participants is annexed.

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List of Acronyms

Acronym	Definition
ACP countries	Africa, Caribbean and Pacific countries
ADB	Asian Development Bank
AFDB	African Bank of Development
AFD	Agence française pour le développement
AGOA	African Growth and Opportunity Act
BAAC	Bank of Agriculture and Cooperatives (Thailand)
BOI	Board of Investment (Thailand)
BRD	By-catch Reduction Devices
CA	Competent Authority
CAP	Common Agricultural Policy (EU)
CARICOM	Caribbean Community
CDI	Commitment to Development Index
CFP	Common Fisheries Policy (EU)
CGD	Center for Global Development
COFI	Committee of Fisheries of the FAO
COMESA	Common Market for Eastern and Southern Africa
DFID	United Kingdom Department for International Development
DWF	Distant Waters Fishing Fleet
DWFN	Distant Waters Fishing Nation
EAF	Ecosystem approach to Fisheries
EBM	Ecosystem-based management
EC	European Commission
ECOWAS	Economic Community of West African States
EDF	European Development Fund
EES	European Economic Space
EEZ	Exclusive Economic Zone
EU	European Union
FAO	United Nations Food and Agriculture Organisation
FFA	Pacific Islands Forum Fisheries Agency
FPA	Fishing Partnership Agreements (EU)
FSM	Federated States of Micronesia (Arrangement)
GDP	Gross Development Product
GIE	Economic Interest Groups
GIRMAC	Integrated Management Programme of the Marine and Coastal Resources (World Bank)
GNP	Gross National Product
IBAP	Biodiversity of Protected Areas (Guinea Bissau)
ICARRD	International Conference on Agrarian Reform and Rural Development (FAO)
ICCAT	International Commission for the Conservation of Atlantic Tunas

IDA	International Development Association
IDDRA	Institut du Développement Durable et des Ressources Aquatiques;
IFAD	International Fund for Agriculture Development
INE	National Institute of the Environment (Guinea Bissau)
IPOA-IUU	International Plan of Action to Prevent, Deter and Eliminate IUU fishing (FAO)
IUU	Illegal Unreported Unregulated (fishing)
JICA	Japan International Co-operation Agency
LIFDC	Low Income Food Deficit Countries
MCS	Monitoring, Control and Surveillance
MDG	Millennium Development Goals
MEAs	Multilateral Environmental Agreements
MRAG	Marine Resources Assessment Group
MSY	Maximum Sustainable Yield
NGO	Non-Government Organisation
NPRS	National Poverty Reduction Strategies
NTBs	Non Tariff Barriers to trade
OECD	Organisation for Economic Co-operation and Development
PAMECAS	Project of Support to the Mutual Insurance Companies of Savings and Credit (Senegal)
PAMEZ	Project of development of small-scale fisheries in Ziguinchor (Mauritania)
PAPEC	Project of development of small-scale fisheries on the <i>Petite Côte</i> (Mauritania)
PDPAS	Project of Development of Small-scale Fisheries in the South
PNG	Papua New Guinea
PROPAC	Project of support to the professionals of small-scale fisheries in Casamance
PRSP	Poverty Reduction Strategy Papers
RECs	Regional Economic Communities
RFMOs	Regional Fishery Management Organisations
SEAFDEC	South East Asian Fisheries Development Center
SIDA	Swedish International Development Agency
SIDS	Small Island Developing States
SMCP	Société Mauritanienne de Commercialisation du Poisson
SPC	Secretariat of the Pacific Community
SPS	Sanitary and Phytosanitary Standards
SRFC	Sub-Regional Fishery Commission (West Africa)
TAC	Total allowable Catch
TED	Turtle Excluder Device
UN	United Nations
UNCLOS	UN Conference on the Law of the Sea
UNDAFs	UN Development Assistance Frameworks
UNEP	United Nations Environmental Program
USD	United States Dollar
VMS	Vessel Monitoring System
WSSD	World Summit for Sustainable Development
WTO	World Trade Organization
WWF	World Wild Fund for Nature

POLICY COHERENCE AND FISHERIES: FROM CRISIS TO RECOVERY

A Synthesis of the Workshop Deliberations³

This chapter seeks to convey the sense of the meeting by synthesizing the evidence, policy issues and lessons of experience evoked by workshop participants. It is organised as follows: Section 1 outlines the interrelated challenges of achieving policy coherence for sustainable development in fisheries. Section 2 addresses the roles of fisheries access agreements from diverse perspectives. Section 3 zeroes in on the role of trade policy in fisheries development in an increasingly interconnected world. Section 4 deals with the overarching governance issues that are shaping developments in the sector. Section 5 draws the implications for development co-operation. Section 6 concludes with a suggested agenda of policy dialogue and reform.

3. This report was prepared by Robert Picciotto, Visiting Professor, King's College, London, United Kingdom.

1. The Challenge of Policy Coherence in Fisheries

OECD has selected marine fisheries as a sector worthy of special attention under its cross-cutting 'policy coherence for development' (PCD) theme. The fisheries sector faces a serious resource crisis that illustrates the inextricable policy linkages that tie OECD and non-OECD countries together. By the same token the fisheries sector is a prime example of the issues surrounding 'policy coherence for development'.

Changing global fish production and consumption patterns triggered by globalization combined with poor resource management practices in many OECD and non-OECD countries have led to overexploitation and, in a growing number of instances, to resource crisis. The risks involved in the depletion of fish stocks are serious, since millions of fisher families and fishing communities depend on them for their livelihoods and hundreds of millions of consumers depend on them for a nutritious diet.

Setting the stage

Policy coherence results and processes are two sides of the same coin. First, there is a need to demonstrate an explicit contribution to the internationally agreed development goals. Second, special emphasis should be placed on the consistency of policies across domains by "getting different policy making communities to talk to each other". No valuable results can be secured without a process that bridges the divide between fisheries policy and development co-operation policy. Conversely, no participatory process is worth embarking upon unless it leads to tangible results.

The minimalist approach that limits PCD ambitions to 'doing no harm' is not good enough. Instead, a wide ranging and intensive debate among representatives of the fisheries and development communities is required to achieve policy synergy in a uniquely fragile and socially sensitive sector. In this context, enormous benefits would flow from convergence across policy domains when implemented at all levels – local, national, regional and international.

Fish stocks are global public goods that can only be protected by partnerships that embody shared goals, distinctive responsibilities and reciprocal obligations. Such partnerships need to embrace rich and poor countries' governments, multilateral institutions, regional fisheries organisations, regional banks, etc.

Conceptual Framework

According to the DAC Journal of Development Co-operation⁴

"...policy coherence means different policy communities working together in ways that result in more powerful tools and products for all concerned. It means looking for synergies and complementarities and filling gaps among different policy areas so as to meet common and shared objectives."

In line with this definition, the conceptual framework for policy coherence for development adopted by the meeting distinguished four complementary dimensions (OECD 2005). They were viewed as equally important since the weakest link among

4. OECD (2002), "Development Co-operation Report 2001", *The DAC Journal*, Paris.

them defined the development impact of rich countries' engagement on the fisheries sector:

- **Type 1 (internal):** the consistency among the ends, the means, and the resources that a country allocates to the implementation of development objectives;
- **Type 2 (whole of government):** the congruence, complementarity and co-ordination of various policies within a country;
- **Type 3 (harmonisation):** the consistency of policies across donor countries⁵; and
- **Type 4 (alignment):** the consistency between the policies and practices of one or more donor countries and its developing country partner(s).

Policy coherence has the greatest impact when it is assured by both developed and developing countries. There is no coherence without partnership and unless common goals are specified and values are shared among the partners. Internal (Type 1) coherence - the consistency of policies for development - requires prior agreement among stakeholders on policy objectives, i.e. what success means and how it can be achieved. In turn, political feasibility demands a realistic balance among the interests of stakeholders within government (Type 2 coherence) as well as among those of governments, fishers and consumers of OECD countries (Type 3 coherence) while ensuring the necessary alignment with the goals, processes and concerns of poor countries (Type 4 coherence). Policy coherence has the greatest impact when it is assured by both developed and developing countries.

Through broad based participation in decision making, coherence helps to avoid policy decisions that benefit vested interests at the expense of the common welfare. However, realism requires that coherence be secured through a process that generates transparent and principled compromises rather than involuntary and predetermined outcomes driven by the interests of a single group. Given multiple objectives and numerous stakeholders, compromises are inevitable but a level playing field is required to ensure that asymmetrical power relations do not prejudice the outcome.

The requirement *primum non nocere* ('first, do no harm') is the acid test of coherence. But beyond this basic requirement, vast economic, social and environmental benefits can be tapped by harmonising and aligning policies through mutual understanding and co-operation among the public, private and voluntary sectors of rich and poor countries alike. While intended incoherence (that is, the adoption of second-best outcomes) may be necessary to achieve a consensus, the solutions adopted should avoid or mitigate harm to individuals, groups and future generations.

In sum, policy coherence for development responds to economic and social imperatives. It sets aside policy solutions that make a poor country worse off, fail to accommodate the vital needs of fishers and consumers, or sacrifice the welfare of future generations. Specifically, unintended incoherence, i.e. outcomes that burden future generations or maximize the benefits of the rich at the expense of the poor (based on

5. The Paris Declaration on Aid Effectiveness is an international agreement endorsed on 2 March 2005, to which over one hundred Ministers, Heads of Agencies and other Senior Officials adhered. They committed their countries and organisations to continue and increase efforts in harmonisation, alignment and managing aid for results with a set of monitorable actions and indicators. http://www.oecd.org/departement/0,2688,en_2649_3236398_1_1_1_1_1,00.html.

disproportionate power relations) are neither legitimate nor sustainable in an interdependent world.

Bearing these values and principles in mind, workshop participants embarked on a search for equitable and sustainable solutions to the fisheries sustainability crisis. Improved public information, closer policy co-ordination and streamlined decision making were acknowledged as important ingredients of policy coherence for development. But the consensus of the group was that political will is its most important ingredient, best nurtured through civil society advocacy, peer group pressure and the 'soft power' of public opinion. In a real world setting it is the political will that is most often lacking or difficult to muster due to pressures from a variety of vested interests.

The globalisation of fisheries

A billion people rely on marine fish as a major source of protein. Half of the fish used for human consumption originates in small scale fisheries. With a marked decline in industrial countries' fish production recorded since 1988, a growing demand has been met by greater fishing effort throughout the world combined with increased aquaculture investments. Four interrelated trends, highlighted by the scoping study (OECD 2006a), illustrate the increasing tight linkages between the fishery activities of rich and poor countries:

- OECD countries have become a major outlet for developing countries' fish exports with approximately half of the fish eaten in the developed world originating from developing countries.
- Fisheries export earnings have risen and are now crucial to the welfare of many developing countries. Total world trade in fish and fish products reached 50 million tons (worth USD 58 billion) in 2002.
- Valuable fish stocks in many coastal areas of the developing world are severely threatened by over-fishing by traditional and industrial fishers given weak regulatory environments.
- Official development assistance for the fisheries sector has been growing (from USD 149 million in 1999 to USD 402 million in 2002).

The increased international connectivity of fish production and trade was underlined as a key characteristic of the sector.

- Given resource constraints in the fisheries of the north, OECD markets have become more dependent on fish imports from the south.
- Technology advances in transportation, communications, fishing techniques and refrigeration combined with the unique mobility of fishing vessels (and the fact that fish resources know no national boundaries) have provided the impetus for increased cross border interdependence in fish and seafood markets.
- The extension of exclusive economic zones to 200 miles from 1977 has induced a demand for fisheries development in poor countries, an increase in international trade for fish and fish products and the advent of a market for trade of fishing (access) rights.

Trade in fish and fish products have increased more rapidly than production. Fish capture and culture rose from 100 million tons in 1976 to 133 million tons in 2002,

yielding over 16 kg of fish food per capita. In parallel, exports went up more than three times: the demise of many fisheries in developed countries has induced increased reliance of industrial countries on fish imports from the developing world. Given that both rich and poor countries are increasingly dependent on a threatened natural resource, robust progress towards policy coherence for sustainable management of fisheries has become an imperative.

The role of the fisheries sector

The design of responsive and equitable policy solutions must take account of vastly different fishing industry structures and resource availabilities. The contrast between the large scale and small scale sector is striking. While their annual catches were broadly comparable in 1988 (29 million tons vs. 24 million tons respectively), the small scale sector employed 24 times more fishers (12 million vs. 0.5 million) and used far less capital (USD 250 -USD 2 500 per job vs. USD 30 000 – USD 300 000 per job) and fuel (10-20 tons of fish per ton of fuel vs. 2-5 tons) than the large scale sector. Furthermore, the industrial fleets destroyed far more fish as by-catch than the small scale sector.

Yet, in financial terms, distinct economies of scale characterize fish production and marketing. The scramble for access to dwindling fish stocks favours industrial fishing over small scale, artisan fishing. Major advances in technology (bigger nets, larger and faster boats, onboard refrigeration, sonar and satellite surveillance systems, etc.) have led to a continuous escalation in fishing effort. Industrial fishing fleets now roam the oceans of the world. Wherever they sail, major declines in fish populations, especially for the larger, higher trophic level species, are the inevitable outcome within a weak enabling environment for sustainable fisheries management.

While the economic and social stakes are significant, the linkages between fisheries development and poverty reduction are far from straightforward or easily understood. In this respect and given the wide differences in the role that the fisheries sector plays in the economies and societies of the developing world, the dilemmas of fisheries policy reform were highlighted.

Only in a handful of countries does the fisheries sector generate more than 5% of the Gross Domestic Product. Half are small island states (Kiribati, Maldives, Solomon Islands, Marshall Islands, Samoa and Fiji). The other half includes Namibia, Bangladesh, Ghana, Senegal, Vietnam and Myanmar. Similarly, FAO (2005) has determined that fisheries activity is highly significant in both trade/consumption and poverty terms in only twelve countries: Ghana, Madagascar, Senegal, Sierra Leone, Tunisia, Bangladesh, Cambodia, India, Indonesia, Philippines, Sri Lanka and Vietnam.

Nor can the sector claim to be a major employer as compared to agriculture or other major sectors of the economy: FAO estimates that the total number of fishers is 30 million, of which 22 million are engaged in small scale fisheries. Adding the indirect employment in marketing, processing and auxiliary services and family dependents yields a total number of 150 million that are primarily dependent on fisheries for their livelihoods⁶, with women often involved in the marketing aspects.

6. These are notional estimates. They do not account for millions of part-time, subsistence and seasonal fishers. According to ICLARM (2001), some 51 million people (95% of them in developing countries) rely directly on the sector for their livelihoods and another 10 million people are involved in aquaculture. If employment in related industries is taken into account, over 200 million people around the world heavily depend on fishing for their livelihoods.

Thus, if privileged public support for the fisheries sector is justified it is less because of its aggregate size than because some countries are highly dependent on the sector both economically and socially given that fishing is the employer of last (or only) resort in many economically depressed regions. The demand side of the fisheries sector is of even greater significance given the nutritional benefits of fish in the diet and the rapid increase in consumption worldwide. Specifically, the demand for fish is expected to grow from 91 million tons in 1997 to 128 million tons in 2020.

This will translate into continued upward pressure on fish product prices. In the short run, the quantities available for marketing determine fish product prices more than prices determine the amounts suppliers put on the market. As the resource shrinks, rising prices induce ever more intense competition for access to resources. Given the higher costs required to capture scarcer and scarcer fish, competitive forces keep most prices below the levels needed for profitable operation. Already, many industrial fishers operate at a loss. Equally, the livelihood of artisan fishers has become more precarious and the higher prices have created greater food insecurity for the poor.

From a social and environmental standpoint, the fisheries sector has global as well as local significance. In the absence of effective resource management, flourishing fishing activities have disappeared in rich and poor countries alike as a result of overexploitation. Current fisheries trends suggest no let up in the environmental pressures that beset the sector. The looming impact of global warming adds to the vulnerability of fish stocks and marine ecosystems. Yet, the very survival of coastal fisheries communities and the welfare of marginalised and disadvantaged groups in several poor countries hinge on achieving sustainability in fisheries activities.

The sustainability crisis

Aggregate fisheries statistics conceal the nature and seriousness of the fisheries crisis. They do not portray the severity of over-fishing in the developing countries. Nor is the quality of the fish supply or the damage caused to the eco-systems by current environmental trends conveyed by the official data.

Global landings from capture fisheries have been relatively stable since the late nineties. However, considerable variations in fish catches among regions have been observed and experts believe China's fish production data (about 15% of the total) is vastly overestimated. If China's share is excluded from the statistics, world fisheries capture production appears to have been in decline since 1988. Furthermore, given the gradual depletion of larger species stocks, the lower levels of output were obtained by intensifying the fishing effort and targeting smaller species.

This means that environmental sustainability remains a top priority within the sector. Bottom trawling with large nets scrapes the ocean floors and strips sea-beds of their fauna and flora. Coastal population growth, offshore oil production, pollution and tourism have all added pressure on a pristine resource most notably by the serious damage to coral reefs. Because of over-fishing and pollution, eight fish species have been listed in the most threatened category of the Convention on International Trade in Endangered Species of Wild Fauna and Flora while another 28 species are likely to be added to the list unless the fishing effort is brought under control. Over-fishing of large predator species (*e.g.* tuna, shark and cod) has had repercussions at the lower end of the food chain, *e.g.* overgrowth of crustaceans and pest species.

Marine capture fish production increased by 1.1% per year during 1985-99 and recent estimates suggest further increases till 2020, albeit at a lower rate (Delgado *et al.* 2003). A fundamental finding is that since 1974, the proportion of stocks with expansion potential has trended downward while the share of overexploited and depleted stocks has risen – from about 10% in the mid-1970's to close to 25% in the early 2000's (FAO 2004). By contrast, aquaculture production has continued to grow both in absolute terms and as a share of the fish consumed.

In sum, as coastal and open ocean fish stocks in the north have declined, fishing effort has shifted towards the tropical areas, the deep sea and unexploited fish species. There is growing evidence that despite regional and local differences the global yield limits for sustainable marine capture fisheries has been reached.

Relevance to international development goals

Without a concerted effort towards improved fisheries resource management, current trends point to over-exploitation and the potential collapse of capture fisheries in many developing countries. This would have disastrous consequences for millions of fishers and hundreds of millions of consumers.

This is why policy coherence for development in fisheries should assume greater visibility and importance in the development co-operation agenda. Specifically, the meeting identified three internationally agreed goals with major relevance to the development credentials of a sustainable fisheries policy⁷:

- *MDG1- the eradication of extreme poverty and hunger.* Given demographic pressures, large numbers of landless agricultural workers leave degraded lands to make a living in coastal areas where the fisheries sector is the employer of last resort. Small scale and part time fishers in developing countries tend to be poor and a large share of their catch is used for subsistence. By contrast, a substantial share of the fish caught by industrial fishers is processed to produce non food items (fish meal, fertilizers, etc.) that accounts for a fourth of the catch. All in all, about 50 million people dependent on fisheries are absolutely poor.
- *MDG7- environmental sustainability.* The global fishing fleet could be 2.5 times larger than the oceans can support. As a result, over half of the world's fisheries are fully exploited. Almost a fourth may be over-exploited, depleted or recovering from depletion. Destructive fishing practices are widespread. Illicit fishing undermines fishing laws and agreements. Institutions devoted to fisheries conservation and sound resource management are weak.
- *MDG8 – the development orientation of rich countries' policies.* The trade regimes and regulations of OECD countries discriminate against developing countries' fish production and limit access to industrial countries' fish markets. The unintended impact of fisheries access agreements (whether formal or informal) is over-exploitation. Subsidies keep too many industrial fishing vessels on the water and encourage fishing effort well beyond sustainable levels.

7. MDG 3 (promotion of gender equality and women empowerment) may also be relevant since women play an important and sometimes dominant role in the marketing of fish and fish products in many developing countries

The governance challenge

Not natural causes but institutional weaknesses and lack of capacity for effective policy implementation underlie the overexploitation of fish stocks. The absence of effective fisheries management regimes result in lack of control over access to resource and no incentive for individual fishers to restrain their catch. In other words, the fisheries crisis is man-made.

- Weak fisheries management is the main source of policy incoherence. A Code of Conduct for Responsible Fisheries promulgated by FAO provides useful guidelines for good fisheries practice but vested interests, lack of political will and a widespread reluctance to reduce fishing capacity mean that progress in enhancing the quality of fisheries management has been painfully slow.
- Subsidies (estimated at USD 14 billion – USD 20 billion annually) contribute to over-fishing by sustaining a fleet too large to be compatible with sustainable management of the resource. Timely measures to restructure the fishing fleet (so that overcapacity is avoided) have not been taken⁸.
- Without effective control on fishing effort, the common pool, open access characteristic of the fishery resource has induced free riding (*i.e.*, fishers have little incentive to restrict catch, and this is especially so if others in the fishery are restricting effort). Given gaps in international governance and the frequent absence of unambiguous property rights a 'tragedy of the commons' outcome has ensued.
- Even where rights have been clearly assigned to an individual country, institutional constraints, skills and capacity limits and the migratory character of fish resources stand in the way of effective enforcement.
- National governance for fisheries in developing countries has been weak, fragmented, frequently marred by the inconsistent objectives held by public authorities (Finance; Agriculture and Fisheries, etc.) and poorly equipped for monitoring, control and surveillance.
- Equally, the performance of multilateral and regional fisheries organisations with diverse functions (ranging from purely advisory services to mandatory enforcement) has been mixed at best.

2. Fisheries Access Agreements

The need for adjustment

Courageous policy shifts are needed in the area of fisheries access agreements (FAAs) to allow developed and developing countries to reach their policy objectives and development goals. These agreements are illustrative of the urgent need for structural adjustment within the fisheries sector, and the consensus of the meeting was that, as in

8. While the global fishing fleet (1.3 million decked and 2.8 million un-decked vessels) has remained fairly stable since the 1980's the catching capacity has risen considerably, given larger, more powerful vessels equipped with improved gear, modern navigation technologies and new satellite based positioning and reconnaissance systems.

other sectors of the economy, change is needed to amplify and more equitably share the rewards (while better managing the risks) of globalisation.

Liberalised trade is an essential part of the structural adjustment process needed to level the playing field of the global fisheries market. But in parallel, resources (capital and labour) ought to be shifted out of the fisheries sector, especially (but not only) in industrialized countries. This is bound to be painful from a social perspective as appropriate compensation payments and redeployment assistance may be needed to initiate reforms and make them politically palatable.

There is little doubt that such policy adjustment would enhance the welfare of OECD and non-OECD countries alike. Given the growing scarcity of fish stocks and the overcapacity of the world's fishing fleet, fisheries subsidies are no longer justified. In combination with measures to liberalise access to rich countries' fish markets by poor countries, the abolition of subsidies would serve the interests of OECD consumers and taxpayers. It would also contribute to global poverty reduction by reducing over-fishing in the exclusive economic zones of developing countries where millions of artisan fishers practice their craft.

While not denying that the original purpose of FAAs may still have relevance in some developing countries, the meeting noted that policy incoherence of the Type 1 variety had been allowed to creep in, given lagging structural adjustment in the sector. While FAAs are designed for a variety of worthy purposes, their main effect is to sustain the fish vessel economy, through access to alternative fishing activities, against the background of overexploited domestic resources. This is achieved without seriously addressing the fundamental problems of overcapacity in the sector. A thorough reconsideration of the current approach is therefore required.

In most developing countries today, the development benefits of FAAs are modest in relation to their costs. Originally, the rationale of FAAs was connected to the extension of coastal states' jurisdiction over areas previously classified as the high seas and in which foreign vessels used to operate. In a transitional phase, the FAAs played a useful role by promoting the acceptance of coastal sovereign rights within the 200 mile limits of the EEZ. In some instances, FAAs may have facilitated compliance with coastal state laws through additional monitoring and control. In addition, they offered economic advantages to developing countries since increased access fees, cash grants from flag state governments and development aid were incorporated in FAA design.

Yet in present circumstances, from the perspective of most developing countries, these goals have been overtaken by events. The United Nations Convention on the Law of the Sea (UNCLOS) has entered into force (1994) and validates the concept of exclusive economic zones (EEZs). As a result, FAAs are no longer useful tools for asserting EEZ rights. Equally, the compliance benefits of FAAs have proven elusive, without reliable means of verification and weak controls over illegal, unreported and unregulated (IUU) fishing.

Other concerns with FAAs relate to transparency and the public distaste for negotiations conducted behind closed doors. Especially in countries where governance is weak, perceptions of illicit diversion of cash grants prevail. Similarly, the cash grant feature has become controversial since it may contribute to fishing overcapacity. Furthermore, from a development effectiveness perspective, the grant element of FAAs may have introduced distortions in aid allocation decisions and focused more attention on

revenue generation benefits than other development objectives like poverty and hunger reduction.

Most importantly, FAAs have not been managed within the limits of rigorous fisheries resource assessments given the lack of effective verification and enforcement mechanisms. In the last analysis, it is the management, monitoring, surveillance and enforcement capability of the developing country that matters in conjunction with international agreements.

Effective limitation of the level of fishing effort exerted by foreign vessels has not been achieved in most instances. Hence, there are concerns about the impact of FAAs on the viability of domestic fisheries. In addition, offloading of large volumes of by-catch fish by foreign vessels has often been destabilizing given the small size of domestic fish markets.

Alternative policy instruments are now available to fulfil the intended objectives of FAAs. Direct licensing options can be entertained. Market based fees for access can be applied. Fisheries development and management plans, the strengthening of domestic institutions, the adoption of eco-system approaches and the systematic exploration of rights management options offer scope for the design of improved fish management strategies that benefit poor countries.

Finally, in cases of migratory fisheries regional fisheries management organizations (RFMOs) are likely to be more effective than the current FAA model and could also provide independent resource assessments. The time has therefore come for a new strategy that generates trust, builds domestic capacity for sound fisheries management and provides a sound enabling framework for private enterprise.

EU Perspective

The on-going shift of the European Union from FAAs to FPAs (Fisheries Partnership Agreements) provides a timely opportunity to make a clean break with the design patterns of past FAAs although it remains to be seen what practical changes will occur. In this context it is observed that coherence is not a one way street and that development co-operation is not the sole purpose of EU fisheries access agreements. However, policy coherence for development is a central principle to the EU in general. In principle, recent adjustments in the common fisheries policy provide scope for mutually beneficial agreements with developing countries. In practice, it remains to be seen how the policy will be implemented in a real world fisheries setting.

Within the constraints imposed by international legal frameworks and the vigorous pursuit of environmental and development objectives, the EU relies on its access to the fisheries of developing countries. About 600 vessels from the European Union's fishing fleet and some 30 000 jobs rely on the access to fisheries resources of developing countries for their operation.

Effective social and environmental safeguards could be built into Fisheries Partnership Agreements in order to comply with conservatively estimated sustainability limits on fishing effort, avoid negative interactions with domestic fishing interests, promote good employment conditions for locals and facilitate institutional development in the fisheries sector of the partner country. It was remarked that the image disseminated by some advocacy groups with respect to the role played by the EU in the fisheries in developing countries' waters was unfair.

Thus, rather than the FAAs themselves, a critical obstacle to policy coherence for development in the sector is the poor governance of fisheries by developing countries' governments. From the perspective of the European Union, the key priority lies in building developing countries' capacity to manage domestic fisheries resources in a sustainable fashion while at the same time working towards a more coherent domestic (EU) policy mix.

In sum, the new common fisheries policy seeks to put policy coherence for development at the centre of the new partnership agreements. Compared across the spectre of fisheries access agreements, EU partnership access agreements with developing countries appear relatively more transparent and negotiated in good faith.

Civil society perspective

For civil society, conservation considerations should have pride of place in the design of fisheries agreements and the voices of the small-scale fisher of the developing world should be amplified in the corridors of power whenever international fisheries policies and access agreements are shaped.

The supposed trade-offs between economic, social and environmental objectives are seen as illusory. A triple bottom line method of national accounting is the proper way of assessing policy coherence for development in the fisheries sector. Based on such criteria, access agreements are only justified if a genuine surplus is available for harvesting. Thus, fisheries partnership agreements should provide stronger monitoring and compliance capacity, aid for infrastructure, effort limitation mechanisms, by-catch reduction and improved research and statistics.

As highlighted in the WWF handbook on access agreement negotiations (Martin *et al* 2001), FAAs should be designed to deal with the negative impacts on local fishers, the integration of all fishing activities in the national economy, the transparency of negotiations and their outcomes and the rigorous monitoring of compliance with sustainable fishing limits. As a practical step forward to improve the quality of FAAs, WWF proposes to establish a help desk to support developing countries in their negotiations.

The central role of international conventions in assessing the policy coherence for development credentials of FAAs was stressed. In this regard the principle of 'complementarity' underlying United Nations Conference on the Law of the Sea (UNCLOS) is unequivocal: only fisheries resources that a developing country cannot harvest within a sustainable management framework should be made available to other states. Yet, FAAs are often negotiated where no such surplus exists.

It was remarked that, therefore, EU fisheries policy seems to be based on a strategy of curbing fishing quotas in European waters by allocating fishing rights to fisheries of developing countries. The ironic result is that FAA subsidies intended as 'green' by European policy makers (since they contribute to a reduced fishing effort in European waters) are actually perceived as 'red' by developing countries by adding additional fishing effort and pressure within their exclusive economic zones.

Thus, improved coherence of policies in the North (Type 3) should not be achieved at the expense of Type 4 policy incoherence (and the resulting ecological imbalance) within the fisheries of the South. Nor are the financial benefits provided by FAAs sufficient to compensate for socially and environmentally unsustainable outcomes. For example, the

financial compensation received by Senegal through its FAAs is approximately offset by the subsidies the government has to provide to small-scale fishers to compensate for the losses associated with over-fishing.

A new role for RFMOs?

While evoking the potential of reformed Regional Fisheries Management Organizations highlighted by the Minister-led High Seas Task Force (HSTF, 2006), some participants welcomed the assignment of increased responsibility for regional fisheries bodies in oversight and prosecution of IUU fishing and interstate coordination of fisheries management among neighbouring countries.

In this respect overexploitation of inshore demersal species has been underway in Senegal since the 1990's. Mauritania and Guinea Bissau have also been victims of over-fishing. From an eco-system perspective, irresponsible fishing in one country may have negative spill-over impact on neighbours. Since fisheries depletion is a 'problem without passport', it is best to rely on sub-regional fisheries commissions of regional fisheries management organisations to coordinate and monitor policy coherence in access agreements.

Equally, RFMOs could be seized with the issues of trade access on the very premise that policy coherence for development is not a one way street and requires that all policies should pull in the same direction. Fairness and reciprocity require that access to the fisheries of the south should be balanced by improved access by poor countries to the fish markets of the developed countries.

3. The Trade Dimension of Sustainable Fisheries Development

Developed countries account for a substantial part of internationally traded fish and fish products. Half of the international trade in fish and fish products originates in developing countries. While workshop participants showed no disagreement about the need to improve trade policy coherence among OECD and non-OECD countries, the debate about the current state of trade policy showed divergent views. In addition, the debate reflected the uncertainty of the outcome of the Doha round of WTO trade negotiations.

Trade barriers

The EU is the world's largest importer of fish products (36%) and 60% of EU consumption is supplied by third countries. EU tariffs average 12%. This is higher than those applied by Australia, New Zealand and the United States but lower than the consolidated tariffs applied by developing countries, including India, Morocco or Mexico. Tariff escalation is a problem but not only for the EU. Through preferential agreements, enhanced access to EU markets is available for the least developed countries, ACP, Mediterranean countries, Chile and Mexico.

By contrast, major incoherencies in OECD's fisheries trade policies exist. One view suggested that the OECD protectionism in the fisheries sector is pervasive and that trade liberalisation is essential for international specialisation to occur in line with genuine comparative advantage. Protectionism still prevents poor countries from securing the

benefits of forward linkages between fishing activity and the seafood industries sector and developing fish processing and value added products.

Protectionism takes a variety of forms: tariff escalation for processed fish products, the seasonal pattern of tariff suspensions, the prevalence of import quotas, the imposition of cumbersome import licensing procedures, the increasingly frequent resort to non tariff barriers (labelling, packaging, inspection, sanitary standards, eco-labelling, etc.) and the important subsidies that sustain uncompetitive fisheries capacity in rich countries.

Sanitary standards

Exports of fisheries products are restricted by sanitary and phytosanitary standards (SPS). In principle, the objectives of SPS standards are justified by health and safety considerations. In practice they have counterproductive effects and hinder development and poverty reduction in the exporting countries.

Major fish operations in the value chain set standards that frequently exceed those set by international organisations. From the developing country perspective, the WTO imperative of 'equivalence' in SPS measures is being interpreted unfairly as 'sameness' with measures adopted by developed countries. For example quality control inspectors reject fish captured by wooden boats even when the fish is placed on ice despite the lack of scientific information on whether the practice is hygienic or not.

This generates problems for developing countries that do not have the means of participation in 'standard setting' events, cannot afford to incur the high costs of 'sameness' measures or have no effective recourse when faced by import bans grounded in the arbitrary application of the precautionary principle. How to distinguish between fish caught for export and fish caught for the local market in order to enforce compliance with export regulations has proven to be a logistical nightmare. Lack of objective verification processes also handicaps import of fish products from developing countries, e.g. when fish consignments are routinely destroyed without reliable verification of their quality.

SPS standards favour large scale operators. A fish processing establishment able to meet conditions for export to the major international markets costs a minimum of \$3 million to comply with construction materials and equipment standards, water supply and ice production requirements, insulated trucks for fish collection and refrigerated trucks for fish transportation to ports of dispatch. This means that small scale operators dependent on exports are thrown out of business and replaced by industrial vessels unless fish caught by artisan fishers is given preference and collected in ways that ensure its traceability and compliance with mandatory SPS controls by fish processing establishments suitably organised and equipped for the purpose.

Compliance with SPS standards leads to increased costs that are offset either by seeking economies of scale and exerting pressure on suppliers to increase deliveries or cutting the prices of the raw material. In both instances, this leads to an increase in fishing effort and increased illegal fishing to sustain incomes. Traceability standards also favour large scale operators, given the illiteracy of artisan fishers and the prohibitive transaction costs involved in record keeping for large numbers of fishers in dispersed fishing sites.

Finally, corporate social responsibility standards may be unrealistic and at variance with the safeguards that are socially and environmentally appropriate in developing country circumstances. Similarly, eco-labelling frequently acts as a non-tariff barrier

given that there are no generally accepted standards for certification. As well, aggressive advocacy can turn voluntary guidelines into mandatory requirements and fish caught under sustainable management but without an eco-label may be shunned by an increasing number of well meaning and poorly informed consumers.

Subsidies

In 2005, under the Doha round, Ministers agreed to strengthen disciplines on fisheries subsidies by (i) prohibiting subsidies that contribute to overcapacity and over-fishing and (ii) allowing appropriate and effective special and differential treatment for developing and least developed countries with full account taken of their development priorities and food security concerns.

In the meantime, reduction of fisheries subsidies (representing over a fifth of the value of landings in OECD countries) would have differentiated economic, social and environmental impacts depending on the objectives of individual subsidies (income support, price support, capital cost reduction, variable cost reduction, access to resources, decommissioning, management and infrastructure services, etc.), the degree of overcapacity, the resource status as well as the type of management regime (open access, catch control, property rights, etc.) in place.

Some subsidies can help adjustment while others can inhibit it. On the one hand, paying vessel owners to decommission their vessels or give up their licenses to fish helps to reduce the fishing effort; on the other hand, shipbuilding protection, income support policies and cost reducing subsidies inhibit contraction of the fishing industry.

Structural Adjustment

Sound macroeconomic policies, competition policy, good industrial relations and labour market flexibility complement free trade. However, there is no standard prescription regarding sequencing and policy design should be judicious. Thus, policies aimed at reducing unemployment can have unintended effects that add to adjustment pressures. For example, Danish unemployment compensation reforms inadvertently reduce the incentives of part time, seasonal work in remote areas in which fisheries processing activity traditionally is located.

Compensating losers in the adjustment process raises complex issues of targeted assistance vs. enhancement of generally available safety nets. Mitigating the distribution consequences of adjustment is best achieved through measures that are transparent, accountable, time bound, equipped with an exit strategy, decoupled from production, cost effective and compatible with general safety net policies.

In developing countries, institutional reform can be the critical ingredient. For example, a range of sector-specific policies targeted the seafood sector in Thailand under a Fisheries Policy Committee. Various measures were taken to promote sustainable fisheries practices with favourable results (reduction in vessel numbers, conservation zones, regulation of fish farming in mangrove zones, community fisheries development, code of conduct for shrimp culture, etc.).

4. The Governance Imperative

Poor governance and serious capacity constraints are important barriers to achieving policy coherence in both developed and developing countries; these factors concern both the fisheries sector itself and wider institutions of government. These problems are magnified by the international common property characteristics of migratory fish resources that straddle the exclusive economic zones and the high seas.

Governance for responsible fisheries

The primacy of state sovereignty over fisheries resources and the pivotal role of fisheries governance are key features of the fisheries sector. In that respect, the jurisdiction of states over the fishing areas of exclusive economic zones is secured under the 1982 United Nations Convention on the Law of the Sea. Also, in this respect, the Code of Conduct for Responsible Fisheries adopted by Member countries of the Food and Agriculture Organisation in 1995 is global in scope and provides “principles and standards applicable to the conservation, management and development of all fisheries”⁹.

In particular, Article 5 recognises the 'special circumstances and requirements of developing countries' and the need to assist them by enabling them not only to implement the recommendations of the Code but also by ensuring that fisheries activities contribute to poverty reduction.

With respect to the objectives of fisheries management, a paradigm shift has taken place following the 1992 Rio Declaration and Agenda 21. Half a century ago, the development community was focused on hard, unabashed fisheries expansion. It sought more efficient fishing gear, promoted access to hitherto unexploited areas and higher fish consumption. In 2006, development policy priorities have turned towards sustainability, the health of ecosystems and the threats posed by over-fishing, overcapacity, IUU fishing and pollution. There is now full recognition that the current pressure levels on scarce fisheries resources must be reduced.

The deterioration of fisheries has been brought about by excessive exploitation and lack of control over access. In many developing countries, fishers are increasingly vulnerable and the fishing sector has become a drain on public finances. A reversal of current trends requires equitable, transparent and efficient processes for the allocation of rights of access.

Also needed for poverty reduction are better mechanisms for adding value to the domestic fish catch, non-discriminatory trade rules and improved access to international markets. The deterioration of marine ecosystems and the threats to aquatic biodiversity and productivity must also be addressed.

Accordingly, there is a recognized need for harmonization of policies between rich and poor countries as well as a demand for increased co-operation in governance within the framework of regional organizations and international fishery bodies.

9. FAO Code of Conduct for Responsible Fisheries, Article 1.3.

The ecosystem approach

Albeit traditional fisheries management plans have targeted one or a few fish species, fishing activities affect all components of the ecosystem in which harvesting takes place (through by-catch, predator-prey effects, biodiversity changes and habitat degradation). This suggests that all facets of the ecosystem should be considered in deciding on intervention modes. Such a holistic approach requires sophisticated environmental management, new performance measures and a capacity to engage small scale and artisan fishers in decision making.

While rooted in biological concerns, the ecosystem approach balances diverse societal objectives and takes into account the knowledge acquired and the remaining uncertainties on natural and human influences that interact among themselves and with the environment. The potential benefits of the approach include fewer conflicts among users, greater economic and social benefits, less disruption in fishing activity and growing acceptance of fisheries as a responsible use of marine ecosystems rather than an extractive industry (World Bank 2004).

Translating vision into reality

The participatory design of a long term strategy for the sector can be used to reach a consensus among stakeholders. It should be based on a vision of an equitable and sound level of resource exploitation that captures the excess profit over a reasonable return on capital (the rent secured when stocks are relatively plentiful) for the benefit of the community and the nation as a whole instead of dissipating the gains in overinvestment and unneeded fishing capacity. A sound strategy should also include a plan that specifies practical targets for production, income and employment.

Sound fisheries plans balance stakeholders' interests and satisfy ecological, economic and social sustainability concerns. Such planning is based on scientific surveys but also brings to bear community involvement, stakeholder consultations and political decision making. It ensures effective research, monitoring, control and surveillance and it allocates resources between small scale and industrial fisheries, the role of private sector and foreign interests. It funds decommissioning and buyback schemes to reduce fishing effort. It involves communities, consumers and the private sector and it promotes alternative livelihoods through economic diversification and retraining.

Effective governance of the sector also calls for allocation of access rights, quotas and incentives for sustainable resource use. It combines output measurements with cost effective input controls and establishment of marine protected areas. It regulates exploitation patterns and directs the rehabilitation of depleted stocks through restocking measures. Finally, it makes provision for enforcement and for judicial processes that deal with violations of fisheries rules and sanctions those who violate the rules.

Ensuring good governance

In sum, experience with sustainable fisheries management varies considerably from country to country and examples of success and failure can be found in developed as well as developing countries. Thus, spectacular fisheries collapse has taken place in some fisheries of the north, while some developing countries have made considerable progress in improving the enabling policy environment for sustainable fisheries (*e.g.* Namibia).

Fisheries policies should be tailor made to the circumstances of individual fisheries. A strong and competent state is needed to regulate the sector, ensure compliance and articulate policy positions that protect developing countries' interests in international forums. Coherence should not be imposed on the south by the north. This will remain a looming risk as long as the voice of developing countries is muted when international fisheries policies are framed.

5. Implications for Development Co-operation

Two general remarks on development co-operation in the fisheries sector must be made at the outset. First, a clear distinction between development co-operation policies and their implementation should be drawn. While some policies can be criticized on both counts, it is often the case in fisheries that the counter-developmental impact of policies arises because of execution problems rather than design shortfalls. This is why development co-operation in fisheries should encompass more effective capacity building support and independent evaluation of development results as stressed by many interventions throughout the workshop.

Second, development co-operation has to do with engagement between rich and poor countries across all policy domains, not just aid. This implies innovative forms of co-operation by aid agencies but it also means a 'whole of government' approach that recognizes the development consequences of policies that originate outside aid agencies (or indeed outside the public sector entirely, as is the case of private investment or the voluntary sector). This also means that assessment of development impacts should take account of the footprint of the full range of policies with respect to environmental sustainability and poverty reduction – aid and beyond. This new frontier of development evaluation has particular relevance for fisheries access agreements.

The meaning of partnership

In light of the above considerations a new partnership framework for development assistance in fisheries and aquaculture that implies a long term relationship among the parties rather than short bursts of punctual interventions (such as the building of a specific infrastructure, the delivery of a plant, the provision of relief in case of an emergency, etc.) should be encouraged. Such a partnership concept would be consistent with the eighth Millennium Development Goal that establishes a 'global partnership for development'. It would also evoke the Johannesburg Plan of Implementation which was adopted by the World Summit on Sustainable Development in September 2002¹⁰.

The Plan of Action makes specific reference to development assistance in the field of fisheries: “30. To achieve sustainable fisheries, the following actions are required at all levels: ...*(g) strengthen donor coordination and partnerships between international financial institutions, bilateral agencies and other relevant stakeholders to enable developing countries, in particular the least developed countries and small island developing states and countries with economies in transition, to develop their national,*

10. “3. We recognize that the implementation of the outcomes of the Summit should benefit all, particularly women, youth, children and vulnerable groups. Furthermore, the implementation should involve all relevant actors through partnerships, especially between Governments of the North and South, on the one hand, and between Governments and major groups, on the other, to achieve the widely shared goals of sustainable development.”

regional and sub-regional capacities for infrastructure and integrated management and the sustainable use of fisheries”.

Partnership is the opposite of paternalism. It connotes “doing things with other people, not for them”. It ensures full involvement of all stakeholders and defines their distinct accountabilities and their reciprocal obligations. It embodies a relationship grounded in respect, trust and care based on genuine interaction, dialogue and co-operation between partners, with full account taken of their various needs and interests. Finally, partnership involves joint ownership of development objectives. This is not always possible and implies selectivity. Where common goals are agreed, a frustrating problem faced in the countries most in need of assistance – absorptive capacity constraints – can be confronted with reasonable chances of success.

Partnerships in fisheries development must be broad based and involve government, authorities, civil society, communities and the private sector that operate at global, regional, national or local levels. Properly understood, the partnership approach requires genuine soul-searching on the part of OECD country governments since developing countries are likely to strike a very different balance between subsidies to artisan fishers, rights to industrial fishers and sustainability of resource use. Not ascertaining the differences in perspectives in a transparent way is frequent. It reflects asymmetry in power relationships. This problem is amenable to solution through intensive dialogue and proactive involvement of the civil society.

Lessons of experience

Hard won experience regarding fisheries governance was discussed along three policy axes that have been privileged by prior development policies. First, whereas project assistance of the past three decades was mostly geared to capacity growth of small scale fisheries through investments in motorization, fishing gear, working capital and marketing directed both to the domestic market and to exports, the dominant new priority is to improve the definition, monitoring and enforcement of sustainable fishing. This raises complex challenges of data collection, measurement and analysis.

Second, disengagement of the state from fisheries activity in the name of fiscal rigor and free market principles dominates policy in the sector. Looking ahead, and with a view to ensure governance for sustainable and responsible fisheries, a strengthening of the state in fisheries sector governance is now required.

Third, small scale shrimp aquaculture development used to be emphasized, especially in Southeast Asia. Large scale pollution resulted from intensive use of chemicals, as well as serious damage to mangrove forests. For the future, the new policy focuses on, *inter alia*, water recycling, mitigation measures for effluent on mangrove and coastal resources and innovative seawater irrigation practices.

Transparency, equity and legitimacy should characterise the much needed revision of fisheries management practices. It should seek coherence between national, regional and international sector policies, reverse the fragmentation of fisheries administration and combine decentralisation and devolution with measures designed to strengthen public institutions and provide for an enhanced role of the state in oversight of resource utilization and arbitration of claims. Under the proposed policy framework, a strong central government role in evaluation and risk management would co-exist with a decentralised 'mutual trust' co-operation model of decision making involving all stakeholders.

Good practice examples

Development learning requires acknowledgment of past mistakes and adaptation of future practices to avoid repeating them. But it also means celebrating and emulating successful examples of development co-operation such as those presented during the workshop. To capture this, a short film about an international project¹¹ illustrated the potential of science based fisheries management grounded in the local communities surrounding *finger ponds* in the African flood plains.

Furthermore the example of Japan's successful technical support for the *Southeast Asia Fisheries Development Centre (SEAFDEC)* was presented; SEAFDEC is an institution dedicated to training, research and information services that aims to promote rational utilisation and development of fisheries resources. Three promising projects are: (i) training in state of the art detection methods for residue testing; (ii) set up of a seafood safety information network; (iii) hazard analysis and critical point training for fish processing.

The *Sustainable Fisheries Livelihoods Program (SFLP)* is a partnership between the FAO, the Department for International Development of the United Kingdom (DFID) and 25 countries in West and Central Africa that aims at reducing poverty in coastal and riparian communities. SFLP recognizes the need for a fully coherent approach, associating local awareness-raising and empowerment with policy development and implementation processes at sub-national, national and regional levels.

The types of interventions identified differ from those that have traditionally arisen from a strict sector approach, *i.e.* provision of new technologies and credit to purchase them, centralization of marketing, government-led fish stock enhancement programs, and strengthening of central government monitoring and enforcement capabilities. By contrast, the interventions identified by SFLP are targeted at overcoming institutional barriers to the effective development of existing technologies, financial service provision, access to market and resource management, or addressing gender inequalities where these result in differential access to education, resources and decision- making power.

In addition to relying on the traditions and practices of fishing communities, cross-sector interventions (such as HIV prevention and AIDS mitigation efforts¹² and microfinance) have been implemented¹³. Typically, interventions have cut across sectors and addressed social needs. In particular, the SFLP has piloted ways of strengthening resource management systems and of promoting sustainable livelihoods for fishers. Cross-sector ways of working have required connecting the local to the national and the global as well as a consultative and participatory process to ensure that the concerns of fishers living in poverty influence the policy process.

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11. This project and the film "Finger ponds: Seasonal ponds in African floodplains for fish and agriculture" is sponsored by the EU, the Netherlands, Czech Republic, Kenya, Tanzania, Uganda and the United Kingdom.
 12. High levels of AIDS have been experienced in the fisheries sector. The disease has reduced management capacity, decreased productivity and undermined efficiency.
 13. Microfinance can play a useful role to ensure responsible fisheries by helping fishers deal with vulnerability, thus increasing their capacity and interest to participate in fisheries management; promoting or supporting livelihood diversification out of the fisheries sector.

Multilateral initiatives

Multilateral donors and international organisations are active in the promotion of policy coherence for development in fisheries. For example, UNEP gives priority to integrated assessment tools, reference manuals, training modules and country studies while the contributions of the WorldFish Centre focus on the participatory design of standards, performance indicators and dissemination of scientific knowledge, pro-poor technologies and market access strategies that respond to the needs of small-scale fishers.

The World Bank's *Profish Programme* focuses on increasing the net value of production rather than increased catches¹⁴, its strategic partnerships with the Global Environment Facility and FAO and the construction of a new alliance (*Allfish*) designed to promote environmentally and socially sustainable fisheries through pro-poor interventions, rights based approaches, analysis and advocacy of trade reform, capacity building for sound governance, promotion of safeguard policies and corporate social responsibility and systematic linkages to the Extractive Industries Transparency Initiative.

6. Conclusions and Next Steps

While the fisheries sector is not large in the aggregate, its sustainability is critical to the achievement of the Millennium Development Goals in many countries. Furthermore, it has considerable social and environmental significance as a global public good. To reverse the degradation of fish stocks, judicious collective action is urgently needed. Therefore, it is imperative for the development community and for fisheries policy makers to continue and nourish the dialogue initiated during the workshop.

Towards a common policy agenda

There is an urgent for a shared agenda for sustainable development in fisheries that encompasses the development and fisheries perspectives is to be generated. Towards this end, policy coherence for development concepts provide a useful framework for defining the actions needed to move the fisheries sector from its current state of crisis towards recovery.

The data suggest that most trends in the sector are unsustainable and that a global 'tragedy of the commons' is about to unfold. However, thanks to prior policy research work, the outline of a new model for strategic reform has emerged. It has secured broad-based support throughout the development of fishing communities. Based on this model, the views of workshop participants converged regarding the building blocks of a new policy agenda.

Some participants even evoked the vision of a 'blue revolution' that would be science based, like its 'green revolution' counterpart. It would heed the lessons of experience and concentrate on reforming the incentives framework and the rules of the game so as to avoid free riding and its consequences. It would pilot market based instruments for sustainable fisheries resources management with a view to protecting the access and property rights of poor fishers.

14. Under this initiative, the World Bank and FAO are seeking to nurture a political will for fisheries policy reform by assessing and disseminating the resource rent losses associated with poor management practices in capture fisheries ("The Rent Drain Study").

From vision to results

Translating this vision into reality will require sustained interaction between fisheries and development organisations. Needless to say, case by case solutions rather than blueprints would have to be selected for implementation. The renewed engagement of multilateral organisations in fisheries bodes well for the future given the need to create a global policy environment propitious to the sustainable development of the fisheries sector.

The new fisheries governance model can amplify the voice of future generations. It will keep transaction costs low through subsidiarity so that 'bottom up' decision making is favoured and local, national, regional and global organizations are cooperating towards shared objectives according to their comparative advantages. Equally, the new approach should favour the construction of flexible, cost effective, issues oriented international coalitions to address problems as they arise.

In short, while the viewpoints of participants differed in major respects, the event achieved a remarkable consensus regarding the main policy directions that should be emphasised by the development and the fishery policy communities in the years ahead. In particular, there is considerable support for the view that 'coherence cannot be imposed' and that coherence 'begins at home'. Equally, participants stressed that a holistic approach based on partnership, ownership and a results orientation is critical to success.

The legacy of past fisheries development and its burdensome characteristics include: (i) overexploitation; (ii) environmental degradation; and (iii) erosion of essential state functions. The sense emerging from the meeting is that the current and complex development challenge of sustainable fisheries can be met by applying the hard won lessons of this experience and managing the risks of greater openness to the winds of globalisation while restricting fishing effort in an equitable way and generating broad based benefits for poor people in poor countries. Toward these ends, the meeting identified five clusters of policy action. They are:

Structural adjustment

- There is no dispute about the urgency of structural policy adjustment in the marine fisheries sector recognising that the social and political constraints associated with substantive policy reform (affecting capital as well as labour) are substantial.
- The overcapacity of the industrial fleet is perceived as a collective action dilemma that can only be resolved through coordinated international action involving incentives for decommissioning, reduction of subsidies and social safety nets for affected fishing communities.
- Nurturing the political will to achieve genuine reform is a major challenge most likely to be achieved through public information based on sound policy research, civil society advocacy and peer group pressure.

Access agreements

- The quality and transparency of non-EU fisheries arrangements (whether negotiated by governments or private interests) should also be enhanced.

- The Workshop reached a broad based consensus about the need to reform 'old style' fisheries access agreements to enhance their quality and transparency.
- Case by case reviews should be carried out to determine whether continued bundling of policy objectives under bilateral partnership agreements remains justified or whether free standing policy instruments tailored to country circumstances would be better suited to the challenge.
- With ecosystem management a regional approach is the most appropriate for achieving the regulatory, capacity building, surveillance, compliance, monitoring and enforcement objectives. However, this should be implemented by national authorities for their exclusive economic zones.

The trade challenge

- The overarching policy coherence for development objective is to mitigate the trade restrictive effects of sanitary and social advocacy measures, while sponsoring development co-operation initiatives geared to promoting private investment in the seafood industry sector of developing countries.
- Reciprocity between access by OECD countries to the surplus fish resources of developing countries and improved access by developing countries to the fish and fish product markets of OECD countries could be one path to explore.
- The WTO Doha Round can potentially achieve significant progress in dismantling tariff and non-tariff barriers in fish and fish products, as well as in reducing the deleterious impact of subsidies on fisheries overexploitation and surplus fishing capacities.
- Further initiatives should address the unintended protectionist effects of existing SPS, eco-labelling (e.g. 'sameness' vs. 'equivalence' in safety measures) and corporate social responsibility practices.

New development co-operation strategies

- There is agreement regarding the need to shift the focus of aid operations towards new priorities, including those that reach beyond aid, to achieve policy coherence across policy domains and improve the workings of all the transmission belts of fisheries globalization (e.g. aid for trade, aid for adaptation to global warming, aid effectiveness, etc.).
- The major dilemma of donor engagement with the fisheries of developing countries has to do with resolving the tension between the need for employment, the vulnerability of fisheries resources and the lack of domestic capacities for management, surveillance, control and enforcement, let alone technology, processing and marketing.
- Among the new policy areas, the following are worthy of promotion: tailor made country plans focused on sustainable fisheries management, ecosystem approaches, a strengthened role for the state in research, monitoring and surveillance; greater emphasis on pioneering projects for rights based fisheries governance regimes, science based community projects, capacity building in sanitary controls.

- Given the revolution in the food marketing sector, fish products exports from developing countries would require promotion of modern marketing arrangements that combine economies of scale in refrigeration, processing and transportation with effective collection systems adapted to the cost effectiveness, energy and resilience of the small scale sector.
- The fisheries sector also provides a good illustration of the importance of untying aid, reducing its fragmentation and enhancing its effectiveness (including through better coordination, harmonization and alignment as agreed by the DAC and the international community under the Paris agenda).
- Twinning approaches to capacity building grounded in local communities, skills transfer through regional institutions and targeted training give better results than traditional technical assistance delivery through resident experts.

Knowledge and Evaluation

- There is considerable dissatisfaction with the poor state of fisheries resource statistics and the absence of relevant measurement indicators that accurately capture the policy coherence for sustainable development of fisheries policies and institutions.
- There is a need to fill the wide gap in independent performance evaluation systems that reach beyond aid and examine the footprint of all relevant OECD policies on the fisheries prospects of poor countries as well as the fisheries governance record of developing countries.

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PART I

OPENING OF THE WORKSHOP AND KEYNOTE ADDRESSES

Chapter 1

Welcome Address by the OECD Deputy Secretary General

Kiyo Akasaka

I would like to extend a warm welcome to you on behalf of the Committee for Fisheries and the Development Assistance Committee of the OECD to this two-day Workshop on Policy Coherence for Development in Fisheries. OECD. In my capacity as Deputy Secretary-General for Development and Sustainable Development, I strongly support the joint sponsorship of this event by the two Committees. I also welcome you on behalf of the OECD Secretariat's Directorate for Food, Agriculture and Fisheries and the Development Co-operation Directorate, who have organised this event with the co-operation of the Development Centre.

This is also my opportunity to express our appreciation to all those who are contributing to this meeting, notably for the financial contributions by the United Kingdom, the Czech Republic and the World Bank, which have made the Workshop possible.

The Workshop is organised around the theme of policy coherence for development, a theme of critical concern to the OECD. Policy coherence and incoherence both within and between OECD and non-OECD countries has a major impact on the livelihoods and poverty status, economic performance, social conditions and food supply of millions of people throughout the world.

For us, the term “policy coherence” entails the systematic application of mutually reinforcing policies across government departments to help achieve specific objectives in line with our commitment to internationally agreed development goals. Our work on policy coherence leads us to ask questions such as: “Do our trade policies reinforce our development co-operation policies, or do they work at cross purposes?” or “Do our development co-operation policies encourage good governance in developing countries?” Or, “How can we promote economic growth at the same time as environmental sustainability in the developing world?”

Policies in the fisheries sector, together with those in agriculture, migration and the arms trade, are often cited as among the most glaring cases of policy incoherence with regard to development. Why is this still the case? This Workshop provides case studies and concrete examples to illustrate the problem and the issues raised. It will also provide an opportunity to identify concrete ways to foster policy coherence for development.

Policy coherence for development has been a horizontal activity in the OECD Secretariat for a number of years. Many Directorates have looked systematically at OECD-country policies in a series of policy domains, including development assistance, agriculture, trade, investment, health, migration, environment, and assessed their impact upon development in developing and transition economies. The results of these efforts have been published, for example in a series of publications called “The Development Dimension”, which are on display outside. The latest of these is concerned with coherence in the fisheries sector, entitled *Fishing for Coherence: Fisheries and Development Policies*.

One of the fundamental challenges posed by the policy coherence agenda is that of getting different policy making communities to communicate with each other. Earlier this month, the OECD’s Development Committee and the Environment Policy Committee met at Ministerial level and formed a strategic alliance to improve the integration of environment into development activities and programmes. The two documents adopted by Ministers to ensure joint follow-up action are available for you outside the room.

Today’s Workshop represents the first occasion on which the fisheries and the development assistance policy communities have come together to share their perspectives on the ways in which the two policy domains interact. And here I would like to pay particular tribute to Lori Ridgeway, Chair of the Committee for Fisheries, for her leadership and support of the coherence agenda. Your efforts to bridge this divide will, I hope, lead to more co-ordinated and effective development co-operation in the critical fisheries sector. I also hope that your example will inspire other policy communities to come together to address coherence issues, so that they, too, will better understand each other’s concerns and priorities.

