Theme 5

Sub-theme 5.2 Trade Facilitation/Supply Chains

International Trade: Challenges for Small-scale Fishers in the ASEAN Region

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“Indeed, the objective of establishing the ASEAN Economic Community (AEC) by 2015, as mentioned in a declaration signed by ASEAN leaders in January 2007 in Cebu Summit, is to present this region of about 530 million people to the global community as a single market and production base with a free flow of goods and services and relatively free flows of capital and labour.”


1. Introduction

The Encyclopaedia Britannica defines international trade as “economic transactions that are made between countries”. Merchandise trade forms a significant part of these economic transactions. International trade in fish and fishery products in the ASEAN region dates back to the 18th century when species associated with the coral reefs such as sea cucumber were traded with itinerant Chinese traders (Butcher, 2004). The products of the sea that were traded from the region in the 19th century included salted roe of shad, swim bladders of fish, shark fin and oil, squid, and seahorses (Butcher, 2004). Small-scale fisheries thus have a long tradition in international trade in fish and fishery products even before the mechanization of fishing vessels in Asia in the 20th century.

Fish is now the most heavily traded food commodity and the fastest growing agricultural commodity on international markets (World Bank, 2005). The global export of fish and fishery products reached US$102 billion in 2008. The share of fish production in live weight equivalent entering international trade has increased from 26 percent in 1976 to 39 per cent in 2008 (FAO, 2010). This is attributed mainly to increasing consumption of seafood, trade liberalization policies, globalization of food systems and technological innovation (FAO, 2010). Developing countries from being traditional exporters of raw fish are fast emerging as exporters of value-added fish. In the process, some countries, in particular, East and South East Asian countries, have emerged as the fish processing hub of the world. There is significant change in trade flows in recent years, as a result. Thailand and Viet Nam in the region have emerged as the third and fourth largest exporters of fish and fishery products, after China and Norway.
2. ASEAN Member Countries and international trade in fishery products: New dimensions

The ASEAN Member Countries (AMCs) undertake international trade in fish and fishery products at the intra- and extra-ASEAN levels, although intra-ASEAN trade contributes only a small percentage of aggregate trade. The AMCs accounted for 20.62 per cent of global trade in fish and fishery products in 2008 (exports, imports and re-exports, combined) (FISHSTAT). The ASEAN countries imported and exported fish and fishery products worth US$4.5 billion and US$16 billion, respectively. This is about 4.32 per cent and 16.22 per cent of the world total. The most important export items from the ASEAN region are shrimp, tunas, catfish, squid, cuttlefish, mainly frozen, prepared or preserved. The ASEAN export of fish and fishery products other than processed and preserved fish, and fishmeal, stood at US$7.4 billion in 2009, which included about 11 per cent of fish and fishery products in intra-ASEAN trade (http://www.aseansec.org/stat/Table23.pdf).

Raw fish, as well as unprocessed crustaceans and molluscs in smaller quantities, are mainly imported into the ASEAN region to be exported back as processed fish. Thailand, followed by Malaysia and Singapore, are the largest importers in the region (FISHSTAT). The import of fish and fishery products into the ASEAN region included frozen fish worth US$170 million from the EU-27 countries in 2010 (COMTRADE), of which over 81 percent comprised imports into Thailand and Viet Nam alone. Thailand, among developing countries, has emerged as the third largest import market, after China and the Republic of Korea (FISHSTAT). The import of frozen fish, crustaceans and molluscs from the United States into Thailand increased five-fold, from US$40 million in 2005 to US$208 million in 2010 (COMTRADE). During the same period, the import from EU-27 more than doubled – from US$30 million to US$78 million. In quantity terms, frozen fish imported from the United States to Thailand increased eight-fold, from 20,000 tonnes in 2005 to 148,000 tonnes in 2010, and the frozen fish imports from EU-27 into Thailand increased nearly four-fold, from 14,000 tonnes in 2005 to 51,000 tonnes, in 2010 (COMTRADE).

The large-scale import of fish and fishery products for processing and export from ASEAN is rather unprecedented. The import of raw fish into – and export of processed fish from – the ASEAN should be viewed against growing globalization of the fisheries value chain, and by the outsourcing of processing to countries where relatively low wages and production costs provide a comparative advantage (FAO, 2010). The ASEAN Comprehensive Investment Agreement (ACIA) of 2009 (http://www.aseansec.org/documents/FINAL-SIGNED-ACIA.pdf), which makes indirect provisions for liberalized foreign investment, inter alia, in fisheries under section 3 (c) of the Agreement also seems to facilitate creation of modern fish processing facility through foreign investment towards export promotion.

