

## Economic Trends in ACP-EC Fisheries Trade

This chapter identifies trends in ACP-EC fisheries trade analysed in light of the multi-channel EC system, as well as the evolution of the trade frameworks discussed in chapter 4.

### 5.1 Analysis of the EC fisheries market

The EC is the largest market in the world for fish, accounting for 40 per cent of global imports. It is increasingly dependent on imports of fish and fishery products to meet both its consumer needs and the production needs of its fisheries industry. In 2004, the EC<sup>57</sup> imported about €13 billion worth of fish and fishery products, and its exports amounted to €2.3 billion.<sup>58</sup> Ten countries account for more than 50 per cent of fishery imports into the EC: Norway, Iceland, China, USA, Morocco, Chile, Thailand, Ecuador, Argentina and India.<sup>59</sup>

The most significant imported products into the EC in value terms are fish fillets, crustaceans and prepared or preserved fish.<sup>60</sup> In terms of type of fish, the three most important fish products for the EC are shrimps, tuna and salmon.

#### 5.1.1 Shrimps

Shrimps account for almost 18 per cent of the total value of EC imported fishery products. In 2005, the EC imported about 541,397 tonnes of shrimps worth €2.5 billion. The EC maintains a relatively high MFN duty (20 per cent) for cooked and peeled shrimp to protect its industry for these products, situated mainly in Denmark. However, in order to satisfy the needs of the processing industry for supplies of raw material, the EC has opened a reduced tariff rate quota of 7,000 tonnes at 6 per cent for cooked and peeled shrimp as part of a series of autonomous tariff quotas.<sup>61</sup>

#### 5.1.2 Tuna

The products of most significance for the Community industry are canned tuna and tuna loins, a semi-processed product for use in canning. Since the mid-1990s the French and Italian processing industries have increasingly used loins as the raw material for canned tuna. The Spanish canning industry is also increasing its use of imported tuna loins. The MFN import duty rate for these products is 24 per cent. However, as part of its efforts to ensure an adequate supply of raw material to the Community processing industry, the EC has suspended tariffs on imports of unprocessed tuna destined for the sector as well as opening an *erga omnes* quota of 10,000 tonnes for tuna loins at 6 per cent duty for the period 2007–2009.<sup>62</sup>

**Table 5.1. Main suppliers of shrimps to the EC, 2004–2005**

Country	2004		2005		Change (%)	
	'000 €	MT	'000 €	MT	Value	Quantity
Extra-EC	2,353,819.08	505,801.00	2,518,174.56	541,396.90	7	7
1 Greenland	155,369.05	74,679.30	179,726.74	81,671.00	16	9
2 Ecuador	127,865.16	31,107.80	189,695.20	43,764.80	48	41
3 India	174,798.20	38,278.20	194,773.68	41,740.20	11	9
4 Brazil	140,620.00	43,022.80	140,917.30	40,109.40	0	-7
5 Canada	102,210.83	32,659.30	107,959.85	37,636.10	6	15
6 China	17,451.34	3,520.00	121,646.95	34,305.40	597	875
7 Indonesia	147,193.86	31,005.60	146,503.56	26,460.80	0	-15
8 Bangladesh	148,751.53	21,444.30	161,864.02	24,744.30	9	15
9 Iceland	123,291.13	25,426.40	91,416.97	19,130.30	-26	-25
10 Norway	85,396.49	18,895.00	84,364.96	18,352.90	-1	-3

Source: EC Trade Issues, 'Trade in agricultural goods and fishery products', accessed at [http://ec.europa.eu/trade/issues/sectoral/agri\\_fish/fish/pq\\_en.htm](http://ec.europa.eu/trade/issues/sectoral/agri_fish/fish/pq_en.htm)

**Table 5.2. Main suppliers of canned tuna: imports of canned tuna to the EC, 2002–2005**

	2003	2004	2005	2003	2004	2005
	Volume (tonnes)			Value ('000 €)		
<b>Total imports</b>	369,639	372,647	395,916	816,364	780,314	870,678
<b>Major exporters</b>						
<i>Total MFN suppliers</i>	115,861	93,714	117,373	190,612	160,201	217,208
Thailand	61,011	49,507	61,964	107,704	93,149	126,112
Philippines	42,181	33,983	39,732	64,599	52,837	67,351
Indonesia	9,575	8,240	12,078	13,236	11,260	17,806
<i>Total duty-free suppliers</i>	253,690	278,854	278,452	625,435	619,901	653,126
<i>Total ACP suppliers</i>	198,726	210,708	191,784	504,440	478,341	453,896
Seychelles	52,342	54,297	57,297	163,540	141,487	145,812
Ivory Coast	42,714	49,530	30,820	115,691	123,608	82,472
Ghana	30,948	28,987	29,298	69,614	56,622	60,915
Mauritius	28,513	35,066	31,004	59,910	67,924	70,670
<i>Total GSP+ beneficiaries</i>	46,735	59,946	77,382	101,854	125,350	178,799
Ecuador	37,047	45,743	62,452	78,890	92,259	138,636
Colombia	7,811	10,449	11,553	18,426	25,000	30,965
Costa Rica	751	2,378	1,905	1,834	5,317	5,635