This Workshop will examine three critical dimensions of policy coherence as it is related to the problem of fisheries and development. The first is the issue of **fisheries access agreements**. As you know, these agreements between OECD countries and coastal developing countries permit high-tech industrial fishing fleets to fish in territorial waters of developing countries in exchange for payments. Such agreements can contribute to development as they provide much-needed foreign exchange and they might generate local employment. However, they can also lead to increased pressure on limited fisheries stocks in zones fished by developing countries’ fishers. This has contributed to conflicts, at times violent, between the foreign, industrial fleets, and the local commercial or artisanal fleets, for example on the North and West African coast. Our book on *Fishing for Coherence* outlines one such case where Distant Water Fishing Nation vessels, when operating inshore, have led to conflicts with the artisanal fleets. In Senegal declining catches have been blamed on industrial fishing. In response the artisanal vessels now go further offshore and the potential for conflict has increased. Such conflicts offset the benefits from access agreements. There is a similar case in Mauritania, where there also seem to be major amounts of unreported fishing undertaken by foreign fleets. This is clearly not a sustainable situation and could lead to stock collapse, a reduction in revenue

for Mauritania's economy and the fishing country's consumers, who will be deprived of an important protein source.

The second dimension of this workshop is the **role of trade policies**, and the benefits that they provide to developing and OECD countries. OECD's work on fisheries policies has clearly shown that high tariffs in some OECD countries have led to damaging processes of tariff escalation and tariff peaks which create serious problems for the development of the fisheries sector in developing countries. For example many OECD countries apply higher tariffs on processed fish products compared to tariffs on raw materials; this concerns in particular products of tuna and shrimp and salmon where some developing countries face difficulties in creating their own processing industries. We need to identify which OECD country policies regarding tariffs, as well as non-tariff barriers such as sanitary and phyto-sanitary measures, present the largest obstacles to the development of fisheries-based export sectors in the developing world.

The third and final dimension to be explored in this workshop is the **contribution of development assistance policies to the governance of fisheries and aquaculture**. This part of the meeting will include a short film, sponsored by the Czech Foreign Development Co-operation Programme, about seasonal ponds in African floodplains.

I would like to close by **underscoring the importance of policy coherence in the case of fisheries for many OECD countries**. This workshop is evidence that it is possible to bring together two distinct policy communities to grapple with how to address issues that cover both of their areas. Another challenge of the Policy Coherence agenda, is that of reconciling the different constituencies served by those policy communities whose interests are not always the same. In this case, two major groups stand out. The first constituency is that of fishers in the developing world, their families, and other economic actors or sectors involved in or that benefit from fishing activities. The second is that of OECD country consumers, whose interests lie in access to reasonably priced and high-quality fisheries products for consumption, whether those products come from developing countries or OECD countries. For example, in my own country, Japan, fish consumption is extremely important for cultural and traditional reasons. I am sure that the same can be said, with the appropriate cultural distinctions, for many OECD countries. Over the course of the next two days, I suspect that we will find that there are many instances in which the interests of these two constituencies can be brought into better alignment.

I would like to close by wishing you a stimulating and productive workshop.

Chapter 2

Opening Address by the Swedish Ambassador to the OECD

Gun-Britt Andersson

I would like to extend a warm welcome to all participants on behalf of myself and in my capacity as chairperson of the Development Centre governing board which is also contributing to the coherence work of the OECD. It is a true pleasure for me to open this workshop. It represents a concrete expression of the increased attention policy coherence is getting within OECD and in the Member states. The workshop has gathered a wide range of parties and experts on fisheries and development from OECD and developing countries, from bilateral and multilateral agencies, as well as from academia and civil society. It is a hallmark of OECD to convene experience and knowledge to deepen the understanding of policy issues and to provide evidence-based policy advice. This time the objective will be to bring the fishery and development policy communities in capitals closer to one another and to provide a perspective from the south. I guess that I as ambassador of Sweden to the OECD, has been asked to address this workshop because of my governments policy on global development that was decided by parliament a couple of years ago. With support across the whole spectrum of political parties and after extensive study and consultations our country is committed to give consideration to the global development objectives in all policy areas wherever it is relevant. As to fishing I am no expert but an eager not so skilled amateur fisher. When retiring I am determined to at least double my annual catch to four pikes and 40 perches. I don't think my plans will have any coherence implications or mean anything to the stock unless I unlawfully fall for the temptation to try my rod in the little stream where the trouts breed. Sustainability will require adherence to regulations also from me.

Bearing in mind what Kiyo Akasaka has just said, I would like to re-emphasize that a meaningful working definition of policy coherence for development goes well beyond doing no harm and avoiding counterproductive policies in terms of impact on developing countries. Policy coherence entails the systematic integration of development concerns and a search for synergies of policies across government departments to help promote the achievement of the internationally agreed development goals along with other global and national policy objectives.

This more active interpretation of policy coherence for development is particularly relevant and useful to understanding coherence issues in the fisheries sector with its many aspects, relating to the environment, to technology, economic, social, and governance dimensions.

It is also useful to look at policy coherence for development at the various levels of policy making: the international, the regional and the national. Examples of incoherence can be found at all these levels, but so can opportunities for mutually reinforcing policies that help achieve internationally agreed objectives.

First, at the international level, a widespread consensus recognises fisheries, including high seas fisheries, as a critical component of our global resources – a shared but scarce global common. It will continue to constitute a global public good only if it is managed in a sustainable manner. Concerns for marine ecosystems and replenishment of stocks of fish moving across man-defined boundaries are common responsibilities for all nations, developed but also developing. In glancing through the material for this workshop it is obvious that there are legal, institutional and exploitation patterns in fisheries that fail the test of sustainability. Both developed and developing countries can do better in this regard in their own policies and in the regional fisheries bodies. They must share responsibility for better international co-operation as well as for monitoring and enforcement of agreements.

The precarious situation of the marine ecosystems and of fish stocks calls for continued urgent consideration and action. The demand for fish is rising with population growth and of increasing income levels in developing and developed countries. Over-fishing is threatening the future sustainability of fisheries, marine biodiversity and ecosystems. The nutrition and livelihoods of millions of poor people, men, women and children in developing countries are at risk from this state of affairs.

Experience has shown that sustainable management of the global commons cannot be effectively addressed by individual countries acting alone. Regional fisheries management bodies show mixed results. The commitment in the UN Straddling Stocks Agreement to strengthen these bodies must continue urgently as should ongoing discussions on management of found only in international waters. .

How well do developing countries fare as to access to global commons? Not particularly well, as they do not have sufficient resources (capacity or money) to promote their interests on an equal footing with OECD countries. Yet, as I have already emphasized, poor people in developing countries have the most to lose if the commons are diminishing or depleted.

At the international level, the multilateral institutions are important players as neutral for a for monitoring and negotiating better rules of the game, for the provision of technical expertise and funding of development. In the background papers for instance on access agreements, it transpires that experiences and practices varies greatly between regions and individual developing countries. One would wish that developing countries should be able to benefit from peer-learning and best practices activities the way Sweden and others do within OECD. Shouldn't it be a prime role of the international organizations in this field to help strengthen institutions and voice of developing countries, equipping them to pursue their own interest rather than subjecting them to random project activities. It is our collective responsibility to ensure that the multilateral institutions function efficiently and promote environmentally, economically and socially

responsible practices in their programme and project work. For funding organisations, this includes application of the precautionary approach and ecosystem considerations.

Another key international aspect concerns trade. It is interesting and encouraging to note how very fast fish exports from developing countries have increased during the last decade. It is an indication of what can happen in areas where developing countries have a comparative advantage and no trade barriers hamper their efforts. Agricultural markets are the relevant comparison. However fisheries markets also have trade barriers. Even if average tariffs are comparatively low there are individual exceptions and tariff escalations that require attention in the ongoing WTO-negotiations along with non-tariff barriers of various kinds. I'm proud to note the pioneering analytical work of the OECD Fisheries Committee in this regard.

The second level of high importance for the fisheries sector is the regional level. Here we find the cornerstones of the international order in the 20 or so regional fisheries bodies. Here too coherence problems occur primarily because of insufficient institutional and financial capacity of developing countries. Ongoing work to evaluate and strengthen these organisations, in particular those dominated by developing countries deserve higher priority.

For members of the European Union like Sweden, a number of fisheries policies are common to the 25 member states. In recent years increased attention has been given in Brussels to the perceived and actual incoherence between the fisheries and development co-operation policies. It will be interesting follow the assessment of this workshop of the EU-reforms.

Allow me a personal observation. I still sense that we too often when we discuss policy coherence we tend to apply the perspective from the north – by emphasizing that the task e.g. in fisheries is to bring the development and fisheries policy communities together in our own capitals. While that is useful in itself, we should also look for, recognize and encourage regional and other co-operation between developing countries. Making progress on coherence will most likely be assisted by stronger demand and influence from developing countries themselves - a shift of power now probably facilitated by the increasing exports and also consumption of fish by fast-growing developing countries.

This brings us to the national level. While national governments must ensure coherent decision making at the international and regional levels, they also have to keep their own houses in order. This calls for a pro-active, systematic approach to ensuring coherence.

Through our policy on global development we have created the frame work for such an approach in Sweden. All government sectors are required to report on results and on how they have managed to integrate a development perspective into their policies and activities to the Parliament every year. Sweden's approach is a positive one. Thus even agencies that could not identify a negative impact of their policies on development objectives are encouraged to find synergies that can create mutually reinforcing positive effects. Sweden is also serious about efforts to manage the global or in some cases regional commons like fish stock well. To over-come the problems of free-riding in such endeavours is a coherence issue.

Sweden is applying its model. Other OECD member countries have chosen different approaches to policy coherence and this collective experience has been synthesized within OECD into an analytical framework for institutional approaches to achieving policy coherence for development. Political commitment at the highest level, analytical

capacity and co-ordination are the pillars of the framework. Without the political will at the highest level of government, good analysis and readiness to reconsider some shortsighted national interests, coherence is impossible to achieve. And governments need the pressures for change and accountability from civil society. They need to be convinced that change can be in their own best interest.

The process of exchanging experience and learning from one another, which is a hallmark of OECD's methods of work, is becoming increasingly important also in the domain of policy coherence for development.

By bringing together the relevant policy communities, providing an updated analytical underpinning, raising awareness, and sharing experience and good practice this workshop can move all players towards more coherent, sustainable fisheries and development policies and actions. I take it that the observations of this workshop will be reported to the DAC and to the Fisheries Committee, as well as to the Council of the OECD.

Chapter 3

Policy Coherence in Fisheries and Aquaculture: Possibilities and Constraints¹

This paper will identify and discuss various issues related to policy coherence in fisheries and aquaculture. It is written as a commentary on and in dialogue with OECD's earlier scoping paper on the same issue (OECD 2005), and tries to apply and validate some of the categories and recommended research strategies of that OECD paper. While it is easy to support the ideals of policy coherence on the theoretical level, the "realpolitik" of most OECD countries often dictates other solutions. This paper supports the merits of larger policy coherence while at the same time it warns against simplistic perceptions and solutions. As is so often the case in studies of fisheries management, the following account represents a compromise between what could be desirable in the ideal world of politics and what is possible in the real world, given a number of well-known constraints. It is a balancing act between TINA (There Is No Alternative) and TATIANYA (There Are Truly Interesting Alternatives Not Yet Acknowledged).

1. This chapter has been prepared by Professor Bjørn Hersoug of the Norwegian College of Fishery Science, University of Tromsø, Norway, bjoernh@nfh.uit.no.

Introduction

This paper will identify and discuss various issues related to policy coherence in fisheries and aquaculture. It is written as a commentary on and in dialogue with OECD's earlier scoping paper on the same issue (OECD 2005). While accepting the importance of policy coherence, both as a study area and as an important part of national and international politics, the paper tries to demonstrate that the field is not quite as new as is often claimed and that earlier writings and debates dealing with steering systems may also be useful in this context. Other theoretical approaches such as institutional theory may also be useful, indicating that policy incoherence often results from complicated processes which have no simple solutions.

Also within the more limited field of policy coherence per se, the choice of definition matters, signaling different levels of ambition, with definitions ranging from policies that are 'mutually supporting' to 'not contradicting'. While describing policy incoherence in four broad categories is useful, not all types of policy incoherence are self-evident. Some inconsistencies can be seen as the cost of social stability, while in other cases the cause and effect chain may be much more ambiguous than often claimed.

While it is easy to find examples of policy incoherence within all four categories identified by OECD, the reasons behind incoherence may be more complicated than suggested. Many decisions are due to neither a lack of information nor a weak institutional set-up, but rather due to institutional compromises between various sectors. What is considered incoherent may also vary according to sectoral interests.

Possible gains to be obtained by better policy coherence can broadly be classified as improved performance, better use of scarce economic resources, and finally, increased political legitimacy for government authorities at various levels. However, achieving policy coherence also comes with costs, and in some instances these costs may outweigh the benefits. Problems of policy incoherence will probably increase in the future due to a larger degree of interdependency in the fisheries sector, while increased attention on policy incoherence by NGOs and consumers combined with easier access to information may imply greater political focus on the problems.

In terms of policy interventions it is generally recommended that OECD continue its established work of providing reviews and expert advice, but with a stronger effort in research and education. In terms of research strategy quantitative work on indexes, such as the Commitment to Development Index (CDI) may serve to raise attention to policy incoherence problems, while detailed case studies are recommended to understand how policy incoherence is created and maintained.

The paper is divided into ten sections, each trying to shed some light on the main theme of this conference: "Policy coherence: possibilities and constraints". After this brief introduction, the second section deals with the definitions of 'policy coherence' put forward by various authors in this rapidly emerging field of scientific writing. The third looks more critically at the proclaimed need for more policy coherence. What is actually the problem (and for whom is it a problem)? The fourth tries to give some background, describing the *setting*, that is, fisheries and aquaculture in the developed as well as in the developing world. The fifth section focuses on the main problems. *Where* do we find them and *why* are they problematic? The sixth looks at some new challenges to policy coherence, arising from new approaches to poverty alleviation and the application of the Ecosystem Approach to Fisheries (EAF). The seventh section looks at who is to blame for

policy incoherence, while the eighth deals with benefits and costs resulting from greater policy coherence. The ninth focuses on what could be a *realistic approach to policy incoherence in the field of fisheries and aquaculture* given the large number of well-known constraints. Finally, the tenth section sums up the main arguments, warning against easy solutions to a problem that seems to be inherent in modern democracies, namely the need to coordinate an increasing number of disparate interests and policies. This section also offers some advice to OECD's future work within the field of fisheries.

What is meant by policy coherence?

According to OECD (1999:8), "In its broadest sense, coherence implies an overall state of mutual consistency among different policies". Forester and Stokke (1999:23) are more precise:

"Coherence may ... be defined as a policy whose objectives, within a given policy framework, are internally consistent and attuned to objectives pursued within other policy frameworks of the system – at a minimum, these objectives should not be conflicting; where strategies and mechanisms are attuned to the objectives, they should, at a minimum not conflict with the objectives or with the intentions and motives on which these are based; and where the outcome is corresponding to the intentions and objectives, it should, at a minimum not conflict with these."

Most definitions are similar to theirs. However, we are dealing with policy coherence on at least three levels of ambition: On the first various policies should be supportive of each other; on the second they should not be conflicting; on the third and less ambitious level decisions regarding conflicting policies should be made in an open and transparent manner to mitigate possible negative effects. So right from the start the level of ambition is quite crucial; hence, definitions matter.

However, it is also tempting to point out that policy coherence is just another version of a more classical problem, *i.e.* to determine how various steering systems can be used for articulating, transforming and weighing various interests, and transforming these into practical results. According to Hernes (1978), inspired by Dahl and Lindblom (1953), we can operate with four different steering systems:

1. *Markets*, where steering takes place through autonomous self-regulation and individual adaptations
2. *Hierarchies*, where responsibility for coordination of separate decisions rests with an administrative apparatus
3. *Polyarchies*, where responsibility for steering decisions rests with democratic institutions, based on political representation
4. *Negotiations* between organised interests, where distribution of scarce goods results from negotiated compromises between the interests involved.

As also pointed out by Hernes (*Ibid*), in the 'real' empirical world we will seldom face the need to choose between competing systems; instead, the choice to be made concerns what the optimal mix of steering systems is and what types of goods and services are best (and most legitimately) distributed through the various systems. There are for example market mechanisms that decide which vessel owners get the best skippers; furthermore,

certificates to these skippers are not for sale but are rather allocated through a bureaucracy, where decisions are based on the skippers' meeting certain prescribed qualifications. Resources are often (as in Norway) allocated through a complex process involving all four steering systems, whereby initial allocations are arranged by the bureaucracy, after formal decisions in the political system, and then implemented in close co-operation with organised interests while the daily trading of rights and quotas takes place through the market.

When Hernes and his colleagues examined Norwegian society 25 years ago they found several anomalies or steering problems which were to a large degree created by perversions of one or more of the steering systems. The same was found in the fishing sector, where Hersoug (1983) recognised capacity problems (for example, in the fisheries administration having problems handling the increasing number of administrative tasks), authority problems (as when some state institutions follow priorities other than those set by the Ministry), legitimacy problems (as when management decisions are not respected by fishers), representation problems (where it is unclear whether cooperating organisations are really speaking on behalf of fishers) and priority problems (where short-term crisis management seems to win out over long-term planning).

The similarity between the two perspectives is obvious; policy incoherence may be seen as a 'perversion' of existing systems, bearing in mind that some policy interventions are more difficult than others. Determining how to obtain the best mix of steering systems may also include determining how one steering system can be used to circumscribe another, as when anti-monopoly laws are used to regulate markets. So perhaps the field of policy coherence is not quite as new as it is often portrayed in the OECD literature. On the other hand, there is little doubt that the *attention* on such problems has been rapidly increasing.

What's the Problem?

First we need to specify the problem with reference to the fisheries and aquaculture sector. OECD (2005) identifies several types of policy incoherence on various levels within the fisheries. The first type of policy incoherence is *within a given sector policy*, as when a main challenge is to obtain sustainable resource utilisation while at the same time the state continues to subsidize fishing vessels or effort more generally.

The second type is also a "classic" in the sense that *one sector policy is counteracted by policy intervention implemented by another sector*. One famous example from Norwegian fisheries relates to the reduction of capacity in the purse seiner fleet by the late 1970s being completely overruled by the need to assist the shipbuilding industry, which introduced massive shipbuilding subsidies, including subsidies for purse seiners, thus severely affecting the original goal.

The third type refers to international politics where most countries (at least within OECD) are strong adherents of free trade (or freer trade) in order to assist developing countries entering the world markets, while at the same time they eagerly protect national industries or sectors such as agriculture. Whether we use agricultural policies in Norway, the EU or the US to illustrate this case, the problem is the same, *i.e. what is eagerly sought in the field of development assistance, is actively undermined by conflicting, protective sector policies at home*.

The fourth and last type is on the level of international treaties, as for example the Kyoto Protocol, aiming to reduce emissions into the atmosphere, where various countries continue to follow *national or sector policies that work against the primary goals of the agreement* (for example, increasing the number of polluting factories, lowering the price of gasoline, etc.).

Other scientists prefer to classify policy incoherence differently. Hoel *et al.* (2005) focus on *vertical* and *horizontal* coordination problems, where the vertical refers to different or conflicting policies on various levels (local, regional, national, supranational), whereas the horizontal refers to various other sectors, such as oil, environment, etc. having other priorities than the proper fisheries policy. Their particular case is the implementation of the LOSC policy from 1975 onwards. The implementation process triggered considerable conflicts and reorganizations on institutional levels in most nation states.² Later developments have shown that a *fisheries* framework is insufficient in meeting new demands from other sectors, thus necessitating policy interventions on meta level (such as *oceans policy*, which has been tried in Australia, Canada and New Zealand).

With specific reference to *policy coherence for development* (PCD) Picciotto (2005) suggests four categories to be used by OECD countries in analyzing their policies:

1. Internal coherence: consistency between goals and objectives in a specific policy or programme carried out by an OECD government
2. Intra-country coherence: consistency between aid and non-aid policies
3. Inter-donor consistency: consistency between aid and non-aid policies across OECD member countries in terms of contribution to development
4. Donor-recipient coherence: the consistency of policies adopted by rich and poor countries to achieve shared development objectives.

Hence, what is a functional categorisation depends largely on the focus of the analysis?

However, even when it is easy to find examples of policy incoherence in developing as well as developed countries, it is often hard to see for whom this is a problem. Policy incoherence in the agricultural policy of the EU (the CAP) is definitely not a problem for the farmers and they are not going to rally behind a demand for greater policy coherence. Agricultural politicians and bureaucrats are also unlikely to protest (against lack of policy coherence). And in the famous case of the EU's Fisheries Agreements, the archetype of failure to impose policy coherence, national elites in developing countries are normally not protesting, precisely because the negative effects are met by other groups, not present at the negotiation table. What I am indicating is that all types of policy incoherence are not self-evident, even if economists may see them immediately. According to OECD's (2003) Policy Brief, the analysis is seemingly simple:

“OECD taxpayers and consumers, as well as the people in developing countries, bear the costs of policy incoherence, whereas the benefits may flow to special interest groups. And vested interests in certain areas have been shown to be considerably more powerful than developmental interests.”

2. Many nations, including Norway, started implementing 200 miles Exclusive Economic Zones from 1976 onwards, while the LOSC was formally approved in 1982 and made binding from 1994.

However, as will be made very clear throughout the remaining part of this paper, a number of policy inconsistencies are due to different perceptions of “reality”. Some policy inconsistencies can thus be seen as “institutional compromises”. All Scandinavian welfare states were originally based on some form of “class compromise” between labour and capital. Private ownership of the means of production was accepted, in return for increased security of employment, health and education. In this process farmers had to be aligned, which in the case of Norway laid the foundations for a strong cooperative sector and a permanent subsidy regime. Whether this should be judged as the arch type of policy incoherence or as the cost of social stability depends again on the perspective of the viewer and not least on the time horizon.

As pointed out by Picciotto (2005) in a most recent OECD publication on the theme, full policy coherence can only be achieved by a competent dictatorship operating in a stable environment. The limits of coherence have also been shown theoretically by Arrow (1963), pointing to the importance of agenda setting and the sequencing of votes. In many cases incoherence arises as a result of circumstances outside the control of policymakers. Hence the distinction between *intended* and *unintended incoherence* may seem useful.

In the case of fisheries rationalisation it is easy to see that certain policies may be rational and consistent from a strictly economic point of view, while clearly irrational from a social point of view (increasing the number of unemployed and the level of poverty). In other cases cause and effect chains are not self-evident. Consequently, not all types of policy incoherence are due to vested interests, negligence, lack of information or bad institutions to remain in the OECD parlance. Hence, remedies may also be sought in other areas, a theme I will return to in a later section. But first a short review of the setting, fisheries and aquaculture in developed as well as developing countries.

The Setting: Fisheries and Aquaculture in Developed and Developing Countries

According to FAO (2002) there are globally an estimated 30 million fishers, of whom at least 22 million are engaged in small-scale fisheries. If activities such as marketing, processing and auxiliary industries (net making and boat-building) are included, some 88 million people are employed in small-scale fisheries. With family members, as many as 150 million people may be dependent on these fisheries, although it should be stressed that the figures represent *estimates*; they are seldom based on detailed statistics³.

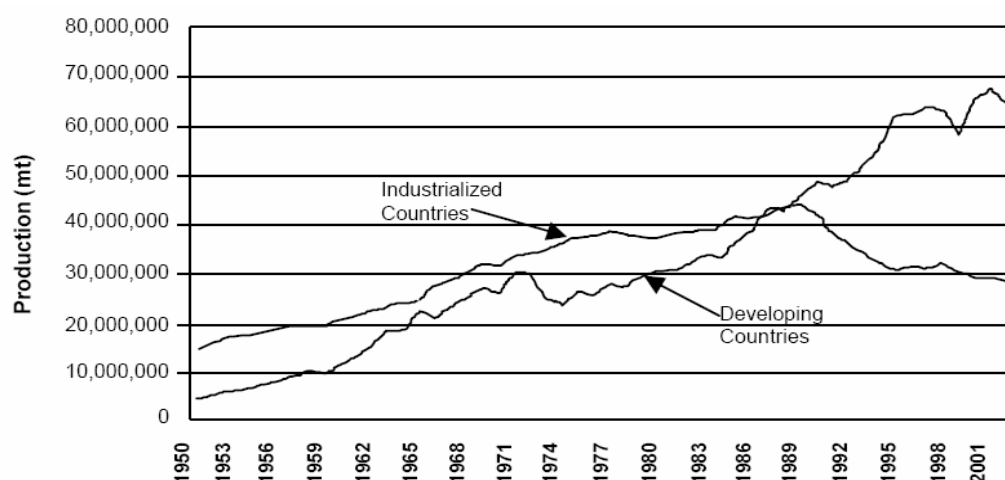
Turning to the economic importance of fishing, according to the latest calculations by the World Bank (2004), very few countries can boast of a GDP contribution by the fisheries that is higher than 5%. Of the twelve countries on the World Bank list, six are small island developing states; Kiribati (13%), Maldives (13%), Solomon Islands (12.8%); Marshall Islands (9 %), Samoa (6.6%) and Fiji (5 %), and the remaining six comprise Namibia (7.5%), Bangladesh (7%), Ghana (7%), Senegal (7%), Vietnam (6%) and Myanmar (5%). Hence, on a national level, fisheries, including aquaculture, are normally not considered among the most important economic sectors. If focus is on the

3. The explanation for the different estimates is largely found in different concepts of *fisher* (full time or part-time, including aquaculture farmers or not), the multiplier effect used to derive employment in associated employment such as processing and marketing, and finally the multiplier used to derive the number of family dependents. Hence the estimates may vary by a factor of 1:10 as in the case of Southern Africa where FAO (2001) operates with 215 000 fishers in the small-scale marine fisheries, while SADC (2003) estimates the number to be 2.3 million people depending on these fisheries for their livelihood.

regional or local level, the situation may be completely different, with a large number of provinces and communities being directly dependent on fishing and aquaculture, often with few or no other alternatives. Here the up-stream and down-stream activities may also be substantial (Delgado *et al.* 2003).

The greatest importance of small-scale fisheries is not the number of people involved or in their contribution to the GDP, but their share of the global catch and consequently of the trade in fish and fish products. It was estimated in 2002 that small-scale fisheries caught approximately 50% of the fish used for human consumption. Currently more than 1 billion people rely on fish for their main source of animal protein (Pomeroy and Williams 1994). Hence, to the extent that food security is on the agenda, supplies are to a large degree dependent on the contributions of small-scale fishers.

Figure 3.1. World fish production from capture fisheries, industrial and developing countries (1950-2001)



Aid or trade?

In spite of more than 5500 fisheries and aquaculture projects based on *aid* since 1950 (www.onefish.org), *trade* is still by far the most important contributor in economic terms to development in and of the fishing sector and the fishing communities, even in the small-scale fisheries. In 1961, according to global statistics, total fish production was on the order of 40.5 million tonnes; by 1976 on the eve of the introduction of the LOS Convention it had increased to 72.6 million tonnes. During the next 25 years it nearly doubled, due to the enormous increase in aquaculture.

Three aspects that should be noted (Table 3.1). Firstly, the developing countries experienced an impressive growth in the period 1961–1976 (from 17 to 31.4 million tonnes), but their share of the total production increased only slightly (from 42% to 44%). In the next period (1976–2001), after the introduction of EEZs and in combination with intensive aquaculture, their share of total fish production increased to 77% in 2001, clearly indicating that most of the fish production in the world today takes place in developing countries, and in particular in Asia. Secondly, the poorest countries experienced a doubling of their total fish production 1961–1976, while in the next period

they increased their production two and half times, showing a total increase of 857% for the whole period.

Table 3.1. Trends in Fish Production (FP) and Human Population (HP)
(production in million metric tonnes and population in billions)

	1961		1976		2001		% 1961/2001	
	FP	HP	FP	HP	FP	HP	FP	HP
World	40.5 [100]	3.1 [100]	72.6 [100]	4.1 [100]	142.1 [100]	6.1 [100]	250	97
Developed	23.6 [58]	1.0 [32]	40.7 [56]	1.1 [27]	33.2 [23]	1.3 [21]	40	30
Developing	17.0 [42]	2.1 [68]	31.4 [44]	3.0 [73]	108.9 [77]	4.8 [79]	540	128
LIFDC	8.0 [20]	1.7 [55]	15.9 [22]	2.4 [59]	76.2 [54]	3.9 [64]	857	129

Figures in [] are shares of world total in respective year).

Source: Kurien 2004.

Thirdly, concerning the Malthusian perspective, the degree to which the population is increasing faster than food production, we see from Table 3.1 that while the population increase in developing countries was on average 128% for the whole period, the increase in fish production was 540%. Even for the LIFDCs⁴ the population increase was about similar (129%) while the increase in fish production was six times higher (857%).

Whatever way we look at it the developing world has experienced an enormous growth in fish production. Fish is therefore for many developing countries the most important cash crop (more important than a number of agricultural cash crops such as coffee, cocoa, rice, etc). Fish is not only considered as source of export income, but as a solution to poverty problems as well. Fish can be turned into cash within a very short time, and fishing, for example through the sale of licenses, does not involve the large development costs that agriculture or mining do.

Fisheries and poverty

What is the relationship between poverty and fisheries? (All decent fisheries projects nowadays start by defining the ultimate project goal as contributing to “poverty alleviation through sustainable resource management”). Therefore, we must start by asking: To what extent are the small-scale fishers poor, or part of “the poorest of the poor”?

So far it has often uncritically been assumed that small-scale fishers are by definition poor. As pointed out by Béné (2004) we have very little knowledge about the degree of poverty among small-scale fishers. Their role in National Poverty Reduction Strategies (NPRSs) is nearly negligible (FAO-DFID 2002, Thorpes 2004); in the academic writing on poverty there is very little specifically on fishers. Globally it is estimated that 1.1 billion people are living on less than USD 1 per day (the World Bank’s global poverty line). If we assume that the directly fishery-dependent people represent the average in their respective countries, this would imply that some 23 million people are living on less than USD 1 per day (FAO 2002). To this figure should then be added that a much larger

4. Low Income Food Deficit Countries (LIFDCs), comprising some 80 countries among the poorest in the world.

number of people are partly dependent on fisheries, often in combination with other occupations (agriculture, trading, construction, etc.) where fishing is an important part of their livelihoods. This means that at least 50 million people depending on the fisheries may belong to 'the poorest of the poor'. Even if the more precise figures are missing, the rough estimates indicate that if the right development strategies are found, there is a considerable potential for assisting some of the 'poorest of the poor'. This could contribute directly to Goal 1 of the Millennium Development Goals (MDG), which is to eradicate extreme poverty and hunger. This would in turn, through increased income, also contribute to other important MDGs such as improving education, reducing child mortality, improving maternal health, etc. Hence, there is a connection between fisheries development and poverty alleviation, but quite often not as evident as proclaimed, and with a number of unanticipated side effects. This applies whether fisheries development is pursued through aid or trade. In either case a number of conditions have to be in place if development is to favour the poor, and especially the "poorest of the poor".

Shortly summarised; fisheries and aquaculture represent a sector with considerable potential for policy incoherence, especially in a development perspective.

Where are the Main Problems?

Concerning the four types of policy incoherence, the first type may seem a strictly internal matter, to be left with the sovereign states. However, upon closer inspection, even sectoral internal inconsistencies may have important spillover effects, as when subsidies produce overcapacity, which in turn has to be exported to developing countries or applied to fishing in international waters. In some countries such inconsistencies are produced due to weak fisheries administrations' being "captured" by influential user groups, in others inconsistencies are institutionalised compromises between industrial and artisanal or small-scale operators. More clearly formulated goals and accompanying strategies may assist in making such conflicts more visible and hence available for political discussions and deliberations outside the strictly defined fisheries segment. In most OECD countries such internal inconsistencies have produced massive overcapacity, thus representing a permanent pressure on the resources as well as continuous demands for support and subsidies. In developing countries such inconsistencies may have distorted the original comparative benefits of the small-scale fleet), with resources partly privatized by the industrial sector. In both situations the resource rent is squandered and the costs of fisheries administration and management have to be covered by state coffers.

The second type of policy incoherence, conflicts between various sector policies, is definitely more common in industrialized countries. Many fishing nations, such as Norway, the EU members and Japan, to mention but a few, find that fisheries policies are often overruled by stronger sectors such as industry, agriculture or energy. This may reflect that even in fishing nations, fisheries and aquaculture represent only a very small portion of the entire economy (for example, only 1% of GNP in Norway). With oil and gas export responsible for more than 50% of total exports and fish and fisheries products for 5-6%, chances of the fishing sector being overruled are high in the Norwegian case. In many developing countries fisheries and aquaculture interests may even more easily be overruled, because the sector has few explicit plans and demands. In addition the fisheries and aquaculture sector will usually have few spokespersons on government level, able to defend the sector interests and in particular the small-scale sub-sector.

The third type of policy incoherence is definitely of greatest public interest, having been intensely focused on by researchers and politicians interested in development issues over the last 30 years. Even if fish and fisheries products are considered to be industrial products within the WTO, trade barriers as well as non-tariff barriers still represent a major stumbling block for many developing countries intending to market their produce on the best paying international markets. The attempt of blocking Vietnamese catfish from entering the American market (and hence protect its national producers) may be an illustrative case, but such treatment is not reserved for developing countries alone; Norwegian salmon has been treated similarly on the EU market. In such cases the ideals of free trade are usurped by protective policies, which protect (a few) national producers from strong and more efficient competitors, most often to the detriment of the consumers, which have to pay higher prices for the same product.

The fourth type of policy incoherence, involving international treaties proscribing certain policies that are difficult to implement on the national level, is also well known in the fisheries sector. But quite often the cause and effect chain is not quite as simple as suggested by OECD (2005). Let us use the establishment of Marine Protected Areas (MPAs) as an example. In the World Summit for Sustainable Development's (WSSD) plan of implementation the establishment of MPAs, including representative networks, should be realised by 2012. MPAs have a role in biodiversity conservation and have been actively advocated by environmentalists also as a fisheries management tool. But as pointed out by Garcia and Doullman (2005) the matter is not as simple and straightforward as often anticipated. "It appears that that MPAs could be useful under certain conditions, but they are not a panacea for all the problems facing the fisheries sector" (ibid:185).

The usefulness of MPAs depends on the type of fisheries, the fleets involved, the administrative context, the monitoring, control and surveillance systems and not least, the fate of those fishers being excluded from the MPAs. Some countries, like New Zealand and Australia, have therefore been very active in implementing large MPAs while others, such as Norway and Iceland have been more skeptical, establishing smaller MPAs, mainly for scientific purposes. Again, what from an environmental point of view may seem like policy incoherence may be seen somewhat differently from the fisheries' point of view, not because MPAs have been "captured" by special influential fishing groups, but because the effects are at best ambiguous. Other issues of policy incoherence are more straightforward, such as Illegal, Unreported and Unregulated (IUU) fishing where nearly all fishing nations have pledged support to reduce such practices, while control on national level is often weak and with no effective sanctions vis-à-vis offenders.

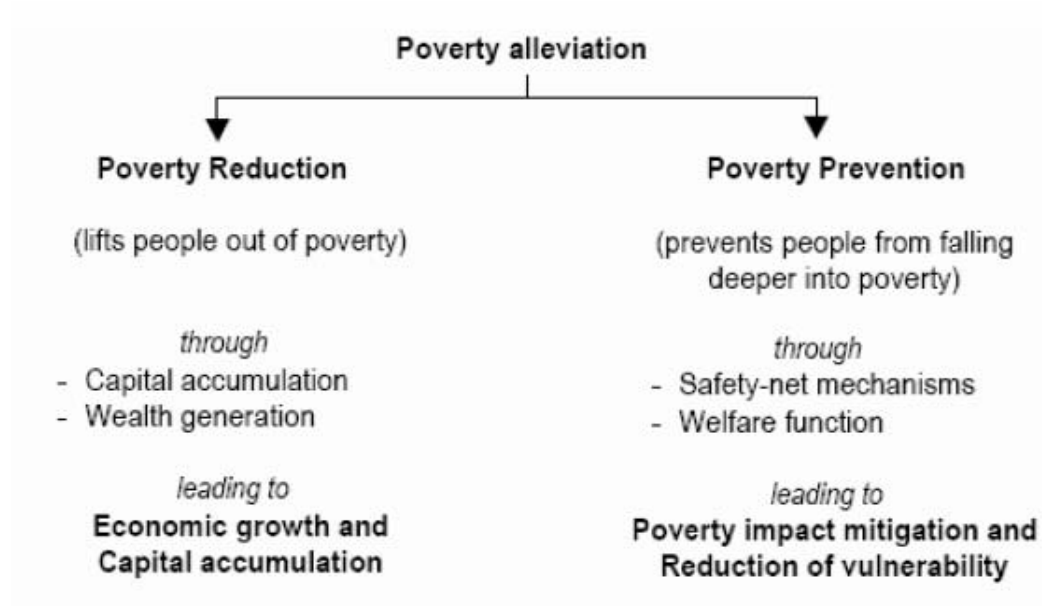
New Challenges: Sustainable Livelihoods and the Ecosystem Approach to Fisheries

So far we have been dealing with policy coherence from a sectoral point of view, having in mind that fisheries and aquaculture are normally organized in sector agencies, either with their own ministry or as part of a larger ministry of agriculture, food etc. This has also been the dominant mode of development interventions. Although the mode of interventions has changed over the years, starting with supplies of fishing gear, boats and motors in the 1950s and 1960s, ending up with institutional development in the 1990s, the main idea has all the time been to strengthen the fisheries (and aquaculture) sector. If we accept that poverty in fishing is due not only to the resource situation, we have to extend our understanding of the role of small-scale fisheries. As pointed out by Béné (2004) small-scale fishers may often be no worse off than their rural neighbours in terms of

income, living conditions or socio-economic status. However, their vulnerability is certainly greater, because they have to cope not only with a very risky natural environment, but with large resource fluctuations as well as market fluctuations. At any time they run a considerable risk of losing their entire production capital (boat and gear), for which reason most banks are reluctant to grant loans. Hence, many small-scale fishers with little or no collateral are dependent on middle-men, who normally charge considerably higher rents than ordinary banks. But vulnerability is different from poverty. Farmers and fishers may both be poor, but the fisher will most often be considerably more vulnerable than the farmer. Hence, when dealing with poverty alleviation it may make sense to make a distinction between poverty reduction and poverty prevention. The relationship can be illustrated as in figure 2 from Béné (2004).

Accepting this distinction may also imply a different view on policy interventions. So far most explicit policy interventions, whether in terms of national fisheries policies or in terms of development assistance have been geared towards sector development, and poverty reduction (on the left side of Figure 3.2).

Figure 3.2. Aspects of Poverty Alleviation



Source: Béné 2004.

If, as indicated above, the capacity of small-scale fisheries to generate considerable income and employment is severely circumscribed; the resources are limited and the small-scale fisheries, especially in Asia are already heavily oversubscribed. Consequently we may have to reconsider the role of small-scale fishing more from the point of view of poverty prevention, to see the fisheries as a safety net and a welfare function, able in many places to reduce the vulnerability of coastal and inland people that are only partly dependent on fishing. To simplify: if the vulnerability dimension is considered the most important aspect of alleviating poverty, some of the traditional management approaches,

such as limiting access in order to improve catches, may turn out to be counterproductive. In the process of improving the situation for the bona fide fishers, one runs the risk of excluding the poorest of the poor, those resorting to fishing in times of crisis, or those participating only part-time in fishing, using the income from this activity to supplement their other income-generating activities. This argument is not meant as an unconditional plea for open access fisheries, which under the current circumstances may produce little or no fish for any of the fishers involved, whether they are full-time or part-time, but it can serve as an important reminder of the need to reconsider the role of the small-scale fisheries.

While rationalisation of the fisheries in most industrialized nations has implied increased income (and reduced employment), these nations most often had alternative employment possibilities for the redundant fishers. This is most often not the case in many developing countries, and the cost of rationalising the fisheries may imply increasing the vulnerability of the poor. What is important in this context is that a policy aiming at reducing vulnerability will also require much more in terms of coordinated policies between various sector-ministries and departments, including also the donor side in case of development policies. So while sustainable livelihoods (based on participation in many sectors) may be a desirable policy goal, this will in turn increase coordination problems and hence the risk of policy incoherence.

The same goes for the Ecosystem Approach to Fisheries (EAF). While definitions of this concept vary considerably according to various stakeholder groups (see FAO 2003, Garcia *et al.* 2003 for authoritative definitions), the essence of the EAF approach is well described by Fluharty (2005): “using what is known about the ecosystem to manage fisheries”. This approach acknowledges that fisheries decisions take place in an ecosystem context and that ecosystem knowledge can assist in managing fisheries production and identifying fishing’s effects on ecosystems. Moreover, this approach recognizes that our knowledge of ecosystems and of fishing’s effects on them is incomplete such that fisheries management policies must constantly be reviewed and adjusted in order to assure that they meet the broad goal of sustainability, that is, contributing to a sustainable development of all sub-systems. FAO (2005) describes the implications as follows:

- “fisheries should be managed to limit their impact on the ecosystem to an acceptable level;
- ecological relationships between species should be maintained;
- management measures should be compatible across the entire distribution of the resource;
- precaution in decision-making and action is needed because the knowledge on ecosystems is incomplete;
- governance should ensure both human and ecosystem well-being and equity”.

There is intensive debate about how EAF could be framed and about its merits and costs, but as policies are formulated there will undoubtedly be *increased risks of policy incoherence* because of the need to involve more stakeholders (*e.g.* fishers, environmentalists, tourism) and to strike compromises between them.

Who is to Blame?

According to OECD's (2005) scoping study there are four basic causes for policy incoherence:

- Lack of policy coordination
- Inadequate decision making
- Political decisions
- Lack of information and understanding.

I am not quite sure how useful these categories are when we start analysing the fisheries' reality. This lack of coordination could be seen as a result of inadequate decision making machinery, which is truly an institutional issue. That political decisions are causing policy incoherence is fairly obvious, but in this case we must anticipate that the incoherence is unanticipated, at least by the politicians. The final category; lack of information and understanding, indicates that with better information and improved understanding results could have been better.

Believing in the merits of rational thought, we should not rule out the scope for improvement by better institutional and informational set-up, but my guess in the field of fisheries is that in a large part of the cases of policy incoherence, information is available. In many cases even information on the negative aspects of such decisions is also fairly well known. Hence the decisions producing policy incoherence are made because some stronger stakeholder groups/alliances demand precisely this outcome.

Returning to my previous example from Norwegian agricultural policy, I find that the reasons for its obvious policy incoherence regarding the developing world are not either lack of information or bad institutions, but rather the influence and importance of agricultural parties and lobbies.

If OECD would like to influence such clearly political decisions, it is fairly obvious that it must do so through "mild pressure", that is, through information and ultimately through international treaties. Indeed, OECD has followed this line for a number of years through its annual reviews of its member states' policies; hence, in 2004, Norway received praise for its international co-operation policy, and in particular for its contribution to development funds, whereas it was heavily criticized for its protectionist agricultural policies.

And mild pressures and international treaties work. In the Norwegian case there is little doubt that the dramatic decline in fisheries subsidies largely resulted from the European Economic Space (EES) Agreement, which obliged all signatories to reduce direct price subsidies in the fisheries sector. At that time (1990) fisheries economists had demonstrated the irrationality of giving price subsidies in a situation with growing overcapacity for more than ten years, but to little avail. When the Main Agreement (between the State and the Norwegian Fishermen's Association, acting on behalf of the entire industry) regulating subsidies was abolished in 2004, the fishing industry hardly protested because direct price subsidies no longer had legitimacy. In addition it realised that the main issues were now fought in another arena, namely resource allocation.

The argument presented above is not ruling out the possibility of improving policy coherence through better institutional design, better decision making systems and better information systems; but if root causes are political, they can best be defeated on the political level by a coalition of political forces on the local, national and international

levels. This coalition will in turn depend on a combination of market forces, civil society and state powers.

For example, the banning of Mexican shrimp because shrimping vessels were not using dolphin-safe fishing gear was in the US considered a great triumph for the close co-operation of NGOs, consumers (“do not buy products without the dolphin safe label”) and trade authorities. However, the same policy was considered by Mexico to be a typical non-tariff trade barrier which harmed disproportionately Mexican fishermen. Rational politics is not always perceived as such by all parties.

Norwegian fisheries authorities still believe in the sustainable catching of minke whales, as part of a general policy of sustainable resource utilisation, but find that most of the world disagrees, at times violently. However, Norway has decided to continue whale hunting despite the anticipated costs, as a matter of principle, and not because it does not have the right institutions, an inferior decision-making system or lacks information. In fact, whale *research* has during the last 15 years cost more than the value of the entire catch.

The point is simple: not all decisions regarding 'incoherence' are made misguided. And change, when it occurs, generally comes about because of the threat of adverse economic consequences. Precisely for this reason most small OECD countries, but also weak developing nations, are best served by international agreements, regulating economic sanctions, such as the WTO agreements and similar multilateral arrangements.

What are the Benefits and Possible Costs?

On a general level the OECD scoping study (OECD 2005) outlines the possible benefits of policy coherence. They can broadly be classified as better performance (better results - results according to plans and projections), better use of scarce economic and manpower resources, and finally, increased political legitimacy for government authorities at various levels. These potential benefits are all possible in the fisheries sector, but obtaining them depends on building the right political coalitions, which in turn have to be backed by the public. Such policies may also have to provide compensation for the losers, as in the case of capacity reduction.

What about the possible costs? This is an issue hardly dealt with in the overwhelmingly pro-policy-coherence literature. Firstly, policy coherence comes at a cost, both politically and administratively. Anybody who has tried to align fisheries policies with agricultural policies can attest to the extremely time-consuming efforts necessary in the (frequently futile) pursuit of major policy change. Not all types of policy coherence are worthwhile pursuing. Sometimes administrative and political costs outweigh benefits.

Secondly, some would see greater political and administrative decision making as a cost in the sense that it would signify the predominance of central planning over market forces, contrary to the trend of the last 20 years in OECD countries which has been to leave these issues to market forces.

Thirdly, *some* degree of policy incoherence could, as already indicated, be seen as a cost in the sense that compromise involves costs for those in a position of strength and benefits for those in a position of weakness. A *greater* degree of policy coherence could easily imply a lesser degree of compromise, *i.e.* greater political costs to implement more coherent policies.

What is a Realistic Approach?

If we still believe in the old slogan, that “charity begins at home”, one of the best places to start improving policy inconsistency is *within the fisheries policies* of the respective OECD member countries, the ones, that according to the scoping study should have “the full complement of ‘capital’ – human or otherwise – required to cope with increasingly dynamic environmental, economic, social and political conditions” (OECD 2005:95).

Bringing the internal fisheries (and aquaculture) policies in order, is in itself a major task, securing that major goals and policies in one area are not sabotaged or weakened through partly diverging policies in other areas. The need for internal consistency in the field of subsidies and catching capacity has already been mentioned, but there are other important areas as well, such as resource allocation. In a country like Norway where the coastal fleet has been designated the role of being “the backbone of the industry”, resources are increasingly being transferred to the large-scale and industrial fleets. If economic efficiency was the only goal, this type of allocation may make sense, but most often fishing nations, whether developed or developing, have several conflicting goals and the solution is to make sensible compromises, between economic efficiency, biological sustainability and social equity.

What is for example considered a sensible compromise between economic, social and biological goals in one country may be less favourably evaluated in another. To take just one example, the weight and importance still attached to regional concerns in Norway (in terms of maintaining a certain settlement pattern), may seem odd in New Zealand, where similar concerns play a minor role in the fisheries policy. On the other hand, New Zealand has over the last 25 years demonstrated a willingness to accommodate the concerns of its aboriginal peoples that is unprecedented in most other countries.

In most developing countries the issue within the sector policy is how to strike a compromise between more fish (for food), higher export income, increased employment and increased incomes (for the fisher population). This may require what Bailey and Jentoft (1990) describe as “hard choices”, but as pointed out by Hersoug (2004a) most often the different goals are not even discussed, much less considered in an open and transparent policy process.

Regarding conflicts *between sectors*, the classical one in Norway has been between fisheries and agriculture, where the fisheries sector has opted for free trade, while the agricultural sector has claimed protection. In other OECD countries there may be other sectors interfering with fisheries, such as energy, industry or tourism. In this area it is not easy to see any quick solutions. In some cases the intruding sector and its demands may be seen as unreasonable (as in the agricultural sector), while other conflicts are due to different user groups contending for the same (marine) space, thus necessitating compromises.

Regarding the third category, *policy inconsistency related to development policies*, tariff reductions (including non-tariff barriers) are among the most important issues as such reductions will facilitate trade in fish and fish products from developing countries. A continued focus on trade and trade issues is therefore warranted, even if most public attention still is connected to development aid. However, as demonstrated by Kurien (2004) free trade in fish and fishery products is neither a solution nor a threat to increased food security. In some countries the effects have been positive for the nation, the fishers, the fish workers and the consumers, while they have been negative in other countries.

Generally, the effects of increased international trade with fish cannot be assessed on a global level. National or even local analysis is required to see how trade is affecting various groups of stakeholders and the resources. The point is simple; if poverty alleviation is the main focus, more tailor-made policies are required.

With regard to the fourth category, *related to international treaties*, much has been obtained during the 1990s, but often are the monitoring and controlling capacities severely underdeveloped. In the field of fisheries and aquaculture new instruments need to be developed to follow up on such obligations. This is also why OECD should continue its analytical work, where high profile advice is offered to member countries as well as co-operation countries, but probably extended to cover new policy areas, such as PCD in relation also to fisheries policy.

If additional activities should be mentioned, it would be a more intensive involvement with research and education in this field. Policy incoherence has attracted great interest among many students, researchers and universities, where strengthened efforts by OECD may pay important dividends. To the extent that free trade policies to day dominate most developing countries, if not in rhetoric so in practice, this is largely due to administrators and policymakers educated in OECD countries, bringing back new perspectives and insights. Hence, stronger focus on the next generation of leaders instead of only influencing the present leaders may give a good pay-off.

Conclusions

Policy coherence may, in its more moderate forms, eventually be perceived as *sustainable development* and *resource management*, i.e. as something indisputably good and beyond politics. However, as demonstrated in the previous sections the arduous work of creating policy coherence most often involves hard political choices, even if the analytical work behind the decisions may be of more technical nature. Part of the problem is due to the fact that incoherencies are often seen from a sector point of view (in our case the fisheries and aquaculture sector), where intrusions from other sectors, whether deliberate or by accident (spill-over effects) are seen as policy incoherence.

At government level or on supranational level (as in the EU) political decisions must, by their very nature, be characterized by compromise. For example, MPAs may be established which are considerably smaller than proposed by the environmental NGOs, while certain types of fishing may be allowed in parts of the MPAs or during a certain time of the year. This may seem like a sensible compromise; however, representatives of sectors opposed to the fisheries sector, and the fisheries sector itself, would most likely perceive the outcome as *policy incoherence*.

Much of the debate over policy incoherence seems to imply that goal hierarchies can be established, once and for all, and that political goals can be presented in clear and unambiguous language. In this regard our colleagues in the field of political science are considerably more pessimistic than the writers portrayed in the OECD literature. Politics seeks compromise; hence, most political goals are ambiguous and unclear. After all, the aim is to build support from various groups, which means that a specific goal may imply different things for different people. (Only administrators and researchers would like to see clear, prioritized and unambiguous goals!).

Equally modest are the lessons of more than 50 years of policy implementation research. Whether we are discussing top-down or bottom-up approaches, the lessons are

the same: *politics continue*. New entrants that did not participate in the original process are coming onboard while old participants are out to defend their established interests. New alliances are formed and new goals may be found in the process. The crux of the argument is that politics does not stop with authoritative decisions at a particular point in time. Also in the field of policy coherence, victories (as in the case of price subsidies on fish) are seldom won once and for all; battles must be fought continuously.

Also regarding our learning ability, there are good reasons to be somewhat sceptical. Already in the 1970s, March and Olsen (1976:59) pointed out that:

“The problems of ambiguity in organisations are conspicuous. Nevertheless, the literature on organisational learning is rarely uncoupled from the idea that learning is adaptive. Experience is viewed as producing wisdom and improved behaviour. For purposes of studying experimental learning under ambiguity it is necessary to relax on such an assumption. Modern organisations develop myths, fictions, legends, folklore, and illusions”.

Learning in organisations is a special case in point and depends to a large degree on how information is selected and distributed, and furthermore on the ability of the users to implement corrective actions in terms of institutional reforms. In our context, discussing whether national governments and administrations are able to learn from experience, the contributions of March and Olsen (1989) and Brunson and Olsen (1990) are highly relevant. They focus on the fact that institutional reforms may be seen from two perspectives. One of these is the familiar rational choice perspective, where organisations are established in order to obtain specific goals and where reforms are initiated when established practices are no longer seen as optimal. The other perspective is more concerned with institutional development as a spontaneous and natural process. Institutions develop through a historical and cultural process, which cannot be governed or controlled by any particular group of reformers (ibid:14). Certain ways of acting (routines) acquire the status of being generally accepted and they have their own intrinsic value (Selznick 1957). They become *institutionalized*.

Seen from this latter perspective reforms are partly the result of strong trends in the environment, and partly the result of more short-term fads and fashions. In this case the results of the reform(s) are not of primary importance; rather, of primary importance is the fact that the organisation shows an ability to reform, thus coping with the demands of the environment and not least, being able to portray itself as a modern and responsible organisation. In turn this can produce both ritual and hypocrisy, where the reforms have little impact on the actual working of the organisation, and in the next round bring about demands for new reforms.

Therefore, the million dollar question remains for the future: To what extent will policy coherence-related reforms be only ritual (and hypocrisy) or, more optimistically, real reforms leading to better outcomes, more efficient use of resources and higher political legitimacy? Looking at the agricultural policies in many OECD countries, we have ample reasons to be sceptical; on the other hand, OECD's and FAO's work on fisheries subsidies give us reasons to be optimistic.

Finally, a word on research strategy in the future: According to OECD (2005)

“The development of indicators of policy performance (and policy coherence) which can be quantified in a standardised manner over time,

and fed back into the policy process, with particular reference to sustainable development will require significant research and development efforts in the future”.

It is of course possible to imagine that policy coherence, just like development and ecosystem management, can be described by means of sophisticated indicator systems, with scoring on various scales, combined and weighted indices and comparisons across sectors, countries or even regions. The case of the Human Development Index (HDI) may serve as an interesting illustration of how a seemingly simple index has managed to raise the attention and awareness related to development problems. More recently the Center for Global Development (CGD) has published a *Commitment to Development Index* (CDI) that aims to shift public attention from policies of the south to policies of the north (Picciotti 2005b:141). Here we find interesting results; for example, Norway scores among the best in the (industrialised) world in terms of giving development aid, while it is among the worst in terms of restrictions on trade. Therefore, Norway’s combined score is way behind the scores of most of its OECD neighbours.

The CDI and similar initiatives may certainly assist in increasing attention on policy coherence issues, but it would be an absolute dead end in terms of understanding *how policy incoherence is created, maintained and eventually overcome*. Politics is infinitely more complex than portrayed in the quote above, and what is needed are good case studies, showing how policy incoherence is created and maintained. If we still believe in the principle of the better argument, the next step is to make such (glaring) incoherencies public, in the end hoping that public pressure and/or initiatives from governments and politicians will start to rectify the situation.

The rapidly growing interest in policy coherence issues, especially those connected to development issues will help. Particular attention should be paid to the NGO sector, also in the field of fisheries and aquaculture, using the internet to point out inconsistencies, which in the old days were “secrets” only known by politicians and administrators directly involved. In other instances NGOs will work in tandem with the market, as when certain environmental standards are implemented through the boycott of products produced under harmful circumstances.

Whereas greater amounts of information transmitted at ever increasing speeds will help in focusing on incoherence problems, the rapidly changing international agenda will complicate matters. This week’s dramatic crisis, produced by policy incoherence, may be completely overshadowed by next week’s dramatic crisis, most probably in another field, in another geographical area. Still there are good reasons to maintain that long-term, dedicated work on certain key issues may actually produce long-lasting results, especially if the policy incoherencies are highlighted and then rectified via improved policy secured by international treaties which force the compliance of all parties. But let us not fool ourselves: we will have to live with policy incoherence the rest of our lives, in fisheries as well as in all other sectors. Still, pursuing the goal of policy coherence can be worthwhile. Or as phrased by Pomfret (2005:47):

“Even if full policy coherence will be elusive, it is unacceptable to continue to ignore the need to align the commitment to development across OECD member country policies. Even without the perfect PCD, commitment to the MDGs requires, at a minimum, that an impact assessment of all policies’ implications for development should be included as part of the policy decision process.”

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Chapter 4

Policy Coherence: Trade and Developing Countries¹

This chapter comments on the difficulties of maintaining national coherence in an international framework in which the term “coherence” can be ambiguous. The chapter argues that the fisheries development paradigm is not the same for developed countries and developing countries. It describes the key issues relevant to a comprehensive view of world wide fishing activities and raises seven areas that restrict trade in fish by developing countries. Finally, it traces recent developments in fisheries governance and argues for decision-making that gives all players a voice in policies that affect their particular circumstances.

1. This paper has been prepared by Mr. Gerardo E. Nieto, Under-Secretary for Fisheries, Buenos Aires, Argentina, email: esured@mecon.gov.ar.

This chapter does not set out to present an in-depth discussion on coherence in trade and fisheries management policies, simply because, from our standpoint, it is not possible to do so.

Numerous papers have already been written by experts who have thoroughly analysed the issue from different perspectives. Fortunately, there are also many which propose a holistic and synthesizing perspective on this issue.

We would like to contribute to this forum some thoughts on the difficulties of maintaining national coherence, in an international framework in which the term “coherence” can be ambiguous, not to say contradictory. In the sole interests of establishing some common ground we will use the definition given by Forster and Stokke:

“Coherence may be defined as a policy whose objectives, within a given policy framework, are internally consistent and attuned to objectives pursued within other policy frameworks of the system - as a minimum, these objectives should be not conflicting; where strategies and mechanisms are attuned to the objectives, they should, as a minimum not conflict with the objectives or with the intentions and motives on which these are based; and where the outcome corresponds to the intentions and objectives, it should, as a minimum not conflict with these”.

Although it is, in principle, consistent with this definition, “coherence” is a concept that stems from a fisheries development paradigm. That paradigm is not the same for developed countries and developing countries, most of which, interestingly enough, are located in the Southern Hemisphere, known with good reason as the “Oceanic Hemisphere”

We would like to propose a comprehensive overview of fishing activities across the world, starting by pointing out some issues that are pertinent to that vision:

1. According to available information, we cannot discuss uniform development of fishing activities when differences are so easy to establish. Among the developed countries, even with the use of the most sophisticated evaluation and management methodologies it proved impossible to avoid the collapse of some fisheries due to the obvious depletion of stocks while technical advice and consistent management measures helped others attain sustainable development of the fisheries, although not necessarily their Maximum Sustainable Yield (MSY). Likewise, among the developing countries, there are: those which opted for a development approach based on vastly over-sized fleets, leading to the collapse of their fisheries; those which, after overcoming a critical period, managed to stabilise at sustainable catch levels; and those whose age-old practice of living in harmony with nature enabled them to sustain their fisheries (in many cases the only source of protein for the population) drawing on a source of knowledge that is completely alien to that underlying the sustainability paradigm for fisheries in the developed countries.

