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# The Globalisation of Fisheries

This section of the report lays out the key features of the current globalised system of fisheries and relates these to the IUU problem.

Fisheries and fishing activities, including production, trade, and governance, have become progressively globalised.<sup>7</sup> The key factors behind the creation of what is now a global fisheries economy are high-speed communication, transportation, refrigeration and information technology. Other factors include the combined operation of fishing activities that permit previously internationally dispersed activities to be linked through direct enterprise co-ordination or through less direct mechanisms such as markets and prices. The drivers fuelling the establishment and consolidation of the global fisheries economy can be highlighted as follows:

- The establishment of a global telecommunications and information technology infrastructure – this allows fish producers and traders to rapidly buy and sell their products, and exchange documentation, as well as keep track of their cargoes, thereby overcoming the barrier that fish perishability has always posed to high volumes of global fish trade;
- The establishment of a global vessel chartering, crewing and flagging market<sup>8</sup> – this allows vessels to be available at the least possible cost and with considerable flexibility;
- Innovations in the general marine transportation sector, including, in particular, containerisation, with the advantages that containerised shipping offers for targeted delivery of cargo;<sup>9</sup>
- The development of a maritime cold chain, comprising specialised highly-controlled refrigerated carrier vessels for the fishing industry, together with the so-called general purpose reefer or specialised refrigerated vessel carrying perishable goods around the world;<sup>10</sup>
- The deregulation of the global aviation sector, with the rapid development of a price-competitive and technologically reliable segment of the air cargo sector, providing the infrastructure for rapid global movement of high value live and fresh products to key global markets in Japan, the EC, the USA and the urban centres of Asia and the Indian subcontinent;
- The establishment by the global petroleum industry of a worldwide network of fuel supply arrangements, the so-called global bunkering system, under which bunker vessels rendezvous on the high seas with specifically identified vessels, thereby cutting down the need to visit ports for refuelling.<sup>11</sup>

## 2.1 Fisheries production

The whole fisheries supply chain – from the catching and rearing of fish to the processing of product on land or at sea, and the transportation of product to the final point of consumption – has become globalised. The industrial processing of fish, for example, is increasingly taking place at locations other than the country of origin. For example, tuna canneries in West Africa source product from the South Pacific and Asia to ensure they can supply full-year products for the Japanese and European markets, while Thai processors source their supply globally and provide well over 25 per cent of the world's canned tuna.<sup>12</sup> Aquaculture and mariculture sectors have also become closely integrated with the marine capture sector. Bluefin tuna reared in the Mediterranean through mariculture competes on Japanese markets with bluefin tuna caught in the southern oceans. The same is true for other fisheries as fish farming replaces declining marine capture production. These examples illustrate that the component segments of the global fisheries economy are increasingly integrated through transport networks and intersecting supply chains.

## 2.2 International fish trade

The Food and Agriculture Organisation (FAO) estimates that about 45 per cent of the world fish catch enters international trade. In 2006, total world exports of fish and fish products reached US\$85.9 billion, an increase of 55 per cent over 2000.<sup>13</sup> Similarly, the value of imports in the same period reached US\$89.6 billion, an increase of 49 per cent.<sup>14</sup> Developed states absorb more than 80 per cent of total world fisheries imports in value terms. The EC is the largest global market for fish, accounting for approximately 40 per cent of global imports of fisheries products. Japan and the USA account for around a further 35 per cent. The significant contribution of developing states in the international trade of fish is undeniable. Net exports of fish by developing states have shown a continuous increasing trend over the decades, estimated at 49 per cent in value and 59 per cent in quantity of total fishery exports in 2006. This overall trend is primarily driven by China, which has now become the world's largest exporter of fish. Cumulative net exports of fisheries products from developing states far exceed export earnings from major commodities such as coffee, bananas and rubber.<sup>15</sup>