Source: EC Trade Issues, Trade in agricultural goods and fishery products, accessed at [http://ec.europa.eu/trade/issues/sectoral/agri\\_fish/fish/pq\\_en.htm](http://ec.europa.eu/trade/issues/sectoral/agri_fish/fish/pq_en.htm). Statistics are for canned tuna only and do not include imports of tuna loins.

### 5.1.3 Salmon

Salmon's share of total EC fish imports was 12 per cent in 2005. The EC imported mainly fresh or chilled salmon under HS0302 (fresh or chilled fish), followed by salmon fillets. The biggest supplier of salmon in 2005 was Norway, with 348,950 tonnes worth €1,268,937, which accounted for 73 per cent of all EC imports of salmon in terms of value.<sup>63</sup>

**Table 5.3. Main suppliers of salmon to the EC**

Country	2004		2005		Change (%)	
	'000 €	MT	'000 €	MT	Value	Quantity
1 Norway	1,343,200	428,782	1,721,615	464,312	28	8
2 Chile	992,163	322,024	1,268,936	348,950	28	8
3 USA	91,785	20,546	193,981	43,543	111	112
4 China	82,160	28,267	81,465	24,544	-1	-13
5 Faroe Islands	36,653	14,704	54,305	17,220	48	17
6 Canada	85,165	27,438	51,023	12,819	-40	-53
7 Iceland	37,852	10,425	44,886	10,271	19	-1
8 Thailand	6,796	2,204	11,972	3,444	76	56
9 Vietnam	7,326	2,352	12,479	3,098	70	32
10 Bulgaria	777	220	1,009	180	30	-18
	53	18	184	43.30	246	139

Source: EC Trade Issues, Trade in agricultural goods and fishery products, accessed at [http://ec.europa.eu/trade/issues/sectoral/agri\\_fish/fish/pq\\_en.htm](http://ec.europa.eu/trade/issues/sectoral/agri_fish/fish/pq_en.htm)

Tables 5.1–5.3 suggest that EC is becoming less self-sufficient in catches in its own waters and more dependent on fisheries imports. However, the list of trading partners for these fishery products reveals that the EC is not significantly dependent on ACP states. This is illustrated more clearly in the following sections, where ACP exports to the EC are compared with those of other regional suppliers.

## 5.2 Analysis of ACP fisheries exports to the EC<sup>64</sup>

Section 5.2 analyses trends in fisheries exports from ACP states to the EC.<sup>65</sup> To comply with the report's terms of reference, particular attention is paid to comparing trends prior to the signing of the Cotonou Agreement in 2001 (the pre-Cotonou period) with trends subsequent to the entry into force of the Cotonou Agreement in 2003 (the post-Cotonou period).

### 5.2.1 Background

The EC is the major trading partner for most of the ACP states, particularly those in Africa. In 2007, ACP trade with the EC totalled €80 billion, with the EC importing goods to the value of €40.2 billion and exporting goods worth €39.7 billion.<sup>66</sup> In addition,

EC investment flows to the ACP have increased from €1,922 million in 1996 to €4,319 million in 2002.<sup>67</sup> However, while trade between the ACP and EC has remained important for the ACP, it is only marginal for the EC.

The ACP states represent an important fish trading partner for the EC. In 2006, the value of the EC fish imports from ACP states was approximately €1.4 billion, or about 12 per cent of the total value of extra-EC fish imports.