2. According to available information on international trade and fisheries, developing countries appear to be commodities exporters, providing raw materials which, in many cases, sustain employment in developed countries.
3. As oil prices inevitably rise it will certainly be more economic for the world community to transport products rather than raw materials.
4. The prospective global development of fisheries cannot be based on the idea that fishing in developing countries is only an extractive industry that supplies raw materials and has no impact on local food industries, or other fishing-related industries.
5. In recent decades the rise in world demand has led to an increasing awareness of the importance of fishing resources. Ever since the establishment of Exclusive Economic Zones (EEZs), the access that coastal states have to these resources has been discussed at length in international forums, where discussions are now turning to the best means of managing high seas resources and the issue of who is in a position to impose it.
6. We meet at a variety of international forums, trying to understand how a complex activity such as fishing works, teasing out the problems, assimilating one concept after another, with the idea that there might be one view, one way to deal with problems that it is only possible to understand when viewed in their own distinct and specific terms.

In a globalised world, in which the fundamental concept is the extension of economic relationships across frontiers, the dramatic increase in both international trade and private transfers of production capital to developing countries should bring benefits through economic development and poverty reduction, along with associated adjustment costs. In this framework, the old concept of capitalising on comparative advantages seems to have been given a new lease of life and to have been validated by the system.

Having fishing resources, as Argentina does and being indiscriminately open to the influx of foreign capital has not led to the development of a finished product industry.

In fact, it is not the fishing sector that appears to be reaping the most benefit from this situation, either for consumers in developed countries or for producers in developing countries. Many of the major fishing countries which, in many cases, shape the most important markets for developing country production do not appear to be willing to take on the structural adjustment costs that the economic model demands and, currently, protectionist mechanisms seem to be going on working to quite an extent. We are not referring here, as some suggest, to adjustment subsequent to the reduction in catch capacity in connection with the sustainability of fishing resources and the decline in catch potential.

Consequently, we are faced with:

- ***Tariff barriers***

- There are many differences between import tariffs on processed fisheries products and lower value-added products (tariff escalation). Depending on the market, preserved and salted products and dried products or products in brine are the most protected products. This is particularly so in the European Community, Japan and Korea.

- There is unequal treatment in tariffs, especially where fisheries products come from countries which have fishing agreements with the importing country. The same happens with companies set up in exporting countries by foreign capital from importing countries, giving them an advantage over other companies in the exporting country.
- Tariff reductions are applied for periods that suit the importing country.
- ***Non tariff barriers***
 - Import quotas. In some countries, the quota system is extremely complex, so it becomes difficult for exporters to access to import quotas, moreover they offer advantages to companies with vessels authorized to operate in the exporting country.
 - Non-automatic import licenses, with complex and slow application systems.
- ***Technical barriers to trade***
 - Requirements related to labelling
 - Requirements related to product information
 - Requirements related to packaging
 - Requirements related to inspections or testing
- ***Health barriers***
 - With criteria which differ arbitrarily from those applicable to equivalent European species
- ***Rules on eco-labelling***
 - We are not opposed to the objective of eco-labelling systems. Nevertheless, the costs involved for both companies and the fisheries administration, are not compatible with the situation of many developing countries. Conversely, we have found no evidence that eco-labelling ensures a price differential, although we can clearly see that dispensing with it could be a limitation for exports.
- ***Price control mechanisms***
 - Price control mechanisms have been established in some of the major importing countries through specific programmes including the purchase of products on behalf of the state, to take supply surpluses off the market.
- ***Subsidies***
 - The negotiations currently in progress at the WTO clearly show the intransigence of the major fishing countries – which at the same time shape a sizeable share of the demand on international markets – in refusing to abandon the complex system of subsidies throughout the entire production chain in order to support domestic industry, putting imported products at a disadvantage and encouraging the purchase of raw materials rather than finished products.

In actual fact, implicit in most of the restrictions on trade is the need to appropriate fisheries in order to maintain major industries in the dominant fishing countries.

The relationship between fisheries as a production sector and environmental protection is one issue in which nothing should be taken for granted and which requires

the greatest caution and the utmost coherence. The concept of managing fisheries as ecosystems may prove a useful tool in aiming at sustainability, or if taken to extremes may paralyse any extractive industry. If fishing were to be totally suspended for a number of years, resources in particular and some aspects of the environment would undoubtedly benefit. Is any country prepared to do this? Just how far can the requirements of both governmental and non-governmental bodies go without leading to absurd decisions that are clearly impossible to comply with, in view of the benefits that countries derive from this productive activity?

There are so many forums dealing with these issues that to accept all the requirements they introduce, mostly by pre-arranged consensus, would in the majority of cases bring the fishing industry to a virtual standstill, particularly since the costs involved are more than developing countries can afford. We say pre-arranged consensus because the fact is that only developed countries are in a position to have specialist staff to study the issues dealt with in these forums and to send large delegations to groups which tackle a very wide range of issues.

Whenever the need for good fishing administration systems comes up in discussion, reference is often made to the situation in developing countries and their weaknesses, particularly as regards the means of catch distribution, tracking and monitoring tools and, often, corruption.

However, these countries, through their own initiatives or calling on the support of developed countries, with more means of achieving adequate administration systems (although their effectiveness has not always been proven), have managed to overcome serious problems as regards the condition of their resources, as was the case in Namibia and Argentina. They did so in such a short period of time that many developed countries would be astonished if they knew the facts.

The expansion of extractive and export activities in the developing countries during the 1990s was accompanied by a reduction in the role of the state and a severe fiscal adjustment at the urging of multilateral credit organisations that left many countries, like Argentina, with extremely weak fishing administrations, few staff with the necessary qualifications, and difficulties in carrying out monitoring duties and in meeting requirements for research into resources.

Currently we are making strenuous efforts to turn this situation around and, in spite of the limitations, those efforts have now become priority objectives and all available options are being used to achieve them. The state must assume full responsibility for securing the best technical and scientific information, the best basic data, and the most reliable statistics; in sum, the best information so that the best decisions can be taken.

Moreover, by using the best tools, it should be able to have an efficient system for controlling the activity of domestic and foreign vessels. (In the past 2 years, Argentina has sanctioned 14 vessels of many flags fishing illegally its EEZ). It is now in the last stages of PAN IUU approval.

These responsibilities of the administration cannot be delegated and therefore cannot be transferred to the private sector.

We share the ITQ concept of fisheries management and, in the case of Argentina, the system has a legal framework, but what we must realise is that it is only a tool for fisheries management, not a panacea for sustainable resource management.

Certainly, experience shows that globalisation is a tool and that, as such, it can be used well or used badly. The same applies to the globalisation of “good governance” criteria; implementation must take the specifics of each country into account, if not, like any badly used tool, they will be doomed to fail.

The concept of “good governance” is being extended to the High Seas. With fundamental legislation such as UNCLOS, the Code of Conduct for Responsible Fisheries, the Agreement to Promote Compliance with International Conservation and Management Measures by Fishing Vessels on the High Seas, the IPOAs on capacity and IUU fishing, we are seeing the possibility of creating new institutions which may decide who is allowed to fish where, and how.

In this respect, in-depth discussion on this subject is a priority we share, but as we see it, it should be discussed from an appropriate perspective, one that is much broader than the leadership aspirations of certain countries, whose proposals are understandable but may not be acceptable to others. The position of leadership should not be seen as something to be imposed. Domination is not leadership, and in this regard, we think it necessary for those countries which assume leadership to reflect on the bases of its support and on the obligations and responsibilities it involves.

As regards the management of high seas resources, it is not a universal truth that regional fishery management organisations (RFMOs) will ensure the sustainability of resources. In our view, they are an instrument to be revised and, like most of the issues we are dealing with, each case has its own characteristics and consequently its strengths and weaknesses.

Conclusions

Finally, it is imperative that we look for an overarching coherence paradigm that will allow us to address the problems of all countries, developed or developing.

We consider that one way to come closer to it is to factor in differences and understand needs, realise that we have to seek a market balance such that developing countries can tackle the problem of poverty, and step by step overcome the neglect of entire peoples. Coherence cannot be imposed; to attempt to do so would demand more energy than the effort to reach the necessary consensus in which diversity is accepted and the development objective of every country is respected.

Finally, we need to be less arrogant when confronting challenges: mathematical modelling, more sophisticated systems, or more careful planning alone do not hold the answers to our challenges. A little more trust in Providence would not do us any harm.

PART II

THE ROLE OF FISHERIES ACCESS AGREEMENTS: PERSPECTIVES FOR DEVELOPING AND DEVELOPED COUNTRIES

Chapter 5

Perspectives on Fisheries Access Agreements: Developing Country Views¹

The objective of the paper is to identify issues and problems that fisheries access agreements have given rise to in terms of policy coherence/incoherence between developed and developing countries, and to address these issues and problems from a developing country view. The original rationale for developing coastal states to adopt access agreements as a key instrument for managing foreign fishing when they extended their fisheries jurisdiction is described and its current relevance is analysed. Some of the key reasons for developing coastal states to adopt access agreements no longer apply or are less strong now. Issues and problems that fisheries access agreements between developed and developing countries have given rise to in terms of policy coherence/incoherence policy are considered. These include over-exploitation and compliance failures, adverse impacts on other fishers and on domestic fisheries development and the lack of transparency.

Taken together, the changes in the conditions that encouraged the adoption of access agreements and the issues of policy coherence suggest a fresh look by developing countries at the role and structure of access agreements. That doesn't necessarily call for terminating or putting aside access agreements. Rather, it calls for developing countries to update their fisheries management strategies, taking into account the need for an ecosystem approach to fisheries management and the opportunities for gains in sustainable fisheries development from rights-based management. Within these strategies, there will continue to be advantages for some developing countries in access agreements, especially government to government agreements that have effective arrangements for compliance control. There is no obvious rationale for the continuation of private access agreements, and there are other options for managing foreign fishing and foreign investment in the fisheries sector more generally through direct licensing of vessels without access agreements. Strengthening of developing country institutions related to fisheries management institutions is critical to taking up those options effectively.

1. This chapter has been prepared by Mr. Les Clark, Consultant, Ray Research, 85 Innes Road St. Albans, NZ 8001 Christchurch, New Zealand, les@rayfishresearch.com.

Introduction

The current debate on fisheries policy coherence for development is creating progress. The shift of the European Community to Fisheries Partnership Agreements provides a framework for effectively addressing coherence in fisheries agreements with sustainable fisheries as measured by one FPA text and creates a positive precedent. But there is room for further development of north/south fisheries arrangements to provide more for the integration of fishing into domestic economies rather than the preservation of distant water fishing as economic enclave activities.

This paper identifies some policy issues for further consideration and suggests directions for further work.

The major contribution of this paper might be seen in broadening consideration of aspects of policy coherence/incoherence relating to access agreements, and suggesting alternative arrangements to access agreements, and alternative approaches to access agreements.

Objective

This paper has been prepared for the OECD Workshop on Policy Coherence for Development in Fisheries. The objective of the paper is to identify issues and problems that fisheries access agreements have given rise to in terms of policy coherence/incoherence between developed and developing countries. The paper draws heavily on the experience of the author in the Pacific Islands region but also draws on information, examples and experience from other regions.

Scope

Issues of coherence/incoherence are analysed in respect of fisheries agreements that provide for vessels of developed countries to fish in the waters of developing countries. The analysis covers both government to government agreements, and agreements between developing country governments and fishing associations and businesses. Reciprocal agreements between developing countries are not included in the analysis of coherence. The analysis addresses policy domains related to the contribution by developed countries to reducing poverty and promoting sustainable development in developing countries.

Policy Coherence in Fisheries

This paper takes as its starting point the analysis of coherence in fisheries presented in the scoping study on fisheries policy coherence undertaken by OECD (, 2005b) and various studies of the impacts of access agreements.

The OECD study reviewed definitions of policy coherence, concluding (drawing on Weston and Pierre-Antoine (2003)) that:

“In essence, policy coherence is ensuring that policies are coordinated and complementary and not contradictory”,

It also noted a fuller definition that received support at an OECD workshop on Policy Coherence is the following (OECDa, 2005):

“Policy Coherence for Development means working to ensure that the objectives and results of a government’s (or institution’s) development policies are not undermined by other policies of that government (or institution), which impact on developing countries, and that these other policies support development objectives, where feasible.”

The scoping study used ten case studies to explore issues of policy coherence in fisheries. Two related to access agreements, and drew attention to policy conflicts arising from the conflict between inshore artisanal fishers and industrial vessels fishing offshore under an access agreement in one case, and the apparently low development impact of the implementation of access agreements in another case.

The study conclusions pointed to the complexity, challenges and opportunities associated with identifying and addressing the causes and solutions to policy incoherence, and the need for a better understanding of the key issues, the economic, social and other impacts, and the possibilities for addressing policy coherence for development in fisheries.

Concerns about coherence between development policies and access agreements have been an important element of the discussions about policy coherence in fisheries and indeed about policy coherence for development generally since the earliest stages of the discussions about policy coherence (see for example Acheampong 1997). There have been relatively few analyses specifically directed towards policy coherence and fisheries agreements but there is a large volume of work assessing the impacts of fisheries access agreements that essentially covers much of the same ground.

That work is almost completely focused on EU agreements, and it has systematically raised concerns about impacts on artisanal fishers, over-exploitation and fairness of the EU agreements. That there have not been more expressions of concern about the agreements of other flag states is probably due to the relative importance of the EU agreements in financial terms in Africa and to the lack of public access to information on other agreements rather than to their relative impacts. Similar analysis and scrutiny of other agreements would be expected to identify similar concerns, although there are some significant differences between the EU agreements and the agreements of other flag states that might affect any comparison.

Role of Access Agreements for Developing Coastal States

As a starting point in analyzing access agreements and policy coherence, it is useful to consider the rationale for access agreements. This includes understanding both why many coastal states made the choice to organise their management of fishing by foreign vessels in their waters using access agreements rather than alternative forms of legal instrument, and why fishing states became involved in managing the operations of their flag vessels in the waters of others using access agreements.

Fisheries access agreements in their current form trace largely from their adoption from the late-seventies on as a response to the situation where many coastal states extended their jurisdiction over waters adjacent to their coasts that were already being fished by the vessels of other states. Bilateral agreements had been used before by states

to address situations of shared interest arising from the extension of fisheries jurisdiction, such as the establishment of a fishery regime between six and 12 miles from shore in the North East Atlantic under the 1964 Fisheries Convention. But they were a rather specialised response to particular circumstances between states. Otherwise, most coastal states generally licensed vessels through what FAO called at the time “ad hoc” licensing procedures, although as described below, these were fairly standard procedures for regulating economic activity. From about 1975 on, bilateral agreements were widely adopted as a form of regulation of a large volume of offshore fishing activity taking place in areas under national jurisdiction that were previously high seas. The agreements took a number of forms. Some were purely transitional arrangements providing for the withdrawal within a fairly short period of foreign fleets and their replacement by national vessels. Others provided for reciprocal arrangements for fishing, especially on shared stocks. The bulk of these agreements however provided for the management of fishing by vessels of one state in the waters of the other. The bilateral agreements also took a number of forms. They included:

- Government to government agreements. Some of these were simply framework agreements, establishing broad arrangements for co-operation between the coastal state and the flag state. Others included comprehensive and detailed terms and conditions for fishing;
- Government/industry agreements: typically signed with fishing associations; and
- Government/enterprise agreements

These access agreements were entered into by both developed coastal states (including Australia, Canada, New Zealand, Norway and the United States) and developing coastal states. They were particularly important for developing coastal states and it is the agreements between developing coastal states and developed flag states that are the focus of this paper. It should be noted however, that not all developing coastal states used bilateral access agreements as instruments in managing fishing in their extended jurisdictions. In general, developing coastal states in Asia and South America preferred the use of joint ventures and charters, or arrangements providing for reciprocal access. Bilateral access agreements however, were adopted by most African, Caribbean, Indian Ocean Island and Pacific Island coastal states, and where appropriate, territories, particularly by smaller states. In these regions, the development of access agreements was supported by activities funded under the FAO/Norway EEZ Programme, particularly through a series of regional workshops on the harmonization and coordination of fisheries regimes and access agreements aimed at assisting developing countries to maximize benefits from foreign fishing. For example, the programme for the workshop organised in 1983 by the Organisation of East Caribbean States noted that:

“While some coastal states still affect access by the ad hoc licensing of foreign fishing vessels, many coastal states are now requiring the existence of an access agreement, as a precondition of licensing. The workshop will examine both the reasons for this and the possible uses for access agreements by coastal and fishing states, as a means of determining their appropriateness for the Region”

For coastal states, there were a number of reasons for the move towards managing foreign fishing through access agreements rather than through more direct licensing arrangements. They included securing recognition of coastal state jurisdiction and rights, compliance, and economic gains.

Securing recognition of jurisdiction and rights

UNCLOS was signed on 10 December 1982, and entered into force on 16 November 1994. However, most coastal states had extended their jurisdiction up to 200 miles while the negotiations on the convention were still not completed, and as they entered into the initial access agreements were keen to establish through state practice the concept of the exclusive economic zone. Securing fishing state agreement to key elements of coastal state authority through government to government agreements was seen as an important opportunity to advance the EEZ concept. This was regarded as particularly important where highly migratory species were involved because of the differences between coastal states and some fishing states over the application of the relevant provisions of UNCLOS with respect to highly migratory species. As a result the opening sections of access agreements typically included wording under which the flag state recognised the sovereign rights and exclusive authority of the coastal state within its 200 mile zone, and in many cases this is still the practice. Some states included a requirement in legislation that foreign vessels could not be licensed unless there was in place an access agreement with the flag state in which the flag state recognised the sovereign rights and exclusive authority of the coastal state, and similar requirements are still in place in some national legislation (for example Marshall Islands and Solomon Islands).

Clearly, the goal of advancing international acceptance of the concept of the EEZ and of the extent of coastal state sovereign rights was an important issue in the late 1970s and early 1980s when access agreements in their current form were initiated. It was a particularly important goal for developing coastal states whose area of extended jurisdiction covered rich offshore grounds. Today, that goal is less important, at least for coastal states that have extended their jurisdiction in accordance with UNCLOS, because of the extent of international acceptance of the provisions of UNCLOS related to EEZs, including the amplification of the provisions relating to highly migratory and straddling stocks under the UN Fish Stocks Agreement. In this circumstance, most coastal states are generally more confident about the exercise of their sovereign rights. It is set out in their laws. It is expressed in the way they exercise those rights and in the acceptance by the international community, including all major fishing states, of the general application of national coastal state laws, and developing coastal states should not generally need the kind of assurance that is available through access agreements to secure those rights. This is not to say that the movement for recognition of those rights is complete. Indeed, the second reason that the recognition in access agreements now might seem less important is that it has not been completely effective. Fishing states have generally been prepared to accept wording in agreements under which they agreed to recognise the exercise of sovereign rights by the coastal states “in accordance with international law”, leaving the flexibility to maintain a different interpretation of what is meant by “in accordance with international law”. Overall however, there is very widespread acceptance of the rights of coastal states in relation to EEZs, at least insofar as they are consistent with UNCLOS, and there should be correspondingly be less need to assert those rights explicitly through access agreements.

The compliance umbrella

The second major reason for adoption of access agreements by coastal states as a key instrument in managing foreign fishing after the extension of jurisdiction was the compliance “umbrella”. Broadly, the importance of this concept was based on recognition that access to fishery waters could be used to leverage compliance across fleets through

access agreements in a way that could not be achieved if foreign vessels were simply licensed on a boat-by-boat basis. More precisely, an agreement for access with a flag state government or with an association representing a fleet of boatowners could be structured to include a requirement that the flag state or association should take measures to ensure compliance with coastal state laws that would cover all vessels in the fleet and not just those that were licensed. The agreement could also include mechanisms for the flag state and the coastal state to cooperate to ensure compliance by both licensed and unlicensed vessels covered by the agreement. Beyond this, compliance could be enhanced by the application of penalties for non-compliance such as forfeiture of bonds or cancellation of licences across the fleet even if non-complying vessels could not be apprehended or made to submit to coastal state jurisdiction. In some cases also, the access agreement served to provide the legal basis for the flag state to take action against non-complying vessels. The compliance umbrella was generally regarded as the key reason for requiring access agreements. For example, Pacific Island participants in a workshop on access agreements noted in their workshop report that *“The reasons for requiring Government to Government or Government to Association umbrella access agreements include ...- most importantly- facilitation of compliance control, through placing more responsibility for compliance control on the flag state or fishing association”* (FFA, 1982). And a 1984 Workshop in the South West Indian Ocean concluded that, with some qualifications *“...it was agreed that access agreements offered considerable advantages in compliance control. It was suggested that wherever possible, only vessels that were subject to an access agreement should be eligible for a licence in the region (except for limited feasibility and similar fishing).”*

Given the importance of compliance control as a major reason for the adoption of access agreements, there has been relatively little systematic analytical assessment of the effectiveness of the compliance umbrella provisions, and their effectiveness is difficult to judge at this point. The information that is available suggests differences between regions and countries in the importance and effectiveness of the compliance provision in access agreements. In the Pacific Islands, the compliance role of access agreements now receives much less attention than earlier. At one time, the attention of regional MCS experts and programmes was very heavily focused on access agreements, including how to secure compliance with access agreements and how to structure access agreements and develop relationships with fishing states as partners in compliance through access arrangements. More recently, regional MCS programmes and strategies have given little attention to access agreements as an instrument for improving compliance control, even though most of the IUU fishing in the region is regarded as probably being undertaken in national waters by vessels of distant water fishing states in breach of access agreements (Richards 2003).

Two major factors have contributed to this change. The first is that the monitoring, surveillance and enforcement capacities of the Island States have strengthened. At the time of extending their jurisdiction, Pacific Island Countries faced the task of ensuring compliance by vessels spread over huge areas of ocean, with limited resources that greatly limited the prospect for deterring or detecting illegal fishing activity in their waters. With an air almost of hopelessness, Pacific Island Countries accepted that they could not control foreign fishing by themselves and that they would have to provide for a major role for flag states in securing compliance through access agreements. Around 25 years later, there are in place a regional blacklist arrangement, national surveillance operations, coordinated regional air surveillance programmes, functional national and regional observer programmes, cooperative maritime surveillance arrangements and a

regional satellite-based vessel monitoring system covering over 1 000 vessels, all operated by national administrations with greatly enhanced capacities. These programmes and arrangements mean that Island countries no longer see themselves as heavily dependent on flag states to secure compliance while continuing to recognise the importance of flag states ensuring compliance by their vessels in the waters of other states. The second major factor is the increasing commitment of the global community to end IUU fishing. Much of the work against IUU fishing is focused on high seas fishing, but it also applies to fishing in national waters. There are a number of hard and soft international legal instruments, and international processes addressing IUU fishing. Important elements applying explicitly to IUU fishing in national waters include:

- the FAO Code of Conduct, including:

“7.6.2 States should adopt measures to ensure that no vessel be allowed to fish unless so authorized, in a manner consistent with international law for the high seas or in conformity with national legislation within areas of national jurisdiction.”

“8.2.2 Flag States should ensure that no fishing vessels entitled to fly their flag fish on the high seas or in waters under the jurisdiction of other States unless such vessels have been issued with a Certificate of Registry and have been authorized to fish by the competent authorities. Such vessels should carry on board the Certificate of Registry and their authorization to fish.”

- and the IPOA-IUU, including in the definition of IUU fishing:

“3.1 Illegal fishing refers to activities:

3.1.1 conducted by national or foreign vessels in waters under the jurisdiction of a State, without the permission of that State, or in contravention of its laws and regulations;

...

“3.2 Unreported fishing refers to fishing activities:

3.2.1 which have not been reported, or have been misreported, to the relevant national authority, in contravention of national laws and regulations”

At the regional level, there are also some important provisions binding flag states to be responsible for ensuring that their vessels comply with national laws. The WCPF Convention requires a flag state to ensure that *“fishing vessels flying its flag do not conduct unauthorized fishing within areas under the national jurisdiction of any Contracting Party”* and more broadly requires a flag state to impose conditions on its vessels, including the condition that *“The operator of the vessel shall comply with the applicable national laws of each coastal State Party to this Convention in whose jurisdiction it enters and shall be responsible for the compliance by the vessel and its crew with such laws and the vessel shall be operated in accordance with such laws.”* Similarly, an ICCAT measure covering tuna fishing in the Atlantic Ocean requires flag states to ensure *“that their vessels do not conduct unauthorized fishing within areas under the national jurisdiction of other States”* (ICCAT, 2003)

Taken together, these instruments should clearly be expected to improve flag state control of vessels in the waters of other states, and to reduce the need for coastal states to

turn to access agreements to secure compliance, though government to government agreements may still serve a useful function as a vehicle for co-operation on compliance.

In terms of the effectiveness of the compliance umbrella some additional factors emerge from experience:

- a) **there is a wide variation in the performance of flag state parties:** in the Pacific Islands region, the US government and the government and fishing associations of Japan play a very active role in the oversight of fishing under agreements, including overseeing collection and provision of data and compliance with other licence conditions. Typically, this is reflected in the variations in rates of reporting of catch and effort. The performance of entities from some other states is less effective. In some cases where government to government agreements exist, they have virtually been lost sight of. In other cases, agreements are now concluded with individual boat-owning companies rather than associations.
- b) **there is also a very wide variation in compliance effectiveness as measured by reporting rates for fishing in the waters of different Pacific Island coastal states with similar access partners and structures of agreements:** this suggests that the effectiveness of compliance controls under access agreements might depend more fundamentally on the capacities of the coastal state than on the performance of the flag state. In that case, it seems likely that improved developing coastal state compliance capacities have the value not only of ensuring a higher degree of compliance with licence and agreement conditions, but of making a coastal state less dependent on flag state involvement in securing compliance, and in that way opening opportunities for the coastal state to adopt other forms of management of foreign fishing that may be more beneficial economically.

Economic returns

Issues related to economic gains are central to analysing access agreements as a form of managing foreign fishing. Both the attraction of access agreements as a way of promoting the concept of EEZs and the compliance umbrella had important economic rationales underpinning them. Broadening and accelerating acceptance of coastal state sovereign rights in EEZs would make more secure for many developing countries the economic gains that the new EEZ regime potentially offered. The compliance umbrella aspect of access agreements was designed to create economic gains by making it more difficult for boatowners to avoid paying access fees and strengthening the bargaining position of developing coastal states. Beyond the value of access agreements in these ways, there were a number of other ways in which access agreements were seen as having advantages in securing economic gains. They included:

- 1) **Flexibility:** the argument that access agreements should generate higher levels of access fees through offering greater flexibility is based on the greater freedom offered by access agreements to negotiate higher fees for vessels whose owners could afford to pay more than would be the case if fees were by comparison determined legislatively for broad classes of vessels. This flexibility includes being able to differentiate fees with boatowners depending on their capacity to pay and the value of their catches. In practice, there are cases where agreements with a Pacific Island country do have different fee levels for fleets with essentially the same value of catches but different capacities to pay, where

essentially a fleet with older vessels and lower catches pays less because it cannot afford to match the fees paid by others. In such cases, there may be a benefit from working with access agreements in that a uniform fee schedule would likely either deter the less efficient fleet from licensing or allow the more efficient fleet to fish for less than it would have been prepared to agree to if fees were differentiated. In the same way, it is likely easier to provide in access agreements for differing processes for adjustments of fees with catch values than it would be in a system of direct licensing based on published fees. In this respect, there are several different fee adjustment mechanisms in access agreements with Pacific Island countries, including:

- an incremental payment by the US industry when prices are at or above a mutually agreed level;
- mechanisms for fees in many agreements which include an up front payment per vessel, with an incremental payment if the estimated value of the annual catch is above certain levels; and
- fees per trip for Japanese longline vessels that are adjusted regularly according to average catches per trip and average prices.

There are, however, some major disadvantages in setting fees in access agreements rather than in published schedules. The first is that the bottom line in negotiations with a whole fleet is often set by the boatowners in the fleet with the least capacity to pay. An alternative strategy that involves licensing individual vessels means that those boatowners who can't afford to pay don't take out licences, but have no influence over the decisions of boatowners who can afford to pay. A second disadvantage is that access agreements reduce the scope to generate competition between fleets. Setting fees unilaterally provides coastal states with opportunities to use more market-oriented approaches, raising fees if demand for access is strong, and reducing them if demand for access is weak. These advantages of establishing fees unilaterally are likely to be stronger in a setting where there are established limits to overall foreign access in terms of vessels, licences catch or effort as is increasingly the case.

- 2) **Flag state government grants:** cash grants from flag state governments, such as those in the EU and US agreements, are likely to be regarded these days by coastal states as the major advantage of an access agreement, to the extent that are in addition to, rather than instead of a commercial level of access fees. They are particularly valuable in the context of public expenditure because are usually committed in advance at least to some minimum level and therefore can be built into government recurrent expenditure budgets. By comparison, payments from boatowners can fluctuate greatly, reducing their value for budgeting purposes. The discussion about whether such payments should be brought under WTO discipline might affect the scope for these payments in future, perhaps ensuring that these grants do not contribute to over-exploitation or enable boatowners to make a fair contribution for access. Such grants remain however a key feature and attraction of government to government agreements.
- 3) **Aid:** most government to government access agreements include provision for grant aid as a component of the financial contribution made by the fishing state. In some cases, such as in agreements with Japan, the aid associated with the access agreement may be the major benefit from the access relationship.

From a coastal state perspective, conflicts in development policies arising from access agreements lie essentially in the potential contradiction between the value of the monetary benefits from access fees and related economic gains including tied aid, market access and broader aspects of co-operation with the fishing state and the adverse impacts of the operations of foreign vessels on resources and other fishers, including the general failure of access arrangements to contribute to domestic fishery development.

Role of Access Agreements for Fishing States

There were several reasons why fishing states initially agreed to enter into access agreements that included licensing conditions rather than leaving coastal states to licence vessels directly. They included the opportunity to remind coastal states of their obligation to give access to any surplus in the available yields that could not be taken by domestic fleets and of the requirement to take into account the need to minimise economic dislocation associated with historical fishing in waters now under national jurisdiction. Government to government agreements also gave some flag states a legal basis for controlling their fleets outside their waters.

Over time, these goals have been largely overtaken to a point where it seems likely that most of the fishing now covered by access agreements is not in fact an extension of fishing that was taking place before the extension of fisheries jurisdiction. Instead, from a fishing state point of view, access agreements now serve more to facilitate profitable fishing opportunities for flag fleets, secure fish supplies for processing, serve strategic goals associated with deployment of vessels in overseas waters, and at least in the case of the EU, to relieve problems of excess capacity in home waters.

For fishing states, policy incoherence results from putting in place access agreements to secure these economic and strategic advantages in ways that are not consistent with, or contradict, efforts by the international community to promote the sustainable development of developing coastal states, especially those whose waters are fished by distant water fleets.

Access Agreements in the Pacific Islands Region

Access agreements have been important to all fifteen Pacific Island Countries² that are members of the FFA at some point. However, there has been a marked change in the importance of access agreements over time. Today, bilateral access agreements are relatively unimportant for five of the countries (Cook Islands, Fiji, Niue Samoa, Tonga). These countries all have locally based domestic fishing industries. Some license foreign vessels operating under the control of national entities, through charters or joint ventures rather than access agreements. All are parties to the Multilateral Treaty between the United States and the Pacific Island Countries, but otherwise licensing of foreign vessels under access agreements is not significant. Four Pacific Island Countries (Kiribati, Nauru, Tokelau and Tuvalu) remain heavily dependent on revenue earned from access agreements. For these countries, access fees are in most years either the major source of recurrent government revenue or close to it. The other Pacific Island Countries have more of a balance between development of domestic fleets and foreign vessels licensed under

2. Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu and Tokelau (a New Zealand territory)

access arrangements. In this group of countries, domestic fleets are growing and in most cases, a higher importance is attached to developing the domestic fleet than to licensing foreign vessels.

Overall, access fees earned by Pacific Island countries are estimated at USD 68.0 million in 2003, up from USD 60.7 million in 1999 (ADB 2004). Over 90% of this revenue is earned by 6 of the 15 Pacific Island Countries. Typically, around 80% of the fees are paid by Taiwan, Japan, Korea and the United States. Most of the balance of the fees is received from the European Union, New Zealand, Philippines and from Pacific Island vessels. The agreements take the full range of forms – government-to-government, with industry associations and with individual boatowning companies. There are two multilateral intergovernmental agreements, one with the United States and another, the Federated States of Micronesia Arrangement providing for reciprocal licensing of purse seine vessels of Pacific Island Countries.

In addition to the general reduction in importance in access agreements noted above as foreign fleets are replaced by domestic fleets, there is also some rethinking of the merits of access agreements as a way of managing foreign fishing. Most legislation put in place at the time of establishment of EEZs required that foreign vessels could not be licensed unless some form of access agreement was in place with the flag state or an organisation that would take responsibility for fleet compliance. Most laws in the region now provide for foreign vessels to be licensed under access agreements or directly, but foreign vessels (other than locally-based foreign vessels) have generally continued to be licensed under access agreements because the regulations and licence conditions necessary for direct licensing have not been put in place. Some countries, including Cook Islands, Niue and Tokelau are now working towards establishing a legal framework for licensing foreign vessels directly, either instead of access agreements, or as an option to access agreements.

Access Agreements, Policy Coherence and Sustainable Development Issues

Through the 1980s, access agreements, and fisheries relations between developed and developing countries more generally were the subject of substantial attention, much of the work stimulated by FAO working with regional fishery bodies and directed towards enhancing the gains that could be secured by developing countries from extended jurisdiction. From the 1990s, heightened concern in the international community about fisheries management failures generally resulted in major efforts being directed towards the preparation of the range of modern global instruments that we now have, founded on the principles of responsible and sustainable fisheries. Within these instruments, access agreements and the broader relationship between developed and developing countries received less attention. More recently however, renewed attention has been paid to access agreements and particularly to the compatibility of fishing under access agreements with the new global instruments and the concepts of responsible and sustainable fisheries. Some most important strands in this more recent work include:

- a) the stream of work sponsored by WWF beginning with publication of “The Footprint of Distant Water Fleets on World Fisheries” (WWF International 1998) and including the preparation of a handbook on access negotiations (Martin et al. 2001) and a series of regional workshops on fisheries access including workshops in Fiji, Mauritania, Senegal and Mauritania;

- b) work on access fees and subsidies in the context of WTO, (see for example ICTSD, 2005); and
- c) work on the impact of IUU fishing on developing countries, such as that undertaken by DFID for the High Seas Task Force (MRAG 2005)

Specific analysis of the contributions of access agreements to sustainable development in developing countries is highly partial. There has been fairly intense analysis and review of the impacts of EU agreements, especially in Africa. On the other hand, there has apparently been relatively little analysis of the impacts of other access agreements.

Drawing on these analyses and experience with access agreements, especially in the Pacific Islands region, the following related issues and problems associated with access agreements can be identified as potentially contributing to incoherence between fisheries policies and policies for sustainable development and are considered below:

- undermining of sustainable fisheries through over-exploitation and compliance failures
- adverse impacts on fishers, especially local fishers, through reductions in their catches and market disruption
- lack of integration of fishing operations into the domestic economy
- lack of transparency

Over-exploitation

The problems with agreements for access to developing country waters in respect of over-exploitation are well documented. Under UNCLOS, access arrangements are meant to provide access to surpluses in yield within a TAC, but there is very rarely any analysis of a surplus (ADE-PWC-EPU 2002). Few developing countries have the capacity for resource assessments that would provide sufficiently reliable information to support fishing at levels near MSY without significant risk of overfishing. Many access agreements do not include appropriately precise limits on effort or catch. Individual access agreements are often concluded without taking into account the overall pattern of fishing effort on the resources involved including domestic effort and effort of other foreign fleets. In these circumstances, the levels of effort introduced by access agreements will often carry at least the risk, and in some cases the reality of overfishing. Access agreements involving levels of effort that carry a risk of overfishing can not be coherent with development objectives.

There is an important qualification to this conclusion. Most stocks of tuna and related species are now subject to some form of regional conservation regime, incomplete though many of them still are. In many cases the management systems apply limits by flag not by zone. This does not mean the stocks are not subject to coastal state management in national waters – they are, and coastal states may choose to apply additional catch or effort limits or other measures in their waters to preserve catch rates and avoid local depletion. But in many cases, the bulk of the fishing opportunities is allocated to fishing states, and it is up to them to decide where the catches are made. This means that the test of whether the level of fishing under an access agreement for tuna is consistent with resource sustainability has to be made at the regional level.

Compliance failures

IUU fishing in national waters of developing countries is a serious issue according to MRAG (2005) which estimated for example that IUU fishing took nearly 20% of the catch in sub-Saharan Africa. Overall, IUU fishing in national waters, mostly in developing countries, is estimated at USD 3 billion world-wide and is the cause of direct and indirect economic losses, adverse socio-economic impacts and environmental damage. Distant water fleets are involved in IUU fishing in the EEZs of developing countries, including in waters where they are subject to access agreements. The greatest problem with non-compliance of vessels fishing under access agreements appears to be non-reporting or misreporting rather than unlicensed fishing. Fishing in closed areas and unauthorized targeting (particularly of sharks by tuna longliners) are other significant areas of breaches of access agreements. MRAG found that the number of access agreements was not generally associated with reductions in IUU fishing, but that countries that had access agreements had generally developed a stronger MCS capacity and were more capable of controlling IUU fishing. Overall the factor most strongly determining vulnerability to IUU fishing in developing countries was identified as the overall quality of national governance.

Fishing interactions

Fishing effort licensed under access agreements almost inevitably results in some adverse impacts on other fishing taking place in the same waters, simply because in most fisheries any increment of effort reduces abundance and therefore catch rates. When the level of effort deployed under access agreements is large relative to the effort of domestic vessels, the effects on catch rates can significantly affect the viability of domestic vessels. The effects are accentuated on smaller vessels that have to operate within a restricted area and can not compete with larger industrial vessels that can range widely to find greater concentrations of fish. Concerns over the effects of foreign fishing on artisanal fisheries in countries such as Senegal have been a key element in the expressions of concern by NGOs about the impacts of access agreements. Coastal states are entitled to take these effects into account in establishing a TAC and measuring a surplus. The main response to this issue is zoning for fishing grounds, in particular to keep foreign vessels offshore. In the Pacific Islands this has been mostly achieved by not allowing foreign vessels inside a 12 mile limit, but the limit is increasingly being set at 50 miles. However, closed area provisions are among the most difficult to enforce without VMS.

Market interactions

The impacts of foreign vessels fishing under access agreements on catches by domestic vessels are often compounded by market interactions. One of the most intractable problems in preparing management plans for offshore fisheries in the Pacific Island countries is what to do about bycatch, especially off foreign vessels. On the one hand, the bycatch is a usually a source of cheap, high quality food, including for processing. On the other hand, sporadic offloading of large volumes of fish from foreign vessels at low prices can flood smaller local markets, undermining the livelihoods of those who catch, process or trade locally caught fish. There is no single solution. Some countries encourage such landings for food security, others control supplies so that they are not disruptive or require foreign bycatch to be marketed through local businesses, and others prohibit such landings.

Trade and investment implications

Integration of developing countries into the world economy is widely seen as a key element in reducing poverty. For many developing countries involved in access agreements, the offshore fisheries sector offers the greatest potential for supporting the kind of trade and investment patterns necessary for their greater integration into the global economy. For this reason, encouragement of domestic fishery development was a key incentive for the establishment of access agreements for many developing countries. Having foreign vessels operating in national waters seemed to provide the opportunity to attract those vessels and their owners to become more closely integrated over time into national economies through having their vessels serviced locally, landing fish and investing in onshore processing. In pursuit of this goal, many developing countries adopted very similar legal frameworks that treated foreign, locally based foreign and national vessels separately, within a structure of preferences designed to encourage foreign fleets initially to base themselves locally and over the long term to become fully integrated into domestic economies, with local crews and national flags. That strategy has largely failed for a number of reasons. Some of these reasons relate to the nature of the fishing businesses that operate under access agreements. Most of them are essentially oceanic fishing businesses. They operate vessels that find comparative advantage in being able to operate over a wide area searching for optimal fishing conditions, and are not adapted to fishing in a localized area. Nor it seems are the businesses themselves well equipped to adapt to investing locally.

After over 20 years of hosting foreign fleets in the Pacific Islands, the record of investment in the host countries by businesses operating under access agreements is systematically poor. Most of the foreign investment in offshore fishing and processing in the Pacific Islands has been made by nationals and businesses of countries that are not major access partners such as the Philippines and New Zealand. Where investments have been made by nationals or businesses of fishing states, they have often been made by entrepreneurs or businesses that were not involved in fishing under access agreements but rather were fish traders looking for fish supply, or were fishing businesses that operated locally in a fishing state and found similar opportunities in which they had a comparative advantage in locally based operations in a Pacific Island fishery. As often as not, the countries in which they have established locally based operations have been countries without access agreements in place. And to the extent that there has been investment by businesses involved in access agreements, there have been very large differences in the relative performance of businesses of different origins, with Taiwanese businesses being more active investors than others. In some cases, the situation is made worse by fishing state regulations that specifically prohibit landing of catches outside ports of the flag state.

Of course, there are good reasons why businesses might choose not to invest in other countries, and especially in developing countries that are often characterised by institutional and policy weaknesses. In some cases however, it seems that there are foreign investors who can identify profitable opportunities for investment in developing country fisheries based on comparative advantage and that those investors are not likely to be drawn from businesses operating under access agreements.

Nor is there any indication of trade benefits from access agreements for Pacific Island countries. At times, trade considerations have been important in access agreements – for example, the Pacific Islands' interest in establishing a multilateral access agreement with the United States was initially closely related to avoiding trade disruptions. But there are

is no apparent strong link or correlation between access and trade currently. Japan and the United States remain overwhelmingly important as ultimate markets for fish exports from the Pacific Islands and those two countries are also major access partners, but the nationals and industries of Japan and the United States have not been very active in Pacific Island fisheries trade and investment in the region. Instead, the pattern of trade gains is driven by comparative economic advantage, especially in processing, with countries such as Fiji and Samoa among the major beneficiaries of that outcome, although they do not have substantial access relationships with the major fishing states.

Private sector development

The creation of a healthy enabling environment for private sector development and strengthening of private sector capacities is broadly accepted as a major priority for developing countries to make effective use of effective resources for development (See for example the World Bank Global Monitoring Report 2004). A fisheries policy that promotes private sector development is one which provides secure, stable opportunities for entry and exit to fisheries business opportunities for foreign or domestic investors. That doesn't preclude policies that limit foreign participation or establish preferences for local or indigenous participants – most developed countries have such policies also. But it does mean there should be an openness about investment opportunities and about the pattern of participation in a fishery which provides businesses with a wide range of choice about the kinds of vessels they use, the partnerships they form and how they can start up, expand, contract or quit their investments. Namibia is quoted below as having a fisheries policy that has facilitated that kind of openness. There have been foreign investors from various origins involved in the Namibian fisheries sector at different times - including France, Holland, Iceland, Japan, New Zealand, Norway, Russia, South Africa and Spain, without access agreements, and with a complex and comprehensive framework of business relations between an inclusive Namibian private sector and investors from elsewhere. It is hard to imagine any arrangement being more different from this or more closed, than the usual government to government access agreement, in which two groups of officials, typically behind closed doors, make arrangements that usually result in short term arrangements for what is essentially an economic enclave operation. If private sector development is a cornerstone of sustainable development, then most fisheries access agreements clearly don't contribute to putting that cornerstone in place.

Subsidy effects

Assessing the impacts of state to state payments for access is a complex issue. The most obvious examples are the cash grants included in access agreements by the EU and the US, but the effects of in-kind aid associated with access are similar. The cash grants make direct contributions to economic welfare in the recipient coastal states. In countries where the provision of basic services such as health and education is tightly constrained by the revenue earning capacities of the governments, those contributions may be vital to achievement of development goals, at least in the short term. In the Pacific, Nauru, Kiribati and Tuvalu are in this position. But such payments are also subsidies. Whether they are 'harmful' subsidies that merit disciplining under WTO is a separate and more complex issue than can be addressed in this paper, but some aspects of that discussion are relevant. Whether such grants are subsidies that contribute to overcapacity depends in part on the extent to which they substitute for private payments. If they are simply a top-

up above the levels that boatowners would otherwise pay, then there may be no such impact. It also depends on the management regime in place. If there is a management regime that is effectively limiting fishing mortality, then there may also be no significant incentive to increase capacity, and the payments may be seen largely as intergovernmental transfers. And it may depend on how the grant funds are spent. If a significant amount of the grants are spent on strengthening compliance, research and management capacities, then the agreements taken as a whole may not contribute to overcapacity.

But even in these cases, there may be trade-distorting effects. The grants will clearly incline coastal states to favour fleets supported by grants in choosing access partners. That clearly has the potential to favour fleets from developed countries that can afford to subsidise access payments, rather than developing flag states. And with reciprocal access arrangements increasing in importance in some areas, the higher returns from agreements with developed countries that include state grants may be in conflict with shared goals to strengthen regional fleets. In the Pacific, these possibilities are not real issues yet, because the state grants generally support capital-intensive purse seine fleets and longline fleets supplying the higher value tuna sashimi market, whereas most domestic development is directed towards smaller scale longlining for canning and lower value markets than the sashimi market. But in time, the effects of access fee subsidies in disadvantaging developing countries may become more apparent.

The subsidy effects are more considerable in agreements associated with vessel transfers, such as an EU second-generation agreement. Depending on how the specific arrangements for transferring capacity are organised and financed, this form of agreement has substantial potential to contribute beneficially to the development of a domestic industry but it also has its costs. Advantaging some through subsidies typically disadvantages others, including other investors in the same fishery who may be operating without subsidies and, if catches are traded, competing countries including competing developing countries.

Transparency/Corruption

Concern about the apparent lack of transparency is a serious issue with respect to access agreements. As the WWF Handbook (Martin et al., 2001) puts it:

"It is essential that national and international decision-making on access agreements be conducted in the public domain and that the texts of bilateral access agreements be freely and fully available to the public."

It is not clear that there has been any increase in the incidence of corruption in fisheries affairs, but it is clear that there are greater concerns about the level and effects of corruption and associated weaknesses in governance on prospects for sustainable development. In the Pacific Islands region, the importance of fisheries in many Pacific Island Countries and some recent findings of corruption in fisheries affairs in some countries increase that concern. Access agreements are the focus of much of that concern. The problems are deepseated. Firstly, the negotiation of access agreements is almost inevitably a secretive process. Part of the rationale for using access agreements rather than direct licensing is that it is possible to have different fee levels for similar fleets and for foreign fleets to agree to pay different fee levels to countries where the fishing opportunities are essentially similar. But that approach usually requires at least the

commercial aspects of the agreements to be kept confidential. As a result, in the Pacific Islands region, only the multilateral treaty with the United States, the EU agreements and FSM Arrangement are fully in the public domain. The government to government agreements with Japan and Korea are also generally public because they require legislative action but the commercial subsidiary arrangements for these agreements and all other agreements are generally not public.

And even where the agreement texts are public, the negotiations themselves are usually closed. More seriously perhaps, in countries where access agreements are important, the approach to negotiating access agreements is also reflected in the legislation governing all fisheries decisions. For example, one element of the strategy developed in the 1980s for developing coastal states was to give very great legal authority to a single Minister or official not just to negotiate access agreements but also to grant, suspend or terminate licences and to attach conditions to licenses as a way of strengthening the position of those responsible to deal with powerful foreign fishing interests. As more fisheries come under limits, it is often decisions on what vessels can be licensed and the licensing conditions generally, and not just access fees that are at the root of concerns about transparency. Addressing these concerns takes more than publishing access agreements, it takes a review of fisheries law to ensure broader participation in decisions on licensing, and provide for open consultation about licensing conditions and for the establishment of license registers. Looking ahead, concerns about transparency are not likely to abate. With resources becoming scarcer and access to them becoming more valuable, incentives for corrupt practices are bound to increase and impatience with the kind of secrecy that attends access agreements also can be expected to increase.

Fisheries Policy Development/Formulation

If policy reforms in developing countries are necessary to improve the performance of developing countries in meeting their people's needs from their own resources, then it is worth asking whether access agreements promote or deter appropriate reforms, and the answer is likely to be negative. There have been major reforms in the fisheries policies and institutions of many developed countries over the past 20 years, driven by prominent fisheries management failures in Europe and North America, and involving the application of rights-based management and the ecosystem approach. Developing countries have also been going through fisheries policy reforms, though different in nature. For many developing countries, the reforms have fundamentally involved a shift from actions to increase production such as introducing more modern fishing craft and upgrading infrastructure, often with substantial state involvement, to conservation and management programmes based on fishery monitoring, research and consultation. In many cases, these efforts involve the complexities of conservation and management in diverse coastal fisheries. The examples below illustrate the variable pace of reform among developing countries in commercial fisheries management and a worrying feature is the possibility that access agreement based frameworks have not promoted, and may have hindered reform. This doesn't necessarily mean that access agreements themselves obstruct reform, though that is possible. More likely, it is countries with the weakest institutional capacities that both continue to rely on access agreements and can not internally generate the momentum to reform fisheries policies and generate new options for sustainable fisheries development. In these cases, countries might rely on access agreements for which texts are readily available and which are institutionally undemanding, rather than going through the process of drawing up regulations and having

them adopted, and establishing the institutional processes for granting of more secure and more valuable forms of access rights.

It should be a particular concern that there is a continuing and perhaps growing dependence on private access agreements between developing country governments and businesses with texts that have changed little in two decades (except for some compliance strengthening) and for which there is no longer a sound rationale. The core structure of these texts is that governments agree to make licences available in return for businesses individually or collectively agreeing to a range of conditions including fees and to generally comply with applicable national laws. In effect, this approach puts all the licensing terms and conditions on the table in a negotiating context. It is an unusual way for governments to regulate business activities. In other sectors of the economy, governments typically establish a legislative and regulatory framework. Where an activity needs to be regulated, there will usually be a standard set of conditions, typically prescribed by regulations, and a fee, often with some kind of consultative process with the business sector concerned. Businesses apply and licences are granted after some form of consideration of the application. Where there are limits to the volume of activity, criteria might be established and applications measured against the criteria, often by an independent body. Such approaches can be found in transport, telecommunications, mining and many other businesses sectors. It is rare for governments to subject themselves to an agreement process largely to secure agreement for compliance with national laws.

The occasions on which governments enter into commercial agreements with businesses in other sectors usually involve major projects for which there is some kind of specific incentive package or in ventures where government assets are involved. The value of private fisheries agreements needs to be assessed against these standards for government regulation of economic activities. There may have been a rationale for such an approach when fisheries jurisdictions were first being extended as noted above, to secure recognition of the coastal state's authority, provide for transitional arrangements in historical fishing now being subjected to new forms of jurisdiction, enhance compliance and establish a new regulatory framework for offshore fishing, but it is difficult to see that those considerations are relevant to private fisheries access agreements today.

Against this background, and taking into account the problems of the lack of transparency, the absence of beneficial investment from fishing under access agreements generally and the likelihood that other forms of regulation might generate higher revenue levels, there is certainly a case to be made for considering whether private access agreements are an appropriate way for developing countries to regulate offshore fishing. Further analysis might find that heavy reliance on private fisheries access agreements is more a reflection of institutional weakness than deliberate policy choice.

Examples

The following examples illustrate some responses by developing countries to opportunities for reforming fisheries policies, including the role and structure of access agreements.³

3. Data on Pacific Island countries in this section taken from the SPC Tuna Yearbook (SPC, 2005) and the ADB review of access agreements (ADB, 2004a)

Cook Islands

After nearly 20 years of low (USD 32 000 in 1999 (ADB 2004b)), sporadic and highly variable receipts from access fees from foreign longliners, Cook Islands has been radically reforming its overall approach to offshore fisheries management. The changes include:

- Terminating fishing under previous longstanding access agreements for foreign longliners;
- Shifting the focus of participation by foreign investors and foreign vessels from access fee fishing to charters and joint ventures;
- Improving the climate for investment in domestic offshore fishing and associated processing through clearer, more transparent and more stable policies and infrastructure investment;
- Systematic changes in the legal framework to make it more relevant to collaborative domestic fishery management and less directed towards arms-length foreign fishing vessel control. These changes include a secure and transparent system of fishing rights set out in legislation.

The changes contributed to offshore fishery catches increasing from almost zero in the year 2000 to 3 000 tonnes in 2004. Most catches are processed onshore in a number of plants established initially by foreign and domestic investors. The value of output in 2004 was around USD 8 million, an important economic contribution for a country of around 15 000 people.

Fiji

As one of the more developed Pacific Island States, Fiji has since the extension of its jurisdiction targeted domestic offshore fishery development, rather than licensing of foreign vessels. Its domestic longline development began in the 1990s and landed nearly 20 000 tonnes in 2004. By 2003, there were two canneries and five loining plants in operation, as well as packing plants for longline exports, and fresh tuna exports were valued at around USD 60 million (ADB 2004b). Foreign vessels participate under charters, and the management arrangements include provisions for participation by indigenous Fijians in the control of the fishery. Management of Fiji's offshore fisheries has gone through a process of institutional and policy reform and strengthening since preparation of a Tuna Management and Development Plan in 2002. Features are a strong co-management process, institutional strengthening especially in the area of compliance, and most recently a decision to cut the number of vessels to preserve the economic viability of the fishery, but deepening of reform has been called for (ADB 2005).

Niue

Over a 20 year period, Niue's experience with licensing foreign vessels under access agreements was similar to that of Cook Islands – fees earned were low, sporadic and variable, finally drying up after the fleets of Taiwan and Korea declined to accept a requirement to install vessel monitoring devices. Niue has now granted a processing right to a Niue-New Zealand joint venture. Vessels are licensed directly without access agreements, and with a licence condition that catches must be landed in Niue.

Papua New Guinea

Commercial catches by Papua New Guinea's domestic tuna fleets (longline and purse seine) have grown from around 1 000 tonnes to over 200 000 tonnes in 2004. The fleet includes chartered vessels, but all catches are landed or transhipped in PNG and increasingly processed onshore. A significant share of the catch is taken outside PNG waters, including in the waters of other Pacific island countries under reciprocal access provisions in the FSM Arrangement. In addition, foreign purse seiners may operate in PNG waters under bilateral access agreements but are being phased down, and PNG is about to implement an arrangement limiting purse seine effort in vessel days that may see bilateral access agreements in time replaced by more flexible and competitive licensing instruments. Foreign longliners are licensed only under charters and no longer under access agreements. These developments have been underpinned by major institutional reform and strengthening that involved creating a self-financing statutory authority for fisheries management and legal and policy reforms, involving reductions in core staff from 330 to 65 (ADB 2003) (Manieva 2003).

Kiribati, Nauru and Tuvalu

The experience of the four Pacific Island Countries outlined above is not necessarily representative of the approach of other Pacific Island countries. Several Pacific Island countries, including Kiribati, Nauru and Tuvalu still depend very heavily on access agreements as a primary instrument for the management of commercial offshore fishing. These three countries have high earnings in access fees (around USD 32 million in 2003) to finance their recurrent budgets, large zones (4.7 million sq. km), large catches (ranging from 250 000 to 400 000 mt annually between them), and small populations (around 120 000 in total). Their fisheries administrations are small, and challenged to maintain control of the high levels of fishing in their waters, especially in the light of the requirement to participate in increasingly complex global and regional fisheries management initiatives and processes. All are committed in their fisheries policies to developing a domestic commercial fisheries sector but have a record of failure of previous ventures, most of them involving state participation and assets granted under aid associated with access. All have legislation that allows foreign vessels to be licensed under access agreements or by direct issue of permits, but none have in place the regulations governing fishing conditions that would be required for direct licensing. All foreign vessels are licensed under access agreements, many of them commercial level agreements with associations and companies.

Namibia

Fifteen years after it started developing its fisheries management regime, Namibia is perhaps the most often-quoted model for effective developing country management of commercial offshore fisheries – a recent paper prepared for the High Seas Task Force, for example, notes that:

“The case of Namibia, for example, demonstrates the positive contribution of an effective regulatory environment, including conditionalities in the activities of fishing fleets, a comprehensive resource assessment program with long-term commitment to fishery-independent surveys, and commercial data collection.” (MRAG 2005)

Achieving independence in 1990, Namibia faced both the disadvantage of having to build a fisheries administration and fisheries industry almost from scratch and the corresponding advantage of being relatively unconstrained by historical conditions. A White Paper laid out a vision of a responsibly managed fisheries sector that progressively moved towards Namibianisation and onshore processing. Initially, Namibia anticipated a significant role in this strategy for foreign vessels fishing under access agreements and entered into negotiations with a range of fishing states. It proved not possible within the access negotiations to find agreement on arrangements that supported the goals of Namibianisation and onshore development. The closest Namibia came to an access agreement was with the EU on a second generation agreement. That agreement was not concluded because of concerns by the Namibian government about the overall impact that subsidy arrangements in that form of agreement would have on investment in the sector.

Instead, Namibia developed a management regime based on limited access and allocations of rights in all fisheries. Within this framework, foreign investors can participate in joint ventures, and rightholders are generally able to charter foreign vessels, although incurring substantially higher fees than if Namibian vessels were used. The result is a sector with substantial constructive foreign participation. Within the framework, foreign investors come and go, making investments, building businesses and taking profits on exit or making losses and moving on, just as they do in any other major sector of a market economy. The only form of access agreement authorised by current Namibian law is a government to government agreement with other member countries of the Southern African Development Community, a provision designed to facilitate mutual access.

Overview of the examples

Fiji and Namibia have managed foreign fishing in their waters without access agreements since establishing their EEZs. Both have relatively strong fisheries management institutions – in the case of Namibia as a result of a long term effort with substantial donor support – in the case of Fiji strengthened by recent reforms. Cook Islands, Niue and Papua New Guinea operated for around 20 years with a heavy reliance on access agreements, but have moved in very different ways to change the way in which foreign fishing is managed resulting in a lesser role for access agreements, with generally beneficial outcomes. Cook Islands, Fiji, Niue and Papua New Guinea are increasingly involved in licensing arrangements with vessels of other Pacific island states, either as the licensing state or the fishing state. These countries have all undergone some recent process of institutional, legal and policy reform and strengthening. Kiribati, Tuvalu and Nauru remain heavily dependent on access agreements and have policies and institutions that have been little changed since their EEZs were first established.