The ASEAN exports of fish and fishery products originate mainly from ASEAN capture and culture fisheries, in addition to import of fishery products. The AMCs accounted for nearly 23 million tonnes of global fish production in 2008 (FISHSTAT), of which 16 million tonnes originated from capture fisheries (this included 14 million tonnes from marine capture fisheries). The ASEAN region thus accounted for about 16.4 per cent of the total world capture fishery
production in 2008. Indonesia, the Philippines and Myanmar are among the top ten fish producing countries in the world from capture fisheries.

3. **Small-scale fishers in AMCs**

The AMCs are home to nearly half the world’s population of 32 million small-scale fishers. They account for 15 million — nearly 47 per cent of the estimated global population, and about 65 per cent of the estimated Asian population, of small-scale fishers (World Bank, 2010). Myanmar has the largest estimated population of small-scale fishers in the world, followed by Viet Nam and China (World Bank, 2010). AMCs like Thailand, Indonesia and the Philippines also have significant share of small-scale fishers’ population.

Who are the small-scale fishers of the AMCs? Although there is no standardized definition for small-scale fisheries in the ASEAN region (Kato, 2008), all fishers, both men and women, associated with subsistence and small-scale fishing may be considered as small-scale fishers. They also include the specialized fishing communities in Southeast Asia such as the Sea Gypsies of Malaysia, the Lamalera fishing communities of eastern Indonesia (Barnes, 2007), and the Tagbanua (Capistrano, 2010) and Badjao peoples of the Philippines (Macalandag, 2009) who are dependent on fishing for their life and livelihood. The non-trawl fishing vessels of a certain tonnage or horse power, fishing in designated near-shore waters are considered small-scale fisheries in AMCs such as Indonesia and Malaysia. While vessels below 25 GT and less than 50 HP operating in designated near-shore waters are considered small-scale in Indonesia, non-trawl/non-purse seine traditional fishing vessels below 10 GT are considered small-scale in Malaysia. Other characterization of small-scale fisheries in the ASEAN region include: fishing vessels below 5 GT operating in designated near-shore waters in Thailand; vessels below three GT operating in designated near-shore waters in the Philippines; and vessels with engines up to 50 HP or without engines, and vessels below 40 HP, in Viet Nam (Funge-Smith et al., 2005).

In the Philippines, fishing vessels below 60 GT undertaking multiday tuna handlining have been considered small-scale distant water fishing vessels (Vera and Hipolito, 2006). In Indonesia, under national fisheries law, the characterization of small-scale fisheries is further complicated by treating all those who meet their daily needs from fishing as small-scale fishers. Indonesia also has used a different yardstick to define small-scale fisheries in a submission to the World Trade Organization (WTO) where all vessels “below 20 m dimension” and fishing in archipelagic waters, or in the territorial sea, are defined small-scale (WTO, 2007).

How much of small-scale fisheries production of AMCs enters international trade? There is no estimate, so far, although it is surmised at the international level that more of small-scale fishery production is for domestic human consumption than for the export market (Kelleher, 2009). However, small-scale fishers have a share in all species that are caught for the export market, especially in species such as shrimp, crab, squid, cuttlefish, tuna, shark, as well as other high-value species. Some of the highest value fish species such as yellowfin, bigeye and southern bluefin tuna are also caught by small-scale fishers, especially in the Philippines and Indonesia (Vera and Hipolito, 2006; http://www.sustainablefish.org/fisheries-improvement/tuna/indonesia-yellowfin-tuna). Conversely, several fresh, chilled or frozen fish entering intra- or extra-ASEAN
import trade are also caught by small-scale fishers in the ASEAN region in traditional fishing grounds for both domestic and export markets.

4. **International trade and small-scale fishers: Issues for consideration**

Considering that nearly half the world’s small-scale fishers live in the ASEAN region, international trade policies and programmes in the region may need a balanced approach to protect their interests while promoting export of fish and fishery products from domestic production as well as from intra- and extra-ASEAN trade. Trade liberalization in fish and fishery products should not lead to removal of protection for domestic producers (Kelleher, 2009). In this context, it is important to ensure that unprecedented growth in import of frozen fish into the ASEAN does not lead to a situation where domestic fish have to compete unsuccessfully with cheaper imports with adverse consequences for the food security of local fishers. Tariff protection at the eight-digit level may be necessary to safeguard the share of fish species traditionally caught, particularly small-scale fishers, to domestic and export markets.