The rising trade values and volumes for all fish commodities reflect the increasing globalisation of fisheries value chains, in which processing is being outsourced to Asia, as well as to Central and Eastern Europe and North Africa.<sup>16</sup> Outsourcing of processing takes place both at regional and global level, depending on product form, labour costs and transportation time. Many species, such as salmon, tuna, catfish and tilapia, are increasingly traded in their processed form. In addition, there has been a growth in the internationalisation or globalisation of distribution channels through the demands of large retailers.<sup>17</sup>

## 2.3 Fisheries governance

Governance of the global fisheries economy is also globalised, operating through a decentralised but still relatively coherently co-ordinated system of treaties and non-binding international fisheries instruments, as well as an emerging layer of private arrangements sponsored by internationally influential NGOs with significant international public legitimacy. The actors currently involved in this global regulatory framework include coastal states, flag states, fishing states, port states, inspecting states, market states, RFMOs, fishing fleets and companies, intergovernmental organisations and NGOs. Multilateral organisations include competent international organisations under the UN framework, while examples of international NGOs are the World Wildlife Fund (WWF), Greenpeace and the International Union for Conservation of Nature (IUCN). Treaty rules and non-binding instruments cover the following issues:

- Regulation of harvesting and other activities in the zones in which fish are captured – the exclusive economic zones (EEZs) and the high seas. These rules fall within the domain of the international law of the sea and international environmental law;
- Regulation of trade in fish and fish products under international trade law (including WTO rules);
- Regulation of the health and consumer safety aspects of fish trade under international trade law and international food safety law;
- Regulation of other related activities critical to fishing operations, such as vessel registration, marine safety and crewing. These rules fall under international shipping law.

There is a convergence towards global standards under the various FAO instruments and other international treaties. In addition, there is now a regional fisheries organisation in almost every part of the globe.

## 2.4 The global problem of IUU fishing<sup>18</sup>

IUU fishing is now a worldwide phenomenon with significant environmental, economic and social consequences.<sup>19</sup> It contributes to the depletion of fish stocks and threatens habitats, which has cross-boundary impacts affecting areas under national jurisdiction and the high seas. Because of the global nature of fisheries and fishing activities, any decrease in fish catch in one part of the world, regardless of the cause, threatens the food security of fish-importing states and consequently the global food supply. The lack of accurate data makes it difficult to determine how much of the fish traded internationally is derived from IUU fishing.

Many of the relatively positive features of globalised fish production, trade and market arrangements, especially the flexibility of such arrangements and the speed with which they can be repositioned globally, are also structurally facilitative (as well as supportive) of IUU fishing. This makes enforcement against IUU fishers particularly difficult.

The following drivers of the global fisheries economy may be identified as inadvertently giving support to IUU fishing:

- A high level of demand for fish exists in key market centres, so that high prices are achieved for a range of seafood products, including abalone, shark fin, live Napoleon wrasse, and fresh and chilled tuna. While the illicit market for these products is global in scope, the supply comes from specific geographic areas such as Australia and south-east Asia, resulting in negative impact on these fisheries.
- The international nature of the fishing business, including vessel chartering, crewing and flagging. The lack of sufficient legal requirements to link beneficial owners to their vessel registry allows such owners to be protected under a corporate veil, and thus enables them to conduct and benefit from IUU activities more easily.<sup>20</sup>
- The global character of fisheries production operations and product markets facilitates the product laundering that is central to IUU fishing. In particular, the ease of transshipment, as well as the anonymity of the cold chain for transportation of fish products, supports nontraceability of IUU products;
- The anonymity, vitality and transactional speed that exists within global markets for vessel flags, crews and vessels underpin the flexibility with which IUU fleets move from one production area to another.

In some parts of the world, particularly in unregulated sea areas, IUU fishing also overlaps with other forms of maritime crime such as piracy and drug smuggling.<sup>21</sup> IUU fishing has also recently been linked to organised crime,<sup>22</sup> requiring a co-operative response from affected states. Implementation of the IUU Regulation will thus be conditioned by many different aspects of currently globalised fisheries. Many developing countries will find it difficult to meet the requirements of the IUU Regulation as they have little control over many of the facets of globalisation which support IUU fishing. Consequently, developing countries will require comprehensive programmes of assistance to effectively address the issue.