Resolving Incoherence/Strengthening Coherence

The need for sustainable fisheries strategies for Developing countries

The analysis above identifies a range of issues and problems associated with access agreements. These results are not new. Other analyses have addressed the problems with respect to sustainable fisheries, impacts on local communities and transparency, but have given less attention to issues related to trade, investment and private sector development. But identifying issues and problems with access agreements is one thing, resolving them

is another – especially with problems of policy coherence that essentially result from conflicting objectives. From a developing country point of view, the issue might be looked at not from the point of view not just of how to put “fixes” into existing access agreement structures but rather whether access agreements remain appropriate instruments and where they remain appropriate, what structure of agreements is appropriate. The starting point for this analysis should be a coherent updated, strategy or vision of the contribution that fisheries is expected to make to national sustainable development. Such a strategy should take into account the need for an ecosystem approach to fisheries management that deals with the interactions between different fishery components both above and below the water, and the opportunities for gains in sustainable fisheries development from a system of secure access rights for individuals, groups, businesses or communities. The strategy should include a clear understanding of the role of foreign investment generally and of fishing by foreign vessels in particular.

Countries planning to emphasise the development of substantial domestic fishing and processing sectors should expect to find that access agreements are not likely to be an appropriate instrument to achieve that kind of goal, with the possible exception of arrangements such as those in an EU second generation agreement. There are a number of factors that can improve the opportunities for this form of development. Changing patterns of comparative advantage driven by strengthened governance, better investment climates, improved opportunities for trade in fisheries products, improved infrastructure, enhanced skills and stronger domestic private sectors should see more developing countries with the opportunity to make this kind of choice, especially as pressure on fish supplies tighten, values increase and the competitiveness of develop country fleets declines.

Reforming government to government access agreements

Some developing countries will continue to see opportunities for important economic gains, especially government revenue, in authorised fishing by foreign distant water vessels. Where there is a responsible fishing state partner government able and prepared to add value to the arrangements for access in terms of both economic and financial contributions and ensuring compliance by its vessels, government to government access agreements should continue to be important instruments, and efforts to resolve the issues of policy incoherence associated with these agreements should continue to be a priority. In this respect, the policy framework for both fishing states and coastal states for fisheries access agreements has not kept pace with the acceptance of the concepts of responsible and sustainable fisheries and needs to be updated. The changes in the EC approach to agreements represent current best practice in this respect. That change is based on a shift from access agreements to “partnership agreements” (FPAs) designed to establish a sectoral relationship in fisheries with partner countries that is in line with the development co-operation arrangements in the Cotonou Agreement. The Solomon Islands FPA was apparently the first FPA. The Agreement is not yet in force but the text is faithful to the Community’s stated intentions to “contribute to the establishment of the conditions for sustainable fisheries beyond Community Waters”. It includes new provisions on policy dialogue on fisheries reforms, good governance, scientific co-operation, employment of Solomon Island workers on Community vessels and their rights, responsible fishing and resource sustainability, and financial support for those purposes, and a comprehensive set of conditions for fishing including reporting, observers, boarding and inspection and VMS. However, at its core, it remains an access agreement, initially for 4 purse seine and 10 longline vessels, and in this respect does not

substantially address the trade, investment and private sector development issues that would be associated with integrating fishing under the agreement into the Solomon Islands domestic economy. On the surface then, the new emphasis on coherence in the Solomon Island FPA would make a small, rather than a significant contribution to sustainable fisheries development in Solomon Islands.

But there is a bigger picture. The Community support for development projects in Solomon Islands includes assistance to coastal fisheries and currently for the rehabilitation of infrastructure of the tuna industry. The Community has been a major supporter of regional fisheries research programmes and has been working constructively with the Solomon Islands and other Island countries in the establishment of the new Western and Central Pacific Fisheries Commission. Pacific Island Countries and the Community are working to develop a Regional Economic Partnership Agreement with a fisheries component. And if current development plans are successful, the value of Solomon Islands exports of fish to Europe will probably greatly exceed the value of catches likely to be made in Solomon Islands waters under the FPA, illustrating the idea that in the longer term it will be access to fish supply, not fishing, that will be the more important relationship between developed and developing countries. In addition, other OECD Members are supporting a major programme of strengthening of Solomon Island fisheries institutions that will enhance its capacity ensure compliance with the FPA and benefit from its operations.

Taken together, these strands of development co-operation can make a powerful contribution to national sustainable development. Addressing coherence in fisheries agreements may be a small step in this process in this case, but it is an important one. Out further though lies the broader task of making such agreements into instruments of broader-based development co-operation that promote integration of fishing into domestic economies rather than maintaining distant water fishing as economic enclave activities.

There is some scope for similar approaches by other fishing states, especially those that are major market states. However, it is unlikely that most other fishing states will have the same breadth of opportunities as the EC to address policy incoherence concerns through restructuring access agreements or taking account of them in broader economic relationship for at least two reasons. Firstly, the Community has a substantial development co-operation framework with most, if not all, of the developing countries with whom it has access agreements. And secondly, the Community has the opportunity to separate its sources of technical assistance from the control of its fleets because it has a number of member states with a long record of participation in development co-operation activities, including fisheries compliance that are not involved in distant water fishing. Other fishing states might therefore find it more difficult to resolve the policy coherence concerns with access agreements with such an approach.

There might be scope also to consider new structures for access agreements. With the increasing transfer of the responsibility for funding of financial contributions to boatowners, there is less reason for commercial aspects to be included in the government to government access agreements. In this direction, government to government agreements would focus on compliance and sustainability issues with coastal state agreement on fishing opportunities being made available at least on a non-discriminatory basis, or more positively, on a basis that took into account the value of the fishing state contributions to compliance and sustainability. The developing coastal state would then establish the volume of fishing opportunities to be provided and the conditions of fishing including any fees, moving the access relationships more in the direction taken by

developed coastal states including Canada and the United States when they first extended their fisheries jurisdictions.

Reforming and Strengthening Fisheries Management Programmes and Institutions

Some of the issues identified as problems with access agreements are not essentially related to access agreements but are wider fisheries management issues. Conflict between the interests of artisanal fishers and industrial vessels may not be substantially different whether the industrial vessels are foreign access vessels, foreign charter vessels or domestic vessels, though the problem may be accentuated under boatowners that are remote and removed from the local discourse about these effects. Resolving these conflicts is a core fisheries management problem, and a tough one, that requires information, policy analysis, structures for dialogue with stakeholders and compliance arrangements.

There is an important role for regional co-operation in addressing fisheries management weaknesses that lie at the heart of many of the issues and problems with access agreements. Pacific Island Countries in particular have benefited from regional co-operation in fisheries, including co-operation directed towards access agreements. But the answer is unlikely to lie in the direction of strengthening regional fisheries organisations at the expense of national ownership and control of fisheries management arrangements. Rather, regional co-operation should strengthen and not undermine, national ownership and control of policies and resources; and build capacity, not dependence from regional arrangements.

Private Fisheries Access Agreements

In terms of sustainable fisheries in developing countries, it is difficult to see any rationale for private fisheries access agreements to be continued, except that since they are in place it is less demanding to keep them than replace them. There are options centred on licensing vessels directly in accordance with conditions prescribed by regulations including fees that should generate greater benefits for developing coastal states. These options requires stronger institutional arrangements to decide on the circumstances in which individual foreign vessels should be allowed to participate in fishing and the establishment of systems of criteria, incentives and requirements for landings, crewing and national control to ensure their participation is beneficial, along with enhanced monitoring. They are much more powerful when overall access is limited, requiring a limited entry framework at least across major fisheries.

Access Agreements and Alternatives

Finding problems with access agreements doesn't necessarily indicate moving directly to terminating access agreements. It calls rather for the kind of overall policy analysis and decision-making outlined above that result in a developing coastal state defining the role of foreign vessels and foreign investment more generally and assessing alternative ways of managing participation by foreign vessels. The obvious alternative to access agreements is to simply licence vessels directly on a vessel by vessel basis, preferably within a system of access rights that leaves rightholders with room to choose the appropriate mix of vessels, with criteria that determine the limits within which foreign vessels can be operated and appropriate conditions including fees, crewing etc. This

approach can be adopted incrementally, which would be particularly important for developing coastal states that depend heavily on returns from access agreements. The most important step is to build a sound legal framework for direct licensing with terms and conditions including fees laid out in transparent regulations. This can exist alongside the legal framework for access agreements, and be applied as a first step to particular groups of vessels, beginning with some that are licensed only under private agreements.

Postscript: Policy Coherence/Incoherence and RFMOs

As the discourse on policy coherence and fisheries broadens, one aspect related to access agreements that might receive attention is that of policies in respect of RFMOs. Many, and perhaps most, access agreements between developing and developed countries include provision for fishing of species that fall within the scope of various RFMOs, particularly the International Commission for the Conservation of Atlantic Tunas (ICCAT), the Indian Ocean Tuna Commission (IOTC) and the new Western and Central Pacific Fisheries Commission (WPFCC). In these cases, the arrangements in the access agreements have to be consistent with measures adopted by the RFMOs. Some of the measures of those RFMOs may have a major effect on the shape of the access agreements, the benefits that the agreements provide, and more generally the contribution of fishing under the agreements to sustainable development in the developing coastal states. The two major aspects of the work of RFMOs that may affect the outcomes of access agreements are:

- 1) the effectiveness of measures to ensure sustainability of fishing for the stocks involved. Clearly, the sustainability of fishing under access agreements for species that are substantially managed under an RFMO depends heavily on the effectiveness of the RFMO conservation and management measures; and
- 2) the effect of RFMO conservation measures on the allocation of fishing opportunities among members of the RFMO.

Participating effectively in the work of RFMOs is difficult for developing states, especially smaller developing states. The issues are complex, involving a mix of legal, scientific, economic and other technical factors that is difficult for small delegations to adequately cover, and the organisations tend to work in working groups and committees which involve a large number of sessions of meetings during a year. As a result, few developing countries, except the largest, have the capacity to participate effectively and the processes tend to be dominated by developed countries, some of whom have very substantial economic interests in the outcomes and active domestic fishing industry participants. By comparison, the interest, attention and participation of developed fishing state development agencies in the processes of RFMO decision-making appears to have been substantially less than in the access agreement processes. In this setting, there is a risk that the fisheries policies of developed countries in the RFMOs will lead to outcomes, including in fishing under access agreements that are not coherent with sustainable development objectives. This is an issue that may be worth more attention within the debate on policy coherence for development in fisheries.

Some Policy Considerations

Analysis of access agreements is highly partial and focused on the EU agreements. There is a need for a broader analysis of access agreements of other fishing states. Some of this at least could be initiated by the fishing states themselves.

Proposals for addressing concerns related to policy coherence and access agreements have generally focused on reforming the agreements without addressing their basic structure. There is scope for considering alternatives to access agreements for developing countries and different access agreement structures which leave more responsibility with the developing country for management of commercial aspects while strengthening the contributions of access agreements to compliance and sustainability.

There are likely to be some developing countries that are involved in access agreements because they do not have the compliance and other fisheries management institutional capacities to adopt more rigorous and more beneficial fisheries management strategies and policies.

Substantial dependence on private fisheries agreements by a developing country is more likely to be a sign of institutional weakness limiting policy options than a policy choice.

The case for the value of investment in compliance activities has been well made by DFID and MRAG (MRAG 2005). The dividends from effective compliance include not only enhanced control of IUU fishing and reduction of the losses that it causes, but the opening up of a wider range of fisheries management and development paths that might be potentially more beneficial for a developing coastal state, partly because of reduced need to rely on access agreements to secure compliance. But the effectiveness of investments in fisheries compliance (and fisheries management capacities generally) is heavily dependent on the overall strength of national governance.

Reform and strengthening of fisheries programmes and institutions is an essential element in the development of sustainable fisheries and increasing the contribution of fisheries to achievement of broader development goals, including ensuring that fishing under access agreements is consistent with achievement of these goals. Progress in transferring and adapting modern fisheries management concepts proven in developed countries, such as rights-based management and the application of an ecosystem approach is particularly dependent on redirected and improved fisheries management capacities in developing countries.

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Chapter 6

Discussant's Note on Perspectives on Fisheries Access Agreements: Civil Societies' Views¹

1. This chapter was written by Dr. Simon Cripps, Director of the Global Marine Programme of WWF International, Switzerland, email: Scripps@wwfint.org.

I am very grateful to the OECD and Chair for the opportunity to put some questions from another member of civil society.

My role here was defined for me this morning by George Carner and Lori Ridgeway to put pressure on governments and by the Workshop to provoke a discussion with some questions. I will therefore ask questions with 4 areas: the Viking approach; the environment and development interface; access and subsidies; RFMOs.

The Viking Approach

One of the main concerns for an environmental organisation such as WWF is the need for Intra-country coherence – between aid and non-aid policies.

- The Viking approach.
- The well documented giving with the left hand and taking with the right.
- So that donor aid is given to assist in the development of (preferably sustainable) resources, whilst access agreements follow-up to mop up and extract those resources.

Mr Clark lists some of the challenges of that approach:

- adverse impacts on local fishers;
- lack of integration into the local economy;
- lack of transparency;
- undermining of sustainable fisheries through over-exploitation and compliance failures.

In this regard WWF has published a handbook on access agreement negotiations (Martin *et al.* 2001) and has run a suite of five regional capacity building workshops in Senegal, Mauritania, Fiji, Tanzania and Ghana (Lankester *et al.* 2002).

As there continues to be a clear need for balancing the power at the negotiation table, WWF is now looking to establish an independent Global Fisheries Access Help desk to serve developing states in their negotiations and with related management issues. This will be based at our Western African marine ecoregion office.

Does this Workshop see any value in this approach?

Environment and Development

Professor Hersoug's paper describes several reasons for this lack of coherence.

- In this case I ask this Workshop if it can be that development and extraction are perceived as different concepts with no underlying common theme around which to unify a coherent policy and approaches? The point made in several of the papers prepared for this discussion about the supposed trade-off between economic gains and social and environmental gains is a critical fallacy that we have a responsibility to challenge. The concept of a conflict between these interests takes a short term view, reflecting the bias built into traditional methods of measuring national accounts. A triple bottom line approach, reflecting the

longer term synergies between sustainable environmental and socio-cultural approaches and economic gains, would be a more appropriate starting point to identifying a basis for improved coherence between fisheries (and oceans management more broadly) and development policies.

- Could ecosystem-based management (EBM) provide that common theme as it allows the sustainable development of the fisheries resource base?
- On the development side, funding and policies need to be underpinned by sound environmental management. Environment is so often dropped or de-prioritised leading to resource degradation and increased poverty.
- Using EBM as an aim for this aid would put in place a resource management framework for the future.
- On the extraction side this EBM approach could then form the basis of an equitable and lasting arrangement.
- As Mr Donatella said “Coherence is not one way.”

Access and Subsidies

- When does a sound access agreement become a subsidy in the eyes of WTO?
- Do they cause trade distortions or merely redress the balance and allow long-term opportunities for developing countries?
- Good agreements between countries should provide:
 - stronger MCS capacity;
 - infrastructure;
 - effort limitation mechanisms;
 - bycatch reduction, EBM and MPAs;
 - fisheries management research and statistics.
- Are these subsidies, and if they are why is it that good and bad (constructive & destructive) subsidies get lumped into one pot?

RFMOs

The integration of bilateral agreements into appropriate RFMOs:

- There is now an opportunity to review the way that high seas RFMOs do their business.
- The Ministerial led High Seas Task Force (HSTF, 2006) confirmed the potential and value of RFMOs as existing mechanisms with much potential for improved fisheries management
- The follow-up Chatham House process should be looking into RFMO reform.

- This is an opportunity to show that EBM and indeed fisheries management is possible, despite the widespread failures to date. It's also an opportunity to show that Fisheries Ministries are up to the job and can show leadership by success.
- An example is the new South Pacific RFMO.
 - This could go the way of other unsuccessful single stock management regimes.
 - Or, it could take a more holistic, equitable long-term approach.
 - But to do this parties to the RFMO need a cohesive policy to the negotiation of their access.
 - Cohesive to the way they negotiate close to home.
- Cohesive to their own published aims.
- What mechanisms need to be in place to ensure this? Prof Hersoug asks about costs of coherence and notes that costs may outweigh the benefits. Turn this question around and ask what is the cost of incoherence, of the waste and inefficiencies associated with the myriad conflicting policies we are all acutely aware of today.
- Is it peer pressure that is needed? There is now a weight of countries prepared to do the right thing. Now is the time to act. Mr Donatella for example gives us specific examples of how this can in practice be done.
- As Prof Hersoug said, “Charity begins at home”, but I think at the moment it ends in someone else’s fishery!
- We need leadership and peer pressure from both developed and developing countries and from WTO and from funding agencies as we are just on the Tipping Point.

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Chapter 7

Discussant's Note on Perspectives on Fisheries Access Agreements: Developing Countries' Views¹

1. This chapter was written by Mr. Papa Gora NDIAYE, Programme Officer on fisheries at Enda Perspectives – Dialogues Politiques (Sénégal) gndiaye@gmail.com Tel: +221 825 27 87 / +221 640 63 1. The original language was French.

Policy coherence for fisheries is a highly topical issue in West Africa, where fisheries are experiencing an increasingly acute crisis. The OECD Workshop is therefore very timely, as it can provide substantial input to current thinking on how to improve policy coherence with regard to West African fisheries.

If we take the fisheries access agreements that are the subject of Session One, and more specifically those linking the European Union and West Africa, we find levels of incoherence that are jeopardising the future of fisheries in these countries of the South.

Mr Donatella of the European Union laid great emphasis in his paper on the international dimension of the coherence issue with regard to fisheries agreements. In my view, however, the quest for coherence should begin by ensuring that any fisheries agreement complies with the international conventions to which the states are party. The 1982 UN Convention on the Law of the Sea adopted the “principle of complementarity”, whereby coastal states may grant other states access to resources that they themselves do not harvest. It is such “surplus” resources that ought to be the subject of fisheries agreements. Unfortunately, the fisheries agreements between the EU and numerous countries in the South relate to stocks that are fully harvested, or even overfished. In Senegal, scientists have been raising the alarm since the 1990s about critical harvesting levels for inshore demersal species. Yet when the EU negotiates its fisheries agreements with Senegal, it still requests quotas for those species, and the Senegalese Government continues to grant them. A responsible and coherent attitude on the part of both parties would be to cease negotiating fisheries agreements for overfished species, but this is not yet the case. The argument whereby the EU accounts for only 2% of the total catch is not valid in a coherent, ecosystem-based approach. The figure may be 2% in Senegal, but it is 40% in Mauritania; and what percentage in Guinea-Bissau? These countries share the same marine ecosystem, and irresponsible fishing in one country has an adverse impact in the others.

So it should be borne in mind that, while the EU common fisheries policy may in theory seem coherent because it is based on a sound strategy of agreements to transfer fishing units elsewhere and curbing the allocation of quotas to fish in European waters, this policy is actually accentuating imbalances and incoherence in the South. The financial compensation allocated to states under fisheries agreements is viewed and justified by the EU, particularly vis-à-vis the WTO, as development assistance. Similarly, the support payments awarded to European vessels to withdraw from EU waters and operate under fisheries agreements with the South are perceived as “green subsidies” because they reduce fishing effort in European waters. Yet the South views those subsidies as “red” rather than “green”, because they create surplus fishing capacity.

Most governments in the South justify fisheries agreements by the size of the financial compensation they receive. In reality, however, sound fisheries management in the region could produce financial spin-offs that would outweigh the financial compensation paid by the EU.

Taking the example of Senegal again, under the current fisheries agreement with the EU, this country receives some XOF 10 billion (CFA francs) a year in financial compensation. At the same time the government is subsidising small fishermen by approximately the same amount with fuel tax equalisation and tax breaks on fishing gear, while allowing them free access – a situation that is unsustainable for the resource. Merely regulating access by small fishermen could bring in substantial government revenue.

This goes to show how important it is to work towards policy coherence in the fishing sector, so as to improve coherence with other sectoral policies such as trade and the environment.

It is also important to work towards coherence at the regional level, particularly in respect of access to fishery resources, and thus of fishery quotas allocated to third countries via access agreements. Here, regional fisheries management organisations such as the Sub-Regional Fisheries Commission (SRFC) will have key roles to play. One of them is to co-ordinate and monitor coherence in the negotiation of fisheries agreements. This does not mean taking the place of countries at the negotiating table, but above all ensuring compliance with certain principles, by stipulating minimum requirements for access to fishery resources.

In the relations between the EU and the ACP (African, Caribbean and Pacific) Group of States on fisheries issues, there is a close link between access to markets and access to fishery resources. An in-depth look at these relations would suggest an unwritten pact that is not to be found in any agreement, but which can be summarised as: “Give us access to your resources and we will give you access to our markets!”. In practice, there is a clear distinction between Economic Partnership Agreements (EPAs) and Fisheries Partnership Agreements (FPAs). If EPAs are genuinely to be viewed as agreements promoting regional integration and the economic and social development of ACP countries, there is no reason why such a regional approach could not be incorporated into FPAs, making them more logical and consistent with the EU approach. To date, FPAs have always taken a country-specific, rather than a regional or ecosystem-based, approach.

Today, the subject of policy coherence for fisheries is of particular interest to ENDA and other organisations in civil society. For clearly, if efforts are not made to develop and implement participatory fisheries policies, there will be fewer chances of achieving policy coherence at the sectoral, intersectoral, national and regional levels.

This has prompted an organisation like ENDA to work on the issue of fishery policies, and more specifically coherence, with a view to developing a forward-looking approach based on dialogue with all of the stakeholders. Nowadays it is illusory to view policy as a field confined to governments. So the role of NGOs and other members of civil society should not be restricted to working 'in the field' with local players such as small fishermen. The challenge today is to allow those small fishermen, considered to be the vulnerable victims of globalisation, to help shape the many factors at local, national and international level that have such a huge impact on their daily lives.

PART III

THE ROLE OF TRADE POLICIES AND HOW TO BENEFIT DEVELOPING AND DEVELOPED COUNTRIES' CONSUMERS

Chapter 8

Trade and Fisheries Globalisation: Issues for Developing and Developed Countries^{1 2}

The OECD has recently completed a major study on Trade and Structural Adjustment (OECD 2005a). The aim of the study is to identify, for developed and developing countries, the requirements for successful trade-related structural adjustment via the reallocation of labour and capital to more efficient uses, while limiting adjustment costs for individuals, communities and society as a whole. Adjustment here, thus refers to the use of a range of policy instruments to facilitate adaptation to a structural (rather than transitory or cyclical) change in the economic environment - in response to the emergence of new sources of competition, technological change, resource constraints or shifting consumer preferences. This paper draws extensively on the OECD Study, with a particular focus on experience in the fisheries sector.

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1. This chapter has been prepared by Mr. Kenneth Heydon previously Deputy Director of the OECD Trade Directorate, email: ken.heydon@gmail.com.
 2. The views expressed in this paper are those of the author and do not necessarily reflect those of OECD Member Countries.

Globalisation in Perspective

Structural adjustment is a necessary counterpart of globalisation. It is the process whereby resources move from declining to expanding areas of activity. While the principle of resource mobility may be widely accepted, the pace or scale of changes involved will often be the cause of public concern. It is useful therefore to put the process of structural change in its proper perspective. There is a widespread fear that in the advanced industrialised economies, there is an unrelenting and accelerating shift of employment out of primary industries and manufacturing into the service sector. This is not in fact the case. Though the relative weight of the service sector has increased (see below), the *rate* of structural change has not increased. There is not an ever accelerating shift of OECD employment out of manufacturing and primary activity into services. Indeed, as OECD service industries become more exposed to international competition, the trend whereby the transfer of resources is less from primary and secondary activity to services than from one service activity to another is likely to strengthen. (Kongsrud and Wanner 2005) (see Box 8.1).

A Changed Context

But things are not standing still. Conditions are very different from those that prevailed when structural adjustment was last examined by OECD in 1978. There are more players on the world stage. Back in 1978, China, under Deng Xiaoping, was only just embarking on the process of reform and opening up that has seen it become a major force in the world economy. There has been an acceleration in technological innovation. This is hard to measure, but if one takes a range of indicators, including the scale of R&D and patents activity, rises in multi-factor productivity or the transfer of technology from developed to developing countries, then there are strong grounds for believing that the pace of technological development and diffusion has increased.

There has also been a change in societal values - not least as concerns the environment. This has had far-reaching effects ranging from the demise of the production of steel in open-hearth furnaces to controls on fishing in mangrove areas.

And the structure of economic activity has changed radically, with services now accounting for a much larger share of GDP in all country groupings (see Figure 8.1).

A Differentiated Picture

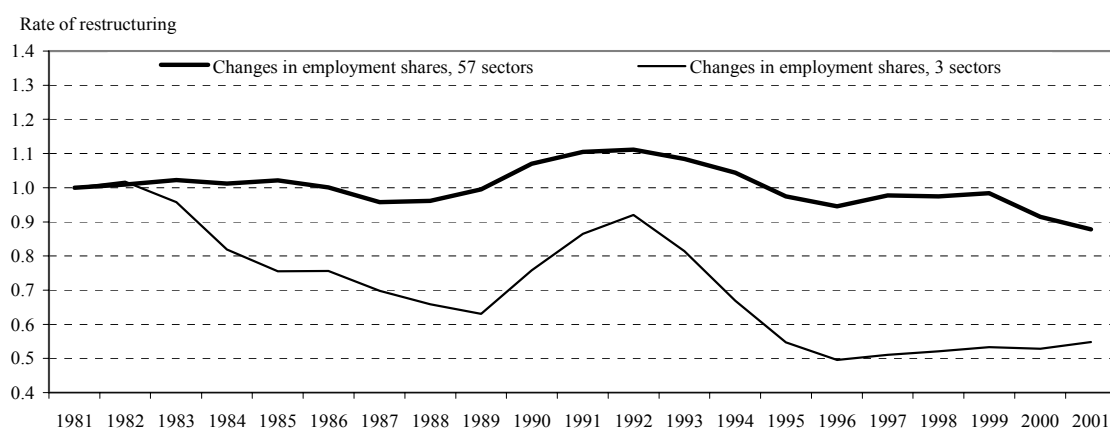
The context is not only different, it is also more differentiated. The nature of structural adjustment is not uniform.

- It differs from one sector to another. For example, the adjustment challenge is very different in a sector which is declining, such as agriculture, than it is in a sector which is expanding, such as health services. Behind these differences are key variables such as demographic change or fundamental links between demand and income growth; the process of structural change has deep roots. For a discussion of the adjustment challenge in the fisheries sector see Box 8.2.

Box 8.1 The rate of structural change has not increased

The rate of structural change cannot be easily measured, as it involves changes within as well as between firms, industries and regions. Available indicators suggest, however, that the rate of change has not increased in the OECD area. Developments in sectoral employment shares suggest, for instance, that the rate of change has been fairly stable over the past two decades (see figure below). At the same time, labour adjustments between primary industries, manufacturing and services have declined. This indicates that structural changes in employment patterns take place to an increasing extent between broad industries within the service sector, as shifts of employment from goods-producing sectors to services have tapered off.

The rate of change in sectoral employment patterns ¹
OECD average, three-year moving average, index 1981=1

**Notes:**

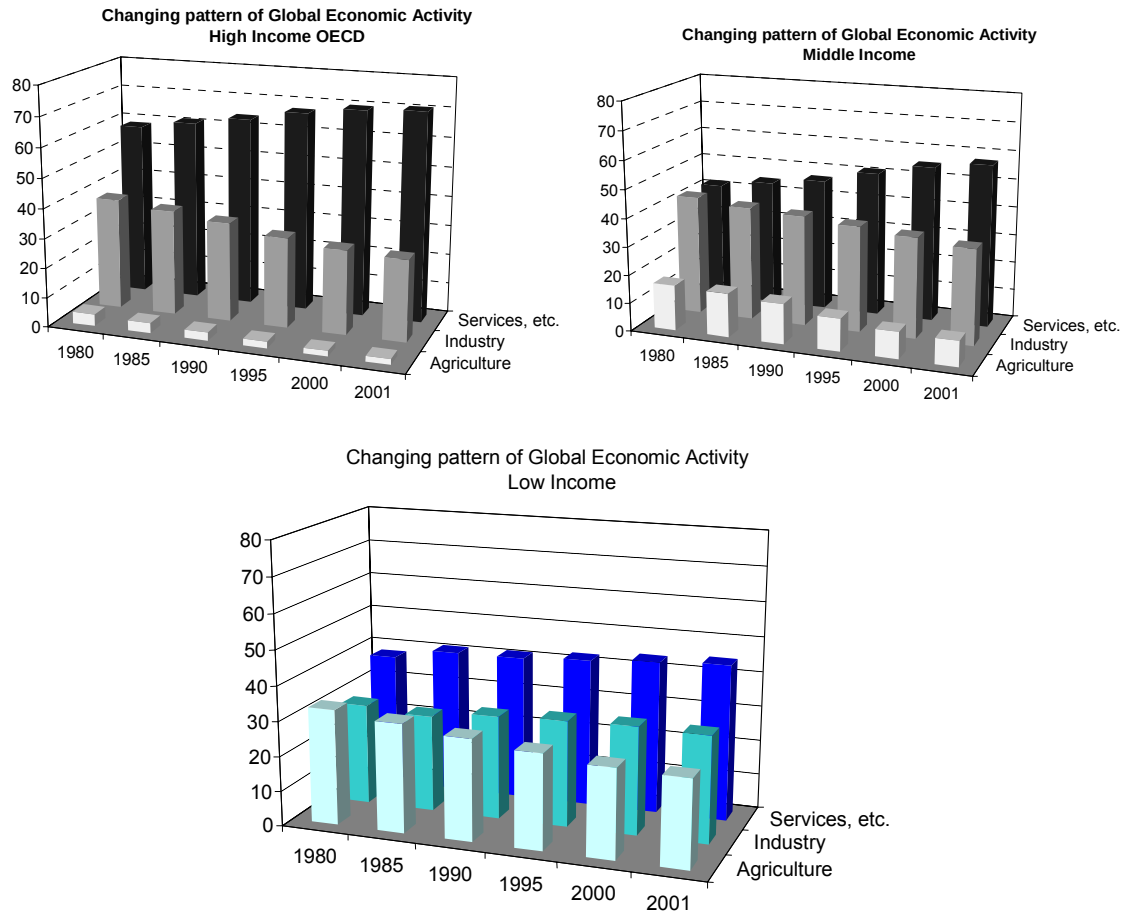
The rate of restructuring is calculated as: $0.5 \ln(N_{i,t} / N_{i,t-1})$, where $N_{i,t}$ denotes the share of sector i in total employment at time t . An unchanged employment pattern returns an indicator value of zero. The indicator is calculated for three sectors (primary, secondary and tertiary industries) and 57 sectors (dividing services into 55 sectors).

Simple average of 20 OECD countries.

1. Such simple indicators are, however, subject to certain limitations. They are, for instance, sensitive to the chosen aggregation level, and pick up the relative expansion and contraction of sectors over the business cycle.

Source: The OECD STAN database for Industrial analysis and Groningen Growth and Development Centre Database.

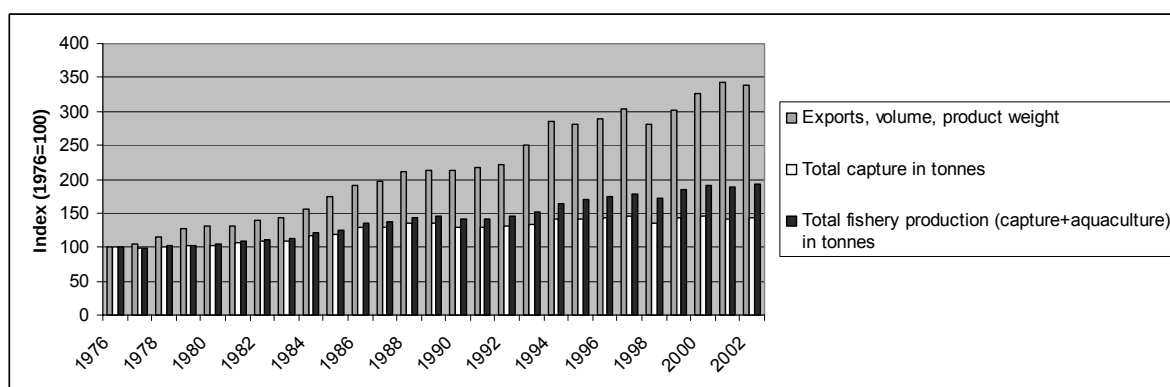
Figure 8.1 The Changing Pattern of Global Economic Activity
% of GDP



Source: World Bank (2004), World Development Indicators, World Bank Washington, D.C.

Box 8.2. The Adjustment Challenge in Fisheries

There is a high degree of interdependence among fish and seafood markets. Fishing vessels (capital) are mobile and many of them (in terms of fishing effort) can fish all over the world, and fish resources do not know national boundaries. These features have helped underpin a globalisation process that has taken place through various channels, including fish trade, investment in fisheries and use of fishing capacity as a service. Owing to increasing resource constraints, OECD markets have become more dependent on imports from developing countries. The globalisation process is reflected in Figure 2 which provides an index of quantities of world production and world exports from 1976 to 2002. It is clear that trade has increased more rapidly than production, suggesting that markets have become more interdependent.

Figure 8.2 Globalisation at work, 1976-2002

Source: FAO. Data exclude the production and trade of marine mammals, crocodiles, corals, sponges, shells and aquatic plants

What makes fisheries an interesting case in terms of globalisation is that several events have helped enhance and support the interdependence of markets and resources. The extension of EEZs to 200 miles as from 1977 led to an important redistribution of fishing possibilities without any immediate change on the demand side. Consequently, two important changes took place: an increase in trade in fish and fish products and an increase in trade in fishing (access) rights. Furthermore, the extension of the EEZs led to a development of fisheries in developing countries that had not shown great interest in “industrialisation” of the fishing industry. Another important contributing factor has been technological change. For example, technological progress has increased the efficiency of fishing vessels, and improved transport systems have made it possible to transport fish across long distances. Finally, the increasing overexploitation of resources in the developed world during the last decade has added fuel to the globalisation process.

The major future challenge for policy makers, as external pressures continue, is to ensure that resources are managed in a sustainable and responsible way. This is a challenge for developing and developed countries alike, although, owing to different fishing industry structures and resource availability, the use of specific policy mixes may differ.

The relationship between trade and structural adjustment in fisheries is somewhat different from that in most other sectors where globalisation and the opening of trade can trigger adjustment. While this also occurs in fisheries, an additional strong reverse causality exists as well. This is because fishers catch what nature and fishery managers allow. Hence, the quantities allowed in fisheries determine prices, whereas in other sectors it is prices that determine the amount suppliers are willing to supply the market. Therefore, changes in both resources and in the market initiate pressure for adjustment in fisheries.

Box 8.2. The Adjustment Challenge in Fisheries (continued)

On the supply side, the decline in fish stocks is the most important driver for adjustment. It is caused both by overexploitation and by inappropriate management, ignorance about the resource base (*e.g.* stock levels), pollution and changing natural conditions (such as a change in water temperature, or natural phenomena like El Nino). The intensive development of aquaculture over the last two decades has compensated for some of the pressure for structural adjustment caused by declining fish stocks. Farmed species, however, are not necessarily the same as captured species. This is important since there is a marked degree of differentiation between fish species and product forms in fish markets owing to the availability of many different fish species (more than 800 are commercialised globally), combined with differences in eating habits developed over centuries. Hence, substitutability is limited, although it exists for similar and closely related species. Fish markets for individual species are closely linked internationally.

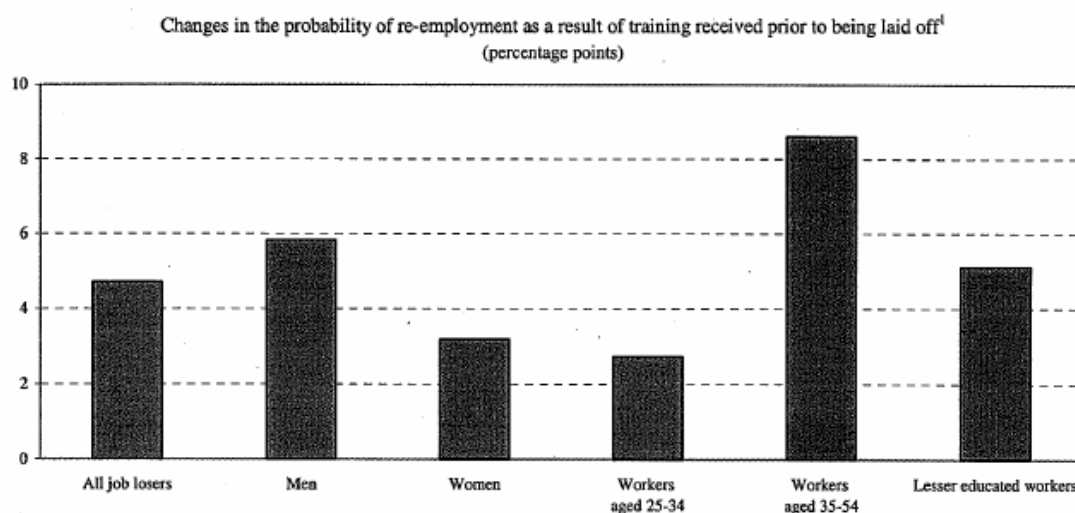
On such markets, producer and consumer countries necessarily adjust when the supplies of some (farmed) species increase and others (captured) decline. Hence, both the increase in aquaculture and changes in species composition have required structural adjustment. Since aquaculture is expected to increase in future, there will be further adjustment to compensate in some instances, but certainly not all, for the declines from capture fisheries.

On the demand side, several factors create pressure for adjustment. Globalisation of markets for final products and for raw materials has led to specialisation through outsourcing. This trend is expected to continue, in particular with the further integration of China in world trade. A rise in incomes in developing countries, owing to a rapidly growing urban middle class, also causes adjustment pressures, and demand for fish is expected to continue to increase. Greater demand for convenience foods and thus for secondary processed fish products has been a factor in adjustment in developed countries. Finally, global concentration in the retail sector has caused pressure for adjustment in the fisheries sector as elsewhere. Retailers have increasingly used market power to impose standards and quantities on their suppliers.

- The nature of the adjustment challenge also differs from one country to another, depending on respective levels of development. Underlying the trade-related adjustment challenge facing developing countries is a broader vulnerability which may arise because of formerly high levels of protection and low levels of productivity and technological sophistication.
- And the adjustment challenge can also differ from one group in society to another. There is even a gender dimension here. The benefits which job seekers get from training differ as between men and women (See Figure 8.3). This is consistent with research suggesting that employers more often organise and finance training for male employees than female employees. It appears that the training that women organise for themselves is less valued by prospective employers and that this difference could disadvantage women in periods characterised by high rates of structural change if their access to employer-sponsored training does not improve.

A Shared Policy Framework: the Role of Trade

Notwithstanding this differentiated picture, we find that a common policy framework to facilitate structural adjustment is broadly applicable across sectors and across countries, admittedly with differing degrees of emphasis. Underpinning this framework is the need for liberal trade and investment policies. Trade is a vital engine for structural reform because of its contribution to economic growth. OECD analysis finds that a 10% increase in OECD trade intensity (exports plus imports as a percentage of GDP) over the past 20 years has raised GDP per capita by 4%.

Figure 8.3. Training Increases the Probability of Re-employment After Job Loss

1) OECD calculations based on the European Community Household Panel, waves 1 to 7 (1994-2000) for Austria, Belgium, Denmark, Finland, Germany, Italy, Ireland, the Netherlands, Portugal and Spain.

Source: OECD Employment Outlook, (OECD, 2004a), Paris.

As our case studies show, the particular channels by which trade (both imports and exports) and foreign direct investment help adjustment include by:

- fostering competitiveness and innovation, (See Box 8.3);
- improving access to essential inputs, whether raw materials, capital goods or services; and
- stimulating exports, by offering enlarged market opportunities.

Box 8.3. Trade and Trade Policies: Helping Adjustment

Australian shipbuilding

The system of government support to the Australian shipbuilding industry, dating back to 1940, consisted of “bounties” in the form of subsidies provided to offset the higher cost of domestic ship production when compared to that in the United Kingdom. Applicable only to ships bound for domestic use, this system discouraged investment, innovation and diversification of production away from large steel hulled vessels, which were increasingly being produced with more technological sophistication and at a lower cost by European and East Asian shipbuilders in the 1970s. Thereafter, a series of reforms to the Australian shipbuilding subsidy regime resulted in its complete removal by 2003. The effect was a reduction in the number of people employed in the Australian shipbuilding industry by nearly half (to 7 434) between 1985 and 1996, and a three-fold increase in the output of the domestic shipbuilding industry over the same period. The vast majority of current production is now destined for export.

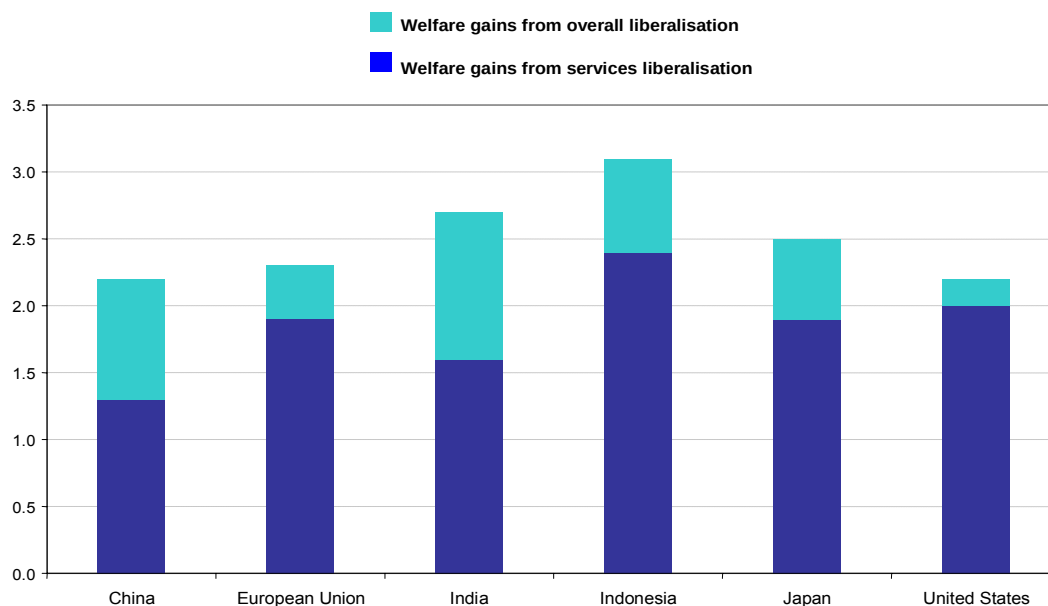
First revamped in the 1970s, the system of subsidies applied to the shipbuilding industry was recalibrated to support structural adjustment for long-term growth, export competitiveness and thus eventual phase out. Moving away from a cost-based approach to calculating subsidy amounts, to remove disincentives for efficiency and innovation, the nominal rate of assistance was also gradually tapered from 27.5 to 0% between the early 1980s and 2003. Building on efficiency and technological advancement as criteria for receiving benefits under the new scheme and allowing for exported vessels to receive benefits in 1984 focused the domestic shipbuilding industry on developing a niche in which it would be internationally competitive. The result of these policies was a conversion of the domestic shipbuilding industry from one based on large steel hulled ships—already produced more efficiently by international competitors - to technologically cutting edge fast ferries for which there were few viable international competitors.

Gains from Trade in Services

In the context of structural adjustment, particular benefits arise from the liberalisation of trade in services. There are three reasons for this. First, the potential welfare gains - and therefore the breathing space in which to adjust - are likely to be much greater than in the case of goods liberalisation. The Michigan Model (based on GTAP) demonstrates this for a wide range of countries.

Figure 8.4. Gains from Services Liberalisation

% of GDP



Source: Chadha, R.D., D. Brown, A. Deardorff and R. Stern (2000). Discussion Paper No 459, School of Public Policy, University of Michigan, Ann Arbor, Michigan.

Second, given the dynamism of the service sector, adjustment strains can be more easily accommodated than with goods liberalisation. We intend to explore this proposition more fully in future work. And third, liberalisation of service inputs to the primary sector and manufacturing will help ease adjustment strains which those sectors may face. Ongoing work finds that if account is taken of barriers to services trade, the effective rate of protection in certain primary and manufacturing sectors actually turns negative; *i.e.*, because of service barriers industries are being taxed not protected (see Table 8.1).

Table 8.1. Impact of services barriers (SB) on effective rates of protection (ERP) in primary and manufacturing industries

	ERP results							
	Brazil		Morocco		Romania		Thailand	
	Without SB	With SB	Without SB	With SB	Without SB	With SB	Without SB	With SB
Forestry and wood products	(+)	(-)	(+)	(+)	(-)	(-)	(+)	(+)
Chemical, rubber, plastic products	(+)	(+)	(-)	(-)	(+)	(-)	(-)	(-)
Mineral products nec	(+)	(-)	(+)	(+)	(-)	(-)	(+)	(-)
Base metals and metal products	(+)	(+)	(+)	(+)	(-)	(-)	(-)	(-)
Motor vehicles	(+)	(-)	(+)	(+)	(-)	(-)	(-)	(-)
Transport equipment	(+)	(+)	(-)	(-)	(-)	(-)	(-)	(-)
Manufactures nec	(+)	(+)	(+)	(-)	(+)	(-)	(+)	(+)

Note: nec = not elsewhere classified.

The ERP is a measure of the protection provided to an industry by the entire structure of tariffs, taking into account the effects of tariffs on inputs as well as on outputs. These results show the increase or decrease in value added per unit in an economic activity that is made possible by the tariff structure relative to the situation in the absence of tariffs. The difference between ERPs that are calculated without considering services barriers and ERPs that take into account services barriers could be interpreted as an indication of the additional cost imposed by services barriers. In terms of services protection, the most recent estimates of barriers in telecommunications, banking, distribution, electricity, professional services and air and maritime transport were employed.

(+) refers to positive ERPs. And (-) refers to negative ERPs.

Not by Trade Alone: Complementary Policies

But trade cannot do it all. Trade policy is but one element among a range of measures that will be needed if structural adjustment is to be successful.

A sound macroeconomic framework that promotes stability and growth is clearly essential. Australia provides an example of both good and bad practice in the interlinkage between trade and macro policy. In 1973, tariffs were cut by 25% as an alternative to exchange rate appreciation; the cuts were strongly resisted by manufacturers and led to the introduction of quota protection which proved hard to dislodge. In contrast, 10 years later the Australian dollar (AUD) was floated, providing a necessary cushion for adjustments in the traded goods sector following general reductions in protection which began in 1988. The macroeconomic environment can also be particularly important for developing countries seeking to adjust to the revenue effects of tariff liberalisation. Bangladesh is a case in point (See Box 8.4).

Box 8.4. Macroeconomic Stability and Trade Liberalisation -important complements

Australia

Australia's experience gives strong support to the need for appropriate exchange rate policy. The floating of the AUD in 1983 (and the subsequent depreciation) arguably had two effects: it showed the need for real depreciation and the policy reforms to achieve this; it also cushioned adjustments in the traded goods sector following general reductions in protection which commenced in 1988.

Contrast this with the experience in 1973 when tariffs were cut across the board by 25% - a measure taken to avoid further revaluation of the AUD which would have blunted somewhat the minerals export boom. In other words, exchange rates were not allowed to reflect their market level. The manufacturing sector, which was already squeezed by the 'Dutch disease' effects of that boom, was then faced with a substantial cut in protection. The tariff cut created strong opposition which manifested itself in a subsequent shift to quota protection in key manufacturing industries (*e.g.* textiles, clothing and footwear, cars), and which proved very difficult to remove later.

Bangladesh

The challenge of managing a sound macroeconomic policy in tandem with economic liberalisation is clear in the case of Bangladesh. For a developing economy highly dependent on tariffs as a source of government revenue, sound macroeconomic policy has helped to maintain fiscal discipline in the face of declining tariff revenues resulting from trade liberalisation. Trade liberalisation was marked by a decline in the average effective rate of protection from 75.7 to 28.6% between the periods 1990-91 and 1997-99. The process of trade liberalisation which continues today is notable as the government still relies on import tariffs for half of total tax revenues.

The apparent success of the macroeconomic framework to address structural adjustment was reliant on reform of the domestic tax regime to compensate for revenue loss from tariff reductions. Indeed, the fiscal discipline enabling reduction of the budget deficit from 5.1 to 3.5% of GDP between FY2001-03 was a key factor allowing for the float of the exchange rate without major difficulties in May 2003; an achievement in the process of exchange rate liberalisation begun in 1994. In short, a dynamic framework of macroeconomic policies was important to meeting structural adjustments entailed by trade liberalisation, while maintaining the fiscal discipline necessary to support exchange rate liberalisation.

Institution building, strengthening of competition policy and regulatory reform are also necessary complements to open markets.

The notion of institution building takes on many forms, often with a particular resonance in developing countries. The development of the seafood sector in Thailand, for example, has benefited from a supportive institutional environment (see Box 8.5).

Box 8.5. Institutional Support: Thai Seafood Industry

A range of sector-specific policies and services have targeted the seafood sector, under the auspices of the National Fisheries Policy Committee – chaired by the Prime Minister – and the Department of Fisheries within the Ministry of Agriculture. The latter is engaged in fishery conservation and research and development and has played an important role in developing the seafood sector, by providing technical and financial assistance. The National Food Institute (Ministry of Industry) undertakes research and offers training to raise competitiveness and help with food safety standards.

In addition, the government has taken various measures to promote more sustainable fishing practices in light of emerging environmental concerns, for example by establishing conservation zones, reducing the number of fishing vessels, promoting community-based fisheries and introducing regulations on fish farming in mangrove areas. The Frozen Foods Association and the Department of Fisheries have promoted a code of conduct on “Sustainable Marine Shrimp Culture” to address social and environmental impacts and problems related to diseases. Education and training, which are essential to raise awareness of rules and regulations among fish farmers, are also being offered.

The importance of competition policy has been highlighted in the experience of ASEAN.

A paper presented at a recent OECD conference on regulatory reform suggests that, in the face of changing market structure and competition, ASEAN countries need to review their price regulations for the entire transport sector. Otherwise, it is said, regulatory failure can pose a major obstacle to effective competition in the market. A common problem with price regulation in the region is the setting of "price ceilings" and "price floors" for regulated transport services. While maximum and minimum prices may in theory prevent a dominant player in the market from setting monopoly or predatory prices, in practice, they tend to have adverse consequences in markets where there is effective competition. A price ceiling provides a convenient "target price" for a cartel, while a price floor can restrain price competition (Nikomborirak, 2005).

Effective structural adjustment also calls for labour market flexibility. This has many dimensions: unemployment benefit systems should provide adequate income support but also promote work incentives; employment protection should not hamper firms' ability to adjust and workers' incentives to change employer; wage setting systems need to be flexible; housing policies should not hamper regional mobility; and education and training should facilitate labour mobility and meet evolving skill needs. Active labour market policies (ALMPs) are a key component of the adjustment process (see Box 8.6).

Box 8.6. Active Labour Market Policies

Targeted nation-wide labour market programmes

Adopted in 1962, the United States Trade Adjustment Assistance (TAA) legislation complements general unemployment assistance and ALMPs by providing temporary assistance to workers losing their jobs as a result of trade liberalisation. The economic rationale for this policy remains controversial, since it is not evident that trade-displaced workers should receive more adjustment assistance than other job losers encountering similar difficulties and, in any case, it has proven difficult to differentiate between the two groups of job losers. Nonetheless, the TAA programme has been a source of innovative practices related to the provision of earnings-replacement benefits (e.g. the wage insurance programme introduced in 2003) and training for displaced workers (e.g. voucher programmes operating through state community college systems).

On the other hand, TAA seems to respond well to political economy considerations, in particular by consolidating public support for trade liberalisation. TAA has been significant in the area of textiles which accounted for 35% of all TAA certifications between 1995 and 2000. The Trade Act of 2002, which established the current system of Trade Promotion Authority (TPA) that facilitates US acceptance of trade liberalisation by restricting the power of Congress to alter trade agreements negotiated by the President, also contains substantial enhancements to existing TAA for workers displaced as a result of international trade agreements.

Targeted labour market programmes designed by companies

In 2001-2003, approximately 12 600 workers were affected by layoffs in Östergötland – a Swedish county with 415 000 inhabitants. One third of these workers had been employed by affiliates of large industrial groups that offered voluntary adjustment programmes that went beyond corporate obligations. The programmes were tailor-made by companies that laid off significant numbers of workers (350 on average) and offered support in addition to the assistance required by laws and collective agreements. The costs were borne by the companies and the programmes were offered during a limited period of time. The benefits derived covered all parties involved: first, individuals benefited from early action, longer terms of notice, retraining support and access to external job agents that search markets for unannounced jobs; second, companies benefited from improved public relations, reduced costs to manage downsizing, better relations with unions, and an improved reputation as responsible employers; third, the public sector benefited from reduced pressure on job centres and lower unemployment insurance payments, reduced numbers of workers on long-term sick leave, higher tax payments, and smoother channelling of idle labour to expanding industries.

Box 8.6. Active Labour Market Policies (continued)

Östergötland's experiences suggests that crucial components of adjustment programmes include support activities that can lead to new jobs, support for re-education, and co-ordinated policies for people on long-term sick leave. Training for job search and the application process has proved useful and job search initiatives on the "hidden" labour market have been successful. Support for workers who opt for education is particularly important since many workers that are laid-off have skill sets for which demand is decreasing.

External specialists are preferably hired to manage adjustment programmes in situations of large layoffs with short notice. Conversely, internal organisations are more useful in small scale layoffs with longer notice. To facilitate the working of the programme, the core group that establishes the programme should include people with considerable knowledge of both the private sector and different public actors.

The timing of the programme is critical. First, affected workers need time to adjust between the layoff announcement and the implementation of the adjustment programme. Second, programmes that are too short in duration tend to be perceived as quick fixes incapable of providing real support while programmes that are too long often produce lock-in effects so that individuals become complacent and start their job search activities late. The programme should also be located outside the work place. In addition, workers with high previous salaries are often unwilling to initially take up new lower paying jobs. This can be bridged with a time limited offer by the retrenching company to pay the difference in salary between the old and the prospective new job.

Examination in the trade and structural adjustment study of the various policies needed for successful adjustment led to a series of recommendations for good practice (see Annex 8.A1). The interplay of these policy elements can be illustrated by experience in the fisheries sector (see Box 8.7).

Some of the key points emerging from experience in the fisheries sector are that:

- While international trade is a cause of adjustment pressures it can also be part of the solution – as the opening of trade in raw materials has eased pressure on domestic fish stocks.
- Opportunities arise for specialisation among countries on the basis of comparative advantage – with primary processing being carried out in developing countries and secondary processing in developed countries.
- Labour market flexibility is an important complement of freer trade but care is needed in implementing labour market policies, as indicated by Danish experience (see Box 8.6).
- Institutional reform, particularly in developing countries, is an important part of the adjustment process.
- The use of subsidies also needs to be handled with care as these can also be either a tool of adjustment or an impediment to adjustment.

Box 8.7. Policy Adjustment in the Fisheries sector

Denmark's experience with adjustment in the harvesting sector shows that subsidies for decommissioning have reduced fleet overcapacity to some extent. However, the public cost has been high and the underlying problem of pressure on fish stocks has not been solved. In the processing sector, the opening of trade in raw materials has eased pressure on domestic fish stocks and contributed to the adjustment process. Outsourcing has also eased pressure and improved efficiency, with primary processing being carried out in developing countries and secondary processing in developed countries.

For example Danish processors of cod have established plants in Poland, which rely on Danish raw materials, but also on raw material imported from Russia and domestic Polish landings. The frozen cod fillets are exported to the EU, the traditional market for Danish cod. In Norway, similarly, processors of cod outsourced to China, where the cod is typically thawed to just above zero degree Celsius, filleted and refrozen. Subsequently, the twice-frozen fillets are re-exported to the EU market.

A further lesson from Danish experience is that care is needed in implementing labour market policies, as Danish reforms to reduce unemployment inadvertently diminished the sector's labour supply. The reform of the unemployment benefit policy implemented in the late 1990s indirectly caused additional adjustment pressures in the fish processing sector. The aim of reform was to reduce unemployment, and it diminished the possibility for part-time employees to receive supplementary unemployment benefits. As a result, the reform decreased the incentive to work part-time and take on seasonal jobs, which is an important feature of the fish processing industry, in particular in filleting factories. Hence the sector's labour force, traditionally located in remote areas, declined.

Thailand's seafood industry has enjoyed rapid growth, making the country a world leader in the international market for processed food such as canned tuna and frozen shrimps, but there are a number of challenges on both the demand and supply sides. Non-tariff measures (mostly sanitary and phytosanitary - SPS) in developed country import markets are obliging the Thai government to develop quality control, tracing and certification systems. The government has already taken action to increase the competitiveness of the seafood sector by enhancing vocational skills and promoting R&D. Furthermore, it has improved natural resource management to promote sustainable fishing practices, e.g. by establishing conservation zones, reducing the number of fishing vessels, promoting community-based fisheries and introducing regulations on fish farming in mangrove areas.

Thai industrial groups have played an important role in the development of Thailand's seafood industry, often relying on joint-ventures with foreign companies to acquire expertise and penetrate foreign markets. Direct government intervention in production and sales has been limited and the case of the seafood industry suggests that the active involvement of industry associations in the national policy-making process can help design effective policy responses to adjustment challenges.

Subsidies and related government support are also a defining feature of the fishing industry. During the 1980s and into the 1990s, after coastal states extended their jurisdiction over living marine resources to the limit allowed by the United Nations Convention on the Law of the Sea (UNCLOS) (as much as 200 nautical miles from shore), many OECD countries provided large amounts of support for building and modernising fishing vessels. Today, most OECD countries have either reached the natural limit of fishing or impose catch quotas, and subsidies aimed directly at expanding capacity and efforts have declined. Indeed, many countries are now paying vessel owners to decommission their vessels or to give up their licences to fish. However, some subsidies continue to inhibit the natural contraction of the industry, either by discouraging vessel owners and crew from leaving the industry (e.g., through special income support), or by reducing the cost of operating a fishing vessel or having it tied up in port. Such policies have helped to maintain an inefficient level of excess capacity, which in turn has slowed the recovery of depleted fish stocks. Currently, subsidies to fishing are the subject of negotiations at the World Trade Organisation (WTO), which is seeking to "clarify and improve" subsidy disciplines in this area (see below).

Proceeding in parallel: policy coherence

In what order should policies be adopted? In the course of our study on trade and structural adjustment we held an experts meeting. At that meeting, everyone was agreed that sequencing is important, but there was not agreement on what the sequence should be. Some argued that macroeconomic reform should come first in order to create an enabling environment. Others that trade liberalisation should take priority to ensure that resources do not migrate to protected sectors. Yet others proposed that investment liberalisation should come first in order to ensure a macroeconomic multiplier effect. Some argued, quite persuasively, that industrial relations reform is a necessary prerequisite to ensure labour market preparedness. And others, also with a certain force of logic, suggested that competition policy reform should receive early attention in order to avoid abuse of dominant position in post-deregulation markets.

We were led to conclude that there is no blueprint for sequencing and that to the greatest extent possible, countries should adopt a whole of government approach; that is, they should seek to apply the full range of policy measures in parallel so that those who lose by one policy may gain by another and so that the synergies between policies are fully exploited. Trade liberalisation, for example, will only be fully successful in an economy where macroeconomic settings and labour market flexibility facilitate the entry and exit of firms and allow labour and capital to move from declining to expanding areas of activity.