4.1 **Small-scale fishers and food safety standards**

All AMCs are members of the Codex Alimentarius Commission. Regarding access to extra-ASEAN markets, especially to EU-27, the United States and Japan, exporting countries are required, under the guidelines developed by the Codex Alimentarius Commission, to comply with a Hazard Analysis and Critical Control Point (HACCP)-based approach to enhance food safety. Although dating back to 1969, and periodically amended, the food safety guidelines became legally-binding only in 1994 under the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement). As far as fish and fishery products are concerned, the Codex General Principles on Food Hygiene extends from primary production stage such as fishing, through to final consumption stage. As per the Codex, all fishers are expected to adopt practices and measures to ensure fish is caught under appropriately hygienic conditions and from an environment that does not pose any threat to food safety (ftp://ftp.fao.org/docrep/fao/005/Y1579e/Y1579e.pdf).

One of the actions identified by the 2008 ASEAN Economic Community (AEC) Blueprint is to apply fisheries quality management systems to ensure food safety and to support the competitive position of ASEAN fishery products on world markets by 2009 through the implementation of HACCP-based systems (ASEAN, 2008). How far this ASEAN action programme has been implemented by AMCs in relation to capture fishery production is a moot point, considering that the AMCs account for nearly a million powered fishing vessels.

In a recent submission on fisheries subsidies to the WTO, Malaysia pointed out how fishing vessel operators have to redesign the spatial lay out of vessels to prevent contamination of fish on board in order to implement food safety standards. Fishing vessels would need to, among other things, build toilets, create provisions for hand cleaning and hygiene; partition fish hold from the engine room and crew quarters; and provide fibre-glass coating and epoxy food grade painting for wooden sorting deck. Fishing vessels not meeting these standards may have serious trade implications, it was argued. Since the costs of such redesign of fishing vessels can be
prohibitive, Malaysia favoured granting subsidies to alleviate the economic burden on fishers so as to improve fishing vessels and to ensure market access for their fish catch (WTO, 2011a).

Significant modifications are warranted in small-scale fishing vessels to make them comply with a HACCP-based system. Subsidies programmes therefore are required to implement food safety standards in small-scale fishing vessels. Even then how far all small-scale fishing vessels can successfully adapt to HACCP-based food safety standards is debatable. Perhaps a threshold size of fishing vessel may become necessary to implement food safety standards for the export market.

4.2 Small-scale fishers and environmental standards

Access to extra-ASEAN markets is also sometimes conditional on complying with multilateral environmental agreements (MEAs) that the importing countries have particularly ratified and often made conditional for market access. The EU-27 – world's largest import market for fish and fishery products and an important destination for AMC exports – in an attempt to crack down on illegal, unreported and unregulated (IUU) fishing, has now shifted the burden of proof for demonstrating compliance with conservation and fisheries management measures to the fishing vessel and the flag State (http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:280:0005:0041:EN:PDF).

The ongoing debate on fisheries subsidies at the WTO is deliberating exceptions to prohibitions on capacity and effort enhancing subsidies to developing countries under special and differential treatment (S&DT). Such exceptions, however, would be conditional upon fisheries management obligations, guided by international fisheries management instruments (WTO, 2011b). These instruments include: the 1973 Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the 1979 Bonn Convention on the Conservation of Migratory Species (CMS), the 1982 United Nations Convention on the Law of the Sea (LOSC), the 1992 Convention on Biological Diversity (CBD); the 1993 Convention for the Conservation of Southern Bluefin Tuna (CCSBT); the 1995 United Nations Fish Stocks Agreement (UNFSA), the 1995 FAO Code of Conduct for Responsible Fisheries, and the 2000 Convention on the Conservation and Management of Highly Migratory Fish Stocks in the Western Central Pacific Ocean (WCPFC). Of these instruments, only LOSC and CBD enjoy a healthy number of ratifications among the AMCs as of May 2011.