Helping those who lose

And there will be declining areas of activity. This raises the difficult question, already touched on, of what sort of protection or compensation should be given to those who may lose from structural adjustment. The overriding policy advice from the trade and structural adjustment study is that wherever possible governments should rely on generally available safety nets. At the same time, the case studies in our report make it very clear that targeted assistance, whether to particular geographic areas, workers or sectors, may be the price that has to be paid to have reforms accepted.

When thinking of assistance or support, there are a number of guidelines that can be applied. Any measures taken 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 Co-operation

The main responsibility for effective adjustment rests with national governments. But international co-operation can help. More than that, full realisation of the potential benefits of globalisation will only be realised if there is cooperative action at the global level.

A good example of multilateral co-operation to improve understanding and implementation of sound regulatory practice can be seen in the APEC-OECD Integrated Checklist on Regulatory Reform, which is currently being adopted by the two organisations. The goal has been to support structural reform at the national level by bringing together salient elements of good regulatory practice (1) drawing on different regional experiences, reflecting great divergence in the performance of different economies; and (2) focusing on three main policy areas (regulatory, competition and market openness policies), as they emerge in terms of the three governance themes of transparency, accountability and performance. The Integrated Checklist provides guidance and explicit criteria to help governments evaluate their regulatory processes while setting priorities among competing objectives and strengthening capacities.

Multilateral co-operation is needed to help ensure compliance with internationally agreed core labour standards. We find no evidence of a race to the bottom in labour standards. But that is not to say that we should not be making greater collective efforts through the ILO to ensure that these standards are respected, and are seen to be respected. An important underlying consideration here is that improved working conditions are found to contribute significantly to growth and development.

Multilateral action is also needed to help ensure that the gains from trade are maximised. Effective action in the area of fisheries subsidies, including consideration of the specific concerns of developing countries, can probably only be taken in the framework of the WTO (see Box 8.8).

Box 8.8. The Doha Work Programme: Fisheries

The WTO Ministerial Declaration agreed in Hong Kong in December 2005 provides that Ministers:

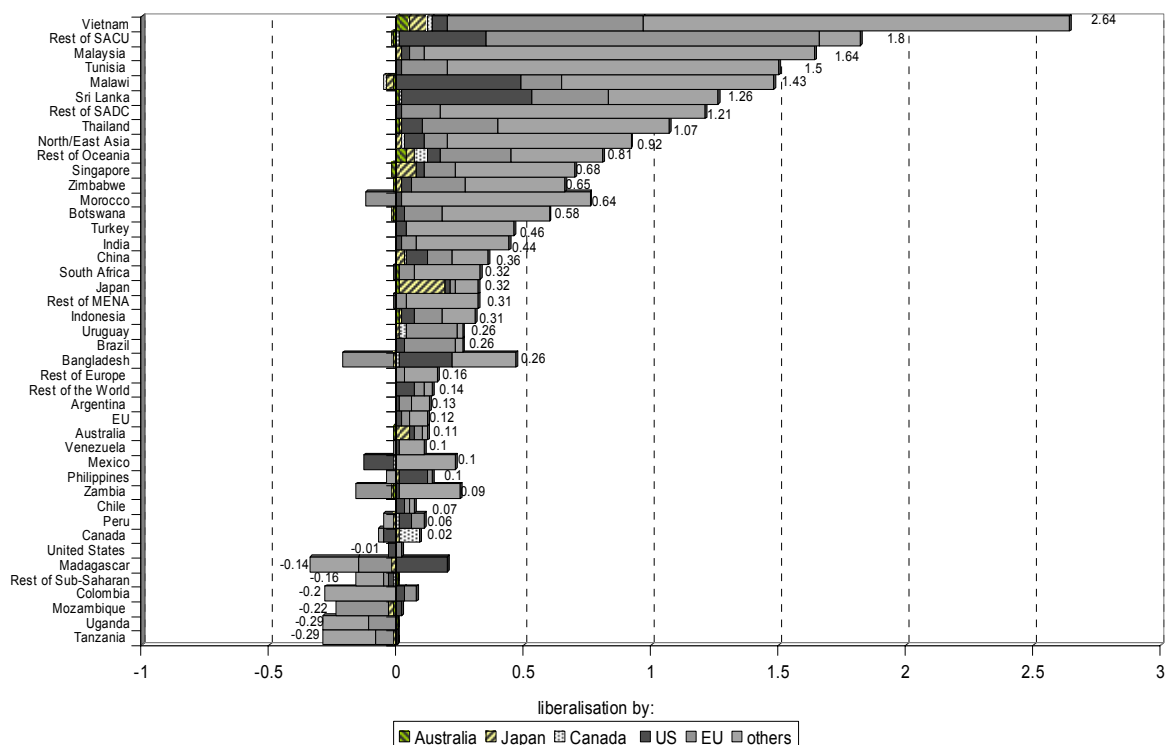
“recall our commitment at Doha to enhancing the mutual supportiveness of trade and environment, note that there is broad agreement that the Negotiating Group on Rules should strengthen disciplines on subsidies in the fisheries sector, including through the prohibition of certain forms of fisheries subsidies that contribute to overcapacity and over-fishing, and call on Participants promptly to undertake further detailed work to, inter alia, establish the nature and extent of those disciplines, including transparency and enforceability. Appropriate and effective special and differential treatment for developing and least-developed Members should be an integral part of the fisheries subsidies negotiations, taking into account the importance of this sector to development priorities, poverty reduction, and livelihood and food security concerns.”

At Davos in January 2006, Ministers called for proposals on fisheries subsidies, in the form of detailed legal drafting, to be ready by March and set July as the target date for the submission of a consolidated text by the chairmen of the negotiating group.

Given the central role played by the service sector in economic activity, all countries, stand to gain by making (and thus receiving) improved offers in the GATS negotiations within the Doha Development Agenda. And here we return to the myths of globalisation. One common misperception is that only a handful of developing countries will gain from trade liberalisation and that very many will be worse off because of the erosion of tariff preferences. What we see is quite the contrary; for all but a very small number of countries, the gains from MFN liberalisation in the DDA will by far exceed any losses associated with preference erosion (see Figure 8.5).

Figure 8.5. Per Capita Welfare Gains^{a)} from a Simultaneous 50% Reduction in Tariffs by All Regions

Percentage change in per capita welfare



- a) Welfare gains from trade liberalisation can be broken down into two components: i) the change in efficiency with which countries utilise their resources; and ii) the change in its terms of trade.

Source: OECD 2004b.

But there will be that small number of countries, primarily in Africa, who lose and they will need help from the international community - in building supply-side capacities - to cope with their particular trade related challenge of structural adjustment.

Such help might encompass a strengthening of WTO rules, recognition that resource constraints in small and low income countries may require temporary exemptions from multilateral rules, and greater efforts, through aid-for-trade, to tie trade-related assistance to national development priorities. Donors can indeed also have a role in the adjustment process. The EU for example has made development assistance available to finance sectoral restructuring in some ACP countries in light of the impact of preference erosion in a number of sectors. Where a particular sector is vulnerable, the IMF and WB highlight the importance of early identification of adjustment needs followed by an appropriate policy response. Similarly, a recent World Bank study on *Global Economic Prospects: Trade, Regionalism and Development: 2005* underscores the importance of multilateral liberalisation in assisting most developing countries to improve their market access and reduce the discrimination they face from the prevailing web of regional trade agreements. At the same time, the report acknowledges that for some, generally smaller, developing

countries there are risks of net losses from preference erosion. This does not mean that preferences should be maintained. Rather, the reports points to evidence that appropriately designed development assistance measures can provide a less distorting and more cost-effective alternative to preferences (e.g. by supporting reforms that will help sustain growth).

But however important the role of international co-operation, the key to successful adjustment still rests with the domestic policy environment. Where a preference-reliant developing country faces an erosion of benefits, the best policy responses will be similar to those recommended for other situations of trade liberalisation. That is, the response should seek to capitalise on new opportunities while facilitating adjustment. To accomplish this, and as stressed earlier, trade policy reform must be accompanied by complementary policies in such areas as promotion of macroeconomic stability and development of a social safety net. To the extent that the sector in question may be potentially competitive internationally, policy may seek to reinforce that competitiveness through support for an upgrading of infrastructure or human resources (*e.g.* through training). Where new opportunities arise, a focus on facilitating adjustment, redeployment of resources and promotion of entrepreneurship may be appropriate. In short, policies are needed which enable labour and capital to move to expanding areas of activity – the essence of a successful adjustment process.

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Annex 8.A1.

Trade and Structural Adjustment: Recommendations for Good Practice

On the basis of the cases examined in the OECD study on trade and structural adjustment and other experience gained in the OECD peer review process, government, in both developed and developing countries, are recommended to:

1. Rely, wherever possible, **on generally available measures** to address adjustment costs, including through the social security and tax system, in order to help improve the benefits from openness while reducing adjustment strains.
2. Ensure **that targeted adjustment measures**, should these be considered necessary for reasons of economic efficiency or political economy, are:
 - 2.1. time-bound, with a clear exit strategy
 - 2.2. decoupled from production
 - 2.3. aimed at re-employing displaced workers
 - 2.4. compatible with general safety net arrangements
 - 2.5. cost effective
 - 2.6. transparent and accountable
3. **Foster an adjustment-enabling environment**, through the promotion of macroeconomic stability and growth, which supports the effective functioning of labour markets and the economy in general, and which, particularly in the case of developing countries, complements the process of trade liberalisation by:
 - 3.1. removing anti-export bias and maintaining appropriate exchange rate policies
 - 3.2. encouraging tax reforms to offset declines in government revenue resulting from tariff reductions.
4. Adopt sound **labour market policies** which facilitate the reallocation of workers towards higher productivity employment and so help economies - and their citizens - reap the gains from trade, and which encompass:
 - 4.1. income-replacement benefits which provide adequate income security for displaced workers while fostering their reintegration into employment. Thus, welfare benefits should support work incentives and not be used as a way to withdraw displaced workers from the labour force (as has often been the case with early retirement and disability schemes);

- 4.2. *active labour market programmes – including job-search assistance, counselling, training, moving allowances and proactive measures in anticipation of mass layoff – which entail:*
 - 4.2.1. *active bipartite co-operation between management and workers’ representatives and wider tripartite co-operation with the government in accordance with national practice*
 - 4.2.2. *realistic assessment of workers’ labour market opportunities and adjustment assistance needs*
 - 4.2.3. *use of external specialists in the case of large-scale layoffs*
 - 4.2.4. *programmes that are of sufficient duration to provide real support while also discouraging complacency*
 - 4.2.5. *complementary support via income-replacement benefits*
- 4.3. *employment protection policies which find a balance between lessening adjustment costs while not restricting business dynamism:*
- 4.4. *flexible wage setting systems, pension portability and fluid housing markets*
- 4.5. *education and training systems that foster the development of human capital and help ensure that labour skills meet evolving labour market needs*
5. Foster a **sound regulatory and competition environment** which permits transformation within firms as well as entry and exit across sectors by facilitating mergers and shifts in corporate culture, keeping regulatory barriers on enterprises to the necessary minimum and reducing the trade-distortive effects of domestic regulation through the reinforcement of:
 - 5.1 *transparency*
 - 5.2 *non-discrimination*
 - 5.3 *avoidance of unnecessary trade restrictiveness*
 - 5.4 *international harmonisation of standards*
 - 5.5 *streamlined conformity assessment*
 - 5.6 *vigorous application of competition principles*
6. Foster a strong **institutional and governance framework** that will favour structural reform, while also enhancing public understanding and acceptance of reform measures, via:
 - 6.1. *effective ex-ante policy evaluation, including analysis of whether proposed structural reform is in the overall interests of the community*
 - 6.2. *independent review processes to ensure that benefits will outweigh costs while avoiding conflicts of interest*
 - 6.3. *mid-term and ex-post evaluation to help ensure that policies will be modified if necessary in light of actual experiences as well as any unanticipated difficulties*
 - 6.4. *effective social dialogue based on a well functioning consultative process between the government and civil society, including the private business sector*

- 6.5. *sound public institutions for managing the services and incentives provided to investors, importers and exporters.*
7. Adopt **liberal trade policies**, which support structural adjustment by contributing to economic growth, fostering competitiveness and innovation, improving access to essential imports and encouraging synergies between countries with different areas of comparative advantage, and which:
 - 7.1. *maximise the particular welfare and flow-on benefits which arise from the liberalisation of trade in services;*
 - 7.2. *are implemented over a time period long enough to enable affected parties to adjust but short enough to avoid back-tracking;*
 - 7.3. *rely sparingly on the use of safeguards and with a careful assessment of whether their potential benefits in providing breathing space for – and greater public acceptance of – structural adjustment justifies the cost they entail;*
 - 7.4. *maximise opportunities for associated flows of foreign direct investment.*
8. Undertake reforms across different policy areas in a complementary, **broad-based** way, in order to maximise cross-policy synergies and to reduce resistance to structural change, by helping ensure that those adversely affected by one reform may benefit from another.
9. Foster bilateral and regional initiatives, where regulatory co-operation can foster opportunities through trade or ease adjustment strains in particular sectors, and where trade--related adjustment and opening can be undertaken among bilateral or regional partners as a transition, or complement, to wider multilateral commitments.
10. Foster multilateral co-operation in the adjustment-related and interlinked areas of:
 - 10.1 **Trade and finance**, by avoiding mutually destructive trade policy retaliation, helping lock in domestic reform, while addressing in particular adjustment- related concerns of developing countries, via:
 - 10.1.1 *sustained commitment to the trade-liberalising and rules-strengthening objectives of the Doha Development Agenda*
 - 10.1.2 *the effective application of special and differential treatment for developing countries*
 - 10.1.3 *strengthened disciplines on the provision of officially supported export credits*
 - 10.1.4 *enhanced co-operation between the WTO, the World Bank and the IMF to ensure greater coherence in global economic policy making*
 - 10.2 **Capacity building**, via:
 - 10.2.1 *effective coordination between the WTO, IMF, World Bank, ILO, bilateral donors and other multilateral agencies to help reinforce developing country institutional and supply-side capacities*

10.2.2 *co-ordination of donor activities*

10.3 *Corporate responsibility and core labour standards, via:*

- 10.3.1 *ongoing efforts to enhance the effectiveness, transparency and timeliness of the implementation of the OECD Guidelines for Multinational Enterprises*
- 10.3.2 *ongoing application of the OECD guidelines relating to corporate social governance in the provision of official support for export credits*
- 10.3.3 *ongoing application of core labour standards and decent work promotion, notably by the promotion of the ratification of the relevant conventions and through continued enforcement of the ILO Declaration on Fundamental Principles and Rights at Work*

Chapter 9

Trade Issues and Policy Coherence in Fisheries: A Developing Country Perspective on Sanitary and Phytosanitary Standards and Other Non-Tariff Barriers¹

There is a need to examine critically the coherence of trade and fisheries policies towards sanitary and phytosanitary standards (SPS) on one hand, and development-oriented policies (such as those towards poverty reduction in developing countries) on the other hand, with a view to addressing inherent incoherencies. This paper discusses mainly the SPS from a developing (exporting) country perspective. It details how these policies have been domesticated in developing countries, and some of their impacts on fisheries trade and national development. This paper looks at regional rather than specific national policies. It seeks to illustrate effects of policy incoherencies, and suggests how these could be addressed.

1. This chapter has been written by Dr Stephen Mbithi Mwikya, Consultant; Fisheries Trade and Development, Kenya Fish Processors and Exporters Association, Nairobi, Kenya, e-mail: stephen_mwikya@yahoo.com

Introduction

Trade in fishery products from developing to developed countries is increasingly becoming an important world commerce. Fish exports from coastal and island countries in the Pacific, Africa and Asia to countries in the OECD are important sources of foreign income, especially in countries rich in fisheries stocks but with either low populations, lacking in sufficient domestic infrastructure or having low buying power. A policy to promote exports to developed countries is therefore becoming the logical marketing option for countries with rich natural fishery stocks. Considering that several of these coastal and island developing states have few other sources of income, fisheries exports provide an important way for the country to meet the Millennium Development Goal One of poverty alleviation.

Export of fisheries products to developed countries is restricted by sanitary and phytosanitary (SPS) standards imposed by these markets. These SPS conditions require changes in legislation and government agencies dealing with hygiene and sanitary standards of fisheries in developing countries. These changes require implementation of policies in developing countries, which in turn affect fisheries trade. Because of the high costs associated with meeting fishery SPS standards, fisheries trade in developing countries is increasingly being globalised, with small and medium scale fishers and fish traders being marginalised because they cannot meet the cost thresholds required. Considering that fisheries, more than many other natural resources, has many socioeconomic impacts on riparian communities, this policy to adopt international SPS conditions has been incoherent with the policy of poverty alleviation. Also, the policy to domesticate international SPS standards in national fisheries legislation actually criminalises artisanal fish processing and trading as currently practised in many developing countries, marginalising them further.

Implementation of fisheries SPS standards in developing countries is almost always considered untimely, mainly because these countries are unable to participate consistently in international standards setting meetings. Developing countries also find it difficult to establish that their standards are equivalent to those demanded by international markets, because they are often unable to undertake the required scientific research. Additional measures being introduced in international markets such as eco-labelling, traceability and social standards are also acting as non tariff barriers to fisheries trade. Considering that standards increase the cost of doing business, and considering the low values of export fish retained in developing countries, their implementation requires higher stock exploitation in developing countries. This is incoherent with the policy of stocks conservation in these countries.

The introduction of sanitary standards, traceability or even eco-labelling in fisheries is based on acceptable objectives. Developing countries do not, on account of lack of capacity to meet standards, seek to supply substandard goods into international markets. What is contentious however is the way these standards are implemented, and the lack of an effective mechanism for adopting equivalent measures that may be existent in developing countries. Fisheries are a major aspect of development in developing countries, and it is important that policies guiding fisheries trade are coherent with poverty alleviation policies. There is an urgent need for groupings such as the ACP and OECD to initiate mechanisms for addressing these incoherencies, more so because the OECD represents the main market destination for fishery products from developing countries.

Standards, especially Sanitary and Phytosanitary Standards (SPS), are increasingly becoming a gateway into (particularly) international trade. In the wake of several domestic animal diseases which are limiting trade in animal products, fish is perhaps the remaining safer frontier. Incidentally, the demand for fish is ever increasing across the world, and currently exceeds supply (both from natural capture and aquaculture activities). Concerns for consumer safety (authenticated or non authenticated) are making Governments in major fish consuming nations to continuously come up with SPS measures which are increasingly hindering international fish trade.

The international legal basis for countries to impose SPS measures is the WTO SPS Agreement signed on 1st January 2005. This agreement (described later in the text), outlines the principles to be followed, but does not define the ‘how’s’ of implementation. It grants the right to importing countries to protect their citizenry from unsafe products, but also obliges them not to use these measures as Non Tariff Barriers (NTB) to trade. This Agreement also does not define the obligations for co-operation or consultation among WTO member countries.

Standards used in SPS measures are mainly covered under three main international standard setting bodies i.e. FAO – WHO, (*Codex Alimentarius* Commission on Food Safety), OIE (International Office of Epizootics for Animal Health), and FAO-IPPC secretariat (International Plant Protection Convention for plant health). In fisheries, major fish consuming nations often set their own standards, usually higher than those set by the international organisations. In the EU, the Food and Veterinary Office in Dublin, working under DG SANCO (Brussels) drafts Directives that are then issued by the EU Commission as legal basis for trade in fish and fishery products. In the USA, the FDA rules on food and feeds are applied to imports of fish and fishery products. In Japan, the Japanese Agricultural Standards (JAS) are applied as basis for international fish imports. Both the EU and USA use Hazard Analysis Critical Control Point (HAACCP) system as a mandatory basis for international fish trade. Japan does not specifically demand proof of HACCP, but of course requires evidence of Good Manufacturing Practises (GMP) in fish processing and handling.

The emergence of SPS measures has led to significant changes in fisheries policies in both developed and developing countries, which has significantly affected fisheries trade. In many of the major fish consuming nations, these policies have become the main impediments to imports of fish from developing countries. It is clear that countries have a right to protecting the health of their citizens. Developing countries cannot, on account of lack of capacity to meet SPS conditions, be justified in requesting to supply substandard goods into world markets. The contention is therefore not ‘that standards should not be met’, but rather ‘how to define the absolute necessary standard, how these standards will be met, and how this will be verified’.

Developing countries wishing to participate in international fish trade have also had to significantly change their fisheries policies. These policies have necessitated changes in fisheries governance structures, legislations, and operations in the private sector. Developing countries that have pursued the policy of adopting international standards have greatly modernised their fisheries, to the extent that they are now capable of trading with even the most demanding international markets. These policies have however been incoherent with national development policies, in that adoption of these standards are increasingly isolating the poor from fisheries trade.

Several other developments in fisheries which are acting as Non Tariff Barriers include: introduction of traceability conditions, environmental standards and

eco-labelling, and social responsibility standards such as Corporate Social Responsibility. Just like SPS, these standards *per-se* are not bad, but it is the mode of application that introduces costs and procedures that in themselves act as barriers to trade.

WTO SPS Agreement: the Basis of International Policies on Standards

The WTO SPS Agreement (WTO, 1995) defines what an ‘SPS measure’ is, and details aspects for the protection of human, animal or plant health. These measures are aimed at addressing risks arising from pests, additives, contaminants, toxins diseases, or disease carrying and disease causing organisms in foodstuffs and beverages. It however leaves the norms of implementation to international standards organizations or member nations of the WTO.

In article 2.2 of the Agreement, the principle of scientific justification requires a scientific basis for any level of health protection. In the absence of this, an importing country is allowed to provisionally adopt some ‘precautionary’ measure for some time. In article 2.3, the principle of non-discrimination requires that a measure shall not discriminate against or between trading partners more than is necessary to reach its goal of sanitary and phytosanitary protection.

The instruments of the SPS agreement are as follows:

- *Risk Assessment:*

This requires a scientific justification for the relationship between the measure and the level of protection required (articles 5.1-5.3). This is a tough condition to meet, even by developed countries.

- *Rules on setting protection levels:*

This section describes in details the implementation of the anti discrimination principle. In addition to the risk assessment, a measure must be the least restrictive to trade among the available alternatives and it shall be no more restrictive to trade than necessary to achieve the desired level of protection. Measures that comply with the standards, guidelines and recommendations developed by the three international organizations - *Codex Alimentarius* Commission, International Office of Epizootics and International Plant Protection Convention (IPPC) are deemed to be compatible with the SPS Agreement. In addition, a measure must be notified to the WTO SPS Committee before they come into force and other members have an opportunity to challenge the scientific basis for action.

- *Equivalence:*

According to article 4, two SPS measures are said to be equivalent to one another when they are not identical but yield the same level of sanitary and phytosanitary protection. There have been concerns by many developing countries that importing (developed) countries are looking for ‘sameness’ rather than ‘equivalence’, as stipulated in article 4.1. Given the differences between developing and developed countries, this inflexibility of importing countries is mainly as a result of lack of trust among trading nations, and inadequate scientific capacity in developing countries to validate equivalence measures.

- *Participation in Standards Setting:*

According to art 3.4, WTO member states are required to participate in international standards setting meetings to ensure that the standards set are agreeable to all. In reality however, many developing countries lack the human and financial resources necessary to actively participate in these meetings. As a result, the standards set hardly consider the peculiarities of developing countries, and are hence difficult to attain.

- *Exceptions in Case of Insufficient Evidence:*

The exception to the risk assessment requirement in article 5.7 is that when scientific evidence is insufficient, a member country is entitled to use measures based on "available pertinent information". There are two conditions attached to this exception. First, such measures must be temporary and, second, the member must seek additional evidence and must review the measure after "a reasonable period of time".

- *Harmonisation:*

Under article 3, member states are encouraged to harmonise their national standards with each other (therefore creating internationally agreed standards. A member state is automatically exempted from WTO sanctions if she applies an internationally agreed measure. If a country chooses a higher level of protection than implied by the international standard, it must produce its own risk assessment and the measure must be non-discriminatory.

- *Regionalisation:*

Article 6 of the Agreement encourages members to adapt their SPS measures to the regional characteristics of their trading partners. This article seeks to discourage blanket bans of entire countries exports due to a problem localised in one part of the production area. This in fisheries could be a contamination of a water body, or presence of some health risk in one fishery species.

- *Transparency:*

The SPS Agreement seeks to increase transparency in implementation of SPS measures by setting guidelines on notifications to the WTO SPS committee and also national notification points. The member issuing a notification is required to allow for sufficient time for members to comment on the measure, before such a notification takes effect, unless in situations of emergency.

- *Dispute Settlement:*

The SPS Committee serves both as an instrument that increases the transparency of members' SPS regimes and as a first informal step in the dispute settlement process. Those cases that need a formal settlement are processed through the Dispute Settlement Body. This is an expensive and lengthy process, which requires significant scientific evidence on both sides, hence developing countries may not find it an appropriate option.

- *Special and Differential Treatment of Developing Countries:*

The Agreement provides for special and differential treatment of developing countries in aspects such as: choice of measure (requirement for technical and economic feasibility of intended measures), technical assistance from the importer

if the measure severely restricts trade, and in delaying (by up to 6 months) the commencement of an SPS measure.

Fisheries Trade in Developing Countries

Fisheries trade in developing countries is characterised by areas of glut (excessive production) especially around lakes and coasts of oceans, and areas of high demand especially in inner urban areas. Even though in most developing countries domestic fish trade is vibrant, it is limited geographically to a radius of a few kilometres by poor infrastructure and lack of ice. A significant proportion (about 20-30% of landings) of fresh fish therefore spoils before reaching major consumption areas, a factor that has contributed greatly to the association of fishery products in markets in many developing countries with foul smell. This limits demand to ardent fish consumers (often urban poor), who in turn have a lower buying power, hence resulting in value loss.

Regional fish trade in most developing countries mainly consists of dried and smoked forms, because they are in stable condition necessary to endure the long distances and times it takes to traverse regional roads. Further, most developing countries charge huge (in excess of 20%) tariffs on imports, arguing that this is one of the main ways that the governments earn revenue. This in turn encourages illegal trade (smuggling) of fish across borders, which is facilitated by the many straddling tribes across most country borders. Since the trade in these cross border commodities mainly operate outside legal environment in countries that have adopted international SPS standards as national quality legislation on fisheries, there are no official inspection services, and this encourages low quality of products traded, which again limits demand.

Regional fish trade is further limited by the inability of most regional importers to buy huge volumes in one bulk, and this makes it difficult for a foreign exporter who may not be able to establish retail market in a foreign land. Also, many currencies of developing countries are not easily inter-convertible to those of neighbouring nations, or into internationally accepted currencies. Trading between most developing countries is therefore restricted to those who have access to inter-convertible foreign currencies such as the US dollar, and this hampers regional trade. Domestic and regional trade, though significant in volume, is mainly carried out by small and medium scale traders, and usually involves long value-chains providing conveyance rather than value addition activities.

Large scale fishery trade in developing countries is therefore almost limited to exporting into developed countries, mainly because the buyers there are able to buy large volumes at once, trade in internationally accepted currencies, and often infrastructural (sea or air) connectivity is efficient. This trade is limited to countries with large volumes of a homogeneous fishery product of either natural capture or aquaculture. The proportions of fishery products exported to developed countries when compared with those which are traded locally vary between countries, and depend mainly on the size of domestic populations and local fish eating habits. Pacific Island countries and Namibia export most of their fisheries products, while countries in Eastern and Western Africa export only about 20-30% of their total landings, because of strong domestic and regional demand for fish.

Developed countries are increasingly demanding that exporters comply with stringent SPS measures, and this greatly increases the cost of doing business. Compliance with these standards is not just a private sector issue, it involves changes in the way fisheries

are administered (governance), and setting up of public sector infrastructure (inspection services, documentation and testing (lab) facilities). This in turn involves change in national fisheries policy to facilitate these activities.

Policy Issues related to Fisheries in Developing Countries

In line with the adoption of Millennium Development Goal number one, the overall objective of national policies of most developing countries is poverty alleviation. Fisheries in many developing countries play an important socioeconomic role, and governments therefore are increasingly introducing policies that seek to promote fisheries trade as a way of poverty alleviation. This is made more critical by the fact that many fisher communities have few other options for alternative livelihood, and fishing, artisanal/small scale fish processing and fish trade is much more than an occupation; it is a way of life.

The policy to encourage fish trade unfortunately encourages more people into fishery, considering that many developing countries have an open access policy to their fishery resources. Luckily (for the stocks) most of these fishers are artisanal, and use crafts which have limited propulsion hence exploitation, though usually excessive on the shores, is limited in deeper waters.

Policies to increase fisheries trade are also incoherent with policies by regional governments to maintain high tariffs on cross border fish trade. Given the increasing demand for fish in regional markets, there is a need for a cost-benefit analysis by Regional Economic Communities (RECs) such as COMESA, SADC, MERCOSUR, PIC, CARICOM and ECOWAS to determine if the social good from cross border tariffs could not be easily matched by direct benefits to a huge number of citizens participating in cross border trade.

Policies to Encourage International Fish Trade with Developed Nations

Many developing countries are increasingly implementing policies aimed at modernising their fisheries and bringing them at par with those in developed countries. This necessitates domestication of international SPS standards in national fisheries to facilitate export of fish and fishery products. The export of fish and fishery products from many developing countries to developed countries is facilitated by tariff reductions. Exports of fish and fishery products from Africa, Caribbean and Pacific (ACP) countries into the European Union are quota and duty free, and so is the exports of many developing countries into USA and Japan. The favourable export conditions from ACP to the EU are as a result of the Cotonou Agreement between the two regions, which expires in December 2007. This is expected to be replaced by an Economic Partnership Agreement (EPA) whose negotiation process is underway, but which is expected to maintain the zero tariff status (referred to as the '*Lomé Acquis*').

What Adherence to International SPS Standards Entails

A description of what it entails to comply with international SPS standards may best be exemplified by the process of meeting EU fishery standards, which are considered to be some of the most stringent in the world. Until January 2006, the Council Directive EU/91/493 described the conditions of placing fish and fishery products in the EU

market. In principle, it was a requirement in both the EU member states, and third states exporting to the EU. In summary, this legislation required that:

- *National Competent Authorities (CA)* be established in all exporting countries, with the responsibility of enforcing hygiene and sanitary legislation, certification and inspection services being centralised in one government department. This was a welcome move even in developing countries, as often exporters were forced to deal with several government departments to transact their business. It however required a fundamental change in governance of fisheries, and governments wishing to export to the EU must adhere to it.
- *Quality assurance tests* be carried out in accredited laboratory facilities either in the countries of origin, or overseas. This is understandable, as it lessens the need for repeat checks at EU ports of entry (verification). Laboratory accreditation is a private sector activity, which is carried out by several organizations such as United Kingdom Accreditation Services (UKAS) and SANAS South African National Accreditation Services (SANAS). It is a process that usually takes about two years to accomplish and involves high costs in both direct fees, purchase of equipments and training of staff. Accreditation is given for a defined period (usually no more than three years), after which the laboratory re-applies for re-evaluation and subscription. Many developing countries wishing to export to the EU are yet to acquire accredited laboratories.
- *National legislation on sanitary quality and handling of fish and fishery products be harmonised with that of the EU.* In principle what this entails (and wrongly, because harmonization refers to two parties adjusting to each other), is that exporting countries substitute their national legislation on fish hygiene, handling and sanitation in processing establishments with the ones applicable in the EU. Changing national legislation may be a sovereignty issue, but it's the price to pay to meet these standards.
- *Establishments involved in handling and processing of fish and fishery products must apply the HACCP system.* This directive (and associated documents) is quite descriptive, even to the materials allowed. An exporter is therefore not at liberty to choose which material to use in factory construction (depending on cost), even if they may be approved by national legislation for use in food processing establishments. Furthermore, there is a specific inspection of (most of) the establishments directly by the EU (FVO- DG SANCO), and qualifying companies are given an EU export number by their Competent Authorities which they have to quote on all packaging materials for export goods.

The Directive EU/91/493 has been replaced (since January 2006) by the following set of regulations:

- *Regulation (EC) No 178/2002 of the European Parliament and of the Council of 28 January 2002* laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety.
- *Regulation (EC) No 882/2004 of the European Parliament and of the Council of 29 April 2004* on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules.

- *Regulation (EC) No 852/2004 of the European Parliament and of the Council of 29 April 2004 on the hygiene of foodstuffs.*
- *Regulation (EC) No 853/2004 of the European Parliament and of the Council of 29 April 2004 laying down specific hygiene rules for food of animal origin.*
- *Regulation (EC) No 854/2004 of the European Parliament and of the Council of 29 April 2004 laying down specific rules for the organisation of official controls on products of animal origin intended for human consumption.*

From a fisheries point of view, their regulations do not represent a fundamental policy shift when compared with earlier directives, but rather aim to bring other foodstuffs (such as meat, vegetables and fruits) into the same export conditions (such as institutionalisation of the Competent Authority, and the principle of equivalence). What is new in these policies is that the details on HACCP implementation has been replaced by strengthening of the role of Competent Authorities in providing proof that their systems are ‘equivalent to EU conditions’. Also, the regulations require full traceability for fishery products from fishing areas to the table.

Contentious Issues in the EU Fish SPS Regulations

Even though several developing countries have endeavoured to meet EU SPS conditions on fish and fishery products, there are several aspects they consider unfair. These include:

- *Arbitrary use of the precautionary principle:*

This is best illustrated by the examples of EU bans on fish exports from Lake Victoria from 1996 to 2000. Some of the bans were mainly based on reported outbreak of cholera and salmonella in some settlements in some part of Lake Victoria coast. There was no scientific evidence to show contamination of fish with these pathogens, and certainly given the lake’s vastness (over 68 000 km²) it was difficult to justify how a very localised disease outbreak on land could be assumed to have spread over the whole of the lake’s fish population. The last ban was based on press reports that a section of the lake was using pesticides for fishing. This was never authenticated, but judging from the lakes water volume, and hence the volume of pesticides required to cause even a 1ppb level of contamination (the lake’s riparian population is mainly involved in peasant farming, which rarely uses pesticides in their farming methods), it was difficult to justify how this could be a basis of a lake-wide fish exports ban.

Export of fish (nile perch from lake Victoria accounts for about USD 300 million to the economies of the three riparian states (Kenya, Tanzania, Uganda). Fishing is entirely restricted to artisanal and small-scale fishers, who in turn sell their catch to export oriented factories. This policy helps spread the fisheries wealth to riparian populations (the first dollar of the fish goes to an artisanal/small scale fisherman). Any knee-jerk application of the precautionary principle, especially in situations where the risk appears significantly small, causes a huge economic loss to millions of persons who entirely depend on this resource for a livelihood.

- *Lack of established methodology for determining the ‘principle of equivalence’ in application of HACCP and other sanitary regulations.*

To a great extent, developing countries consider that the EU and other developed countries require ‘sameness’ as opposed to ‘equivalence’ contained in the WTO SPS Agreement. The documents of the EU indicate ‘equivalence’, but in reality developing countries have been unable to prove that their measures, which cost less and are more practical in their tropical and depressed economic conditions, work just as well. EU inspectors therefore inspect facilities in developing countries to check if they mirror those found in the EU, almost to an item. A case in point is the view (sometimes expressed by developed countries’ quality control inspectors) that wooden boats (as used by artisanal fishers), may not be able to maintain standards, even when fish is placed on ice. It is impossible to get the millions of artisanal fishers in developing countries replacing their wooden boats with metal or fibreglass ones in a short notice, as the costs and logistics would be enormous. There is also no sufficient scientific information to justify that fish decked in ice, in a wooden boat, can not be hygienically conveyed within the short time it takes to reach a landing site and onwards to a processing factory.

- *Verification of Compliance:*

To a great extent, it is the importing countries that verify whether a consignment or facility is compliant with sanitary requirements. The exporter is rarely offered a chance to verify any non compliance claims. A case in point is the testing procedures at EU ports of entry. Several developing countries have had their samples tested and found to be not meeting specified conditions (this also happens for all other countries). When an exporter asks for a sample of the consignment to send to even EU referral laboratories, in many instances the port declines, and may even proceed to destroy the consignment. In a few cases whereby the exporters have gained access to their consignment at an EU port and sent samples to other (EU) labs, the results have severally been negative, and the consignments were therefore accepted. This illustrates the lack of mutually agreed procedures on verification of compliance, a principle which is enshrined in the WTO SPS Agreement.

An export company in a developing country therefore has to address the following conditions to export fish into developed countries as outlined in Figure 9.1:

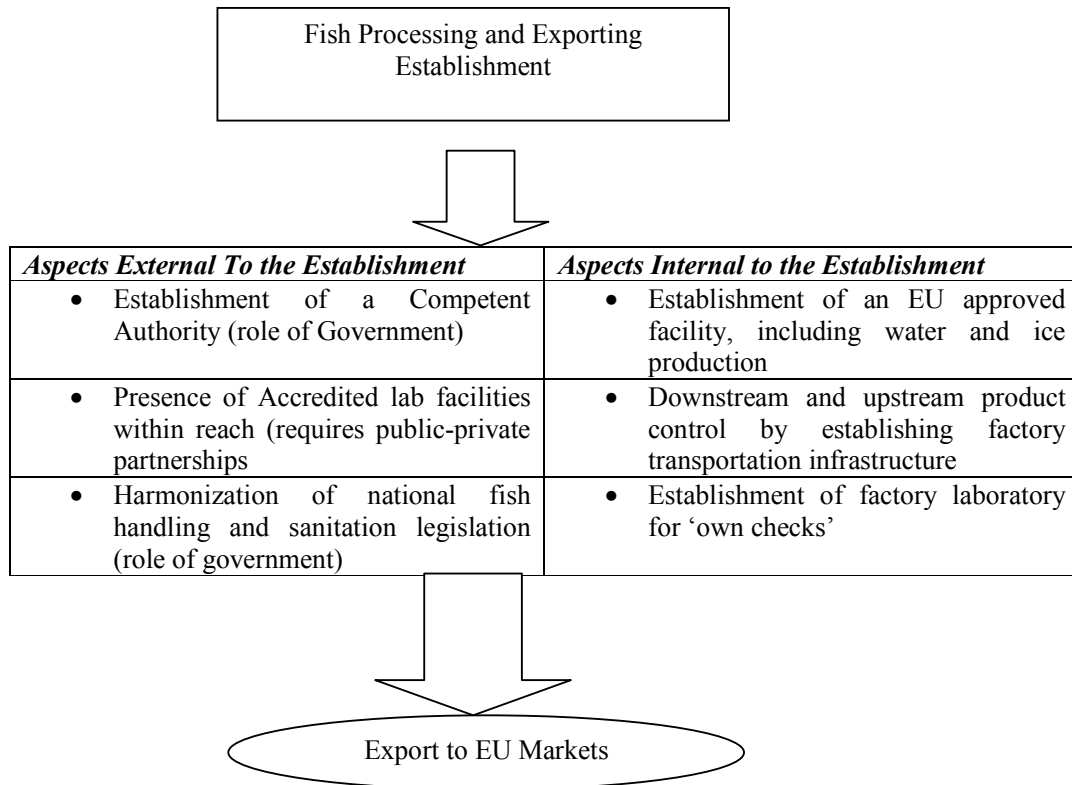
In general, it costs a minimum of about USD 3 million to establish a fish processing factory able to meet conditions for export to the EU. This involves meeting costs for approved construction materials and processing equipment, investment in water (usually borehole) supply and ice production facilities, purchase of insulated trucks for collection of fish from remote landing sites, and refrigerated trucks for transportation of finished products to ports of dispatch (export). Due to this high cost, most factories need to process about 10 MT of medium value fishery products (such as fin-fish) in order to achieve the economies of scale necessary to have a return on investment.

The main steps undergone by a processing establishment in exporting fishery products to the EU (and other developed country destinations) are illustrated by Figure 9.2 below. Policy Incoherencies in SPS and other (possible) NTB measures

Increasingly, developing countries are becoming ‘policy takers’ and not ‘co-policy makers’ on the international platform, especially when it comes to standards. Developing countries are not against standards, but are concerned that these policies may be applied in such a way such that they are expensive to meet, and hence restrictive to trade. In fisheries, many developing countries have had to implement policies geared to meet international SPS standards, which has in some way contributed to modernising their

fisheries. However, this approach has been incoherent with national and fisheries development in the following aspects:

Figure 9.1. Conditions Necessary for an Establishment to export to Developed Countries



Policy on poverty reduction and equitable wealth distribution in fisheries:

As earlier illustrated, a fish processing factory (compliant with EU and international SPS standards) costs about USD 3 million to establish. Until these SPS policies in developing countries, fish processing was largely undertaken by small and medium scale establishments, often owned by persons from the riparian communities. This new threshold of costs has pushed small scale processors out of business, and only large scale ones who can be able to meet huge bank collaterals can process or industrially catch fish for export. The net result has been globalization of fishing and processing.

Considering that fisheries, much more than many other natural resources, has a large socio economic dimension which affects the livelihoods of riparian communities, the policy to adopt international standards as national legislation on how fish should be handled and processed, may be limiting the distribution of fisheries wealth in developing countries. This is not about blaming the large scale fishing and fish processing establishments, because they do operate in tough economic conditions, and should be congratulated for being able to meet first world standards with third world infrastructure.

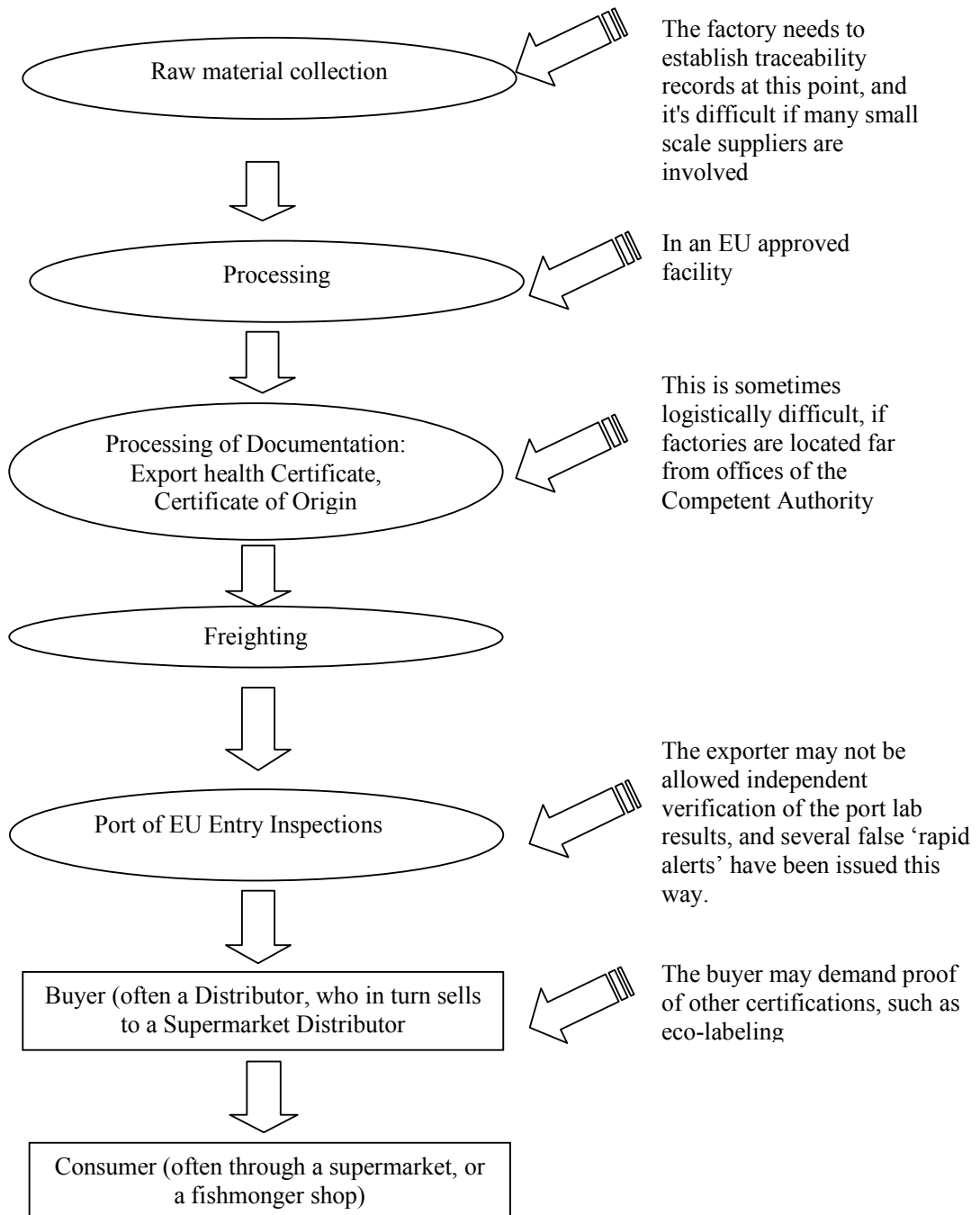
Such large scale establishments have also been at the forefront of modernising fisheries in developing countries, and creating the capacity to meet any SPS conditions.

Some governments (such as those around Lake Victoria) have mitigated this negative effect (of marginalising small scale fishers and fish traders) by restricting fishing to small scale fishers only, and letting them sell to large scale processors for export. This has worked well, because small scale operators are the gateway to large-scale exporters in this region. Unfortunately, this arrangement brings in a daunting challenge of meeting SPS standards at catching and landing sites, considering the large numbers of small scale fish traders and fishers involved (*e.g.* there are about 250 000 fishers around Lake Victoria selling to about 33 fish processing establishments). This is being addressed by organising several private – public – partnerships (PPPs) in maintaining the standards at landing sites. It is still difficult to ensure that each of the thousands of small scale suppliers (fishers and traders) maintain SPS standards, and have their operations promptly regulated and recorded in line with traceability conditions now demanded in international markets. These problems could be solved easily by letting processing firms operate just a few trawlers for their fishing needs, but from a socioeconomic point of view, this is unjustifiable.

Exclusion of small-scale fishery trade from the formal fishery sector

In principle, since meeting international SPS standards means changing national legislation on handling and processing of fish, any trader operating outside these regulations is illegal. Many developing countries have not yet figured out how to have two set of regulations, one for exports, and another for the domestic market. This is because in such an event, products initially legislated for local market conditions may end up with operators dealing with exports, hence creating an enforcement nightmare. Currently therefore, countries exporting to the EU have clear legislation for exporters, right from catching to export dispatch, but turn a blind eye (in terms of legislation) on local trade. This is because if they were to enforce the law as it is, they would close all small scale fish traders in urban and rural centres. Since the consumption of fish from these small scale traders is rarely been associated with outbreaks of disease of health concerns among populations, there must be a way of developing a ‘minimum set of conditions for placing fish on the market’, any market, including those in developing countries (because these consumers also deserve to be protected by their governments). This calls for scientific research, something developing countries will need to embrace as a norm. The need to mainstream small and medium fish trade in formal (legal) fisheries is made more urgent by the fact that fish exports in most developing countries account for much less volumes of fish when compared with domestic (and regional) trade.

Because small scale fish processors and traders in countries which have adopted international SPS standards operate outside the law in as far as processing and handling is concerned, they do not benefit much from public services such as quality control, and hence the quality of their products is generally low. Fish offered for sale in many developing countries is therefore easily identified in urban markets as the ‘smelly product’, and this has contributed to decreased demand for fishery products, especially by urban elite. This is contributing to scenarios whereby several major fishing developing countries are heavy importers of fish from developed countries for their tourism industry and high income residents. Even though increased fish trade from developed to developing countries enhances international fish trade, it serves to depress domestic fishing industry where effective standards have not been developed.

Figure 9.2. Steps in Processing and Exporting Fishery Products from Developing Countries into the EU

A further incoherence in this regard is that because small scale traders operate outside the law, it becomes difficult to regulate regional trade. Regional trade especially in Africa in dried and smoked fish contributes millions of US dollars, especially in major fish consuming countries such as DR Congo, Nigeria, and Mozambique. There is therefore a need to rethink the SPS policy in developing countries, with a view to making it coherent with policies aimed at enhancing regional trade. Policies need to be developed to upgrade cost-effective preservation and other quality control techniques, and scientific research to ascertain their equivalence with other international standards.

Implications on Stocks Conservation

SPS and other standards increase the cost of doing business, which in turn necessitates increased catches, hence encouraging disregard for stock conservation measures. The increased costs of meeting standards are usually offset in two ways:

Cutting prices of raw material

This option is necessitated by the fact that in international fish trade, it is difficult for even a country to affect the market price of a fish species, as most are traded as commodities. Since it is difficult to increase the price the exporter is paid, the logical place to cut costs is at the fish landing level (raw material). Because fishers have threshold amounts of money they need to make for a living (to meet food, housing, education or medical costs), they will respond to this price cut by catching more fish in order to take advantage of economies of scale. The net effect is that the fishing in that locality may exceed its Maximum Sustainable Levels (MSY), and the fishers may even be more tempted to use illegal gears. This has a negative impact on stocks, which may even collapse, causing a much bigger economic problem.

International policies aimed at stocks conservation have not sufficiently focussed on this marketing dimension of the problem. Since marketing drives fishing effort in most small scale fisheries, stocks conservation measures.

Another contribution to over fishing is that processing establishments will also be forced to increase production to utilise economies of scale to meet incremental costs occasioned by standards compliance. It has been observed that for most fin-fish processors such as tilapia, sea bream or nile perch, a factory dealing entirely with these commodities may have to process 10 MT of raw material daily to operate profitably. The factories therefore exert pressure on their suppliers to supply sufficient amounts, which again translates to fishers catching more fish from a limited stock.

Efforts to capture more value of fish at developing countries levels, *i.e.* through more value addition such as value portioning, value packaging *e.g.* modified atmosphere packaging (MAP) and value processing are often inhibited by the increasing middlemen industry in developed countries, which encourages fish to be exported as low bulk raw material (such as loins (cooked tuna fillets) and fillets for eventual processing and distribution in developed countries. The price of fresh filets of tilapia, tuna or nile perch is about USD 15 per kg on most supermarkets in the USA, EU and Japan, yet the price paid to the developing country exporter is just about USD 4-5. The USD 10 differential goes to middlemen, including supermarket chains. If even USD 2-3 extra value would be captured at developing countries level, significant reduction in catch levels would be economically justifiable, and this would enhance greatly the sustainability of stocks. The policy of encouraging exports to developing countries demanding stringent SPS condition

should therefore be examined against the lack of policies to encourage a fairer trade, and hence the impacts this has on stock conservation policies.

Other Standards that (potentially) Act as Non Tariff Barriers to Trade (NTBs)

Developing countries should not be against standards per-se, and certainly should not seek exemption from meeting standards just because they are too expensive to attain. What developing countries should, and are contenting is that aspects included in several of these standards are not justifiable, and alternatives existent in the third world are often not considered as equivalent. The procedures adopted for compliance often necessitate setting up of expensive infrastructure, which in turn acts as a barrier to trade. This is true for SPS, as discussed above, and also for the following standards:

Traceability standards

Traceability is usually considered to be a tool in both SPS standards and in tracing origin of goods and raw materials under Rules of Origin trade restrictions. Traceability requires detailed information of distribution chains, handling and all materials (including packaging) incorporated or used to add value.

Developing countries fisheries can be described as mainly small scale in nature, and therefore involve large numbers of players. Establishing exact traceability of contents in a 23 MT reefer container of frozen fish exported as one consignment is therefore a daunting task. This is because the raw material will have been obtained from a large number of fishers and from several landing sites. These fishers may also be illiterate, and as such incapable of keeping records. Centralised entry of artisanal fisher records into a computerised system is also a challenge, because of the large numbers of information to be entered daily. Just like SPS standards, traceability seems to favour few large-scale operators over many small scale ones. Again this is in conflict with the policy of poverty reduction, and is socially unacceptable.

Considering the merits of traceability especially as a quality control tool, there is need in developing countries to develop traceability infrastructure in small scale fisheries. Such system will involve capacity building of fishers groups to compile information, and setting up of localised data entry points. The advent of information technology revolution especially in mobile phone telephony, internet and computers can greatly assist in this effort.

Environmental Standards

From a policy point of view, eco- labelling is consistent with the policy in many countries of stocks conservation. What needs to be developed is an implementation mechanism that does not result in increased costs for fishers and fish traders, hence distorting trade. Perhaps the best illustration of environmental standards in fisheries is eco-labelling of fishing areas, depending on the extent of sustainable stock management measures implemented. A certification of a water body as being sustainably managed enables companies trading in fishery products from it to use the developed eco-label during marketing. Consumers in export markets may therefore be encouraged to discriminate, in terms of price or even acceptance, between fish with a particular eco-label and that without. Other labels include dolphin-safe fishing and trawlers using turtle excluder devices (TEDs) and by-catch reduction devices (BRDs).

In principle, these are useful initiatives which seek to conserve either fishery stocks, or protect endangered species. Fishers and fish traders should therefore take a holistic approach to fisheries and support scientifically proven conservation measures, instead of a short term opportunistic approach of indiscriminate exploitation. The problem again is in the implementation of these environmental standards. What about fisheries which have no turtles, but exploit similar species as those with the eco-label? Will they get the label for free or they still have to pay a cost? What about fisheries which are even underexploited (and there are several in developing countries, such as Lake Turkana in Kenya), but national governments may not afford accreditation costs for an eco-label, how will they market their fish? These are questions which need adequate responses to avoid commercialization of eco labelling, and hence introducing another cost threshold to small scale fishers.

The main criticism of eco-labelling as currently practised is that it lacks an international legal mechanism. If one draws parallels from the SPS standards issue, the WTO protocol gives governments the legitimacy to impose standards, and others the basis to comply with or oppose them. Eco-labelling is often said to be 'voluntary', hence not needing international legal regulation. In 2004/2005, the catch quotas for all the twelve MSC (Marine Stewardship Council) certified fisheries together accounted for over 1.8 MT of fish, which was sold through an MSC Chain of Custody traders at a retail value of USD 133 million (MSC 2005). In effect, considering the increasing share of market some of these products are acquiring especially in the UK, and the aggressive promotion of eco-labels and campaigns by NGOs (Greenpeace recently climbed over a roof of a UK Supermarket and hoisted a banner for 'worst fish retailer', in a name and shame campaign against buyers from perceived unsustainable fisheries), eco-labels are no longer optional to fish traders.

The hard questions for current eco-labelling schemes are: how universal and legitimate are the sustainability standards set by these private organizations? Isn't there a fear that fisheries and traders will be intimidated to join such schemes for fear of loss of business? If some trader not participating in these eco-labelling schemes feels unfairly disadvantaged by competitors with the label (considering that consumers can be misled to believe that all fish without an eco-label has been fished unsustainably), how can they seek legal redress internationally? It is understandable that consumer groups and private sector had to create an environment necessary for the creation of an international protocol on eco-labelling, but unless urgent action is taken to create an international legal framework, we are witnessing the emergence of an uncontrolled NTB.

It is gratifying to note that the COFI meeting of FAO has issued some guidelines on eco-labelling in marine Fisheries (FAO 2005), and also that the EU has initiated consultations on the same. What may be needed is an international agreement, defining agreed standards on fisheries sustainability and ecological responsibility, and commensurate sanctions to violators. It is suggested that such an agreement be enforced through trade (and therefore WTO, as trade has been found to be an effective measure to ensure compliance). Since the WTO is not competent on matters of environment of fisheries, it is suggested that credible international organizations such as UNEP (for environmental and ecological sustainability) and FAO (fisheries) expedite activities aimed at defining conditions to be contained in such an agreement. It is considered that implementation of such an agreement would greatly facilitate activities of eco-labelling organizations such as the MSC, because they would now be developing systems based on international policy, and also building capacities in various fisheries to meet an agreed criterion of sustainability. One of the proposals that can be considered in this regard is the

establishment of an inspectorate unit in credible international institutions such as UNEP or FAO (or even the two together), which would then periodically inspect fisheries (often assisted by professionals from organizations such as the MSC) across the world against an agreed set of sustainability criterion, and issue positive lists which could then be used as promotional material by companies trading in the qualifying fisheries. From a policy point of view, the lack of effective policies to ensure stocks sustainability is creating distortions in fisheries trade, and this may be addressed by implementation of an international agreement on stocks sustainability enforcement.

Social Responsibility Standards

Fisheries, just like other industries, should exercise Corporate Social Responsibility in their operations, and this is made more pertinent by the fact that fisheries are usually intricately involved with riparian communities. Standards such as labour (minimum age or child labour rules), amenities at work and involvement in community assistance programs are important norms which should be inculcated into any business ethic. It is also important to take into consideration peculiarities in different parts of the world, when developing these social standards. If one takes labour laws as an example, it is important to consider that in parts of developing countries, school-going children often help their parents or guardians with fishing either after school or during holidays, and therefore it may be difficult to justify this as child labour. Other social responsibility aspects should be drafted to provide a minimum set of conveniences according to local conditions (and certainly deter any social malpractices such as processing in dangerous or unhygienic conditions), and not necessarily mirror those conditions in developed world. Again the critical issue here is in establishing simple and inexpensive procedures for being certified, to avoid creating insurmountable cost thresholds.

Options for addressing Policy Incoherencies in Fisheries Standards

Developing countries need developed countries for sale of their fishery products, at least until they improve intra-regional trade infrastructure. Developed world also needs third world fish, both to meet their increasing demand for fish, and also as a source of employment for thousands of their populations (in countries depended on fishing access agreements with third world for a significant part of their fish imports – such as Spain, Japan, Hong Kong China or Taiwan PRC).

Third world countries desiring to trade internationally in fish and fishery products have two options:

- To seek arbitration at WTO for aspects in implementation of SPS conditions that they consider detrimental to their policy on poverty alleviation, and overall economic development. This is an expensive and time consuming option, which few developing countries have a capacity to meet.
- To seek negotiations with trading partner developed countries. Discussions need to centre on undesirable impacts of SPS and other standards such as marginalisation of small scale fishers as fisheries in developing countries gets globalised. Several Regional Economic Blocks such as COMESA and SADC are currently seeking to negotiate SPS protocols with the EU and other developed countries.

Equivalence and Not Sameness?

Negotiations between developed and developing countries on policy incoherencies in fisheries trade standards should centre mainly on establishing ‘true’ partnerships on SPS issues, by considering ‘equivalent measures’ after due consideration of what is practicable and affordable (and effective) in developing countries. It is also important that the two trading parties set realistic sanctions commensurate with seriousness of various non compliances. In addition, the principle of fairness needs to be strengthened. There have been incidences where a developing country fleet (DWFN), fishing side by side in the same waters with a developed country fleet, has had its consignment denied entry into that developed country’s market on account of a non compliance such as presence of high levels of some heavy metals in their fish. Since heavy metal in fish is an indication of pollution of its immediate waters, the fish from vessels of the DWFN fishing in the same locality should also have been sanctioned. This illustrates that there are much more rigorous checks on consignments landed by a developing country in a developed country port than those landed by its own Distant Waters Fishing (DWF) fleet.

Developing countries also need to address incoherencies in their domestic policies which hinder small and medium scale trade in fisheries. To achieve this (and hence address the incoherence of export policies in developing countries), it will be important to devise policies that:

- Encourage stratification in investments in fisheries, by positively discriminating small scale fishers in licensing on aspects that can adequately be undertaken by small scale fishers or traders.
- Encourage pooled processing in fisheries (facility sharing by groups of small scale fishers) as this will lower the cost of compliance with international standards through cost sharing
- Encourage value addition in developing countries, and shortening of value chains so that a larger proportion of value of export fisheries products is captured in developing countries.
- Ensure participation in standards setting organizations, to ensure the peculiarities of developing countries are taken into consideration.

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Chapter 10

Tariffs, Preferential Tariff Arrangements and Tariff Escalation: Policy Coherence Issues¹

This paper briefly reviews the structure of fisheries tariffs in the European Union and the major Latin-American economies as well as in Australia, China, India, New Zealand and the United States. It also discusses the issue of tariff escalation and the need for consistency in policy making.

1. This chapter was written by Mrs. Pilar Paredes of the Ministry of Industry, Tourism and Trade, Madrid, Spain; email : pparedes@mcx.es .

Introduction

The European Union is one of the key players in the world-wide fisheries sector in terms of catches and fleet size as well as imports and consumption. The EU is the world's largest importer accounting for approximately 36% of the world's total. Nearly 60% of the fish consumed in the European Union is from third countries. Spain specifically is the world's third largest importer accounting for 6% of the total and is the eighth largest exporter with 3% of the total.

EU tariff structure

While Community rules regarding imports from third countries are public information and may be easily checked, it is also true that the existence of a wide range of trade agreements between the EU and third countries complicates the response to an apparently straightforward question such as what tariff should be paid on a particular product upon entry into EU territory. Although it is difficult to establish specific figures, it can be affirmed that a very significant percentage of the Community's fishery imports benefit from tariff preferences.

It is interesting to note that all of the tariffs applied by the EU are *ad valorem* duties and therefore, as concerns the fishery sector, the EU cannot be accused of having a complex tariff structure. The analysis of the tariffs applied to fishery products should draw a distinction between fish, crustaceans and molluscs for direct human consumption on the one hand, and fish, crustacean and mollusc products on the other.

Tariffs range from 0% in the case of certain species such as eel for example up to 23% in the case of sardines of the *sardina pilchardus* genus. It should be pointed out that in the case of certain products (frozen and fresh tuna, bonito and striped bonito) destined for the canning industry, the MFN customs duties have been suspended for an indefinite period of time. In the case of molluscs and crustaceans, tariffs range from 0% applicable to oysters of the *ostrea* genus to 18% applicable to shrimp of the *crangon* genus.

Having regard to fish, crustacean and mollusc products, applicable tariffs tend to be higher (tariff escalation). The highest tariffs for preserved fish are on tinned mackerel, bonito and anchovy (25%) and striped bonito and bonito (24%).

And lastly it should be indicated that the EU may establish autonomous tariff quotas in a non-discriminatory fashion. This trade policy measure envisages the total or partial exemption of tariffs on limited quantities of imported goods. The aim of these quotas is to supply Community industry with the necessary raw materials to maintain its activity in the event that Community supply is unable to keep pace. These quotas are managed by means of Community rules for multi-annual periods of time.

Tariff structure of Other Countries

In general, most countries have a tariff structure similar to that of the EU featuring a degree of tariff escalation with the lower tariffs applying to less processed products. By way of example of the tariffs applied by different countries, the EU applies an average rate of 12%, Argentina 10%, Australia 0%, Brazil 10%, Chile 6%, China 10%, India 28%, Morocco 47%, Mexico 17%, New Zealand 0% and the United States 2%. Generally

speaking, in the developed countries the applied tariff and the consolidated tariff are practically the same. This is not the case in developing countries, however, where the consolidated tariff rises to the 32% level in Brazil, 96% in India and 34% in Mexico.

Preferential Agreements with the EU

The EU's Generalised System of Preferences (GSP) grants lower tariffs or franchised access to Community market rights in the case of imports from developing countries and therefore does not require reciprocity from beneficiary countries. A tariff reduction of 3.5 percentage points is applied to all fishery products due to their consideration as "sensitive" products. Special benefits are also envisaged for less developed countries (LDC) thanks to the EBA (everything but arms) initiative and for countries complying with certain basic rules in the areas of labour and environment; in both cases all fishery products enter free of duties and quotas.

The Cotonou Agreement with the ACP countries is another example of a preferential regime which has been developing since the 1960's. In general, fishery products enter duty free. Today we find ourselves immersed in a process of changing trade relations with the ACP countries, the intention being the entry into force of Regional Economic Agreements by 1 January 2008 replacing the current unilateral concessions granted by the EU. Negotiations are under way with six different economic areas.

The EU-Mexico Agreement which entered into force in the year 2000 aims to establish a free trade area. In the specific case of fisheries, lists of products have been drawn up envisaging different speeds of tariff dismantling. Tariff quotas which will gradually increase over time have been established for sensitive products. A similar agreement has been struck with Chile.

The agreements with the Euro-Mediterranean countries (Morocco, Algeria, Tunisia, Jordan, Egypt, Israel, Lebanon, Syria, the Palestine Authority) entered into a new stage in November 2005 following the tenth anniversary of the Barcelona Process. The goal is to establish free trade areas with these countries. In this connection, new rounds of negotiations are under way to increase concessions in the fisheries sector as part of a trade liberalisation approach (with the necessary asymmetry in terms of timetables) with certain exceptions in the case of sensitive products.

Tariff Escalation

As mentioned above, tariff escalation is an issue which affects tariffs. The EU proposed the application of a Swiss formula in the Non Agriculture Market Access (NAMA) negotiations. This work scheme would allow for the elimination of the escalation problem because the highest tariffs would be reduced by the greatest amount. Some examples would be Japan with an average tariff for fish products of 5% and 10% for preserved fish, the United States which applies an average tariff of 0% for fish products but for certain preserves such as tuna that rate can reach 35% and Canada which applies 0% to fishery products and 7% in the case of preserved tuna.

Other Issues of Interest

There are other issues currently under discussion which are very important for the future of fishing and the fishery sector. First of all we have the Doha Round NAMA negotiations (Non Agriculture Market Access). No agreed formula has yet emerged but there is a commitment to reach an agreement by the end of April. We would point out the incongruity of significantly reducing tariffs on certain products because this could contribute to worsening the situation of overfishing affecting some species.

Secondly, discussions are also being held within the framework of the Doha Round to tighten control over those fishery sector subsidies which tend to increase fishing capacity.

Thirdly, it is our view that the future of the fishery sector depends on the effective action of the regional fishery organisations in terms of managing fishery resources within their sphere of influence.

Policy Consistency

International trade is of great importance for the EU because it accounts for a fifth of the sum total of world trade. The EU is making an effort to foster the inclusion of developing countries in the world trading system so that all nations may take part in its potential benefits. Community trade policy should consolidate and be consistent with development policy objectives, especially the eradication of poverty and the fostering of sustainable development in developing countries.

The case of the common fisheries policy is a clear example of policy consistency in that it seeks to strike a balance between the biological, economic and social dimensions of fisheries to the benefit of fishers as well as consumers. The common fisheries policy is not an isolated policy. Over the last several years it has been acquiring an increasingly important international dimension as the number of bilateral and multilateral negotiations with third countries, regional fishery organisations and international bodies increased with a view to striking agreements on ways to manage resources and fish responsibly throughout the world. The common fisheries policy is now making a significant contribution to resolving the dilemma of the sustainable contribution of fisheries. All of the facets of which it is composed have been reinforced with a view to making it more efficient in the conservation of fish populations, in the maintenance of employment in coastal areas and in the supply of healthy food products to consumers.

Trade has proven itself to be one of the most effective tools in stimulating development. For developing countries, it is the means by which to increase export revenues, stimulate industrialisation and help them to diversify their economies. However, we must also be aware that trade in and of itself is not enough but is rather a necessary tool for the development of other types of policies to reach the targets set.

Chapter 11

Seafood Safety: An Attempt for Co-ordination between Exporting and Importing Countries¹

Major importing markets for fish and fishery products exist in developing countries. The value of internationally traded fish and fishery products amounted to more than USD 68 billion² in 2003. Of this, the share of developed countries was approximately USD 56 billion, or 82% of the total. At the same time, developing countries exported around half of the fish and fishery products which are internationally traded. Approximately 48% of the fish and fishery products traded were exported from developed countries in 2003³.

These exporting partners in developing nations may have difficulty coping with some of the new food safety requirements imposed by importing nations, even though such requirements are based on international standards. Lack of knowledge or resources on the part of developing countries, in terms of monitoring and controlling seafood safety, can cause bottlenecks. A potential mismatch in the awareness levels between producers in developing countries and consumers in developed countries can be also recognised. Close dialogue and coordination between producing and consuming countries could contribute to avoiding troubles in this area.

In this paper, Japan's attempts at coordination with its major exporting partners in Southeast Asia will be presented.

1. This chapter has been prepared by Mr. Nobuyuki YAGI, Fisheries Agency; 1-2-1 Kasumigaseki, Chiyoda-ku, Tokyo 100-8907.
2. Data Source: The FAO FISHSTAT.
3. *Ibid.*

Significance of Southeast Asian Region in Seafood Exports

The Southeast Asian region plays a significant role in providing seafood for the Japanese market. In 2004, Japan imported a total value of JPY 1 637 billion⁴ (about USD 15 billion) of fish and fishery products from around 100 countries and regions worldwide. The share of the 10 ASEAN countries accounted for USD 2.9 billion, or around 20% of the total value of fish and fishery products imported by Japan in 2004. Shrimp and prawns are the most frequently traded items according to these statistics.

Southeast Asian Fisheries Development Center (SEAFDEC)

Japan is providing technical and financial support for this region through various means. One form of support is implemented through an assistance program for the SEAFDEC. SEAFDEC is an autonomous intergovernmental body established as a regional treaty organization in 1967 to promote fisheries development in Southeast Asia. Its central office is located in Bangkok, Thailand. SEAFDEC aims specifically to develop the fishing sector potentials in the region through training, research and information services to improve the food supply by rational utilization and development of fisheries resources⁵.

SEAFDEC is currently made up of 11 Member Countries, namely Brunei Darussalam, Cambodia, Indonesia, Japan, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.⁶ Its services range over a number of areas, including fishing gear technology, marine engineering, fishing ground surveys and stock assessment and post-harvest technology, as well as the development and improvement of aquaculture techniques.⁷

Japan provides regular financial contributions to SEAFDEC to assist the organization in its activities. Japan's total annual contribution has amounted to around USD 2 million per year during the past several years.

Specific Programs at SEAFDEC Related to Seafood Safety

SEAFDEC is engaged in several programs related to food safety, with financial support from Japan. These programs include

- Capacity Building for Testing Chloramphenicol and Nitrofurans Residues in Aquaculture Fish and Fish Products
- Seafood Safety Information Network
- Application of HACCP in the Fish Processing Industry in Southeast Asia

The first program, "Chloramphenicol and Nitrofurans Residues in Aquaculture Fish and Fish Products" was implemented from January 2004 to March 2005. Under Japan's Food Sanitation Law, manufacturing, importing, processing, preparing, using, or selling

4. Data Source: Trade Statistics of Japan by Ministry of Finance

5. <http://www.seafdec.org/aboutus.htm>

6. *Ibid.*

7. *Ibid.*

food that contains antibiotic substances, including chloramphenicol and nitrofurantoin, are all prohibited. The EU and USA apparently make similar requirements of their trading partners.

In contrast, most laboratories in Southeast Asia did not have the capacity to detect chloramphenicol and nitrofurantoin residues in 2002.⁸ A project was designed to enable SEAFDEC to build the capacity for chloramphenicol and nitrofurantoin residue testing so that SEAFDEC would be effective in conducting training courses for its member countries. To set up capabilities for determining the presence of chloramphenicol and nitrofurantoin even at the very low levels of 0.1 to 0.3 ppb, SEAFDEC staff were sent for training in Japan for 8 weeks. Subsequently, the skills and knowledge obtained were transferred to other regional laboratories via publications and regional training programs. SEAFDEC has informed us that the member countries recognized that mastering and developing detection methods using sophisticated instruments like LC-MS-MS could be a challenge to them, especially developing methods to detect low contamination levels⁹. Continuation of a similar project is planned in this area.

The second program of the “Seafood Safety Information Network” was implemented from September 2003 to December 2004. It aimed at establishing a network of regional experts and institutions working in the area of seafood safety. The project involved establishing a database on chemical, drug and pesticide residues and toxicity in fish and fish products and their environment. Regional technical consultations were also held. A new website (www.fishsafetyinfo.com) was created for easy access to the information.

The third program, “The Application of Hazard Analysis and Critical Control Point (HACCP) in the Fish Processing Industry in Southeast Asia” was implemented from January 2000 to December 2003. This project was developed to assist Southeast Asian countries to further promote the implementation of HACCP in their fish processing industries, not only for export markets but also for their traditional fish producers, which cater mainly to the domestic market¹⁰.

Regional workshops were hosted under this program to allow the relevant government experts to share their countries’ experience and information on HACCP implementation. Participants were also trained on HACCP auditing and verification procedures, techniques, and requirements. Several study trips were organized to visit production facilities and government inspection centres in Southeast Asia. Training in pesticide analysis for laboratory staff members was also conducted. According to the SEAFDEC report, a very strong commitment to improve safety and quality was developed through this program.¹¹

Discussion

It can be argued that there exists a need for greater policy coherence between exporting and importing countries in the field of seafood safety. The Southeast Asian region has various traditional small and medium scale fisheries. These traditional fisheries and processors would generally require greater assistance to implement HACCP

8. “Report of the Japanese Trust Fund Project” SEAFDEC 2005

9. *Ibid.*

10. *Ibid.*

11. *Ibid.*

or other food safety requirements, as they tend to lack the technical and financial resources available to larger exporting companies. Special attention is needed to alleviate hardship for small and medium scale traditional entities in this area. In addition to private sector activities, further need exists for capacity building in the government sector in the domain of seafood safety inspection and control in these developing countries.

As shown above, several initiatives are implemented in the Southeast Asian region through SEAFDEC. The above programs have been completed as they have achieved their initial objectives. Follow-up projects are also planned and some of them are already implemented. The areas of such projects include regional survey of heavy metals (such as cadmium, lead, and total mercury), pesticides and PCB in fish and fish products and their environment. Continued opportunities to facilitate the collaboration between the importing country (Japan) and exporting countries (ASEAN) would be important.

The above efforts should also preferably be extended to other major areas of seafood suppliers. Various bilateral programs are ongoing between Japan and developing countries in other regions. It can also be argued that a need for policy coherence between exporting and importing countries exists not only in the trade in fish and fishery products but also in ensuring sustainable resource exploitation and utilisation. Continued implementation on these programs could contribute to the conservation and sustainable use of resources.

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Chapter 12

Perspectives on Technical Barriers to Trade, Subsidies and Barriers to Investment¹

This paper covers the following topics:

- *Technical barriers to trade (TBTs), i.e. WTO (World Trade Organization) Agreement on TBTs, types of requirements, and issues;*
- *Subsidies, i.e. definition, extent, and impact of subsidies, and WTO issues;*
- *Barriers to investment, i.e. issues and situation; and*
- *Overview of policy coherence issues.*

The presentation mainly draws on OECD and United Nations Environment Programme (UNEP) material and two studies carried out by the Natural Resources Institute (NRI) in association with partner organisations in the UK and developing countries, namely:

- *Implications of fish trade liberalisation for developing countries (Bostock et al, 2004)²;*
- *Sustainability Impact Assessment (SIA) of proposed WTO Negotiations – Fisheries sector study (Kleih et al, 2006)³.*

1. This chapter is written by Mr. Ulrich Kleih of the Natural Resources Institutem University of Greenwich, United Kingdom, email: u.k.kleih@gre.ac.uk.
2. This study has been carried out in association with the Support unit for International Fisheries and Aquatic Resources (SIFAR) with funding from the United Kingdom Department for International Development (DFID), and the German Agency for Technical Co-operation (GTZ). Five case studies have been undertaken by collaborators in developing countries. www.nri.org/projects/fishtrade/index.htm
3. This study has been produced in association with the Impact Assessment Research Centre (IARC) of the University of Manchester, with funding provided by the European Commission. Nine case studies have been carried out by collaborators in developing and developed countries. www.sia-trade.org

Technical Barriers to Trade (TBT)

The WTO Agreements on Sanitary and Phytosanitary (SPS) measures and TBT are not currently negotiated as part of the Doha Round. SPS covers only food safety and health issues, whilst other technical measures come under TBT. SPS and TBT are mutually reinforcing. Nevertheless, although it is likely that there will be little progress in this area as part of the NAMA (non-agricultural market access) negotiations, there has been substantial work undertaken by WTO Members notifying non-tariff barriers (NTBs) they face in importing countries.

Amongst other things, the WTO Agreement on TBTs seeks to ensure that:

- Technical standards and regulations do not create unnecessary obstacles to trade;
- Code of good practice is used;
- Procedures for testing should be fair and equitable;
- There is no unfair advantage for domestic products as a result of standards;
- There is transparency (*i.e.* notifications).

Examples of technical import requirements may include:

- Restrictions on the fish (*e.g.* size, presentation);
- The catch method (*e.g.* use of turtle excluder devices in shrimp fisheries; dolphin-safe tuna fishing). In this context, findings from research in India show that SPS measures introduced in the 1990s had far more impact at the macro-level than TBT measures related to the turtle/shrimp dispute with the USA. Nevertheless, at the micro-level the latter also had some negative impacts on the livelihoods of poor fishing communities (Salagrama and Koriya 2006).
- Labelling (*e.g.* origin of the catch, generic marketing names, etc.) including the use of eco-labels.

Fisheries Subsidies

An objective assessment of fisheries subsidies is complicated by a number of issues, including the definition of subsidies, and the fact that there are budgeted and unbudgeted subsidies, as well as direct and indirect subsidies. The political sensitivity of the topic is also reflected in the use of euphemisms for subsidy: *e.g.* ‘government financial transfers’ (GFT), ‘economic incentives’, and ‘government support’. Transparency regarding subsidies is an issue in that few members of the WTO have complied with their obligation to report subsidies, and there are also large inconsistencies in the data that are publicly available.

UNEP (2004) have developed a list of eight categories of fisheries subsidy, namely:

- Subsidies to fishing infrastructure;
- Management services;
- Subsidies to securing fishing access;
- Subsidies to decommissioning of vessels;
- Subsidies to capital costs;
- Subsidies to variable costs;
- Income supports;

- Price supports.

According to Milazzo (1998), annual aggregate subsidies to the fisheries sector were of the order of USD 14 billion to USD 20 billion (quoted in World Bank 2004). WWF (2005) estimates that fisheries subsidies amount to at least USD 15 billion per annum. According to Cox (2006) OECD government financial transfers (GFTs) were of the order of USD 6.7 billion in 2003, which correspond to 21% of the value of landings. The GFTs were used as outlined in Table 12.1, with the largest amounts going to management, research, and enforcement (38%), and infrastructure (34%).

Table 12.1. OECD GFTs to Fisheries by Programme Objective, 2003

Programme objective	Percentage
Management, research and enforcement	38
Infrastructure	34
Access agreements	3
Decommissioning schemes	8
Vessel construction and modernisation	4
Income support	6
Other	7

Source: Cox, 2006.

Examples of fisheries subsidies in developing countries include:

- Provision of subsidized or tax exempt fuel;
- Duty concessions on the purchase of gear and equipment;
- Provision of subsidized loans;
- Capacity building such as skill training;
- Fisheries management and research;
- License fees paid to governments as part of fisheries access agreements;
- Infrastructure projects (*e.g.* landing sites or fish markets).

Table 12.2. Effects of Giving Governmental Financial Transfers to the Fisheries

	Open access	Catch control	Effective management
Total catch	Increases in the short run but decreases in the long run if the stock is exploited beyond maximum sustainable yield	Unaffected	Unaffected
Price of fish	Falls in the short run but rises in the long-run if the catch falls	Unaffected	Unaffected
Long-term profitability of industry	Unaffected “at the margin” but profits will rise for fishermen who are more effective or have lower opportunity costs	Same as for open access	Increases
Long-term effects on trade	Uncertain, depends on what happens to total catch	Small, but there might be repercussions for goods other than fish	None
Effects on the rest of the economy	More capital and manpower is attracted to the fisheries and less will be produced of other products	Same as open access	None

Source: OECD (2003).

Table 12.2 provides an overview of the effects of giving GFTs to the fisheries sector. In particular, it demonstrates the importance of having an effective fisheries management or catch control in the fish exporting country in place. In a scenario where there is open access or an ineffective management system in place, the result of GFTs is likely to lead to catch increases and lower prices in the short run; however the long-term effect will be lower catches and higher prices if the stock is exploited beyond the maximum sustainable yield (OECD 2003).

The negative impacts of subsidies are least if there is an effective fisheries management system in place. If there is a catch control system in place, then subsidies will not affect total catch or the price of fish, however there will be more resources attracted to the fisheries sector (*i.e.* leading to increased fishing costs) which will have repercussions on the rest of the economy in that less will be produced of other goods (OECD, *ibid*).

UNEP (2004) investigates the impacts of the aforementioned eight types of subsidy using a matrix which is based on two key variables, *i.e.* the level of fleet capacity (expressed as “overcapacity”, “full capacity”, and “less than full capacity”), and type of

management regime (categorised as “open access”, “catch control” and “effective management”). Table 12.3 provides an overview of the impact of eight categories of fisheries subsidies on fish stocks. In addition to environmental impacts, subsidies also affect a range of other developmental issues such as production, trade patterns, social aspects, and governance. For example, fisheries subsidies can affect access to productive resources, distort trade flows, and have related social knock-on effects. Governance issues are frequently related to transparency (or the lack of it) as far as fisheries subsidies are concerned.

Table 12.3. Impact of Eight Categories of Fisheries Subsidies on Fish Stocks

	Effective management			Catch controls			Open access		
	Over-cap.	Full cap.	Less than full	Over-cap	Full cap.	Less than full	Over-cap.	Full cap.	Less than full
Fisheries infrastructure	NH	NH	NH	H	H	NH	H	H	NH
Management services	NH	NH	NH	NH	NH	NH	NH	NH	NH
Access to foreign waters	NH	NH	NH	H	H	NH	H	H	NH
Decommissioning	NH	NH	---	PH	PH	---	H	PH	---
Capital costs	NH	NH	NH	H	H	H	H	H	H
Variable costs	NH	NH	NH	H	PH	PH	H	H	PH
Subsidies to income	NH	NH	NH	PH	PH	PH	H	H	PH
Price support subsidies	NH	NH	NH	H	H	PH	H	H	H

Key:

NH = Not harmful

PH = Possibly or probably harmful

H = Harmful

--- = Not applicable

Source: UNEP (2004)

Over-cap. = over-capacity

Full cap. = full capacity

Less than full = less than full capacity

Some of the findings of UNEP (2004) include, “...subsidies to capital costs are expected to be harmful in all circumstances unless the fisheries management system provides for property rights, community-based management, or other means for eliminating economic incentives to overfish. They can be harmful even in fisheries that are less than fully exploited where subsidies to capital costs encourage the adoption of much more powerful fishing technologies, potentially causing an overshoot in fleet capacity well beyond a biologically sustainable level. Only under the extremely rare ideal circumstances of an effective management regime, could such subsidies be benign. Subsidies for access to foreign countries’ waters could theoretically be beneficial in the presence of effective management. However, such subsidies are expected to be harmful to fisheries resources, unless the fisheries covered by the agreement are clearly undercapitalized. Unfortunately, bilateral access agreements in the real world have almost universally involved host country fisheries in which capacity or exploitation levels are already high, and/or in which management controls are absent or weak”.

There is agreement that disciplines on fisheries subsidies require strengthening. This is highlighted in the Declaration of the fourth WTO Ministerial Conference (Doha, 2001), which stipulates that “In the context of these negotiations, participants shall also aim to

clarify and improve WTO disciplines on fisheries subsidies, taking into account the importance of this sector to developing countries”. The Declaration of the sixth WTO Ministerial Conference (Hong Kong December 2005) further states that “We *recall* our commitment at Doha to enhancing the mutual supportiveness of trade and environment, *note* that there is broad agreement that the Group should strengthen disciplines on subsidies in the fisheries sector, including through the prohibition of certain forms of fisheries subsidies that contribute to overcapacity and over-fishing, and *call on* Participants promptly to undertake further detailed work to, *inter alia*, establish the nature and extent of those disciplines, including transparency and enforceability. Appropriate and effective special and differential treatment for developing and least-developed Members should be an integral part of the fisheries subsidies negotiations, taking into account the importance of this sector to development priorities, poverty reduction, and livelihood and food security concerns.”

Several proposals from WTO members aiming to reduce fisheries subsidies have been tabled, resulting in broadly three negotiating positions. The EU position lies between the “Top-down approach” of the Friends of Fish group (*e.g.* New Zealand, Chile, Peru, and USA) and the “Bottom-up approach” by countries such as Japan, Korea, and Taiwan (Chinese Taipei). The EU approach is based on boxes (*i.e.* red and green) whereby subsidies contributing to overcapacity are prohibited (*e.g.* subsidies for vessel construction or renovation). On the other hand, capacity decreasing subsidies and support for the development of alternative income sources in affected fishing communities are acceptable. Significantly, the EU is also advocating more transparency and effective enforcement mechanisms. Some of the suggested subsidy reducing measures are already being implemented as a result of the EU’s reformed Common Fisheries Policy (CFP).

The “Top-down approach” by the Friends of Fish group is based on the argument that there should be prohibitions of all fisheries subsidies apart from certain exemptions; *i.e.* top-down: start with a prohibition on all subsidies that benefit the fishing industry and then identify and define the exceptions to the prohibition.

The “Bottom up approach” favours a prohibition of only those subsidies that are explicitly listed. Small vulnerable coastal states (SVCS) and the ACP countries prefer a bottom-up approach to fish subsidy disciplines (ICTSD Bridges Trade BioRes Vol 6 Nr 3, 17 Feb. 2006). At the same time, there is a strong likelihood that developing countries will obtain special and differential treatment (SDT) as part of the Doha Round outcomes as far as fisheries subsidies are concerned.

Barriers to Investment

Participation in fisheries by wholly or partly foreign owned vessels is governed by laws and regulations related to:

- Foreign investment rules;
- Registration of vessels in a country’s ship register;
- Regulations on the participation in fishing activities;
- Rules for quota allocations.

Source: (OECD 2003).

According to Hannesson (quoted in OECD 2003), the effects of foreign investments depend on the fisheries management regime, whereby

- Under open access regimes, the additional foreign investment may add capacity and reduce stocks;
- Under catch control regimes there will be no resource or trade effects as catch is limited;
- Under effective management involving some property rights scheme there will be competition for quotas while overall catch and hence traded quantities remain unchanged.

The situation in OECD countries is such that there are,

- Countries that, subject to registration, allow foreign investment and participation in the fishing fleet (*e.g.* Spain, Netherlands);
- Countries that permit foreign investment but with caps, *i.e.* mostly minority holdings of less than 50% (*e.g.* Australia, Canada);
- Countries that restrict foreign investments to “much” less than a minority holding, *i.e.* less than 25% (*e.g.* USA, New Zealand).

The situation and issues in developing countries are characterised by general barriers to investment such as: legislation, administrative and infrastructure barriers; lack of transparency; lack of economies of scale; rules of origin related to preferential access to markets (*e.g.* fish processing industries). As already indicated above, there is a likelihood that the registration of foreign vessels can lead to overcapacity in host country / flag state waters. At the same time, many flag states fail to live up to their international responsibilities, which can lead to illegal, unreported, and unregulated (IUU) fishing (HSTF 2006)⁴. Recent studies put the worldwide value of IUU catches at between USD 4 billion and USD 9 billion per annum (HSTF 2006). While USD 1.25 billion of this comes from the high seas, the remainder is taken from the exclusive economic zones (EEZs) of coastal states. Losses from the waters of sub-Saharan Africa amount to USD 1 billion a year. The analysis reckons that IUU fishing persists due to a combination of economic incentives (fuelled by demand, overcapacity, and weak governance) and lack of global political resolve to tackle its root causes. The implementation plan prepared by the High Seas Task Force spells out the following action points to tackle the problem:

- Enhance international monitoring, control and surveillance (MCS) network;
- Establish global information system on high seas fishing vessels;
- Participation in UNFSA (UN Fish Stocks Agreement) and FAO;
- Promote better high seas governance;
- Adopt and promote guidelines on flag state performance;
- Support greater use of port and import measures;
- Fill critical gaps in scientific knowledge and assessment;
- Address the needs of developing countries (*i.e.* support vulnerable developing countries to adopt relevant task force measures);
- Promote better use of technological solutions (*e.g.* remote vessel monitoring systems).

In this context, there has been growing recognition of the need for Regional Fisheries Management Organisations (RFMOs) to perform better both individually and collectively, as well as the need for increased co-operation between them on issues of

4. High Seas Task Force (2006)

common concern. International consensus is already forming around the need to reform RFMOs and to initiate processes for improving their performance.

Conclusion – Policy Coherence Issues

In view of the above there are a number of policy coherence issues, which are:

- Trade related, in that progress is required at the WTO Doha Round negotiations on issues such as:
 - Fisheries subsidies disciplines;
 - Harmonisation related to SPS and TBT matters;
 - Internationally agreed investment rules.
- Environment related, in that effective fisheries management is required for sustainable trade. This requires measures at both national and international levels.

The WTO clearly has an important role to play as far as trade and environment related policy coherence issues are concerned. At the same time, there is a question mark concerning the extent to which WTO can and should deal with environmental matters, and the need for involving other organisations such as the United Nations Food and Agriculture Organization (FAO), or the United Nations Environment Programme (UNEP).

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Chapter 13

Discussant's Note on the Role of Trade Policies and how to Benefit Developing Countries' Consumers¹

1. This chapter was written by Marilyn Whan-Kan of the Ministry of Finance and Economic Development, Mauritius, email: marilynwhan@yahoo.co.uk .

Subsidies

In general, subsidies can be harmful to fish stocks and may contribute to illegal, unreported, and unregulated (IUU) fishing. However, subsidies tend to be quite a controversial issue.

In developing countries, subsidies can play an important role in furthering public policy objectives and support fisheries management. Subsidies are provided to support local industry, to protect employment and to improve income distribution in fishing communities.

Properly designed fishing subsidies can contribute to the achievement of sustainable fisheries, including through government programs for the reduction of fishing capacity, and the improvement of fishing techniques. It is clear that the removal of subsidies alone will not solve the problem of over-exploited fisheries.

Should the WTO begin to define new disciplines with regard to subsidies in the fisheries sector, it will be important to ensure that there are clauses related to the Special and Differential Treatment of developing countries. This should apply in particular to Small Island Developing States (SIDS) and LDCs.

Market Access: Tariffs

Import tariffs on fish products in developed countries were reduced following the Uruguay Round. However, this hides a number of tariff peaks and tariff escalation for processed or value-added fish products in the most important import markets.

Tariff escalation discourages the development of locally-based fisheries processing capacity in developing countries as it is more profitable for companies to undertake the processing in countries where the product is finally sold.

In addition, a number of developing countries (*e.g.* ACP) currently benefit from preferential access to some important markets and are concerned about the impact of erosion of these preferences that would result from a general liberalization of fish trade.

Market Access: Non-tariff barriers

In many markets, non-tariff barriers continue to present obstacles to imports. It is important to recognise that the impact of Sanitary and Phyto-Sanitary and Technical Barriers to Trade measures is not always negative. These measures have had some positive impacts on developing fish exporting countries including improvements in fish quality management, improvements in the quality of products on the domestic market and enhanced export potential.

There is a need for capacity-building measures to assist countries to respond to new requirements on quality and food safety in the largest importing markets. These include training in Sanitary and Phyto-Sanitary issues.

It is true that negotiations between developed and developing countries on policy incoherencies in fisheries trade standards should give due consideration to what is practicable and effective in developing countries.

Mauritius' Experience in Developing the Fisheries Sector

The Mauritian government has recently embarked on the development of a seafood hub. The aim is to optimise the economic contribution of the fisheries sector, and therefore further diversify the Mauritian economic base, as globalisation forces at play may negatively affect two traditional economic pillars of the Mauritian economy, namely agriculture and manufacturing.

Mauritius claims an Exclusive Economic Zone of around 1.9 million km². The Mauritian EEZ has an abundant stock of different fish species, including pelagic and deep-sea species. The country adopts an open policy for the issue of the fishing licences to foreign vessels. It has a preferential access to both the EU and US markets under the Cotonou and African Growth and Opportunity Act (AGOA) trade agreements.

Investment in the seafood hub is encouraged through fiscal incentives such as rebates on corporate tax, exemption from custom duties, and free repatriation of profits. It is estimated that investment brought into the sector over the period 2004-05 amounted to a total of USD 30 million.

However, the main constraints facing the country in the fisheries sector are the following:

- There should be a better coordination for surveillance and monitoring of its EEZ
- Information on resources should be made available.
- Health certification should be developed.

Key Challenges for Developing Countries Engaging in Fish Trade

- The implementation of health safety processes, which requires legal and institutional means as well as needed investment for development of processes and management system improvements.
- Good resource management and governance as well as strengthening of property rights systems.
- Creation of institutions, infrastructure and capacity building that will enable small-scale fisheries and farmers to participate and take advantage of globalisation.
- Greater regional co-operation between developing countries on SPS issues.

Chapter 14

Discussant's Note on the Role of Trade Policies:

Tariffs, Subsidies and Non-Tariff Barriers, and Standards to Benefit Developing and Developed Countries' Consumers¹

1. This chapter is written by Mr. Otto Genee of the Ministry of Foreign Affairs, Netherlands email: oth.genee@minbuza.nl.

Introduction

Thanking the authors for their excellent papers and introductions, I will limit myself as a discussant to three aspects of the relevant trade policy.

Tariffs

The papers clearly demonstrate the presence of high and peak tariffs and tariff escalation that discourage the adding of value locally to fish products in developing countries. This is not only the case in North South trade but also in South South trade thereby also discouraging regional trade among developing countries. Fish is considered as an industrial product and hence part of the NAMA (non agricultural market access) negotiations in the WTO. Thus it will be subjected to a non-linear Swiss tariff reduction formula if agreement can be reached on the major elements of this formula (reduction coefficient and flexibilities). This will take us some way forward in addressing the earlier mentioned constraints. It would be helpful if the OECD would enhance transparency and compose an overview of tariff structures that affect primary and secondary processing of fish.

As far as the relation between the level of tariffs and environmental sustainability of the fish stocks is concerned, the two authors Mbithi Mwikya and Pilar Paredes seem to differ whether the impact is positive or negative. Though the main causes for overfishing seem to lie in lack of proper management of the stocks and too much subsidies, I tend to side with Mr. Mwikya on the role of tariffs. Tariff escalation may generally lead to more pressure on the stocks to maintain revenue rather than the other way around. At least the impact on the stocks cannot be an excuse to maintain high tariffs. It enforces the case for better management and tackling subsidies that promote overcapacity.

Subsidies

Obviously, there is a situation of too much harvesting capacity driven by too much subsidies chasing dwindling fish stocks with open access management systems -- quite a disastrous combination. For the first time we are in the fortunate situation of developing multilateral subsidies regime in the context of the rules negotiations in the Doha round. We are entering the end game of text-based negotiations with different proposals of WTO Members on the table drifting slowly towards the middle ground. I expect an approach that will follow the distinction of prohibited and permitted subsidies.

The PCD aspect in this is how to devise effective disciplines for those subsidies, in particular those that are directly coupled to fishing efforts and those that stimulate overcapacity. As to be expected, there are pressures building up to end up with rather lax disciplines in the grey areas on matters like how to classify and treat renovation of vessels, changes of engines, fishing gear, bait and transfer of vessels to third countries. If this new WTO agreement is to deliver on its promise, than the exact terms of the agreement, the procedures and the checks and balances matter. Vague terms like subsidies that do not promote overcapacity will not suffice when trying to enforce a discipline in practice. We have to look through the eyes of a potential panel in developing the disciplines. Obviously WTO itself will only play a limited role when it comes to

issues of stock management where it will have to yield to the expertise of organisations like FAO and regional fisheries bodies.

Transparency is another important matter where the WTO can play an important role in terms of requiring full and timely notification of subsidy programmes. However, when it comes to enforcing the disciplines and offering redress to injured parties, one may have to consider the ultimate sanction of retro-active application of WTO-rulings, meaning paying back the illegal subsidies. On a related matter, we should prevent the introduction of neither a peace clause that safeguards subsidising members from WTO-panels nor a very generous grandfathering clause pardoning previous sins especially given the long life of capital intensive equipment and impact on fish resources.

When it comes to special and differential treatment (SDT) for developing countries discussions in the WTO focus on how to treat developing countries in general, for example through a temporary exemption of all or certain rules, and artisanal fisheries. Obviously the new agreement has to leave adequate policy space to developing countries to foster an indigenous fishing industry not necessarily artisanal for the foreseeable future. At the same time one cannot escape the necessity for some multilateral disciplines giving the nature of the sector and the urgency of stocks being threatened, especially with open access regimes. The answer will lie in the balance that will be struck.

A final question will be how the agreement will treat access payments to fishing waters by governments in the context of broader partnership agreements. On the one hand they are not regarded as a subsidy for the recipient government and also finance management and research activities. On the other hand the competition conditions for fishing fleets are affected if sponsoring governments are involved.

Non-Tariff Barriers (NTBs)

I can be relatively brief and refer to the excellent paper of Steven Mwikya on this issue. There is indeed a tendency to make the standards ever stricter in OECD countries and not just by the regulators but also the private (retail) sector itself. Of course there is good reason to be careful with such a highly perishable product as fish. HACCP seems to have become the standard though OECD countries tend to be very prescriptive in the implementation in practice with negative impacts on certain developing country exporters, especially the small producers and exporters who cannot cope with costly and cumbersome requirements in the area of conformity assessment, traceability and labelling.

One PCD aspect in this is how to deal with those challenges: the needs of the very demanding market place and the requirements of regulators in export markets and the cost of creating necessary institutions and ensuring compliance in developing countries. Are these high cost justified in terms of additional export revenues and are dual systems with different standards for the export market and the domestic/regional markets a workable option? In the international arena of standard setting, developing countries are mostly standard takers rather than standard setters though efforts are underway to enhance their involvement in the standard setting process. More could also be done in terms of mutual recognition and equivalency agreements between countries.

Another relevant issue in this area is the instrument of eco-labelling. Is it a potent instrument to offer the consumer a choice to promote sustainable fisheries or do developing countries face so many constraints that they trail so far behind and drop out?

Of course we have FAO guidelines and the Marine Stewardship Council (MSC) labelling. Mr. Mwikya poses pertinent questions in his paper and suggests the creation of an international legal framework on stock sustainability. It may be a way to explore but how to elaborate this and how to enforce the framework remain hard questions that need to be answered. In a certain way, it comes back to the issue of trade sanctions as an instrument of enforcement and the still unresolved puzzle of the relationship between the WTO and trade provisions in Multilateral Environmental Agreements (MEAs) when the membership is not fully overlapping.

Conclusion

In conclusion, the PCD aspects in this area of fisheries are not great mystery. It is all about politics and balancing of interests. In the area of trade policy and the WTO, it does not require a rocket scientist to find the proper route: lower or no tariffs, effective disciplines for fisheries subsidies in OECD countries with adequate policy space but no blank check for developing countries that can be enforced and no standards with (hidden) protectionist intent or impact with a larger role for developing countries in the standard setting process and more mutual recognition of standards and proper technical assistance. Ultimately, it is not about nice policies or disciplines on paper but about implementation and enforcement on the ground or on the seas. If we want to avoid a window dressing operation while we face such an urgent global environmental and development problem, the countervailing powers have to be organised within an effective multilateral rules-based system.

PART IV

WHAT ROLE DOES DEVELOPMENT ASSISTANCE PLAY IN ENSURING GOOD GOVERNANCE OF FISHERIES AND AQUACULTURE IN DEVELOPING COUNTRIES AND WHAT HAVE WE ACHIEVED?

Chapter 15

New Partnerships for Responsible Fisheries and Aquaculture Development: Some Thoughts for the Road Ahead¹

This paper discusses the main considerations in concerning the issue of development assistance in the field of fisheries and aquacultures. It also presents the role of the Food and Agriculture Organization of the United Nations in helping to inform fisheries policy making.

1. This chapter was written by Mr. Jean-François Pulvenis de Seligny, Director of the Fishery Policy and Planning Division, FAO email: jeanfrancois.pulvenis@fao.org . The opinions expressed in this chapter are not necessarily those of the FAO or the OECD or their Member countries.

Although these considerations do not pretend to be made formally on behalf of the Food and Agriculture Organization, it is indeed appropriate that, through this invitation to one of its officers, the FAO has been associated with such an important panel.

First, because of the universal nature and vocation of the Organization, whose membership potentially encompasses all countries - both developed and developing – which are or may be providers or beneficiaries of development assistance.

Secondly, because although FAO is not a development agency *per se*, it works to create the conditions which will make development possible. It contributes actively to help countries in the definition of goals and policies in this respect, and in the provision and reception of the tools and resources needed to proceed forward.

It is also important to stress the strong commitment of the Food and Agriculture Organization to the Millennium Development Goals. That commitment has been reaffirmed recently in the context of the reform process, which the Organization is presently undertaking at the initiative of its Director General and with the support of its members.

With regard to development assistance in the specific field of capture fisheries and aquaculture, it is necessary to refer to the provisions of the Code of Conduct for Responsible Fisheries, which the Organization adopted in 1995. It must be recalled that the Code is global in scope and provides “*principles and standards applicable to the conservation, management and development of all fisheries*”². Its Article 5 recognizes the “*special circumstances and requirements of developing countries*” and the corresponding need to assist these countries by enabling them not only to implement the recommendations of the Code, but also to develop their own fisheries.

*“States, relevant intergovernmental and non-governmental organizations and financial institutions should work for the adoption of measures to address the needs of developing countries, especially in the areas of financial and technical assistance, technology transfer, training and scientific co-operation and in enhancing their ability to develop their own fisheries as well as to participate in high seas fisheries, including access to such fisheries.”*³

When considering the issue of development assistance in the field of fisheries and aquaculture, three premises must be taken into account.

The first premise is that it is not possible, nor desirable, to question the sovereignty of States over the natural resources which are to be found in their respective territory or in the marine areas under their national jurisdiction and their right to utilize these natural resources for their development. All States enjoy these basic rights under international law. For instance, with respect to the marine living resources, the applicable principles and rules are reflected in the 1982 United Nations Convention on the Law of the Sea.

The second premise is the necessary recognition that the notion of development has suffered a paradigm shift with the enshrinement of the notion of sustainable development in the 1992 Rio Declaration and Agenda 21 and of its corollary the concept of responsible fisheries in the 1995 Code of Conduct. As a concrete and recent example of the considerable changes that have taken place over the last decades, the case of the General Fisheries Commission for the Mediterranean may be mentioned. About three months ago,

2. FAO Code of Conduct for Responsible Fisheries, Article 1.3.

3. *Ibid.* Article 5.2.

the Commission held its ordinary session in Istanbul, where it had also met 50 years ago. The comparison between the agendas and the issues at hand in these two sessions is striking and telling. Half a century ago, members of the Commission were focussing on hard, unabashed growth and expansion. They pondered on the need to identify more efficient gears and propagate their use; they deliberated on promoting access to hitherto unexploited areas; they agreed upon the need to stimulate an increased consumption of fish, through publicity in the media. In 2006, the situation that the Commission faces and must respond to is quite different: threats to the resources, their ecosystems, their environment, prompted, among others, by overfishing and overcapacity, IUU fishing as well as pollution from land-based activities.

A similar situation may be observed in other regions and sub-regions and in most developing countries. The deterioration of the state of the stocks, brought about mainly by their excessive exploitation, is generally compounded by a lack of efficient control of access to these stocks. It is possible also to observe an increased weakness and vulnerability of fishers and a negative balance in terms of the public revenues generated by the fishing sector. Finally, the negative impact on the fisheries resources and their ecosystems of other factors, such as climate change or land-based sources of pollution, cannot be overlooked nor underestimated.

Additionally and at a broader level, it is also significant to note how the lofty objectives of the United Nations Charter, expressed in its preamble, “*to promote social progress and better standards of life*” and “*to employ international machinery for the promotion of the economic and social advancements of all peoples*”, have been now somewhat reduced to a kind of emergency *minimum minimorum* in the Millennium Development Goals which have been drawn from the actions and targets contained in the Millennium Declaration adopted during the UN Millennium Summit in September 2000 and now focus on the extreme situations of hunger and poverty.

The third premise that must be taken into account is that the need for development assistance cannot be questioned. In many, if not most cases, only external assistance can provide the input or impulse necessary to break the deadlock of lack of development or of inadequate development, and cut through the complex knot of social, economic, historical, cultural and other factors which contribute to perpetuate this situation. When reviewing the criticisms that are commonly made on development assistance, it is significant to see that it is its modalities that are criticized rather than the assistance itself, or the need for such assistance.

Assistance to development has also considerably evolved over the years. Independently of the successive waves, not to say “fads or fashions”⁴, which have characterized this evolution, there is no doubt that there has been a drastic change in the kind of assistance which is generally requested and provided. This is especially evident in the field of fisheries and aquaculture.

This change has two main components:

- The first one is the ever growing number and variety of entities, both public and private, which are susceptible to participate actively in the process of generating and providing development assistance. Interestingly, this phenomenon has been acknowledged and reflected in the provisions of Article 5 of the 1995 FAO Code

4. To use the expression used by John Roberts in “Thirty-five years Later in Development Assistance: Have We Moved On, or Just Performed a Minuet?”, *Development Policy Review*, 2004. Vol. 22, No.5, p.483

of Conduct, as previously quoted. The most striking aspect of this phenomenon is undoubtedly the increasing role that non governmental organizations and civil society organizations —NGOs and CSOs— play. Far from limiting themselves to functions of monitoring (“watchdogs”) or awareness-raising, advocacy and lobbying, or to acting as good Samaritans in times of disasters and emergencies, NGOs and CSOs are now carrying out a number of operative functions that were recently still maintained within the domain strictly reserved to governments and international governmental organizations (IGOs). In this respect, these non-governmental entities may be considered indeed as having become an integral part of the “international machinery” referred to in the UN Charter, as quoted above.

- The second component of the change in development assistance is the substantial modification in the nature of that assistance, in response, not surprisingly, to the general evolution that has affected the fisheries sector taken as a whole.

Thirty or forty years ago, external assistance mainly focused on strengthening the means of production, building infrastructure and developing undeveloped marine capture fisheries. Thus, financial resources were devoted to activities such as investment in infrastructures for fish production, processing and marketing, credit schemes aimed at increasing productivity and fishery research. To increase fish catches with an acceptable profitability was at that time the objective of many fisheries projects. The result of these efforts, which have been diverse and considerable, has generally been an increased fishing capacity, also in the small-scale fishing fleets, without considering the longer-term effects on fisheries resources.

Over the last twenty years the crisis facing fisheries in developing countries and the limited success of their industrialisation in these countries have led to a shift in focus. Today, it is widely recognized that the state of many fisheries in developing countries requires assistance focussed on a major investment in adopting policies and strategies for development and management, strengthening the policy framework and institutional and governance capacity, not only at national but also at regional levels. There is a recognized need for harmonisation of policies as well as for co-operation in governance within the framework of regional economic organizations (REOs) and regional fishery bodies (RFBs). Pressure on the resources must be reduced; to this end it is necessary to define equitable, transparent and efficient rules and processes for the allocation of rights of access to these resources. It is necessary also to establish better and more efficient mechanisms and procedures for value-adding and revenue distribution (including through equitable, non-discriminatory trade and access to international markets). Other issues must be addressed urgently, among which are the deterioration of the marine ecosystems and the threats to aquatic biodiversity and productivity.

The 1995 FAO Code of Conduct for Responsible Fisheries and its associated instruments constitutes a fundamental framework and reference for this endeavour. On the other hand the Millennium Development Goals (MDGs) reflect the growing international concern over the widespread nature of poverty and food insecurity in the developing world. This concern has also been reflected in the programmes of multilateral financial institutions, most notably the International Monetary Fund and the World Bank who have made concessional lending conditional upon countries submitting Poverty Reduction Strategy Papers (PRSPs).

In this context, the actual and potential contribution of fisheries and aquaculture to achievement of the MDGs should not be underestimated, in particular with reference to

MDG 1 - to eradicate extreme poverty and hunger and to MDG 7 - to ensure environmental sustainability. In many developing countries much of this contribution is originating in the small-scale sector, which has been often neglected in both fisheries and poverty reduction policies. The role played by small-scale and artisanal fisheries in these countries must therefore be taken fully into account, particularly where assistance is concerned. Small-scale and artisanal fisheries can no longer be considered as a mere transitory phase in the overall development process. Over the years they have become an economic and trade -oriented activity which is very different in nature and scale from the traditional subsistence fishing that may survive in some communities. That also means that they may have a significant impact on the resources and their ecosystems and must be carefully analyzed, monitored and controlled.

In addition to the need to take into account this shift in focus, it is necessary to ensure that development assistance in the field of fisheries and aquaculture is holistic and coherent and does not treat the fisheries and aquaculture sector in isolation.

In the first instance, it is necessary to take into account the variegated international components of this sector. They range from the transboundary nature of some stocks and aquatic ecosystems, both inland and marine - to the international nature of several of the fishing and farming operations at different stages, including for instance the acquisition of inputs such as fuel, engines and gear, or trade of fish and fish products.

Secondly, within each country and community, it is impossible to conceive a responsible and sustainable long-term development of this fisheries sector in isolation from the society as a whole. This applies to the material and immediate needs of the fishing operation, for instance for an adequate physical infrastructure such as harbours, roads and transportation, supply of energy. This applies also to the general social, political, legal and institutional environment, which raises the issue of appropriate governance. For instance, security of tenure and rights as well as the existence of an independent, competent and efficient judicial system are essential, as well as the absence of corruption. A holistic approach in development assistance also means the need to consider the peculiarities of the fisheries sector, particularly in developing countries, where alongside a modern and technologically advanced industrial sub-sector, small-scale and artisanal fisheries, which are well integrated in the network for trading fish and fish products, can be found alongside the most traditional indigenous fishing for subsistence.

There are important elements of such a holistic and coherent approach in the Code of Conduct for Responsible Fisheries. For instance, its Article 5 quoted above, contemplates in addition to technical and financial assistance, the promotion of activities of research, scientific co-operation, capacity building and training.

Finally, all of this implies the need for a long term relationship between the parties involved, rather than through short bursts of punctual interventions (such as the building of a specific infrastructure, the delivery of a plant, the provision of relief in case of an emergency or of a chronic situation).

A new kind of framework for development assistance in the field of fisheries and aquaculture is therefore necessary. This framework is the partnership approach.

The partnership approach has been enshrined in several important international instruments. First and foremost, mention must be made of the general and overall commitment contained in the eighth Millennium Development Goal which is to establish a “*global partnership for development*”.

Reference to partnership has been inserted throughout the Johannesburg Plan of Implementation which was adopted by the World Summit on Sustainable Development in September 2002. The Plan recognizes the key role that the partnership approach must play for the implementation of the outcomes of the Summit and for ensuring sustainable development⁵. The Plan makes a specific reference to that role with respect to development assistance in the field of fisheries:

“30. To achieve sustainable fisheries, the following actions are required at all levels:

(...) (g) Strengthen donor coordination and partnerships between international financial institutions, bilateral agencies and other relevant stakeholders to enable developing countries, in particular the least developed countries and small island developing States and countries with economies in transition, to develop their national, regional and subregional capacities for infrastructure and integrated management and the sustainable use of fisheries;”

This concept of “partnerships” is not new. It has been around for quite a number of years. In particular, as recognized in the Johannesburg Plan of Implementation, it had been strongly highlighted in the context of the International Conference on Financing for Development held in Monterrey in March 2002. Not only the Monterrey consensus included a strong commitment in this respect, it also stressed the priority that must be given to the constitution of development partnerships and identified the main elements that characterise and are the basis of such partnerships⁶.

It is essential that this reference to “partnership” goes beyond merely affixing a new label to describe a renewed commitment from donors. It must not be the latest buzzword in a series of semantic cosmetics. In the wider political arena, building partnership is an important tool in the recently developed concept of transformational diplomacy. In this context, it may be defined as the opposite of paternalism and meaning “doing things with other people, not for them”. Partnership should imply a relationship which is based upon respect, trust and care, where there is a genuine interaction, dialogue and co-operation between partners, taking into account their various needs and interests. Partnership also must necessarily involve a feeling of joint ownership of the object of the relationship.

The partnership approach may well constitute an essential instrument to counter one of the most frustrating aspects of development assistance, which is the problem of absorptive capacity, because it ensures a genuine and efficient involvement of the

5. “3. We recognise that the implementation of the outcomes of the Summit should benefit all, particularly women, youth, children and vulnerable groups. Furthermore, the implementation should involve all relevant actors through partnerships, especially between Governments of the North and South, on the one hand, and between Governments and major groups, on the other, to achieve the widely shared goals of sustainable development. As reflected in the Monterrey Consensus, such partnerships are key to pursuing sustainable development in a globalisation world.”

6. Sec e.g.: “40, Effective partnerships among donors and recipients are based on the recognition of national leadership and ownership of development plans and, within that framework, sound policies and good governance at all levels are necessary to ensure ODA effectiveness. A major priority is to build those development partnerships, particularly in support of the neediest, and to maximize the poverty reduction impact of ODA. The goals, targets and commitments of the Millennium Declaration and other internationally agreed development targets can help countries to set short- and medium-term national priorities as the foundation for building partnerships for external support. In that context, we underline the importance of the United Nations funds, programmes and specialized agencies, and we will strongly support them.” (Monterrey Consensus. paragraph 4 Report of the International Conference on Financing for Development. Monterrey, Mexico 18-22, March 2002, Doc. A/Conf 198/11).

receptors of the assistance, government, authorities, civil society and communities, at all levels, national and local.

There is a great number and diversity of potential partnerships. They may involve partners at different levels - global, regional, national or local. Partners may be government institutions, NGOs, CSOs, IGOs, -including the components of the UN system- the private sector, including industries, universities and research institutions.

In conclusion, attention must be drawn upon the fact that FAO and its Fisheries Department are fully committed to the partnership approach.

At the level of the FAO as a whole, it is significant to observe that the reform process which the Organization is undertaking explicitly recognizes the need of a partnership approach and particularly of strengthening partnership arrangements with other UN agencies, directly or through coordination mechanisms such as the CEB. This also includes partnership at the national level, with a strong involvement of the Organization in processes such as the development of Common Country Assessments (CCAs) and UN Development Assistance Frameworks (UNDAFs).

Most recently, the International Conference on Agrarian Reform and Rural Development (ICARRD) of FAO, which met in Porto Alegre, Brazil, from 7 to 10 March 2006, stressed in its Final Declaration, the crucial role of the partnership of governments, civil society and other stakeholders⁷ and adopted the principle of support to increased local, national, regional and global partnerships in order to provide more harmonized technical assistance/advice, investment and exchanges⁸.

At the level of the Fisheries Department, its medium-term plan and programme of work contains various references to partnerships. “Global Partnerships for Responsible Fisheries (FishCode)” is the name of the overarching programme that was established in response to a specific request of the FAO Conference when it adopted the Code of Conduct for Responsible Fisheries⁹.

Among other examples worth mentioning is the “Strategic Partnership for a Sustainable Fisheries Investment Fund in the Large Marine Ecosystems of Sub-Saharan Africa” which is implemented by the World Bank and executed jointly by the World Bank with FAO and the World Wide Fund for Nature (WWF) under the coordination and leadership of the African Union.

Finally, a significant example which must be referred to is the Sustainable Fisheries Livelihoods Programme (SFLP). which is a partnership between the Food and Agriculture Organization of the United Nations (FAO), the Department for International Development of the United Kingdom of Great Britain and Northern Ireland (DFID) as well as 25 countries in West and Central Africa.

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7. “25. We recognize that States have the primary responsibility for their own economic and social development (...). In this context, we recognize the crucial role of the partnership of governments, civil society and other stakeholders for the sustainable implementation of agrarian reform and rural development.”
 8. “Support to increased local, national, regional and global partnerships, international solidarity and support to organizations of small farmers, landless people and rural workers, in order to provide more harmonized technical assistance/advice, investment and exchanges (...).”
 9. “to make provision in the Programme of Work and Budget for providing advice to developing countries in implementing this Code and for the elaboration of an Interregional Assistance Programme for external assistance aimed at supporting implementation of the Code”.

The SFLP aims to contribute to reducing poverty in coastal and riparian communities by improving the livelihoods of people dependent on fishery and aquatic resources. The Programme, which began in November 1999, is actually funded until March 2007.

Unlike previous fishery development programmes, SFLP recognizes as a starting premise the need for a fully coherent approach, associating local awareness-raising and empowerment with policy development and implementation processes at sub-national, national and regional levels. The types of interventions identified differ therefore from those typically arising from a strictly sectoral approach. More conventional development activities in the fisheries sector have included provision of new technologies and credit to purchase them, centralization of marketing, government-led fish stock enhancement programmes, and strengthening of central government monitoring and enforcement capabilities. The interventions identified by SFLP are more often targeted at overcoming institutional barriers to the effective development of existing technologies, financial service provision, access to market and resource management, or addressing gender inequalities where these result in differential access to education, resources and decision-making power.

Interventions are also cross-sectoral, and may address the specific social needs of fishing communities. In addition to the use of and reliance upon the existing literacy traditions and practices of fishing communities upon which livelihoods and fisheries development can build on and develop, in particular to diversify their sources of income, examples of areas for such cross-sectoral interventions are HIV prevention and AIDS mitigation efforts¹⁰, the role that microfinance can play to ensure responsible fisheries¹¹ and the opportunities and threats provided by the decentralization process in many countries.

Cross-sectoral ways of working imply connecting across scales from the local to the global and that tackle the interests of a wide range of actors, which calls also for a consultative and participatory process to ensure that the concerns of fishers living in poverty be expressed and heard in the policy process.

The SFLP has demonstrated that it is possible to strengthen both resource management systems and the livelihood systems of fishers. The Programme has identified new directions in fisheries development and has assisted government fishery departments, fishers themselves and civil society to forge new partnerships to address development problems that are outside the direct control of the sector. The SFLP has shown how these interventions and partnerships can work and how they can contribute to achieving the MDGs for poverty reduction and targets for responsible fisheries.

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10. The fisheries sector in some countries has experienced high levels of AIDS among fishers and fishery managers. This may reduce management capacity, decrease productivity and efficiency, lead to increased pressure on more physically accessible inshore resources and divert fishery development resources into HIV prevention and AIDS mitigation efforts. The overall impacts are likely to result in increased incidence of poverty and levels of vulnerability in small-scale fisheries and reduced likelihood of sustainable exploitation of resources. 'Responsible fisheries' targets may be compromised.
 11. Microfinance can play a useful role to ensure responsible fisheries in at least three different ways: helping fishers deal with vulnerability, thus increasing their capacity and interest to participate in fisheries management; promoting or supporting livelihood diversification out of the fisheries sector by developing final products for this particular purpose; contributing to responsible investments in small-scale fisheries where fisheries management plans act as a guide in evaluating loan applications.