However, with the adoption of the ASEAN Vision 2020 (which is now advanced to 2015) some of the above MEAs may be ratified or adopted in an accelerated manner. Combating IUU fishing and implementing FAO’s International Plan of Action on IUU fishing (IPOA-IUU) and establishing an ASEAN Fisheries Consultative Forum (AFCF), for instance, are recognized as action programmes under the ASEAN Political-Security Community (APSC) blueprint (ASEAN, 2009a). Similarly, combating illegal fishing is an action programme identified in the AEC blueprint (ASEAN, 2008). Further, promoting the sustainable use of coastal and marine environment and sustainable management of coastal and marine resources are recognized under the ASEAN Socio-Cultural Community (ASCC) blueprint (ASEAN, 2009b).
Most of the MEAs of relevance to fisheries make provisions to protect the interests of coastal fishing communities and indigenous communities, as well as to recognize the rights of artisanal and small-scale fishers to their traditional fishing grounds. The ratification of all MEAs of relevance to fisheries and development of national legislation, as well as their effective and progressive implementation taking into account local specificities, in a consultative and participatory manner, might help to better establish the legality of fish and fishery products originating from well-managed fisheries. However, as in the case of food safety standards, subsidies would be required towards implementing environmentally sustainable fishery standards, especially to build up capacity at different levels to effectively manage small- and large-scale fisheries. Even with subsidies, how far the lower end of small-scale fisheries can successfully adapt to new demands of fisheries management, and remain competitive in an export market is something that would remain a challenge.

4.3 Small-scale fishers and social standards

Promotion of human and social development, respect for fundamental freedoms, gender equality, protection of migrant workers, the promotion and protection of human rights and the promotion of social justice are identified as important characteristics of a people-centred and socially responsible ASEAN community (ASEAN, 2009b). It further upholds protecting the rights of women and children. The 2007 ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers makes it the obligation of ‘migrant worker receiving’ AMC to protect fundamental human rights of migrant workers, to promote their welfare and human dignity, to ensure fair and appropriate employment protection, payment of wages, and adequate access to decent working and living conditions (http://www.aseansec.org/19264.htm). The ASCC blueprint makes it an obligation of AMCs to implement the above Declaration. Fishing industry – both small- and large-scale fishing vessels, as well as fish processing enterprises – employs a large number of migrant workers in countries like Malaysia and Thailand, from LDC-AMCs such as Myanmar, Cambodia and Lao PDR.

The recognition of human rights and social justice at the ASEAN level if translated to national policies and programmes would benefit migrant fishers and fishworkers to uphold their human dignity. The revised 2010 set of criteria for sustainable fishing of the Marine Stewardship Council (MSC) include how a fishery to be certified not only meets minimum substantive requirements and criteria in relation to the management system, the status of fish stocks under consideration, and impact of the fishery on the ecosystem, but also how it recognizes the legal and customary rights and long term interests of people dependent on fishing for food and livelihood (http://www.msc.org/documents/scheme-documents/msc-standards/MSC_environmental_standard_for_sustainable_fishing.pdf/view). Thus there are already signs of convergence of environmental and social standards in relation to trade in fish and fishery products. Ratifying international labour and fisheries legal instruments, including Work in Fishing Convention, 2007, and developing and implementing national legislation can act as a disincentive for market States to employ MEAs and international labour standards as non-tariff barriers to trade.
5. Conclusions

With the ASEAN regional policy framework moving towards greater convergence with the international policy framework in relation to food safety, environmental and social standards by 2015, international trade in fish and fishery products is likely to expand in the region if AMC regimes also move in tandem. There is already an unprecedented growth in import of fish and fishery products into ASEAN for the processing industry to export value-added products. An increase in the volume of import trade – both intra- and extra-ASEAN – without adequate safeguards may have negative consequences, especially for large sections of small-scale fishers by depressing domestic fish prices. Compulsions to comply with international food safety and environmental standards are likely to lead to greater differentiation within small-scale fisheries. While the top tier of small-scale fisheries might be in a position to meet new standards, cater to extra-ASEAN markets, and benefit from international trade, the bottom tiers a source of life and livelihood to majority of small-scale fishers might be at the receiving end, unable to sell their fish and fishery products to extra-ASEAN markets. As a result, there is likely to be widening income inequality in fishery-dependent communities. Liberalized investment regimes, another aspect of international trade, might also lead to the phenomenon of ‘contract small-scale fishers’, where the fishers might have little autonomy in decision-making and are reduced to mere cogs in the wheel of an economic activity, which is small-scale fishing only in a narrow sense. Investment in contract small-scale fishing units, payment of operating costs and marketing of fish are likely to be underwritten by multinational supermarket chains or their agents. The challenge to AMCs in an age of fast-paced globalization is to make ASEAN Economic Community subservient to the ASEAN Socio-Cultural Community, to realize the goal of a “people-centred and socially responsible” ASEAN Community (ASEAN 2009b), which is inclusive also of small-scale fishing communities.

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