Chapter 16

Impacts of Development Assistance: Lessons Learned for Better Fisheries and Aquaculture Governance¹

In light of the increasing importance of development assistance, further thought needs to be given to its impact on the governance of fisheries and aquaculture in developing countries. From West African and South-East Asian examples, three of the main axes of development assistance can be identified: increasing small-scale fishing capacity, connections to export markets, and small-scale aquaculture development. Some impacts of this assistance can be pointed out, such as the setting up of large small-scale capacity or overcapacity, an increasing dependence on export markets and a decrease in food security in West Africa, and damage to the environment as a result of small-scale shrimp aquaculture development in South-East Asia.

By favouring these axes of development, development assistance contributes to the emergence or to the maintenance of governance systems, which poses some problems. These problems relate to fisheries governance systems and can be described as follows: fisheries governance limited to fisheries management, the weakening of public power and public actions, and the fragmentation of fisheries administration and civil society. These problems are amplified by development assistance and they contribute to certain breaches of good governance principles, of which some examples will be provided.

Some lessons can be drawn from an analysis of fisheries governance systems that have been supported by development assistance. These are: a need for a new approach to fisheries governance that lies beyond the framework of fisheries management, integration of fisheries or aquaculture development assistance programmes into national and regional public policies, the rehabilitation of fisheries administrations and the strengthening of institutions.

1. This chapter was written by Mr. Jean-Yves Weigel of the Institut de Recherche et Développement (IRD) of Paris, France, Email: weigeljy@ird.fr. The original paper was written in French.

Introduction

Multilateral assistance comes primarily from the World Bank and in particular through the International Development Association (IDA), from the International Fund for Agriculture Development (IFAD), the Global Environment Facility, the Asian Bank of Development, the African Bank of Development and the Inter-American Development Bank etc. Other international assistance comes from NGOs such as IUCN or WWF, who are very active in the preservation of biodiversity and fisheries resources. For a long time, multilateral assistance has been directed towards the development of an industrial fishing capacity and the construction of harbour infrastructure and processing plants. For the last few years there has been a reorientation towards institutional support and integrated ecosystem or fisheries management, in particular in association with the Global Environment Facility.

The European Development Fund (EDF) is a major instrument of the European Commission for development assistance to ACP countries (Africa, Caribbean and Pacific). The Ninth EDF has been allocated for the period 2000-2007, following the Cotonou Agreement. Fisheries development assistance provided by the EDF forms part of a broader European framework. In particular, the funds of the Commission's general budget may be used for certain types of aid and some funds from the European Investment Bank are also allocated for development assistance. Last but not least, royalties are paid by the EU for fisheries access agreements. From a general point of view, aside from these fisheries access agreements, European development assistance is focused on small-scale fisheries and on the sanitary improvement of packaging and processing for export.

Considering the increasing importance of development assistance, further thought needs to be given to its impacts on the governance of fisheries and aquaculture in developing countries. From West African and South-East Asian examples, three of the main axes of assistance can be identified: the increase in small-scale fishing capacity, the connection to export markets and small-scale aquaculture development.

In the first part of this paper some impacts of this assistance will be highlighted: the setting up of a large small-scale capacity or overcapacity, an increasing dependence on export markets and a decrease in food security in West Africa, and damage to the environment as a result of small-scale shrimp aquaculture development in South-East Asia.

By privileging these axes of development, assistance contributes to the emergence or to the maintenance of governance systems which poses some problems. In the second part of this paper, the problems relating to fisheries governance systems will be mentioned: fisheries governance when limited to fisheries management, the weakening of public power and public actions, and the fragmentation of fisheries administrations and civil society. These problems are amplified by development assistance and they contribute to breaches of good governance principles of which some examples are provided.

In the third part, some lessons from an analysis of fisheries governance systems encouraged by development assistance will be drawn: a need for a new approach to fisheries governance which lies beyond the framework of fisheries management, the obligation to integrate fisheries or aquaculture development assistance programmes into national and regional public policies, and the necessary rehabilitation of fisheries administrations and the strengthening of institutions.

Some Impacts of Development Assistance

Three of the main axes privileged by development assistance have been identified.

The first is the increase in capacity of small-scale fisheries. Donors have justified this assistance by the positive effects of small-scale fisheries on the creation of jobs and the redistribution of fisheries' incomes among a larger number of economic agents. Based on West African experience, the impact of this setting up and the problems it induces can be put down to the creation of a large small-scale fishing capacity.

The second axis is the connection to export markets. This connection resulted in the exponential growth of fish exports, but also in a stagnation or reduction of the supply to domestic markets. Using these same examples, it is possible to determine the impact *i.e.*: an increasing dependence on export markets and a decrease in food security.

The third axis is small-scale aquaculture development. It is in Southeast Asia that this assistance has been successful from an economic point of view, especially in regard to shrimp aquaculture. It is this example, and more particularly that of Thailand, that have been retained in order to show the negative impacts of assistance on the environment.

The setting up of a large small-scale fishing capacity or overcapacity

Development assistance has contributed to the exponential growth of the capacity of small-scale fisheries over the past three decades. In West Africa, this assistance primarily took the form of projects. In Mauritania these included the Project Coastal Fisheries funded by the Japan International Co-operation Agency (JICA) and the Project of Development of Small-scale Fisheries in the South (PDPAS), funded by the *Agence Française pour le Développement* (AFD). In the case of Senegal, projects funded during the last decade by the European Development Fund (EDF) are worthy of mention, as well as by AFD or JICA, including the Project of development of small-scale fisheries on the *Petite Côte* (PAPEC) and the Project of development of small-scale fisheries in Ziguinchor (PAMEZ), the PROPAC Project of support to the professionals of small-scale fisheries in Casamance (PROPAC) and the Project of support of small-scale fisheries in the South (PAPA-Sud). In Gambia, there is the Fisheries Development Project of the African Bank of Development (AFDB). In Guinea-Bissau, the *Projecto de Desenvolvimento da Pesca Artesanal Avançada* funded by the AFDB or, in the past, the Project of Development of Small-scale Fisheries in the Bijagos Archipelago funded by the Swedish International Development Agency (SIDA). As far as Guinea is concerned, projects include the Project of Development of Small-scale Fisheries funded jointly by the AFDB and AFD, the Project of the Fish Market of Kénien and the Project for the Rehabilitation of the Fishing Port of Boulbinet, funded by JICA.

Thus, in West Africa, small-scale fisheries are in full expansion and are accompanied by a colonization of the whole coast with, for example, the opening of new fisher settlements such as in Guinea-Bissau or in Mauritania. For all of the countries of the Sub-Regional Fishery Commission (SRFC), from Sierra-Leone to Mauritania including Cape Verde, the number of small scale fishing units can be estimated at 30 000, 60% of which are motorized canoes yielding a production of 600 000 tons. Development assistance subsidises motorization, the purchase of fishing gear, the working capital of fishing units as well as fish trade and packaging for export to the European and Asian markets. It also subsidises infrastructure such as piers and roads. Thus, development assistance influences

the profitability of fishing units by encouraging an increase in the fishing effort.² Lastly, a low cost labour force and the frequent multi-activity of fishers also explains the profitability of small-scale fishing units.

The example of Mauritania illustrates the increase in capacity of small-scale fisheries. In 2003, the number of small scale fishing boats (pirogues) was 3 700, harvesting 80 000 tons as estimated by the *Institut Mauritanien de Recherches Océanographiques et des Pêches* (IMROP). Of this total, pelagic catches represented 25 000 tons (mainly small pelagics) intended primarily for the domestic market. The species with strong commercial value - demersal fishes and cephalopods - represented 55 000 tons, intended for European and Asian markets. Mauritanian small-scale fisheries experienced a spectacular development between 1991 and 1997 as the number of pirogues quadrupled. From the end of the 1990s, donor-sponsored actions carried out within a framework of fishery sector management and development, meant that small-scale fisheries experienced significant development. For example, the number of fishermen increased from 3 000 in 1991 to 12 000 in 2001 (MPEM, 2003). Currently, 33 000 direct and indirect jobs have been generated as a result of small-scale fisheries (MPEM, 2005). From now on, one of the main constraints of Mauritanian small-scale fisheries will be the lack of control of fishing capacity. Indeed, as in all of the West African countries, a gap exists between legislation and its implementation. On the legal level, fishing capacity is controlled through Law 2000-025 that includes a Code of Fishing (its implementation is enforced through Law 2002-073). In general, fishing rights belong to the state and are distributed in the form of licenses, in particular small-scale fishing and coastal fishing licenses. This system is applied in the case of coastal fishing and very partially in the case of small-scale fishing, due to the fact that registration by the Merchant Navy Services is not yet complete, lacks simplicity and does not refer to the management plans per type of fishery.

Therefore, development assistance helped create a large amount of small-scale fishing capacity which, in certain cases, can be regarded as overcapacity given the overexploitation and even risk of extinction of some stocks targeted by small-scale fisheries (CECAF 2004; FAO 2003). However, the reduction of overcapacity in small-scale fisheries poses specific problems that are difficult to solve, especially in developing countries.

The first problem is connected to the measurement of small-scale fishing capacity and the definition of relevant management units. "There are difficulties associated with the collection of data as well as input-based or output-based measurements of capacity in such fisheries (e.g. the flexibility with which vessels involved can accommodate additional labour and shift from fishery to fishery). Difficulties also arise with regard to establishing target output and input levels. Fleet mobility creates one of the main difficulties in measuring capacity and assessing overcapacity. Fleet mobility can be geographic mobility and/or the ability of vessels to redirect effort from one target stock to another in the same area. Thus, capacity needs to be considered on a fleet basis as well as on a species or stock basis, with further consideration being given to the relevant geographic perspective (local, national, regional or global according to the fishery). The key question is where to draw the line and, if starting from a stock perspective, how to define 'latent capacity'. This question relates directly to the need to define fisheries as 'management units that are relevant to the management of fishing capacity.'" (in Greboval

2. This increase induces a fall of catches per unit of effort. However, the profitability of the demersal small-scale fishery is ensured with a constant raising of prices, compensating for the decrease in the catch per unit of effort and the increase in the cost of inputs.

2003: 10). Another difficulty raised by this author relates to the necessary link between harvesting and processing capacity in the case of small-scale-fleets, as the catches of small-scale multispecific fleets are very frequently processed in different ways. It means that a relevant link can only be established at a fairly aggregated level.

The second problem relates to the economic and social costs of transition to an appropriate fishing capacity through vessel decommissioning or redeployment of workers. These costs cannot be covered by developing country budgets. West African countries need technical and financial assistance to achieve appropriate regulation of fishing capacity. But of course, a preliminary condition is to ensure that development assistance does not directly or indirectly result in an inappropriate increase in small-scale fishing capacity.

The increasing dependence on export markets and decrease in food security

The dependence of West African fisheries on export markets is illustrated by the importance of exports, which represent more than 70% of catches in the EEZs of countries of the Sub Regional Fishery Commission. During the last two decades, development assistance has indirectly supported connections to export markets by encouraging the deregulation and disengagement of states in the name of the restoration of public finances and the free market. But, development assistance also directly supports this connection when it funds projects for the setting up of fishing fleets targeting exportable species, or by bringing packaging and processing factories into compliance with European or Japanese standards. Lastly, one of the methods of development assistance was the granting of tariff preferences by the European Economic Community, then the European Union, so as to encourage exports.

Deregulation initially impacted on the commercial transactions. Thus, transactions relating to fishing and fish trade in Guinea-Bissau, which have been measured and controlled by state-owned companies and central buying offices since national independence, have been gradually deregulated since 1987 in favour of fish traders. Deregulation was carried out by an almost-total abandonment by states of a tariff policy, as demonstrated in Gambia through the abolition of export taxes for fishery products in 1985.

The disengagement of West African states from the productive sector resulted, firstly, in the deactivation or dismemberment of state-owned companies, then, in their privatisation in the name of the suppression of state monopolies. As an example, Gambia adopted a progressive opening of fish marketing to private contractors and a progressive disengagement of state-owned companies at all levels of the fish chain, as well as at the level of freezing companies and the distribution of inputs and fishing gear. As an emblematic example of privatisation of a state-owned company, *Société Mauritanienne de Commercialisation du Poisson* (SMCP), was created in 1984 within the framework of a nationalisation policy of fishery products marketing.

Connections to European markets were supported by the granting of out-of-date tariff preferences dating from the Lomé 2 and Lomé 1 Conventions, which stipulated that products coming from ACP countries could be exported duty-free of customs to the European Economic Community. The Lomé Conventions after 1985, as well as the Cotonou Agreement in 2000, offered important financial means to ACP countries through the European Development Fund (EDF), a part of which was used for the promotion or establishment of health standards, in particular for export companies and

those in charge of certification. These commercial privileges reinforced the competitiveness of West African exports in the European Union as proven by the maintenance of market shares for certain products, and confer a significant comparative advantage on countries like Mauritania, Senegal, Gambia, Guinea and Guinea-Bissau. The main products exported to Europe are demersal fish, cephalopods and crustaceans. These are chilled or frozen products but have generally not undergone any processing. As for connections to Asian markets, exports are mainly frozen cephalopods for the Japanese market, or dried ray and shark fins for the Chinese market.

Three consequences of this dependence can be highlighted:

- The first consequence was an increased fishing effort on demersal species, which resulted in a drop in catches per unit of effort and a rapid reduction in the biomass for certain species (Gascuel and Laurens, 2001).
- The second consequence was a vulnerability with respect to international commercial legislation insofar as the preferential treatment granted by the European Union to ACP countries is disputed by the World Trade Organisation (WTO). Indeed, the rules of the WTO condemn this preferential treatment since the authorized advantages are not reciprocal and contravene the principle of non discrimination between countries who have the same level of development.
- The third consequence was a reduction in food security. Indeed, with an export market offering better returns and demand for fish products increasing, a growing number of fishers specialised in catches intended for domestic markets, turned to demersal coastal fishing. Thus, the conditions for stagnation or even a reduction in fish supply to the domestic market were met. Another effect was the reduction of supply to traditional processing. (Dème and Dahou 2001). However, increasing populations - with a doubling of the West African population every twenty five years - would require an increase in the availability of fish. But the relative increase in catches in West African countries in a context of reduction of the abundance of certain species and increase in exports does not compensate for this increase in population. This explains the reduction of availability of fish per capita in the countries of the SRFC, in particular for urban populations.

The damage to environment linked to small-scale shrimp aquaculture development

Over the past twenty five years, small-scale shrimp aquaculture has shown a remarkable expansion in Southeast Asia and now represents the most important production system in term of hectares and farms. This expansion is due mainly to the mobilisation of budgetary resources from national budgets, private investments and also development assistance.

In the case of Thailand, development assistance for the dissemination of shrimp culture mainly came from the South East Asian Fisheries Development Center (SEAFDEC), funded by the Japanese Co-operation, the Food and Agriculture Organisation (FAO) and the Taiwanese Co-operation. As early as 1973, technicians trained in Japan mastered the hatching and nursing of *Penaeus monodon* and *Penaeus merguensis* from spawners taken from the natural environment, at a Department of Fisheries Station. One of the reasons for the success of shrimp culture dissemination was the incentive to create joint ventures, which allowed the transfer of sophisticated

technologies. Some of these joint-ventures obtained Board of Investment (BOI) fiscal privileges as well as facilities for the repatriation of profits. Another reason for this success was the implementation of financing plans from 1985, enabling shrimp farmers to take advantage of soft loans. This policy was implemented through the nationalized Bank of Agriculture and Cooperatives (BAAC) and was accompanied by donors. However, this policy and development assistance in general, were very production oriented, with few concerns for environmental degradation. (Weigel, 1994).

At the environmental level, the main impacts of the expansion of small-scale shrimp culture have been encroachment on mangrove forests, an increase in the salinity and acidity of soils and pollution from the dumping of organic waste of aquacultural origin. These consequences can be observed in Thailand as well as in Malaysia, Vietnam and Indonesia.

Besides the fact that shrimp culture takes up and modifies a large amount of space (most often mangrove forests, salt flats and rice paddy fields converted into ponds), it also consumes inputs in bulk and thus actively contaminates and pollutes the soil. In particular, the construction of ponds on converted mangrove areas has a direct impact as it leads to the cutting down of forest cover. But, it can also have indirect effects. One of these may be the deterioration of the remaining mangrove forests in two conflicting ways, depending on the land and water flow configuration. Firstly, the accelerated water circulation caused by clearing part of the mangrove forests provokes leaching and thus erosion and an increase in salinity and acidity. Secondly, preventing the free circulation of water by constructing numerous dikes, channels and canal induces the degradation of the mangrove forests. These changes in water circulation may have repercussions on the catches or even on other forms of aquaculture practiced in the surrounding area. Another impact, the drop in the area's productivity, stems from the fact that ecological fish and crustaceans niches have become rare and are no longer of the same quality. The destruction of mangrove forests, the nursery for numerous aquatic species, also affects neighbouring fisheries (marine and estuarine catches).

The pollution generated by the expansion of small-scale shrimp culture is linked to the most widespread production system, the so-called 'Taiwanese' production system. This system is characterized by high densities per hectare, which require the addition of a proportionate amount of industrial feed, veterinarian products to control pathogens or accelerate growth (antibiotics, anabolic steroids), the addition of chemicals to control acidity (liming or calcium or magnesium based soil) or fertilizer (nitrate, phosphate or potassium based fertilizer). In particular, these different additions may lead to eutrophication, cases of anoxia and fish and crustacean mortality. Since one of the features of this form of aquaculture is the daily renewal of water, the pond has to be discharged into the immediate surroundings and therefore pollution spreads through secretion. Thus, the spreading of polluted water not only has repercussions on other users, such as the consumption of drinking water and rice, fruit or vegetable cultivation, but also on coastal aquaculture itself. In an area where intensification is badly controlled by the large number of shrimp farmers practising excessive densities without a water treatment system, intensive aquaculture pollutes the farm itself as a result of the essential water renewal (other extra-aquaculture factors may also contribute). This pollution may, in turn, be the cause of epizootic diseases which the farmer will try to combat by administering inappropriate medication, which, in turn, will give rise to shrimp resistance to antibiotics, potentially resulting in significant mortalities. The outcome of this cycle may well be the formation of a 'moon landscape' of abandoned ponds, as in the provinces along the inner Gulf of Thailand (from Petchburi to Chachoengsao) at the beginning of the 1990s.

The expansion of small-scale shrimp culture was an undeniable economic success but it resulted in environmental degradation that no longer allows the activity to be considered sustainable. Development assistance is partly responsible for this environmental un-sustainability. The challenge to be taken up by development assistance is to perfect and spread mangrove-friendly shrimp culture techniques. A program sponsored by SEAFDEC, in collaboration with the Department of Fisheries of Thailand, paves the way. The four components of this programme concern: 1) the integrated physical and biological technologies for water recycling in shrimp farming; 2) the mitigation measures of effluent from shrimp farming on mangrove and coastal resources; 3) an evaluation of seawater irrigation for intensive marine shrimp farming and a study on mangrove plantation for enhancing natural food webs in water recycled shrimp farms. (Platon 2001).

Some Problems that Development Assistance has given Rise to in terms of Governance

Development assistance has contributed to the emergence or to the maintenance of governance systems which pose some problems. In a context characterized by the setting up of large small-scale fishing capacity, increasing dependence on export markets and a decrease in food security, the damage to the environment linked to aquaculture and the problems relating to fisheries governance systems can be summarised as follows.

- Firstly, limited fisheries governance has resulted in a weak application of regulations imposed by fisheries management plans.
- Secondly, incomplete decentralization has contributed to a weakening of public power and action, which makes it difficult for states to exercise their role as arbitrator and guarantor.
- Thirdly, fragmentation has occurred in fisheries administrations and in the various communities involved in the fishing, marketing or processing of fisheries products. These problems are initiated or amplified by development assistance and contribute to some breaches of good governance principles.

Fisheries governance limited to fisheries management

Fisheries management plans bring only technical or economic solutions to problems that should rather be seen in terms of a balance of power between stakeholders. These balance of power relationships determine to a large extent the way in which socio-economic solutions are implemented and how rules are applied. Such diverse interests, based on strong bonds among fishers, fish traders and government officials, materialised through official or semi-official transactions with the state, are not taken into account in negotiations, or to a small extent only. The limits of this approach explain the weak application of the recommended measures. For example, in Senegal catches are regularly listed. However, the national fishing Code remains unapplied and sometimes is even contradicted by local regulations.

Some examples of the limits of this approach include the difficulties in handling 'de-territorialisation' or relationships between immigrants and natives and difficulties of taking into account the overlap between fishing 'territories' or fishing itineraries.

Fisheries management plans, which only rarely include the overlap between various fishing 'territories' or itineraries, have great difficulty in taking into account the 'de-territorialisation' of fishing activity. For example, management plans based on ecosystemic entities integrate fisher migration or organisational fluctuations with difficulty (such as the changes in the composition of fishing units). These often characterise the exploitation of fisheries resources in developing countries, all the more as interdependences among fisheries make the establishment of territorial limits more and more complex. This bias can be found in some coastal management programmes promoted by the World Bank, such as in Senegal or in Guinea Bissau.

The management of such interdependencies represents one of the essential stakes of governance, which is to manage the interactions among groups, for example, between natives and immigrants. Excessive simplification of the relationship between these two groups does not take account of relations that they have forged. Rather than take the native/immigrant dichotomy as a starting point, often simplified to the extreme and not negotiated with the social groups themselves, it would be better to take into account the inequalities of access to resources.

Fisheries management plans are focused on an understanding of biological impacts or even bio-economic or ecosystemic ones. This restrictive approach does not integrate the social, economic or political consequences of an intensification of exploitation, such as an increase in inequalities or unequal redistribution of value-addition. Management plans prove to be too sectoral and are reduced to only one segment of the fish chain.

By modelling the withholdings from ecosystems, the fisheries management approach promotes functions of control of fisheries based mainly on catches. As a result of characterizing the modes of exploitation schematically or even not at all, this approach prevents an analysis of stakeholder practices and ultimately affects the level of equity in governance systems. So, this method does not propose means of reaching the objective of sustainability in any of its three components (environmental, economic or social).

The weakening of public power and public actions

As a consequence of deregulation and the withdrawal of states, economic agents in the fish chain work in an environment characterized by drastically reduced intervention by public authorities, plus a downsizing of the civil service and state structure. This context is also characterized by a contraction of government spending, resulting in a continuous drop in public investment and in subsidies to national development agencies. Thus, successive structural adjustment plans restrict the economic role of states to the follow-up of strategies initiated by bilateral or multilateral development assistance, such as those relating to the environment and sustainable development in Mauritania, the setting up of agencies for the promotion of private investment (the Directorate-General for the Promotion of Private Investment) in Guinea-Bissau, and the promulgation of legal and regulatory frameworks such as Codes of Investment.

This reduction in intervention by public authorities was compensated for through a sustained policy of decentralization, involving a delegation of powers to local communities. Initiated by international institutions and relayed through bilateral co-operation, a policy of decentralization was imposed on all West African states. It started with Structural Adjustment Plans two decades ago and was followed by the construction of an *état de droit* during the democratic transition in Africa in the 1990s. However, this policy of decentralisation encountered resistance by states, particularly in the area of

delegating tax resources to local communities. Insofar as it attributes very limited financial resources to intermediate or local levels, reform has been limited to a decentralization of central government authorities and to the organisation of forums of dialogs between the local and national levels. This has resulted in limited decentralisation (Galetti 2002), as a real devolution to local communities was not carried out as a whole, plus decentralisation concerned only limited points of competence. The governance of West African fisheries is strongly influenced by this particular institutional context of decentralization. Therefore, there exists on the one hand fisheries administrations with a limited staff and budget at its disposal, and on the other hand, local communities that require resources for the development of fishers' organisations or social associations miss out.

Fisheries governance based on the top-down paradigm and mutual trust paradigm is limited by a lack of decentralization (as in Mauritania) or incomplete implementation (as in Senegal), demonstrated through a lack of tax prerogatives for local communities. Secondly, insufficient power has been devolved away from administrative departments and the central state tends to monopolize all strategic decisions, aided by its control of tax resources. For historical reasons in Guinea Bissau, the state has a vague desire to keep the population under supervision in collaboration with militant bodies and has shown, until now, little concern as far as the progress of devolution is concerned. The method of measuring compensation for fishing communities, whose exploitation of fisheries resources is restricted, changes as a result.

The fragmentation of fisheries administrations and civil society

The fragmentation of fisheries administrations can be seen through the large number of government authorities that intervene in the development and regulation of the fish chain without establishing a hierarchical or functional link between them. This situation can be characterized as a case of 'institutional superposition,' insofar as many administrations combine their various competences in a compartmentalized way. The result is entropy of the state administrations, which contributes to the weakening of public actions. Fragmentation of the administration materialises in two manners; firstly, through competition at the national level among ministries. This leads to the compartmentalisation of projects in order to obtain funds from international assistance and to difficulties in coordinating government authorities at the local level. Such fragmentation is a serious obstacle to the realization of a plan to apply vertical governance (the top-down paradigm). It is also an obstacle to the promotion of a sustainable development policy as administrations swing between a conservationist approach and an approach guided by economic development objectives.

Fragmentation of civil society is demonstrated through the growth of socio-professional organisations, associations and national NGOs, who are the principal recipients of development assistance to the detriment of state structures and public development agencies. The fish chain is concerned with the promotion of socio-professional organisations and associations that arise under various configurations, including: co-operatives, Economic Interest Groups (GIE), mutual insurance companies for savings and credit, national NGOs and social associations. The diversity of their objectives as well as their chronic difficulties in coordinating their activities seriously undermines horizontal governance (the mutual trust paradigm). It is easy to notice the frequent difficulties in coordination between NGOs and associations, which calls into question the effectiveness of consultation mechanisms. Two examples illustrate this

fragmentation: that of Senegal with its multiplicity of socio-professional organisations and that of Guinea-Bissau, with its expansion of national NGOs and social associations.

The wide range of fishers' socio-professional organisations, small-scale processors and, fish traders in existence within the scope of the Senegalese context, is characterized by the seniority of the associative or community movement. For example, the Federation of Senegalese NGOs was recognized by the state in 1978. More recently, some of the main beneficiaries of international assistance are Economic Interest Groups (GIE) united within federations like, for example, FENAGIE - Pêche (*Fédération Nationale des GIE de Pêche*) and mutual insurance companies. The GIE and mutual insurance companies are given financing through bilateral co-operation. The French version is the Project for Development of Small-scale Fisheries on the Petite Côte (PAPEC), the Canadian and Belgian projects are the Project of Support to the Mutual Insurance Companies of Savings and Credit in Senegal (PAMECAS). The GIE and mutual insurance companies also benefit from international co-operation projects such as the Integrated Management Programme of the Marine and Coastal Resources (GIRMAC) funded by the World Bank. The GIE and mutual insurance companies are also funded by international NGOs such as IUCN or European NGOs such as the Dutch NGO, NOVIB.

The expansion of national NGOs in Guinea-Bissau is an example of the function of structuring socio-professional organisations and social associations. Growth is fed by the dominating role of international NGOs who took note of the deficiency of Bissau-Guinea in recent years. Examples of national NGOs active with littoral or insular communities, in particular in the Archipelago of Bijagos, include "Tiniguena", "Tonjoron", "Nantinyan", ADIM, "Tankakan", ADEMA, "Biligert", FASPEBI, "Totokan" and "Tepenny". Examples of very active international or European NGOs include IUCN and the FIBA for the former and SWISSAID and 'Islands of Peace' for the latter. The dominating role of international NGOs explains a conservationist connotation that privileges actions where sustainable development is concerned, such as the creation of National parks, the promotion of participative management and techniques adapted to sustainable exploitation, the development of cultural heritage and environmental animation.

Some breaches of good governance principles

According to UNDP, good governance is associated with the degree of application of five principles (UNDP 1996). The first principle is that of legitimacy, which is based on participation and consensus. The second principle is that of direction, which is based on a strategic vision including Sustainable Human Development. The third principle is that of performance, based on the adequacy of institutions and processes to the needs of all stakeholders, as well as efficiency. The fourth principle is that of accountability, which is based on an obligation to give explanations to the public and to institutional stakeholders to ensure transparency. The fifth principle is that of fairness, which is based on equity and the rule of law.

The analysis of the application of these principles to the governance of West African fisheries does not allow a conclusion of 'good governance' to be reached due to (i) a lack of negotiation between, and the relative inconsistency of the objectives of development assistance (ii) the absence of a cost-benefit analyses to consider the sustainability of fisheries resource exploitation or fisheries governance, (iii) legal disorder as far as the rights of access to fisheries resources and the delegations of powers are concerned, and (iv) the weakness of specific financing of governance measures.

The principle of legitimacy is not correctly applied if the target of fisheries development assistance has not been negotiated. In the deliberative governance approach, the application of the principle of legitimacy induces a mechanism of negotiation among stakeholders which guarantees the durability of decisions. To be accepted and to enhance sustainable and easy-to-apply norms of fisheries resource exploitation, these decisions must allow compensation. The necessary condition for compensation to materialize is negotiation and a pertinent analysis of the balance of power among stakeholders. It is also a condition for norms derived from this, to be appropriated by the stakeholders and more generally by the communities concerned. However, the analysis of projects reveals on the one hand, an absence of a mechanism of negotiation, and, on the other, a non-existent or very brief presentation of the balance of power among stakeholders, including within the communities of fishers.

The non-application of the principle of direction highlights the relative inconsistency of development assistance objectives. For example, inconsistency exists between the objective to increase the capacity of small-scale fishing and that of sustainable development, and the development of national chains including the signature of fisheries access agreements without obligation to unload in third country ports.

For more than twenty years, donors such as the Japanese Co-operation, the French Co-operation, the European Union and the African Bank of Development, have financed to a great extent the development of small-scale fisheries in light of its apparent positive effects on employment and food security. However, the implementation of these various projects led to an exponential growth of small-scale fishing capacity, in particular on the periphery of marine protected areas. This assistance was aimed at increasing fishing capacity in spite of full exploitation or overexploitation of certain stocks since the end of 1990 (Gascuel and Laurens 2001). This assistance continues even though donors themselves highlight a concern for sustainable development, although they prefer to express this in its economic and social components. This assistance continues to be directed towards marine protected areas, thereby endangering these areas. For example, in the long-range small-scale fishery on the *Petite Côte* and in Casamance (Senegal) which is a threat to the fisheries resources of the Saloum Delta Biosphere Reserve and Bolama-Bijagos Arquipelago Biosphere Reserve (Guinea-Bissau), inconsistency exists between the objective of increasing small-scale fisheries capacity and that of sustainable development as the same donor finances in one project an increase in fishing capacity at the periphery of marine protected areas, and through another project, the specific measures of monitoring fishing capacity that the donor helped create.

The objective of setting-up sectorial chains on a national scale as a means of accelerating the economic growth and redistribution of wealth is part of the Millennium Development Goals and National Sustainable Development Strategies. The setting-up of fish chains goes from the unloading of catches and the industrial processing of demersal fishes and cephalopods, to the processing of small pelagics on shore. The return is a repatriation of the value-added and industrialization of the sector. However, in West Africa almost all of the species with high commercial value are exported unprocessed to Europe and Japan. Consequently, there is a lack of industrialization of the domestic fishery sector, generating value addition and employment. One of the reasons for this is the existence of fisheries access agreements, which do not authorise unloading of catches and in this way deprive countries of the raw material needed to be processed. Fisheries access agreements do not facilitate the creation of national fish chains. For the countries that do not have a budget margin, signing fisheries access agreements with the European Union is in accordance with structural adjustment plans that focus on, at the instigation of

the IMF and World Bank, the maximization of tax revenues in order to alleviate budgetary concerns.

The principle of performance and accountability is not correctly applied insofar as there is no precise evaluation of the costs and benefits of fisheries resource exploitation or of fisheries governance. The absence of evaluation means that it is not possible to establish mechanisms of compensation essential for regulation of the resource. Without this evaluation, it is difficult to achieve acceptance for the chosen mechanism of compensation or to evaluate the effectiveness of management norms. The absence of a periodic evaluation procedure does not permit the various public and non-public organisations charged with implementing regulations governing access to fishing zones and fisheries resources to be assessed. The lack of planning does not favour the elaboration of collective decision mechanisms, nor do permanent readjustments that may see objectives of sustainability materialize over the long term. All measures specific to the fisheries sector are not at all or only slightly articulated with the broader measures concerning the coastline. This makes it difficult to have a global vision of the anthropogenic pressure and depredation of all renewable natural resources. The absence of a cost-benefit evaluation does not encourage the involvement of all stakeholders, which would allow a collective validation of objectives and a formulation of new norms of fisheries governance. Moreover, the lack of an evaluation of costs and benefits does not ensure transparency of fisheries governance, as there is neither an assessment of the invested sums nor of their use and impact.

The non-application of the principle of fairness is evident given the legal disorganisation of the rights of access to the fishery and the delegation of power, and given weaknesses in the specific financing of governance measures.

Concerning the rights of access, no inventory was undertaken. The first negative consequence of this fact is that the recognition of rights - a necessary precondition depending on the negotiating process - does not exist. However, the establishment of this nomenclature in littoral and marine areas is less problematic than in the case of land, insofar as the rights of access to the first are obviously looser than to the second and are more the concern of the access to itineraries than access to territories (except for delta areas or estuaries). The second consequence of this is that, in a West African context characterized by a diversity of groups exploiting fisheries resources, the absence of a detailed categorization of stakeholders and practices as regards access to the resource (residents, users, small-scale activities, etc...) leads to an abusive scheme in terms of autochthonous or immigrant communities. However, the legal organisation of rights of access can not be based on 'autochtony' criteria in light of the extreme overlap in the modes of exploitation of the fishery, by using a territorial approach and the 'de-territorialisation' of fishing. In addition, using 'autochtony' as a criterion can lead to the manipulation of identity, as is the case in the Ivory Coast's rural land plan, where land rights resulted in community conflicts in an existing politically unstable situation (Chauveau *et. al.* 1998). The lack of application of the principle of fairness is confirmed by the absence of a legal organisation determining rights of access, depending on socio-economic practices. This legal organisation could also have, as an objective, the formulation of a flexible statute that would include a certain number of effective community regulations. The principle of subsidiarity could guide this convergence between the two sources of law.

This lack of application of the principle of fairness can also be explained by a deficiency in the legal organisation that delegates power, whereas coherent articulation

exists between the devolved administrative departments in charge of fisheries and local communities. This objective claims that States should put into place devolved institutional and financial administrative departments as well as devolving power to local communities. The delegation of power should relate to the management of conflicts that require the creation of legal authorities of appeal close to the population in order to fill up the present institutional gap.

The last reason of non-application of the principle of fairness is the weakness of the specific financing of governance measures concerning (i) preliminary consultations to produce legal norms through procedural decision mechanisms that have a cost that must be included in the budget of the projects, (ii) the financing of compensation in response to the restrictions defined within the framework of a sustainable exploitation of fisheries resources as the application of these norms presents an opportunity cost for the social group and a high direct social cost for certain populations, and (iii) the costs of law enforcement, which can be high in situations where the means of production for the exploitation of the fisheries resources are of a relatively high capital intensity.

Lessons Learned for Better Fisheries and Aquaculture Governance: Some Guidelines

Some lessons can be drawn from this analysis of fisheries governance systems, which were and are encouraged through development assistance:

- Firstly, a need exists for a new approach towards fisheries governance that goes beyond the framework of fisheries management, so as to be able to take into account the power relationship between stakeholders and to propose methods for achieving the goals of sustainable development (environmental, economic, social).
- Secondly, work is needed on the integration of fisheries or aquaculture development assistance programmes into national and regional public policies in order to avoid a lack of coherence of sectoral policies and the separation of resource, conservation and socio-economic development policy.
- Thirdly, there is a need to rebuild fisheries administrations and strengthen institutions to compensate for the weakening of public authorities and public actions, as well as the fragmentation of such administrations and of civil society. This rehabilitation should allow a 'requalification' of the State as arbitrator and guarantor. One condition is a reform of central and devolved fisheries administration departments so as to be more effective (de-bureaucratisation and to fight against corruption).

A new approach to fisheries governance

Generally speaking, there is recognition of the importance of governance that leads to a new and more open concept of fisheries management. Indeed, the concept of governance not only makes it possible to discuss the role of the administration in the process of resolving issues of a public nature, but also of the contribution that other stakeholders can make to this process (community residents, fishing communities, NGOs, private agents). This recognition comes with a tendency to decentralise authority and responsibility for renewable natural resources management, in particular with the aim of

obtaining a firmer engagement of civil society in the decision-making process. The ecosystemic approach, adopted as an analytical framework by the Convention on Biological Diversity, also recognises the importance of social, cultural, economic and institutional factors for conservation and invites administrations to decentralise as much as possible, particularly their fisheries management systems.

However, the governance concept, which is highlighted in such International Conventions, does not inevitably correspond to the various social and institutional conditions characterizing fisheries in developing countries. Indeed, its very general character gives rise to a re-appropriation - either authoritarian in those States concerned with the preservation of political and economic control of the exploitation of fisheries resources, or 'autochtonist' in native societies - with the objective of extending their territorial control to the detriment of other groups. This situation tends to create permanent tensions between vertical and horizontal modes of coordination.

Thus, the development of governance models appropriate to the fishery requires the construction of an adequate analytical framework. The latter could be based on conceptual knowledge of the governance of hazardous activities, on the application of this knowledge to the environmental governance, and on the characterization of this governance in terms of political economy and political science.

Focussing specifically on the governance of hazardous activities initiated by the European Commission within the fourth Framework Programme for Research and Technological Development at the end of the 1990s³, this programme made a notable conceptual progress, which was to make a distinction between two models of governance: one is characterized by the 'top-down' paradigm and the other by the 'mutual trust' paradigm. For participants in this programme, each model is also characterized by its own implicit 'rules of the game'. Government authorities, experts and stakeholders each play a different role. In the same way, each model is defined by its own types of regulation and ethical values.

The first paradigm, known as the 'top-down paradigm', stresses the central role of government authorities in the process of evaluation and risk management. As protectors of the general interest, authorities work in a centralised way to provide specific prescriptive regulations for each type of risk in each context. Government authorities require optimal solutions, legitimized by scientific knowledge.

The second paradigm, known as the 'mutual trust' paradigm, emphasises the role of stakeholders in the definition and management of the common good. They take part, in as broad a way as possible in the decentralised decision-making process previously defined by government authorities. These processes have a procedural dimension, which implies that scientific knowledge is available to all stakeholders and is no longer considered the principal factor in the final decision.

For the participants in the above mentioned programme, the complementarity of the two approaches is essential. The 'top-down' approach is effective in contexts where the decision-making process is not complex. The 'mutual trust' approach is necessary for any context marked by uncertainty and complexity. Finally, case studies from the field of hazardous activities show that the two forms of governance are often mixed.

One author went back to this distinction established in the field of hazardous activities and applied it to environmental governance (Froger 2001). The author insists on the

3. The Programme TRUSTNET which took place from 1997 to 1999

chronological succession of the two paradigms as the evolution of environmental policies in practise has shown the incapacity of the top-down model of governance to control correctly access to natural resources.

According to this author, the top-down paradigm, which gives considerable weight to public decisions, was justified in the historical context of the welfare state, where the latter seemed to be the only guarantor for the general interest. In some ways, an iterative model exists, where citizens can put pressure on authorities only in a retroactive and indirect way, the state being the only empowered institution to formulate arbitrations between the short term and long term.

It is when this confidence in the welfare state erodes in a durable way that the paradigm of mutual trust stands out. This corresponds to a more 'horizontal' model with the coordination of various stakeholders. The state tends to involve more stakeholders in public decision-making on which it no longer has an absolute monopoly. In this model, stakeholders take part in a decentralised decision-making process and arbitrations are carried out at various levels of consultation. The decision no longer belongs only to the authorities. Stakeholders are now engaged in the decision-making process, which is more procedural than iterative in order to better comprehend the complexity of environmental phenomena and allow all of the social agents to define an acceptable ecological risk.

The governance built around these two paradigms can be characterized in terms of political science and political economy, so as to come close to a model privileging coordination among social agents. In such an approach, the objectives of sustainable development can only be achieved by joint action led by the stakeholders, and the norms of sustainable development must be the subject of a process of social legitimacy. Environmental stakes require the implementation of a continuous process of negotiation among multiple stakeholders. It is this procedural dimension that is asserted in the identification of environmental problems and decision-making. However, to implement the procedures of negotiation and coordination among stakeholders at various levels, it is essential that the state assumes its regulatory role. Moreover, the mutual trust among non-official agents is not obvious. It supposes that the state could be the guarantor for decisions negotiated by the different stakeholders. Thus, to face the challenges of sustainable development, it is necessary to find the ground between a vertical model and a horizontal one. The policies relating to sustainable development can only be effective by combining these two paradigms in a way that exercises environmental governance.

The combination of a vertical and horizontal approach appears very relevant to fisheries governance in West Africa. It offers interesting opportunities for the treatment of contradictions inherent to the implementation of regulation regarding fisheries resources exploitation, on the basis both of an administrated model and of a decentralised model of management. It can be noted that the management of the West African fishery oscillates with varying degrees between these two models. Even if a 'participative model', particularly in vogue in the international organisations dealing with development, is the prevailing view, these fisheries are not yet characterized by this duality. On one side, the absence of a regulating authority charged to promote coherence in management and to arbitrate the conflicts which appear during the exploitation of fisheries resources can be seen: sometimes the top-down paradigm seems to be neglected, indeed even wiped out, by the modes of intervention of international special interest groups. On the other side, there exists some hesitation by national institutions to fully delegate their competences in fisheries resources management to local institutions: the paradigm of mutual trust cannot assert itself if there is not a sufficient questioning of the administrative authorities.

A combination of the top-down paradigm and the mutual trust paradigm should make it possible to arrive at transparent and equitable governance. This combination would provide compensation as a result of a deficiency in regulating conflicts relating to access to fisheries resources and the inconsistencies of management, knowing that the actions of special interest groups tend to erode the capacity of the state to regulate, and in particular its arbitration function. By reinforcing community authorities, special interest groups are no longer preoccupied with the balance of power within communities or between communities. In this way, they do not contribute much to interaction between the two paradigms of governance (top-down and mutual trust), and tend to privilege a conservationist approach to the detriment of a broader conception of sustainable development, while not bringing the necessary means to compensate the restrictions.

The integration of fisheries or aquaculture development assistance programmes into national and regional public policies

On a national scale, the integration of fisheries development assistance programmes into public policies is essential, taking into consideration the very sectoral nature of these programmes. It is advisable to integrate these programmes into global public policies on a national scale. This integration refers to proclaimed objectives, of which the most important are poverty reduction, environmental protection and sustainable development.

The integration of fisheries development assistance into national public policies is supposed to ensure complementarity among sectoral policies, so as to avoid a lack of coherence among economic policies. Given the multiplicity of projects, fisheries development assistance programmes should be articulated on a national scale within the poverty reduction strategy framework, especially as it is expected that a great number of development programmes are concentrated in coastal areas. As an example of this, Mauritania has belonged to the countries which benefit from the Heavily Indebted Poor Countries Debt Initiative since 1998, and consequently has an important opportunity to finance development programmes. Within this framework, the Mauritanian Government decided in 2001 (on the basis of a broad national consultation) on a “Poverty Reduction Strategy Framework by 2015”, which constitutes the reference document for the economic and social development policy of the country. The present challenge of the country is to significantly reduce poverty, while bringing back its incidence to a rate of 12% by 2015 and mitigating its most degrading impacts.

This integration, which should also be implemented alongside environmental protection and sustainable development policies, would contribute to a breaking down of the barrier between environment and development policies. It could also favour a legal harmonization of enforcement actions and regulations governing access, a redefinition of the role of certain institutions and a limitation of competition among administrative departments. A National Strategy for the Environment and Sustainable Development in Mauritania (UNDP 2004) was published in 2004. It was decided that it would take a double form: a National Strategy of Sustainable Development and a National Action Plan for the Environment and Sustainable Development. The first, the National Strategy of Sustainable Development concentrates simultaneously on the global rationale of sustainable development, on the highlighting of stakes on a national scale and the nature of their interdependence, on the need for articulating this objective in a coherent manner within the reference framework for the development of the country in 2000 i.e. the Poverty Reduction Strategy Framework. From the point of view of temporal scales, the National Strategy of Sustainable Development represents a vision over ten years and,

thus, is adjusted to the year 2015, as are the Poverty Reduction Strategy Framework and Millennium Development Goals. The second, the National Action Plan for the Environment and Sustainable Development, aims, on the basis of a diagnosis of the state of the environment in Mauritania and of its management, to identify, to formulate and to plan all of the actions necessary for implementing an environmental policy in conformity with the concept of sustainable development. It lists the priority axes defined by the National Strategy of Sustainable Development in the form of operational objectives, principal activities, mechanisms and deadlines of implementation. It falls under medium term planning (five years), and so only includes actions able to be carried through to a successful conclusion during this period.

The integration on a regional scale of fisheries development assistance programmes with public policies, expresses itself articulately and coherently within each programme, as well as in terms of coordination between the various programmes.

For programmes relating to fisheries to be executed in line with regional public policies requires a change from narrow national frameworks. However, difficulties exist including: an absence of harmonization of institutional frameworks, the disparity of natural resource conservation policies, or even obstacles to economic integration. An example of efficient implementation of a management programme with regional public policy, which can be useful to fisheries, is the integrated management of natural resources of the Niger and Gambia Basins programme. This aims to speed up the harmonisation of the forestry legislation of these countries, as well as harmonise control and regulation mechanisms governing the cross-border flows of forest products.

The weakness of regional coordination in managing marine and coastal protected areas has resulted in an absence of regulation mechanisms applicable to cross-border migratory movements and to those related to the small-scale fishery between the Saloum Delta and the Bijagos Archipelago, or those relating to the fishing and the smoking of ethmaloses between Guinea and the Bijagos Archipelago. True coordination requires constant co-operation between states. To this end, the Sub-Regional Fishery Commission (SRFC) could co-ordinate these interests, as long as the resources and power at their disposal are increased. This co-operation could also be carried out by a network such as that carried out by specialized organisations within the framework of the regional Programme of conservation of the coastal and marine zone in West Africa (PRCM), or on the initiative of international NGOs and intergovernmental organisations.

The rehabilitation of the fisheries administration and the strengthening of institutions

A requalification of the role of the state in its functions as arbitrator and guarantor aims to compensate for the degree of marginalization of administrative departments and their loss of legitimacy in the face of the dominating roles of international organisations. The term 'international organisations' means international NGOs (IUCN, WWF, Wetlands International etc...) and international institutions (World Bank, ADB, UNDP, UNEP, FAO etc.). Indeed, for a few years these organisations concentrated their financial efforts mainly on the reinforcement of specific groups, such as socio-professional organisations or social associations considered to be special interest groups. These international organisations tried to limit the weight of a governance system based on the top-down paradigm by setting up and supporting fishers, fish traders or traditional processing organisations. Thus, the analysis of West African fisheries governance revealed a disproportionate role of special interest groups. Concomitantly, this has

resulted in the weakening of administrative departments, which is prejudicial insofar as it prevents the rise in management of a public nature.

These various powers and decision levels require a requalification of the role of the state in fisheries governance. For example, the strong mobility of fishing activities on the West African littoral goes beyond the local framework and therefore should be considered within the context of its interactions among fisheries at the local, national and regional level. In fact, states have in place adequate mediatory institutions at the national level, or can delegate these to regional institutions such as the Sub-Regional Fishery Commission (SRFC). Indeed, interactions among fisheries communities require an implementation of consultation mechanisms as well as regulations at a regional level. This is particularly true as the regional integration of public policies poses some problems, due to the disparity of regional institutional frameworks (CEDEAO and UEMOA), a lack of application of regulations, and even the inefficiency of some regional institutions (Dahou *et al.* 2003).

The state is in charge of mediatory institutions, not only in terms of scale (local, national, and regional) but also in terms of timing. The concept of sustainability resulting from International Conventions is based on an articulation of the short and the long term. It is a question of being able to perpetuate the livelihoods of communities dependent on the exploitation of fisheries resources, while ensuring the reproduction of these resources in the long term. (Morand *et al.* 2005; Allison and Horemans 2006). This idea also conveys a principle of fairness in the allocation of resources over generations. It is the state, after having engaged in a process of negotiation, that has the legitimacy to carry out these decisions in the long term and who can ensure their efficiency through budgetary planning. Multi-annual planning allows a short term objective, such as the reduction of poverty, to be joined to a long term objective, such as the restoration of fisheries resources.

Another reason for the re-qualification of the state is its potential as an implementer of sectoral arbitration. At the national level, public policies focused on fisheries have to refer to Poverty Reduction Strategy Papers (PRSP), which affirm the necessary complementarity between sectoral development policies and dictate the guidelines of development policies, including in the fisheries sector. As long as these arbitrations are not carried out by the state, it is difficult to imagine how high levels of exploitation of fisheries resources could be reduced. Nevertheless, in order that these arbitrations are effective, they must be based on consultation mechanisms, given the lack of power of a governance system based only on the top-down paradigm. This failure has been observed in the case of fisheries management in the European Union, where the administrative departments of European states did not succeed in preserving fisheries resources (Hatcher and Robinson 1999). This also applies to the management of marine protected areas (Hilborn *et al.* 2004). In such a context, only procedures of governance referring to the paradigm of mutual trust are likely to re-legitimise public actions and reinforce the coherence of public policies.

Generally speaking, compensating for deficiencies of administrative legitimacy has traditionally been accomplished by giving greater power to central and devolved administrative departments. A better method is to ensure a separation of projects, transparent procedures and a reduction in national and international bureaucracy. These changes require enforcement and an evolution of administrative duties that are currently too confined to control. These duties must evolve in parallel with local development programmes and participatory management projects, which would require an increase in

personnel in fisheries administrative departments. Concomitantly, changes to civil infrastructure would also have to be enacted.

The strengthening of institutions can result in the creation of new institutions and in the setting up of new instruments of management. In Guinea-Bissau, the creation of new institutions such as the National Institute of the Environment (INE) and the Institute of the Biodiversity of Protected Areas (IBAP), must focus public policies on sustainable development and reaffirm national sovereignty.

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Chapter 17

Fingerponds: Seasonal Ponds in African Floodplains for Fish and Agriculture¹

This chapter briefly presents the Czech Republic's role in developing ponds for fish cultivation in Kenya, Tanzania and Uganda. It served as the introduction to a film that was shown at the workshop.

1. This chapter was written by Mr. Jan Pokorny of ENKI, Wetland Training Centre, Czech Republic, email: pokorny@enki.cz

It is a great pleasure for the Czech Republic, a small player with the OECD Fisheries Committee, to present the project in which – as you can see from your agenda – several countries, institutions and experts have joined their will and efforts with the aim to improve the life of people in developing countries. The project, which – according to our modest consideration – is a good example of environmentally friendly intervention to traditional local habits.

Some good ideas are quite simple, and this is also a case of this project. But not an easy challenge, in reality, to develop the system, which should be:

- Sustainable;
- In accordance with "wise use" of wetlands (according to Ramsar convention);
- Uncomplicated;
- Using simple technology;
- Accepted by the local people, integrated in their livelihood activities and of direct benefit to them;
- Without need of capital investment.

In the frame of EU International Scientific Co-operation Projects (ICA4-CT-2001-10037) during the period 2001-02, altogether twenty four small elongated fishponds (c. 20 x 10 m) were built in the littoral zone of Victoria Lake in Uganda, in Kenya and riparian zone of Rufiji River in Tanzania. At each of the six localities, 4 ponds were built. Small fishponds were dug in the wetlands at the edge of the swamp in the dry land during the dry season when the water level was at its lowest. The elongated ponds are called fingerponds as they look like fingers going from a terrestrial zone into swamp.

Between the ponds the land was cleared and prepared for cultivation of vegetables and crops. When the rain season comes, the water flows through the wetlands and floods the ponds that have been dug. The water carries the fish with it and when the flood declines, fish is trapped in the separated fishponds. If the fish are fed through the dry season, it grows faster and can be harvested until the ponds dry out and the cycle starts once again when the rain comes. A mixture of dung and green manure, which is collected from around the swamps, is used as fodder. Artificial fish feed is not used, as it is too expensive.

Role of the Czech Republic

The Czech team is responsible for pond management and elaboration of methods and indicators for fish production and fishpond management. On the basis of data from the field, the people are advised on what to do to ensure the survival and growth of fish. The Czech aid includes also the training of African experts involved in the Fingerponds project. But the tradition of African fishers' training the Czech Republic had started before implementing this project, which in fact has been developed as a reaction to a huge devastation of Victoria Lake as a consequence of unsustainable fishing.

In order to present the main principles of functioning and management of Fingerponds briefly and clearly, the Czech Foreign Co-operation Development Programme has sponsored the film you are going to see.

For further information see: <http://www.unesco-ihe.org/fingerponds>

Chapter 18

Coherence through Co-operation: The Challenge for Achievement of Policy Coherence for Fisheries Development in the Pacific¹

Policy coherence for fisheries development and its relationship to fisheries management is discussed in the opening section of this paper, before a more fulsome description of the particular challenges and barriers to achieving policy coherence in the Pacific. The paper then discusses efforts in New Zealand to improve policy coherence for fisheries development in the Pacific through the development of a whole of government strategy for New Zealand's involvement in Pacific fisheries issues. The development of this high level strategy has helped identify the need for more specific strategies for policy coherence and the achievement of fisheries management and fisheries development objectives – including the alignment of fisheries management objectives within the Western and Central Pacific Fisheries Commission (WCPFC) with fisheries development objectives for Pacific Island countries.

1. This chapter was written by Mr. Matthew Hooper, Ministry of Fisheries, New Zealand, email: hooperm@fish.govt.nz

Introduction

The huge and valuable highly migratory tuna species of the Pacific Ocean are a key economic resource for developing Pacific Island countries and are the subject of significant development interventions by developed countries. These fisheries are also the focus of intensive fishing effort by industrialised fleets from ‘distant water fishing nations’ (DWFNs), all of which creates a fertile environment for policy *incoherence*. This paper discusses the challenges to fisheries policy coherence associated with the western and central Pacific’s tuna fisheries from a New Zealand perspective.

The potential for policy incoherence in the region and fishery is high due to the nature and size of the fishery, the number of players – both developing and developed – and the large proportion of fish caught within the exclusive economic zones (EEZs) of developing coastal states in the region. These issues are particularly significant in the case of highly migratory fish stocks such as tuna since several countries are involved in exploiting the same stocks. In such circumstances, coherence between development policy and fisheries management is essential. Policy coherence for development in fisheries requires the alignment of fisheries management objectives with development objectives.

Policy Coherence for Fisheries Development

A number of definitions of “policy coherence” are presented in the scoping study on policy coherence for development in fisheries undertaken by IDDRA for the OECD in 2005. For the purpose of this paper the definition attributed to Molina (nd) is particularly relevant²:

(vii) Policy coherence is a policy

- whose objectives, strategies and mechanisms are attuned;
- these objectives should reinforce each other, or at a minimum, not conflict between them;
- objectives should be strengthened by the intentions or motives on which they are based;
- the policy outcome should correspond to the intentions and objectives;
- and reinforce the other policies pursued within the framework of the system, or at least not having a negative impact on them.

Policy coherence requires the alignment of objectives, and/or the making of transparent trade-offs between objectives and outcomes when there are conflicting objectives.

At the highest level the objective of fisheries management is the maximisation of value while ensuring sustainability and mitigating against the environmental impacts of fishing. The overall ‘value’ to be maximised may include economic, social and cultural values and will likely require a balancing of these to achieve the overall objective. The

2. IDDRA (2005), “Special Chapter on Policy Coherence for Development in Fisheries”, in *Review of Fisheries in OECD Countries: Volume 1: Policies and Summary Statistics 2005 edition*. OECD, Paris, p.100.

need to ensure sustainability and protect the environment can be described as constraints - minimum standards that constrain the extent to which overall value from utilisation of fisheries can be maximised. Depending on the diversity of stakeholder groups and the quality of information about the fishery and its impacts, attempting to deliver on the overall fisheries management objective can be anything from relatively straightforward to exceedingly difficult.

For the purpose of this chapter, fisheries development can be thought of as the objective of maximising the value *to developing countries* from the sustainable development of their fisheries within environmental constraints. In particular, we are dealing with interventions by developed countries aimed at supporting good fisheries management outcomes within developing countries. Policy coherence for fisheries development therefore requires developed countries working towards the achievement of fisheries management objectives for developing countries in a coordinated and complementary manner. Policy coherence for fisheries development is essentially an exercise in good fisheries management – albeit one where the drivers are more complex and potentially conflicting and the actors more numerous.

Rights based, and particularly output based, approaches to fisheries management seek to create the right incentives for stakeholders to maximise value from use of the resource within established environmental constraints or limits, including the setting of total allowable catches (TACs). Central to such approaches is the allocation of rights to the resource between and even within sector groups. In the case of commercial fishing in particular, fishing rights can be strengthened to give fishers a greater degree of certainty and control over their fishing activity and rules governing distribution of those rights (for example aggregation limits) can be established that strike the desired balance between economic, social and other objectives.

In the case of internationally shared fisheries, such as the tuna fisheries of the WCPO, the high level fisheries management objective and constraints are the same – efforts to maximise value must take account of all relevant players in the fishery concerned and development must be within sustainable limits. As with fisheries management generally, the challenges to effective fisheries development vary depending on the number of parties involved with interests in a particular fishery and the extent and quality of information about the fishery. When developed countries have a stake in exploiting the same fishery the challenges for policy coherence increase exponentially. In the context of Regional Fisheries Management Organisations (RFMOs), member countries, both developed and developing, can be seen as competing stakeholder groups with an interest in the same resource. Again, allocation of rights to the resource between members is an essential prerequisite to achievement of overall fisheries management objectives. In the absence of allocation, countries will act just like companies and compete with each other for shares of a limited and in all likelihood diminishing resource, resulting in over-fished and under-performing fisheries.

Effective governance is an essential prerequisite to effective fisheries management, particularly in shared fisheries where a balancing of stakeholder interests is required and in valuable commercial fisheries where the stakes are higher. Robust rules governing the use of fisheries and providing for wider stakeholder involvement are necessary to ensure legitimacy of management outcomes. Weak governance over fisheries inevitably results in poor management outcomes. The effectiveness of wider governance institutions (for example an independent judiciary, ombudsman's office, audit office) is equally important to successful fisheries management, and of particular relevance in the context of fisheries

development within developing countries where many of these institutions can be found wanting. The more complex the fisheries management issues and necessary policy responses, the greater the need for effective governance.

Overview of the Pacific Tuna Fishery

The region

The Western and Central Pacific region is characterised by a large number of small and medium sized developing island states (14) and territories (6) with generally large and abutting EEZs, punctured by high-seas enclaves with larger expanses of high seas in the north and south. The region contains three broad ethnographic groupings – Polynesia to the south and east, Micronesia to the north, and Melanesia to the west. Socio-economic indicators suggest Pacific island countries face significant development challenges.³ Fisheries are the most important economic resource for the majority of these countries, and for some it is the only significant economic resource.⁴

The fishery

The Pacific Ocean is home to the world's largest tuna fishery, contributing around 40 percent of the world's tuna supply. The range of these highly migratory species extends from Japan in the north to New Zealand in the south. There are four primary commercial target species – skipjack, bigeye, yellowfin and albacore tuna – in addition to fisheries for swordfish, Pacific bluefin tuna and a range of highly migratory shark species.

As the name suggests, highly migratory fish stocks range throughout the Pacific region. Each of the Pacific Island developing countries and territories in the region has some degree of interest in most if not all of these regional fish stocks, as do a significant number of DWFNs that fish in the region – both on the high seas and within the EEZs of Pacific Island coastal states. Further complicating the picture is the fact that these fish stocks are prosecuted by different gear types in different parts of the Pacific and in different age classes. Perhaps the starkest example of this is the catch of juvenile bigeye and yellowfin tuna in the purse-seine fishery (primarily targeting skipjack in western tropical waters) while these species are also targeted as adults in the longline fishery that extends further east and to higher and lower latitudes. And while the skipjack fishery is considered healthy, bigeye and yellowfin stocks are thought to be close to being overfished.

Key actors

Pacific Island countries

As outlined above, the WCPO region is characterised by the large number of Pacific Island coastal states with large EEZs. These coastal states are key players in the

3. See, for example, ADB (2004), "Hardship and Poverty in the Pacific". ADB, Manila.

4. Annual tuna catch is worth around 11 per cent of the combined GDP of all countries in the region and half the value of all exports from the region. See ADB (2001), "Tuna – A Key Economic Resource for the Region", Pacific Studies Series. ADB, Manila.

management of the Pacific's tuna fishery, both individually with respect to their individual EEZs and collectively in the context of regional management initiatives and the work of the WCPFC (discussed below). While these countries share common fisheries and common aspirations with respect to deriving economic value from those fisheries, it is also important in the context of this paper to note the differences rather than the similarities.

Resource endowment differs considerably between the countries, not just with respect to fisheries within EEZs but also the physical characteristics above water that inevitably impact on the realisation of development opportunities. The quality of governance and fisheries management capacity, both in respect of fisheries agencies and wider machinery of government, also differs considerably from member to member with associated implications for fisheries management and development.

Pacific Islands Forum Fisheries Agency

The Pacific Island coastal states of the region are members of the Pacific Islands Forum Fisheries Agency (FFA), along with Australia, New Zealand and Tokelau (a New Zealand territory). The FFA was established by Pacific Island leaders in 1979 to provide policy advice and technical services to members on the management of their tuna fisheries. Rather than being a Regional Fisheries Management Organisation, the FFA is one of a number of Pacific regional organisations dedicated to assisting and building the capacity of developing Pacific Island countries.

The Vision of the members of the FFA, as outlined in its new Strategic Plan, is as follows:

- We will enjoy the highest levels of social and economic benefits for our people through the sustainable development of our fisheries resources.⁵
- The Mission of the Agency is to support its members to achieve this vision in harmony with the broader environment. The role of the FFA Secretariat is described as follows:
 - To achieve the outcomes set out in the Strategic Direction the FFA Secretariat's primary focus will be on providing members with high quality, timely and relevant policy advice with respect to fisheries management and development.

As well as advising on domestic fisheries management and development, the FFA provides policy briefings to its members for meetings of the Western and Central Pacific Fisheries Commission. It also provides a number of regional services on behalf of members including a regional VMS, vessel register and observer programme, and administration of regional treaties and arrangements including the Multilateral Treaty with the United States (the US Tuna Treaty).

New Zealand and Australia are the two developed coastal states members of the FFA and both are active participants on the Agency's governing body, the Forum Fisheries Committee (FFC), as well as being large donors to the Agency's budget.

5. FFA (2005), *FFA Strategic Plan 2005-2020*, Pacific Islands Forum Fisheries Agency, Honiara.

Distant water fishing nations

A number of developed countries from outside the region actively fish within the WCPO, both on the high seas and within EEZs – either under access agreements or charter and licensing arrangements. The history of fishing by DWFNs (which in this context includes Japan, Chinese Taipei, Korea, the United States and Canada as well as more recent arrivals the European Union) goes back for several decades although the make-up of the overseas fleets varies considerably and has changed over time. While Japan, the United States and Korea all had large fleets historically, they are now struggling to compete with newer and more efficient fishing operations out of Chinese Taipei, China and the EU.

A number of Pacific Island countries have created incentives within their licensing regimes aimed at boosting domestic development, including on-shore development in the processing sector. In some instances this has given rise to significant re-flagging of foreign owned vessels to Pacific Island coastal state flags (Marshall Islands, Vanuatu) in order that those vessels may meet criteria under regional licensing arrangements – while beneficial ownership of the vessels themselves remains with the distant water fishing nation. Charter arrangements have seen considerable numbers of foreign flagged vessels being based in Pacific Island countries, with their fishing activity usually tied to on-shore development (for example Chinese longline vessels licensed to fish in Fiji). There has also been significant joint-venture investment in on-shore processing in countries such as FSM, Papua New Guinea and Marshall Islands, that is directly linked with fisheries access.

Japan, China, Chinese Taipei, the United States, Korea and the European Union all contribute significant quantities of development assistance to the region – some of it directly related to fisheries and some of it towards other development priorities. The extent to which such assistance is transparently linked with fisheries access varies considerably although linkages inevitably exist, transparent or otherwise.

Western Central Pacific Fisheries Commission

The Convention on the Management of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean was finalised for signature in 2000, and entered into force on 19 June 2004. The Western Central Pacific Fisheries Commission (WCPFC) had its first meeting in December 2004 and the WCPFC Secretariat headquarters has now been established in Pohnpei, Federated States of Micronesia. The WCPFC is the first Regional Fisheries Management Organisation established since the passing of the 1995 UN Fishstocks Agreement⁶ and is considered by many to be the most advanced in terms of the extent to which it delivers on modern fisheries management principles such as the precautionary approach.

The WCPFC brings DWFNs and coastal states together to cooperate on the management of the region's tuna fisheries. The objective of the Convention is to ensure, through effective management, the long-term conservation and sustainable use of highly migratory fish stocks in the western and central Pacific Ocean (WCPO) in accordance with the 1982 UN Convention on the Law of the Sea and the 1995 UN Fishstocks

6. Full title: The 1995 Agreement for the Implementation of the Provisions of the United Nations Convention on the Law of the Sea of 10 December 1982 Relating to the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks.

Agreement. Subsidiary bodies of the Commission include a Scientific Committee and a Technical and Compliance Committee – both of which make recommendations to the Commission – with the Commission itself being where ‘fisheries management’ decisions are made.

WCPFC is split into two chambers – one made up of FFA members including New Zealand and Australia, and the other made up of non-FFA members. Decision making in the Commission is generally by consensus. In the absence of consensus, decisions on questions of substance require a three fourths majority of those present and voting in each of the two chambers.

Policy Incoherence in the Pacific

Policy incoherence arises when objectives are not aligned, or conflict, or the relationship between objectives is not made transparent. With respect to the highly migratory tuna fisheries in the Pacific region, policy incoherence arises both internally within, and between, developed countries and developing countries. Key areas of policy incoherence are described in this section of the paper with reference to conflicting objectives within and between key players in the region with respect to fisheries management. As alluded to earlier in the paper, when a developed country has its own fishing interests in the region its objectives with respect to fisheries development within developing countries can become conflicted – particularly in the absence of transparency across objectives.

Poor governance, both within fisheries agencies and wider institutions of government, is a key barrier to achieving policy coherence for fisheries development in the Pacific, and this is exacerbated by capacity constraints within developing countries. The cumulative effect of poor specification of fisheries management objectives and poor governance is to encourage developing countries into a “race for fish” that increases competition for fisheries access and other development opportunities, and that ultimately results in over-capitalisation and the dissipation of economic rent from the fishery to the detriment of development objectives.

Conflicting fisheries management objectives

WCPFC

In considering how to achieve policy coherence with respect to the tuna fisheries of the WCPO, initial consideration must be given to overall fisheries management objectives for these stocks – the maximisation of value from the utilisation of such stocks while ensuring that such activity is sustainable. Management measures must cover the stocks throughout their range in order to ensure that the sustainability ‘constraint’ is not exceeded, and should therefore involve, and ideally bind, all those parties that are involved or have an interest in exploiting the stocks concerned. This premise underpins the 1995 UN Fishstocks Agreement.

The Agreement contains general principles for conservation and management and provides for enhanced co-operation between states through the establishment of RFMOs. The Agreement also contains comprehensive enforcement provisions based primarily on the concept of flag state responsibility. Conservation and management principles include the precautionary approach, broader ecosystem considerations and detailed provisions

relating to the gathering and sharing of fisheries data. The WCPFC was the first RFMO to be established after the Agreement was finalised and it embodies all of the key components of the Agreement.

But what of the key objective for fisheries management and the primary driver for the catching and harvesting of the tuna resources of the Pacific – namely the maximisation of value from that activity? How this might be achieved is not addressed in the institutional framework established by the Agreement or by the WCPFC Convention, which instead focuses on steps to ensure the ‘sustainability constraint’ is not exceeded while ignoring the primary influence on fishing activity – namely the objective of maximising value. In the context of the tuna fisheries of the WCPO the primary driver of fishing activity is the financial value of the resource – an international commodity for which demand is undoubtedly increasing. The fact that this key objective is not dealt with explicitly in the international instruments governing the use of the resource is one of the primary drivers for policy incoherence in the WCPO tuna fisheries.

Provisions relating to the rights and interests of developing states contained in both the Agreement and the WCPFC Convention require developed states to, among other things, assist developing states towards enhancing their domestic fisheries and towards enabling them to participate in high seas fisheries. In practice within WCPFC (as in other RFMOs) the focus of these provisions has been on funding for the participation of developing states in meetings of the Commission and on the establishment of a Special Requirements Fund to provide capacity building and technical assistance to developing state members, rather than on more far reaching consideration of how increased participation in and development of fisheries might be achieved by developing state members.

The economic objectives of both developed and developing state members with respect to fisheries inevitably carry over into the context of WCPFC and form a key component of those members’ positions on conservation and management measures. To the extent that developing countries are benefiting from access arrangements, and in some cases the benefits are considerable, the impact of measures on DWFNs can also influence developing country positions on conservation and management measures.

Within WCPFC, the competing economic objectives of developed fishing nations and developing coastal state members effectively amount to a battle for control of the resource and this continues to give rise to debate about the overall jurisdiction of the Commission vis-à-vis coastal states. Concerned to protect their sovereign rights over resources within their EEZs, many coastal state members refer to the WCPFC as the “high seas Commission” and approach discussions on the scope and influence of management measures and the Commission’s monitoring control and surveillance tools on this basis. Non-coastal state members are generally keen to see the Commission’s net cast wider in order to ensure that at the very least, the onus for ensuring compatibility between high seas and in-zone management falls on coastal states rather than on the Commission itself. Rather than a case of the tail wagging the dog, the debate at WCPFC still centres around which is which.

The WCPFC Convention goes further than other fisheries conventions in prescribing those factors that must be considered when the Commission is developing criteria for the allocation of the total allowable catch or the total allowable effort. The Convention has been hailed in this regard as having advanced further than other conventions in helping to evolve the critical issue of allocation. Unfortunately, in raising the issue of allocation to the fore within the text, the WCPFC Convention has generated and given real impetus to

“the race for fish”. In anticipation of progress, and eventually decisions, on allocation, the current incentive on WCPFC members is to maximise their potential slice of the pie – and the most obvious (although by no means certain) way of doing this is to catch more fish in the meantime.

Overfishing is already thought to be occurring for bigeye and yellowfin tuna, and both stocks are nearing BMSY. Already the Commission is making management decisions for these species that are having an indirect allocative effect - capping catch or effort by developed countries at certain average historical levels. All of these measures are characterised, however, by exemption provisions for developing Pacific Island countries and territories. While such exemptions have been necessary to secure the support of those countries for management measures they do little to stem the “race for fish” and instead create incentives for reflagging of DWFN vessels to developing country flags or the creative use of charter arrangements to meet domestic fleet definitions.

Understandably, the Convention text stipulates that explicit decisions on allocation by the Commission must be made by consensus. This means that decisions on allocation will not be made until all parties are comfortable with the outcomes. It also means that members approach the making of conservation and management measures from the point of view of what indirect allocative effect such measures may have on their own economic interests, rather than from the point of view of overall fisheries management objectives. Again, the prognosis is for poor fisheries management outcomes within the Commission which will ultimately jeopardise the contribution of fisheries to the achievement of development objectives within developing country members of WCPFC.

Access to fishing opportunities within EEZs

DWFNs seek to maximise the economic returns to their national fishing industries by securing fishing opportunities in the region, both in the high seas and within coastal state EEZs. Access to fishing opportunities within Pacific coastal state EEZs can be secured through access agreements, licensing and charter arrangements, and joint venture operations. Or even by reflagging of vessels to Pacific Island countries.

Access arrangements provide for DWFNs to fish in the waters of developing countries in exchange for an access fee. While access fees contribute significantly to the economies of many Pacific Island developing countries, this may be at the expense of domestic fisheries development – particularly if fish is not landed in the country or local crew are not employed on DWFN vessels. Impacts are increased if the costs to DWFN companies of accessing developing country EEZs is subsidised by the DWFN government. In such circumstances, developing countries are potentially disadvantaging their own fleets, and those of their developing state neighbours, by whittling away whatever competitive advantage may have accrued to domestic vessels with respect to in-zone fisheries. Other forms of subsidisation of developed DWFN fleets, such as subsidies for the building of fishing boats or subsidies on the cost of fuel, also directly impact on the competitiveness of developing state fishing ventures.

As noted by Clark (2006) in his paper for this Workshop, resolving problems with access agreements is difficult given problems of policy coherence that result from conflicting objectives. Clark goes on to emphasise that an analysis of the appropriateness of access arrangements from a developing country perspective must start with “a coherent updated, strategy or vision of the contribution that fisheries is expected to make to national sustainable development” and should incorporate an ecosystem approach that

takes account of “the interactions between different fishery components both above and below water”.⁷

Investment in onshore processing or other forms of domestic fisheries development may be a component of arrangements or agreements that provide for DWFN vessels to fish within the waters of a developing coastal state. While such arrangements can contribute to the fisheries objectives of both the developed and developing country partners, there are undoubtedly risks – particularly if developing country governments are drawn into investing public funds or underwriting such developments. While some developing countries in the region, for example Papua New Guinea and FSM, are well placed to capitalise on on-shore investments by DWFN partners, others do not have the necessary infrastructure or physical characteristics for successful on-shore fisheries development.

Of even greater concern is the link between fisheries access and development assistance in non-fisheries related areas. Unless such linkages are made completely transparent, the distortions that are created make any objective pricing and balanced consideration of fisheries access by the developing countries concerned impossible.

Poor governance

Weak governance within Pacific Island developing countries is a key contributor to poor fisheries development outcomes, and lack of attention to governance deficiencies is another factor that gives rise to policy incoherence for fisheries development. Many developing Pacific Island countries have outdated fisheries legislation, regulations and policies. Capacity within fisheries agencies to implement legislative frameworks and to coordinate policies and responses is also weak. Such governance weaknesses lead to problems in managing stocks sustainably, dealing consistently and transparently with DWFNs, the domestic implementation of WCPFC decisions, identifying and combating IUU fishing, collecting and analysing scientific data, and in national capacity to engage in fisheries negotiations.

In addition to governance in the fisheries sector, a range of wider governance issues impact on fisheries development including policy instability, taxation, immigration, investment insecurity, administrative blockages, corruption and poor government-industry dialogue. Institutions of government such as auditors, ombudsmen, and even an independent judiciary are taken for granted in developed countries. But their efficient functioning is crucial for sectors such as fisheries, and in many developing countries these institutions are either lacking or deficient. In such circumstances, development assistance targeted specifically at fisheries is unlikely to be put to best use, and access fee payments may fuel corruption rather than contribute to improvements in governance or achievement of development objectives.

The limited strategic policy capacity and resultant lack of clear specification of fisheries development objectives by individual developing countries or groups of countries means that Pacific regional organisations and donors can end up leading the development agenda rather than vice-versa. Regional organisations such as the FFA are inevitably drawn into the provision of generic assistance to member countries, and also provide an attractive focus point for larger donors (such as the Global Environment

7 . Clark, L. (2006), “Perspectives on Fisheries Access Agreements: Developing Country View”. Paper for OECD Workshop on Policy Coherence for Development in Fisheries, p. 21.

Facility or GEF) to attach development programmes. While such organisations and programmes can and do make significant development contributions, the lack of targeted assistance may mean that the overall benefit to an individual country is not as great as it might have been.

The challenge for providers of development assistance presented by the Pacific's tuna fisheries is how to provide assistance to individual countries that takes account of their particular circumstances, resource endowment, capacity and quality of governance while at the same time promoting development in a manner consistent with overall fisheries management objectives for these shared regional fisheries. In an ideal situation, donors would align development assistance around national and regional Pacific Island fisheries development plans, and those plans would be developed consistent with wider regional strategies for the achievement of overall fisheries management objectives in the region including within WCPFC.

In Search of Policy Coherence – New Zealand's Pacific Fisheries Strategy

In recognition of the challenges to policy coherence in New Zealand's approach to fisheries issues in the WCPO, relevant New Zealand government agencies have embarked on the development of a whole-of-government strategy for engagement on Pacific fisheries issues. Some background information on the nature of New Zealand's fisheries and wider regional interests in the Pacific is provided below by way of context. The paper then summarises New Zealand's Pacific Fisheries Strategy before going on to discuss two key policy areas that have been identified for further consideration in the context of the strategy.

New Zealand's tuna fisheries interests in the Pacific

As outlined above, New Zealand is one of two developed country members of the FFA and is an active supporter of the Agency as well as one of its principal donors. New Zealand is also a founding member of the WCPFC and played a significant role in the Multilateral High Level Conference that negotiated the Convention text, and the PrepCon process that laid the foundation for the establishment of the Commission.

New Zealand has important domestic fisheries for tuna that include a troll fishery for South Pacific albacore, a longline fishery that targets a mixture of albacore, bigeye, yellowfin, southern bluefin and pacific bluefin tuna as well as swordfish, and a summer/autumn purse-seine fishery for skipjack. New Zealand's EEZ lies at the southern end of the migratory path of the highly migratory species that fall under the jurisdiction of the WCPFC – which makes these fisheries prone to the impacts of fishing activity on the same stocks elsewhere in the Pacific, as illustrated by the impacts of widespread overfishing of southern bluefin tuna throughout its range on New Zealand's highly regulated but now dwindling fishery for that species.

In addition to our domestic fishery, a small number of New Zealand flagged vessels (both longliners and purse-seiners) also fish in the tropical waters of the Pacific including within the EEZs of Pacific Island countries. This makes New Zealand a DWFN albeit a very small one, as well as a coastal state in the fishery. New Zealand's four super-seiners, in particular, are in direct competition with other DWFN fleets, and domestically based Pacific Island fleets, in the surface fishery for skipjack.

Broader regional interests

New Zealand's location in the South Pacific gives rise to a wider set of regional interests and objectives beyond our fisheries interests. Auckland is often described as "the largest Polynesian city in the world" due to the large number of migrants from Pacific Island countries now settled there. New Zealand has constitutional relationships with Tokelau, Niue and the Cook Islands, an important and formalised historical relationship with Samoa, as well as strong associations with Tonga and Fiji.

Wider objectives in the Pacific centre around the promotion of regional stability through strengthening of the regional economy and regional security – with fisheries being a key component in the achievement of both these objectives. The New Zealand Agency for International Development has the elimination of poverty as the primary focus of its work in the Pacific and again fisheries is an important component of NZAID's activities. The New Zealand Defence Force is actively involved in aerial surveillance and maritime activities in the region including fisheries surveillance, and a range of government departments have active relationships with their counterparts in Pacific Island countries involving both capacity building initiatives and operational engagement.

Development of a New Zealand Pacific Fisheries Strategy

With such a broad range of interests and objectives, both fisheries related and broader, and both national and regional, the need for the development of a whole-of-government strategy encompassing the extent of the country's engagement on Pacific fisheries issues became evident. New Zealand's Pacific Fisheries Strategy was developed during 2005 and has recently been endorsed by Minister's for further consultation within New Zealand.

The strategy articulates the following "key outcome" as its starting point:

The Key Outcome New Zealand seeks is 'Sustainable development of Pacific fisheries resources'. This outcome seeks to maximise the economic, social and environmental benefits to Pacific Island countries, including New Zealand, from the ecologically sustainable utilisation of those resources.

This key outcome both derives from and feeds into a range of intermediate outcomes sought by the New Zealand Government (as expressed in the 'Statements of Intent' of relevant New Zealand Government Agencies⁸) including:

- Protecting and enhancing the Pacific aquatic environment
- Deriving economic value from the fisheries resource, contributing to the elimination of poverty in the Pacific
- Deriving economic value from the fisheries resource, contributing to economic growth and innovation in New Zealand
- Strengthening the rules-based system of international fisheries management

8. Statement of Intents (SOIs) are the internal strategic documents of New Zealand government departments, signed off by Ministers. SOIs provide stakeholders and the public with a strategic blueprint for the work of that department for the following 1-3 years.

- Promoting stronger and deeper regionalism
- Fostering security and good governance in our neighbourhood.

The strategy goes on to outline the key focus areas for New Zealand's engagement in Pacific fisheries issues over the next five years to address the key outcomes:

- Working to secure positive outcomes for the Pacific and for New Zealand from negotiations in the Western and Central Pacific Fisheries Commission (WCPFC), including the setting of sustainable catch levels, addressing the issue of allocation and establishing sound, enforceable management measures
- Strengthening the Forum Fisheries Agency (FFA), to consolidate gains of the past two years and ensure effective ownership of the FFA by its members and delivery by the Agency of effective policy advice on fisheries management and development
- Engaging with Pacific Island countries to assist the development of their inshore and oceanic fisheries and aquaculture by improving their governance, management and enforcement regimes
- Combating illegal, unregulated and unreported (IUU) fishing through better regional and bilateral regimes for fisheries compliance and enforcement, including surveillance
- Advancing New Zealand's fisheries interests for tuna in the Pacific, both within the EEZ and beyond the New Zealand EEZ.

New Zealand's Pacific Fisheries Strategy remains a high level document. The potential for conflict between lower level objectives is highlighted but not resolved – particularly between New Zealand's domestic fisheries interests, our distant water fishing activities and our broader interests in promoting fisheries development in Pacific Island countries for its contribution to regional security and economic stability.

The strategy highlights the potential need for trade-offs between lower-level objectives and these are to be addressed on a case-by-case basis under the framework established by the strategy. While such trade-offs are likely to be required in the future as we move closer to addressing issues such as allocation within WCPFC, the strategy also provides officials and Ministers with an analytical framework for the development of policy options that are consistent with more than one objective and reflect a balanced rather than a conflicted or contradictory approach.

As mentioned at the start of this section, the development of a whole-of-government Pacific Fisheries Strategy has helped identify key areas for more focused policy development – policies that seek to achieve the overall fisheries objective while balancing and making transparent trade-offs between lower level objectives when necessary. Two policy areas of significance for New Zealand's efforts to improve policy coherence for fisheries development in the Pacific are discussed below.

Policy coherence with respect to fisheries management objectives within WCPFC

The Pacific fisheries strategy will arguably have its most practical application in the context of WCPFC meetings where all of New Zealand's objectives must be brought to

bear on management decisions affecting the future management of the stocks. Both strands of fisheries management fall out of the strategy for pursuit at WCPFC – promotion of sustainable management of tuna stocks throughout their range including the setting of target stock levels; and taking a lead on the need to address the allocation issue as a pre-requisite to effective management, addressing the race to fish and creating the environment for rational fisheries development that contributes to the economies of developing states.

Taking action to ensure stocks do not become overfished will require the implementation of measures that are binding on both developed and developing members of WCPFC. Policy coherence for fisheries development therefore requires that the issue of allocation be resolved within WCPFC, and ideally, the advancement of allocation outcomes within the Commission that recognise the rights and interests of its developing members, including the sovereign rights of coastal states over fisheries resources within their EEZs regardless of catch history.

In combination with effective science, and strong decision rules within the Commission to respond to changes in stock status, resolving the issue of allocation will be the single biggest step the Commission will take to achieving policy coherence for fisheries development in the Pacific. Prior to allocation being addressed, the incentives on members within the Commission are based around maximising relative position and the “race for fish”. The likely consequences of this behaviour are overfishing, over-capitalisation in fisheries development, and dissipation of economic rent from the fishery. Once allocation has been achieved, incentives for members should shift to protecting that slice of the pie that is theirs, maximising the value that can be derived from that allocation, and seeking ways of cooperating with other members for mutual benefit.

Critical to achieving policy coherence for fisheries development in the context of WCPFC is the advancement of allocation outcomes that further the fisheries development aspirations and interests of developing state members. As discussed earlier in the paper, the obligation to further the interests of developing countries is a critical component of UNCLOS, the Agreement, and of the WCPFC Convention itself. The application of these provisions to issues such as allocation would be a tangible and pragmatic way of giving effect to those obligations, and would provide a meaningful compliment to the trust funds established to cover participation at meetings, technical assistance and capacity building.

Without doubt, negotiations over allocation within WCPFC will be protracted and difficult. Options that recognise existing interests in the fishery, including DWFN interests, but that facilitate a compensated exit for less efficient fishing fleets over time and that enable developing coastal state members to exploit whatever comparative advantage they may have, would contribute greatly to resolving fisheries policy coherence issues within the Commission and in the region generally. The challenge here is for developed countries to reconcile the conflict that exists between their own fisheries interests and their development objectives for developing country members of the Commission.

In the interests of advancing a discussion on allocation options within WCPFC, New Zealand put forward a proposal in 2005 calling for the Secretariat to develop a discussion paper on allocation for consideration at the third meeting of the Commission to be held in December 2006. This proposal was supported by the Commission. Advancing allocation within WCPFC is identified in New Zealand’s Pacific Fisheries Strategy as a central component of New Zealand’s strategy to be pursued in that forum. To the extent that

allocation will provide certainty and transparency for the making of fisheries management decisions within WCPFC it is consistent with all of the lower level objectives contained within the Pacific Fisheries Strategy including advancement of New Zealand's fisheries interests in the Pacific region. The importance of addressing allocation in the context of RFMOs is a policy issue that should also be addressed in the review of the UN Fishstocks Agreement that commences this year.

Policy coherence for fisheries development within Pacific Island countries

Improvements in governance

The Pacific Fisheries Strategy identifies engagement at both the regional and bilateral level to seek improvements to fisheries governance in the Pacific – regionally through New Zealand's engagement at FFA/FFC as well as through wider regional initiatives such as the Pacific Plan, and bilaterally through targeted co-operation and capacity building with individual countries.

The Strategy sets out New Zealand's policy approach to its engagement with FFA and FFC with a focus on strengthening the governance arrangements of the Agency to enable it to effectively deliver on its mission and vision. As the pre-eminent provider of policy advice to FFA members with respect to fisheries, the FFA has a central role to play in securing fisheries development outcomes in those countries. To do this effectively requires an overall vision for fisheries management and development throughout the region as well as the ability to provide individual countries with tailored advice based on their particular circumstances and resource endowment.

At national level, New Zealand's Agency for International Development (NZAID) has established institutional strengthening projects with fisheries departments in the Solomon Islands and the Cook Islands. These are comprehensive multi-year projects designed to build effective fisheries management capacity within those organisations. At the same time, the New Zealand Ministry of Fisheries is seeking to build on the relationships it has developed with its counterparts in the Pacific with the establishment of co-operation arrangements that provide for capacity building and co-operation around the achievement of common objectives. Central to work in this area is the facilitation of corporate and strategic planning by national fisheries administrations.

Co-operation between Pacific Island countries

Co-operation between Pacific Island countries has played a huge role in advancing the interests of those countries with respect to fisheries. "Strength through co-operation" is the motto of the FFA, and the Agency and its members have achieved significant regional and international successes with respect to fisheries in the past – notably the negotiation of the Multilateral Treaty on fisheries access with the United States, the establishment of a regional register and VMS for foreign fishing vessels, and the active participation of FFA members in the negotiation of the WCPFC Convention including the achievement of objectives within those negotiations.

That co-operation must mature and be taken to another level if national and regional fisheries development objectives are to be achieved and sustained over time. As outlined in the earlier discussion of policy incoherence in the region, the current incentives created by WCPFC are for rapid expansion of investment in the region's fisheries – in both the

catching and processing sectors. Much of this expansion is taking place at national level within a policy vacuum – not only with regard to the economic sustainability of such developments, but also their impacts on fish stocks and the associated development interests of other Pacific Island countries⁹.

A number of papers have been written on the potential benefits to Pacific Island coastal states from closer co-operation in the management of the region's shared tuna resources. Common elements are the potential economic benefits from limiting access and harvesting opportunities and the allocation of transferable fishing rights to fishing industry participants to encourage efficiency and the rationalisation of fishing effort, and the benefits of co-operation at all levels of the supply chain – catching, processing, marketing, and transportation of product to market. These essays are valuable contributions to the discussion of policy coherence for fisheries development in the Pacific.

The challenge for developed and developing country participants alike is how to implement such ideas in practice. As pointed out by Parris and Grafton (2005), although all countries could be made better off through co-operation, obtaining agreement for such co-operation would require that every country be at least as well off with co-operation and this would likely require side-payments from winners to losers, as well as barriers to entry for new participants. While the barriers to co-operation are high, including the issues of governance and capacity outlined above, the building blocks for co-operation between Pacific Island countries are already in place in the shape of the FFA and the wider Pacific Forum.

Advancing policy options in pursuit of increased co-operation between Pacific Island countries with respect to fisheries development will be a central component of New Zealand's policy interventions in this context. Again, this approach is consistent with all of the lower level objectives contained within New Zealand's Pacific Fisheries Strategy.

Conclusion

Policy coherence for development in fisheries is an exercise in good fisheries management practice. While the objective of fisheries development is to maximise the value to developing countries from the development of their fisheries, such development must take place within environmental constraints to ensure sustainability of fish stocks and protection of the marine environment. It must also take account of all the actors involved in exploiting a fishery, and the incentives at work within the particular policy context, in order for management interventions to be successful.

The barriers to achievement of robust and sustainable outcomes through development of fisheries within developing countries are considerable and include capacity constraints and poor governance, both over fisheries and with respect to wider institutions of government. These barriers are magnified in the context of shared fisheries such as the highly migratory tuna stocks of the western and central Pacific Ocean where both

9. An exception is the Vessel Days Scheme (VDS) being implemented by the Parties to the Nauru Agreement (PNA), a sub-regional grouping of FFA member countries with a direct interest in the tropical purse-seine fishery for skipjack. The VDS seeks to increase returns to PNA members from the selling of 'fishing days' for fishing within their waters, as well as create incentives for further domestication of catch and processing sectors. While progress has been made on addressing the issue of allocation between PNA members, as currently structured the VDS still falls short of allocating fishing rights to fishing vessels or companies and so fails to provide the necessary certainty and incentives for rationalising investment in the fishery.

developed fishing nations and developing coastal states are all involved in fishing for the same stocks, both within EEZs and on the high seas. In this context, competing objectives between developed and developing countries pose the biggest challenge for policy coherence. Capacity and governance weaknesses make addressing policy incoherence more difficult since the setting of clear policy objectives at national level and the making of transparent trade-offs between objectives are a key prerequisite to achieving policy coherence.

Incentives created by international instruments work against the achievement of policy coherence between management and development objectives. The WCPFC has a critical role to play in the achievement of policy coherence for the development of fisheries in the Pacific – particularly as it provides the setting for co-operation between all relevant players on management of the region's tuna stocks. However, until the issue of allocation is resolved, the incentives on both developed and developing members of the Commission are to maximise their own economic benefits from exploitation of the stocks and are not aligned with achieving good fisheries management outcomes overall. In this respect, the behaviour of members of the Commission can be compared with those of companies competing for a share of fisheries resources in a national context. In the absence of strong governance over fisheries, and the security and certainty engendered by the allocation of fishing rights, companies will compete for shares of an ever-decreasing pie leading to over capitalisation, dissipation of economic rent and to overfished stocks – a situation only too apparent with respect to fisheries development in a number of Pacific Island countries.

The development of a whole-of-government Pacific Fisheries Strategy in New Zealand is a deliberate step to clarify objectives for New Zealand's engagement on fisheries issues in the Pacific. It has provided a useful tool for identifying and addressing policy incoherence at the national level, and in our engagements with Pacific Island countries and in the WCPFC. The central themes behind the development of the strategy are transparency, consistency of approach, alignment of objectives, and the creation of certainty – all of which have universal application in addressing policy coherence and are relevant both within WCPFC and within developing country administrations.

In the case of the highly migratory fish stocks of the WCPO the alignment of fisheries management and development objectives, and the creation of transparency and certainty, will require co-operation – co-operation between developed and developing states, and between national administrations and fishing industry participants. Forums for co-operation exist in the shape of FFA and WCPFC. Achieving co-operation in those forums will require strong leadership, vision, good governance and a good understanding of the relationship between fisheries management and fisheries development.

Recognising the perverse incentives at work within regional fisheries management organisations such as WCPFC, and taking steps to address these (for example through allocation) will be an important step in moving forward. A more far-reaching challenge would be to broaden the fisheries management objectives and governance arrangements of regional fisheries management organisations to include the objective of maximising value to members, thereby aligning conservation and development objectives in the one body – and effecting what would be a significant step towards achieving policy coherence for the development of shared fisheries such as the Pacific's tuna fisheries.

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ANNEX A

BIOGRAPHIES OF EXPERTS AND AUTHORS

Kiyo **AKASAKA**'s (OECD, Office of the Secretary General) responsibilities as Deputy Secretary General of the OECD include: Development, Environment, Sustainable Development and partnerships with other international and regional organisations. Prior to the OECD he was Consul-General of Japan in Brazil and Japan's Ambassador to the United Nations. He has held posts at the Secretariat of GATT, now the WTO, and at the World Health Organisation. He was Deputy Director-General in the Japanese Foreign Ministry's Multilateral Co-operation Department and participated as one of his country's top negotiators in the Kyoto Conference on Climate Change.

Ambassador Gun-Britt **ANDERSSON** (OECD, Ambassador for Sweden) took up her duties as Permanent Representative to the OECD in 2003. From 1992 until 1994, Mrs. Andersson worked as Director of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) Operations in the West Bank. In 1994, she became State Secretary for Social Security in the Ministry of Health and Social Affairs, a post she held until 1996. Thereafter, she occupied the post of State Secretary for Migration and Asylum Policy in the Ministry for Foreign Affairs. In 1999, Mrs. Andersson became State Secretary for Development Co-operation, Migration and Asylum Policy, a post she held until her appointment as Permanent Representative of Sweden to the OECD. Prior to these responsibilities, Mrs. Andersson worked in various functions related to development assistance.

George **CARNER** (OECD, United States Delegate to the Development Assistance Committee) has thirty years of experience as a political, economic and social development strategist and fifteen years as a senior executive with the United States Agency for International Development (USAID), serving overseas in Asia, Middle East, Africa and Latin America. With USAID he has managed complex foreign assistance programs and directing large, field-based organisations in post conflict and transitional societies. He is currently the US Delegate to the Development Assistance Committee and was Co-chair of the Workshop on Policy Coherence for Development in Fisheries.

Les **CLARK** (Ray Research, New Zealand) has worked for 25 years in fisheries development and management in Africa, the Caribbean, the Middle East and the Pacific.

Simon **CRIPPS** (WWF International, Switzerland) is the Director of WWF's Global Marine Programme which works in more than 40 countries. The programme focuses on protected areas and sustainable fisheries. He joined WWF International about five years ago, moving from Norway. He has worked for conservation, government, academic and independent organisations on a variety of domestic and international projects, based in Switzerland, UK, Sweden and Norway. After a BSc Biology, MSc Oceanography and

PhD in Aquaculture Engineering, he has worked with applied environmental protection issues, including species conservation, pollution control, wastewater treatment, protected areas, fisheries management and marine governance. Trained in communications and management, he has a commercial sector background, having worked as a consultant and research scientist within the oil, fish-farming and wastewater treatment industries, as well as a short period as a commercial fisherman. He has a strong interest in the management and conservation of the high seas.

Fabrizio **DONATELLA** (EU, DG Development) has worked since 1994 in several offices within the European Commission dealing with external relations and development policy was involved in some international negotiations and was part of the negotiation team set up at the Commission for the EU-ACP co-operation agreement signed in Cotonou in 2000 and which replaced Lomé convention IV. In 2003, Fabrizio Donatella joined the directorate-general for fisheries and worked on the implementation of the fishing communitarian agreements reform with developing countries. After being involved during 2 years in the management of the fishing agreement between EC and Mauritania, the most important in the economic and budgetary field, he is now working on the coordination of the negotiations of those bilateral agreements, and their local implementation. He is also taking part in the negotiation for some of them, especially in Africa and in the Pacific Ocean.

Otto Thomas **GENEE** (Ministry of Foreign Affairs, Netherlands) is Director, Policy Coherence Unit, Ministry of Foreign Affairs. His prior assignments include Deputy Permanent Representative to WTO, Geneva; Chairman of the Preparatory Committee and the General Assembly of the Advisory Centre on WTO Law; Chairman of the WTO Committee on Technical Barriers to Trade; Deputy Head of the Trade Policy Division of the Ministry of Economic Affairs, responsible for the Uruguay Round negotiations; Technical advisor to the Netherlands Antilles, based in Curaçao, responsible for foreign economic relations and macro economic policy; Senior staff officer, Commodities Division of the Ministry of Economic Affairs, responsible for general commodity matters and specific international commodity organizations; Chairman of the Council of the International Tropical Timber Organization (ITTO); Staff officer at the Multilateral Policy Division of the MFA, dealing with UNCTAD, OECD/DAC, World Bank and debt matters. He holds master's degrees in international economics and international law.

Bjørn **HERSOUG** (Professor, University of Tromsø, Norway and fisheries consultant, NORAD) has been the rector of The Norwegian College of Fishery Science and has been involved with fisheries management in Norway as well as in Africa, Asia and Latin. For the time being he is doing research on fisheries and aquaculture management in Chile. Hersoug has published extensively on Norwegian fisheries as well as fisheries in many developing countries. His latest publications include: *Reconstruction and development in the South African fishing industry* (Eburon 2002) and *Fisheries development. The institutional challenge* (Eburon 2004) (together with Svein Jentoft and Poul Degnbol) and *Closing the commons. Norwegian fisheries from open access to private property* (Eburon 2005).

Ken **HEYDON** (OECD, Trade Directorate) has recently retired from his post of Deputy Director of the Trade Directorate at the OECD. Prior to this appointment, he was Head of the Trade Policy Linkages and Strategies Division in the Trade Directorate. He has also worked on previous occasions at OECD, in both the Trade Directorate and the Development Co-operation Directorate – in both cases working on the trade interests of developing countries. Before his most recent move to the OECD, Ken Heydon was Deputy Director-General of the Office of National Assessments in Canberra, providing advice to the Prime Minister on international economic, political and strategic developments. He has extensive experience within the Australian bureaucracy having held economic policy and trade advisory positions in the Treasury, the Department of Foreign Affairs and Trade, and the Prime Minister's Department. He has been closely involved in various GATT Rounds and in the development of APEC. Earlier in his career he spent two years as Principal Private Secretary to former Prime Minister Malcolm Fraser.

Matthew **HOOPER** (Ministry of Fisheries, New Zealand) is a Senior International Adviser at the Ministry of Fisheries in Wellington where he has worked since 1996. His primary area of responsibility is New Zealand's involvement in Pacific regional fisheries issues including engagement with developing Pacific Island countries on management of the Pacific tuna fishery. He is closely involved in the work of the Pacific Islands Forum Fisheries Committee and currently heads New Zealand's delegation to the Western Central Pacific Fisheries Commission. Prior to his involvement in Pacific fisheries, he worked extensively on indigenous rights and Treaty settlement issues within New Zealand.

Ulrich **KLEIH** (Economist at University of Greenwich, United Kingdom) has joined the Natural Resources Institute at the University of Greenwich in 1992. He works as a Principal Scientist / Marketing Economist in the Enterprise, Trade and Finance Group. In the last few years he has contributed to several major assignments related to fisheries trade, particularly the implications of fish trade liberalisation for developing countries, and Sustainability Impact Assessment (SIA) of proposed WTO negotiations – fisheries sector study.

Stephen Mbithi **MWIKYA** (Executive Officer AFIPEK, Kenya) is the Executive Officer of the Kenya Fish Processors and Exporters Association (AFIPEK), a position he has held since 2001. Dr Mbithi has extensive experience on fisheries trade, especially in the African, Caribbean and Pacific countries. He has undertaken major consultancies for several international organizations especially in the fields of trade and sanitary and phytosanitary standards (SPS). He has a PhD in industrial food processing and marketing

from University of Ghent, Belgium, and has postdoctoral training in fisheries from Yokohama International Centre (YIC), Japan.

Papa Gora **NDIAYE** (Programme Officer on fisheries at Enda Prospectives – Dialogues Politiques, Sénégal) and Coordinator of REPAO (Network on Fisheries in West Africa). In 2004, he graduated in Econometric and Applied Modelling from the National School for Applied Economy of Dakar. From 2000-2001, he participated in a national study on non-formal education in Senegal under the aegis of UNESCO. From January 1999 to September 2002, he was the Executive Secretariat Assistant of NGIO ENDA, Senegal where he was in charge of relations with partners of development programmes.

Gerardo Enrique **NIETO** (Undersecretary of Fisheries and Aquaculture, Ministry of Economy and Production, Argentina) holds the post of Undersecretary of Fisheries and Aquaculture and is also Chair of the Federal Fisheries Council. Previously he was Undersecretary of Fisheries and Port Activities for the Province of Santa Cruz, Argentina. In the past he has held posts as Director of Trade and Industry, Director of Foreign Trade, Secretary of Public Management, Secretary of Tourism and Minister of Economy and Public Works before his positions in the fisheries sector.

Pilar **PAREDES** (Head, Fisheries Sector, General Directorate for Foreign Trade, Spain) has been a member of the Foreign Trade Inspection, Certification and Technical Assistance Corps since 1991. First, she worked as Quality Inspector of Foreign Trade and since 1994 as inspector of the Management Authority of Spain of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). In 2005 she joined the General Directorate for Foreign Trade in Agricultural Food Products as Head of Fishery Area.

Robert **PICCIOTTO** (Visiting Professor, King's College, London, United Kingdom) studied aeronautical engineering in France and economics and public affairs at Princeton University in the United States. His career in development spans over 40 years. He was appointed Vice President for Corporate Planning and Budgeting in 1989 and selected for the position of Director-General, Evaluation of the World Bank Group in 1992. Following his retirement in 2002, he set up the Global Policy Project, a London-based voluntary network aimed at enhancing policy coherence for development in rich and poor countries. Over the past three years, he has served as a senior adviser to the Council of Europe Development Bank, the Asian Development Bank, the African Development Bank, the UNDP, the IFAD, the OECD and the DFID of the United Kingdom. He currently holds the position of Visiting Professor at Kings College, London and serves as a trustee of the Oxford Policy Institute. He sits on the council of the United Kingdom Evaluation Society and is an active member of the European Evaluation Society. Robert Picciotto has published widely on evaluation and development topics.

Jan **POKORNY** (ENKI, Wetland Training Centre, Czech Republic) has a research background. He is a hydrobiologist and comes from a region in the Czech Republic where there is a long tradition of fishponds and fishpond management.

Jean-François **PULVENIS DE SELIGNY** (FAO, Director, Fishery Policy and Planning Division, FAO) is a lawyer by training, specialized in the Law of the Sea. Since August 2002, he has been Director, Fishery Policy and Planning Division, Fisheries Department (FAO); previously officer in the Venezuela Ministry of External Relations, with the rank of ambassador since 1985; participated in the negotiations leading to UNCLOS, Agenda 21, UNFSA, the GPA, the FAO Compliance Agreement, the Code of Conduct for Responsible Fisheries and its related IPOAs. Venezuelan Commissioner in the Inter-American Tropical Tuna Commission (IATTC) until 2002; chaired the Commission in 2000-2001 and the negotiations leading to the adoption of the Antigua Convention in 2003; head of delegation in ICCAT. University of Nice, France : Diplôme d'Etudes Supérieures (Droit public) (1972) (Award, Académie de législation et de droit comparé, (Toulouse, France) ; Diplôme d'Etudes Approfondies du Droit du Développement (1971)

Lori **RIDGEWAY** (Chair, Department of Fisheries and Oceans, Ottawa) is Director General of the Economic and Policy Analysis Branch in the Canadian Department of Fisheries and Oceans. She has been head of Delegation to numerous international meetings including the FAO, WTO, APEC Ocean Ministerial meeting in 2002. Ms. Ridgeway is the Chair of the OECD Committee for Fisheries a post she held from 2000 to 2006.

David **SCHORR** (Fisheries Expert and independent Consultant, Washington D.C) He has expertise in fisheries and in issues surrounding globalisation and the environment. From 1993 until 2002, he directed WWF's Sustainable Commerce Program, with its focus on the environmental aspects of international trade and investment policies. Since leaving WWF's staff in 2002, he has continued to serve as a Senior Fellow to WWF and has to guide WWF's global initiative on fishing subsidies. Prior to joining WWF, he practiced law in Washington, D.C., specialising in the representation of developing country governmental clients on international legal and political matters. He lived and worked in Europe as a nuclear weapons policy analyst and is coauthor of *How Nuclear Weapons Decisions Are Made*. A graduate of the Yale Law School and of Oberlin College, He has taught as a member of the adjunct faculties at the Georgetown University Law Center and at the American University Washington College of Law.

Jean-Yves **WEIGEL** (Fisheries Economist and research director at Institut de Recherche pour le Développement (IRD), France) He has led many research programs on developing countries' fisheries in West Africa and South East Asia. He has recently coordinated a research program focused on West African marine protected areas for the European Union Commission (DG Research).

Marilyn **WHAN-KAN** (Economist, Ministry of Finance and Economic Development, Republic of Mauritius). She holds a Masters in Applied Economics from the University of Mauritius (Mauritius) and has recently obtained a "Mastère" in Economic Policy Management from CERDI, University of Auvergne (France), after being awarded a scholarship from the World Bank. Her main areas of specialisation are international trade, aid and technical assistance to developing countries, industry, sustainable development, and poverty reduction in developing countries.

Jane **WILLING** (Director, International Fisheries, Ministry of Fisheries, New Zealand) Background in Public Policy reform in New Zealand government in areas as diverse as anti-nuclear legislative frameworks, Defence strategy and the Settlement of indigenous people claims. She is currently responsible for coordinating New Zealand's fisheries strategy in multilateral negotiations.

Nobuyuki **YAGI** (Deputy Director, Processing Industries and Marketing Division, Fisheries Agency, MAFF, Japan) Japan where he is responsible for the issues related to trade in fishery products and fisheries subsidies at APEC, FAO, OECD, WTO and for bilateral FTA negotiations. He also represented his country at the recent WTO dispute settlement panel meetings on marine products in 2005. Mr. Yagi has been a member of the Bureau of the OECD Fisheries Committee since 2003.

ANNEX B

LIST OF PARTICIPANTS¹

Co-Chairs	Ms. Lori RIDGEWAY Chair, OECD Committee for Fisheries Director General Fisheries and Oceans Canada OTTAWA, Ontario K1A 0E6 Canada Mr. George CARNER Vice Chair of DAC US Representative to the DAC Permanent Delegation of the United States to the OECD
Australia	Mr. Roland PITTAR Minister-Counsellor (Agriculture) Permanent Delegation of Australia to the OECD Ms. Joanne FREDERIKSEN Adviser (Development Co-operation) Permanent Delegation of Australia to the OECD
Austria	Ms. Christa BAUER Counsellor for Agriculture Permanent Delegation of Austria to the OECD
Canada	Ms. Kelly MOORE International Policy Analyst Fisheries and Oceans Canada Mr. Stuart CARRE Counsellor Permanent Delegation of Canada to the OECD M. Pierre GIROUX Counsellor Permanent Delegation of Canada to the OECD

1. This list does not include the experts and authors of the Workshop. However, they can be found under Annex A where short biographies are included.

Czech Republic

Mr. Jiří PONDELICEK

Director
Ministry of Agricultural
Department of Fisheries, Game Management and Beekeeping

Mrs. Martina MOTLOVA

Counsellor
Permanent Delegation of the Czech Republic to the OECD

Mr. Michal KAPLAN

Third Secretary
Permanent Delegation of the Czech Republic to the OECD

Denmark

Mr. Lars CLINK

Executive Advisor
Ministry of Food, Agriculture and Fisheries
Directorate for Food, Fisheries and Agri Business

Mr. Mads Ranbøll WOLFF

Attaché
Permanent Delegation of Denmark to the OECD

Finland

Mr. Kimmo NÄRHINEN

Counsellor
Permanent Delegation of Finland to the OECD

France

Mme Delphine LEGUERRIER

Chargée de mission Affaires internationales
Ministère de l'Agriculture et de la Pêche
Département des Pêches maritimes et de l'Aquaculture (DPMA)
Bureau de la ressource, de la réglementation et des affaires
internationales

Mme Servane GILLIERS VAN REYSEL

Chargée de mission
Ministère de l'Agriculture, la Pêche et l'Alimentation
S/Direction des pêches maritimes

Germany	Mr. Ulrich FASSBENDER Head of Unit Federal Ministry of Food, Agriculture and Consumer Protection
	Mr. Peter JARCHAU Project Coordinator Federal Ministry for Economic Co-operation and Development
	Dr. Uwe SCHOLZ Fisheries Officer Deutsche Gesellschaft für technische Zusammenarbeit Agriculture, Fisheries and Food
Iceland	Mr. Jon Erlingur JONASSON Counsellor Ministry for Foreign Affairs
	Mr. David Olafur INGIMARSSON Economist Ministry of Fisheries
Ireland	Mr. Earnan O'CLEIRIGH Senior Development Specialist Development Co-operation Ireland
Japan	M. Jiro HASHIMOTO Counsellor Délégation Permanente du Japon auprès de l'OCDE
	Mr. Mitsuaki SHINDO First Secretary Permanent Delegation du Japon auprès de l'OCDE Agriculture, Forestry and Fisheries
Korea	Mr. Yang-Soo KIM Director Ministry of Maritime Affairs and Fisheries International Co-operation Office
	Dr. Jung-Hee CHO Associate Research Fellow Korea Maritime Institute (KMI)
	Mr. Chan-Woo KIM Counsellor Permanent Delegation of Korea to the OECD, Environment

Mexico**Mr. Luis Miguel LOPEZ - MORENO**

General Director for Fisheries and Aquaculture Policies
National Commission for Fishing and Aquaculture

Mr. Ricardo BELMONTES

Direcotr, International Fisheries Affairs
National Commission for Aquaculture and Fisheries

Netherlands**Mrs. Ytha KEMPKES**

Senior Policy Advisor
Ministry of Foreign Affairs Netherlands

Ms. Gieta MAHABIR

Advisor Fisheries
Ministry of Agriculture, Nature and Food Quality

M. Reinder SCHAAP

Co-ordinator of External fishery policy
Ministry of Agriculture, Nature and Food Quality of the Netherlands

M. Ancel VAN ROYEN

Counsellor
Permanent Delegation of the Netherlands to the OECD

New Zealand**Mr. Matthew HOOPER**

Senior International Adviser
Ministry of Fisheries

Norway**Mr. Jan Frederik DANIELSEN**

Deputy Director General
Ministry of Fisheries and Coastal Affairs

Ms. Kirsten BJØRU

Senior Adviser (Fisheries)
Norwegian Agency for Development Co-operation - NORAD

Ms. Brit FISKNES

Senior Adviser (Fisheries)
Norwegian Agency for Development Co-operation - NORAD

Portugal**M. Pedro LIBERATO**

Counsellor
Permanent Delegation of Portugal to the OECD

Slovak Republic**Ms. Denisa MEDVEDOVA**

Third Secretary
Permanent Delegation de la République Tchèque auprès de l'OCDE

Spain**Mrs. Carmen ASENCIO**

Under Deputy Secretary of International Affairs
Ministry of Agriculture, Fisheries and Food

Ms. María Isabel ARAGÓN

Head, Department of Fisheries Trade
Ministry of Agriculture, Fisheries and Food
General Secretariat of Maritime Fisheries

Mr. Ramón FRANQUESA ARTES

Counsellor
University of Barcelona
Cabinet of Economic and Ocean Affairs

M. Vicente FLORES REDONDO

Counsellor, Agriculture, Fisheries and Food
Permanent Delegation of Spain to the OECD

Miss Laura PÉREZ ALVAREZ

Attachée
Permanent Delegation of Spain to the OECD

Sweden**Mrs. Gun-Britt ANDERSSON**

Ambassador, Permanent Representative
Permanent Delegation of Sweden to the OECD

Mr. Rolf AKESSON

Deputy Director
Ministry of Agriculture & Fisheries

Mr. Mikael CULLBERG

Principal Officer
Swedish Board of Fisheries

Ms. Kajsa HALLBERG

Trainee
Permanent Delegation of Sweden to the OECD

Mrs. Kristin PÅLSSON

Counsellor
Permanent Delegation of Sweden to the OECD

Turkey

Dr. Hayri DENIZ

Director, Marine Aquaculture Section
Fisheries Department
Ministry of Agriculture and Rural Affairs

Mr. Sevki EMINKAHYAGIL

Deputy Permanent Representative
Permanent Delegation of Turkey to the OECD

United Kingdom

Mr. Andy GOODWIN

Economic Adviser -- Fisheries Policy
DEFRA

Mr. Tim BOSTOCK

Senior Fisheries Advisor
DFID, Policy Division

United States

Dr. Rebecca LENT

Director, Office of International Affairs
NOAA Fisheries

Mr. Greg SCHNEIDER

Senior International Trade Specialist
NOAA Fisheries

Mrs. Kate VON HOLLE

Foreign Affairs Officer
Office of Marine Counsellor
State Department

Mrs. Helen RECINOS

Advisor for Trade Policy and Agriculture
Permanent Delegation of the United States to the OECD

EC**M. Antonio FERNANDEZ-AGUIRRE**

Policy Desk Officer
DG FISH B-1

Ms. Ursula HONICH

Economic and Trade Affairs Manager
DG Trade

Mr. Alberto SPAGNOLLI

Head of Unit, Economic Analysis
DG Fisheries and Maritime Affairs

Mr. Erik LINDEBO

Economist
European Commission
DG Fisheries and Maritime Affairs

Miss Claire CHRETIEN

Stagiaire
Permanent Delegation of the EC to the OECD

Observer Countries

African Union Commission	Mr. Edson MPYISI Head of Food Security and Agriculture Division Ethiopia
Argentina	Mr. Juan IRIARTE VILLANUEVA Director Ministry of Foreign Affairs and International Trade Special Economic Affairs Mr. César Alberto FAES Secretary Embassy of Argentina in France
Chinese Taipei	Mr. Chi-Hsiang HU Chief Fisheries Agency Council of Agriculture Taipei Mme Anne CHOW Director Taiwan Economic Delegation 75116 Paris M. Tsung-Yi CHEN Commercial Attaché Taiwan Economic Delegation 75116 Paris M. Léon Hsiao-Yin WU Commercial Attaché Taiwan Economic Delegation 75116 Paris
Thailand	Dr. Adisorn PROMTHEP Minister counsellor (Agriculture Mission of Thailand to the European Community Brussels, Belgium

International Organisations

World Bank	Mr. Lidvard GRONNEVET Senior Fisheries Specialist The World Bank Environment Department
	Mr. Kieran KELLEHER Senior Fisheries Specialist The World Bank Agriculture and Rural Department
	Mrs. Eriko HOSHINO Consultant The World Bank Agriculture and Rural Department
Trade Union Advisory Committee (TUAC)	Ms. Katie HIGGINBOTTOM Administrator ITF London
U.N. Food and Agricultural Organization (FAO)	Mr. Angel GUMY Senior Fishery Planning Officer, Development Planning Service, Fishery Policy and Planning Division, Fisheries Department
	Dr. Audun LEM Fishery Industry Officer Fishery Industries Division
	Mr. Benoit HOREMANS Programme Coordinator Sustainable Fisheries Livelihoods Programme
	Mr. Rolf WILLMANN Senior Officer Fisheries Department
European Free Trade Association (EFTA)	Mrs. Merete FAGERHAUG Officer, Third Country Relations European Free Trade Association (EFTA) Geneva, Switzerland

International Organisations (cont.)

UNEP	Mr. Charles ARDEN-CLARKE Administrator, DTIE Paris
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WorldFish Center	Dr. Simon HECK Senior Scientist WorldFish Center Cairo, Egypt
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Non Governmental Organisation

Seafood Importers and Processors Alliance (SIPA)	Mr. Poul Melgaard JENSEN Senior Officer Seafood Importers and Processors Alliance (SIPA)
---	---

WWF International	Ms. Sian OWEN People & Nature Initiative, Global Marine Programme
--------------------------	---

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Sahel and West Africa Club

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Socio economist, Medium and Long-Term
Development Perspectives Unit,
Sahel and West Africa Club

M. Remi PARIS

Principal Administrator
Development Co-operation Directorate

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Fisheries Economist, Fisheries Division
Directorate for Food, Agriculture and Fisheries

Ms. Jenny HEDMAN

Consultant
Development Co-operation Directorate

Mr. Thomas BINET

Junior Consultant, Fisheries Division
Directorate for Food, Agriculture and Fisheries

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The Development Dimension

Fishing for Coherence

PROCEEDINGS OF THE WORKSHOP ON POLICY COHERENCE FOR DEVELOPMENT IN FISHERIES

Policy coherence entails the application of mutually reinforcing policies across government departments to achieve objectives consistent with internationally agreed development goals. The current fisheries situation poses particularly interesting issues of policy coherence, both in terms of ensuring sustainable and responsible fisheries and with regard to the major importance of developing countries as suppliers of fish to OECD markets.

Some 500 million USD are spent annually on fisheries development projects. Concurrently, fisheries access agreements and trade policies are sometimes applied in ways that dampen developing countries' ability to benefit fully from their rich marine resources. Also, many development projects do not pay sufficient regard to the sustainability issues that are a key for the future of the fishing sector. The fisheries sector is a central sector for poverty reduction in many developing countries. Analysis of these issues is novel and offers important insights into how the development and fisheries policy communities can advance their future co-operation to ensure sustainable and responsible fisheries.

This publication is a compilation of papers and records of the Workshop on Policy Coherence for Development in Fisheries, hosted by the OECD's Committee for Fisheries and Development Assistance Committee in Paris 24-25 April 2006.

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