About 15 per cent of the EC's total fisheries imports comes from ACP states. The main ACP fisheries exports to the EC are canned/processed tuna, fish fillets, shrimp, chilled whole fish, frozen whole fish and octopus. In general, the main ACP suppliers to the EC of unprocessed fisheries imports are Namibia, Senegal, Tanzania, Mauritania and Seychelles; these imports total approximately €1.21 billion in total value. The main ACP suppliers for processed fish are Seychelles, Côte d'Ivoire, Ghana, Mauritius and Madagascar, who supply EC imports with a total value of €0.53 billion.<sup>68</sup>

More specifically, the main fish exports from ACP states are:

- Fresh/chilled fish and shellfish: South Africa (16%), Tanzania (15%), Senegal (12%), Fiji Islands (8%), Namibia (7.5%) and Papua New Guinea (5%);
- Frozen shrimps: Mozambique (30%), Senegal (21%), Guyana (18%) and Belize (7%);
- Canned tuna: Seychelles, Ghana and Côte d'Ivoire;
- Fresh-water fish, e.g. Nile perch and tilapia: Kenya, Tanzania and Uganda (the three countries bordering Lake Victoria).<sup>69</sup>

### 5.2.2 Aggregate trends

The aggregate trends analysed in this report incorporate fisheries products from the following Harmonised System (HS) product categories:

- HS0301 – Live fish;
- HS0302 – Fish, fresh or chilled (excluding fish fillets and other fish meat under heading 0304);
- HS0303 – Frozen fish (excluding fish fillets and other fish meat under heading 0304);
- HS0304 – Fish fillets and other fish meat, whether or not minced, fresh, chilled or frozen;
- HS0305 – Fish, fit for human consumption, dried, salted or in brine; smoked fish, fit for human consumption, whether or not cooked before or during the smoking process; flours, meals and pellets of fish, fit for human consumption;
- HS0306 – Crustaceans, fit for human consumption, whether in shell or not, live fresh, chilled, frozen, dried, salted or in brine, including crustaceans in shell cooked beforehand by steaming or by boiling in water; flours, meals and pellets of crustaceans, fit for human consumption;

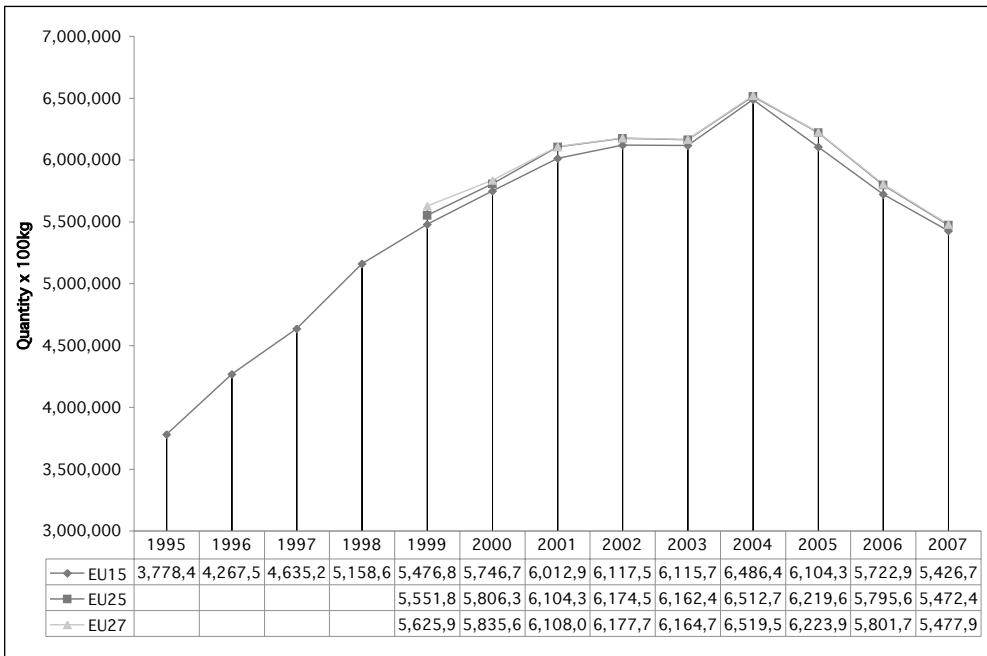
- HS0307 – Molluscs, fit for human consumption, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine, including aquatic invertebrates (other than crustaceans and molluscs); flours, meals and pellets of aquatic invertebrates, other than crustaceans, fit for human consumption;
- HS1604 – Prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs;
- HS1605 – Crustaceans, molluscs and other aquatic invertebrates, prepared or preserved.

Export data is provided in relation to the following subgroups of EU member states:

- EU15: the 15 members of the EU who acceded to the Union on or before 1 January 1995;
- EU25: the 25 members of the EU who acceded to the Union on or before 1 May 2004;
- EU27: the EU25 in addition to Bulgaria and Romania, who acceded to the Union on 1 January 2007.

Figures 5.1 and 5.2 present aggregate trends of exports by ACP states of fisheries products to the EC for the period between 1995 and 2007.

**Figure 5.1: ACP fisheries exports to the EC, in quantity x 100 kg, 1995–2007**



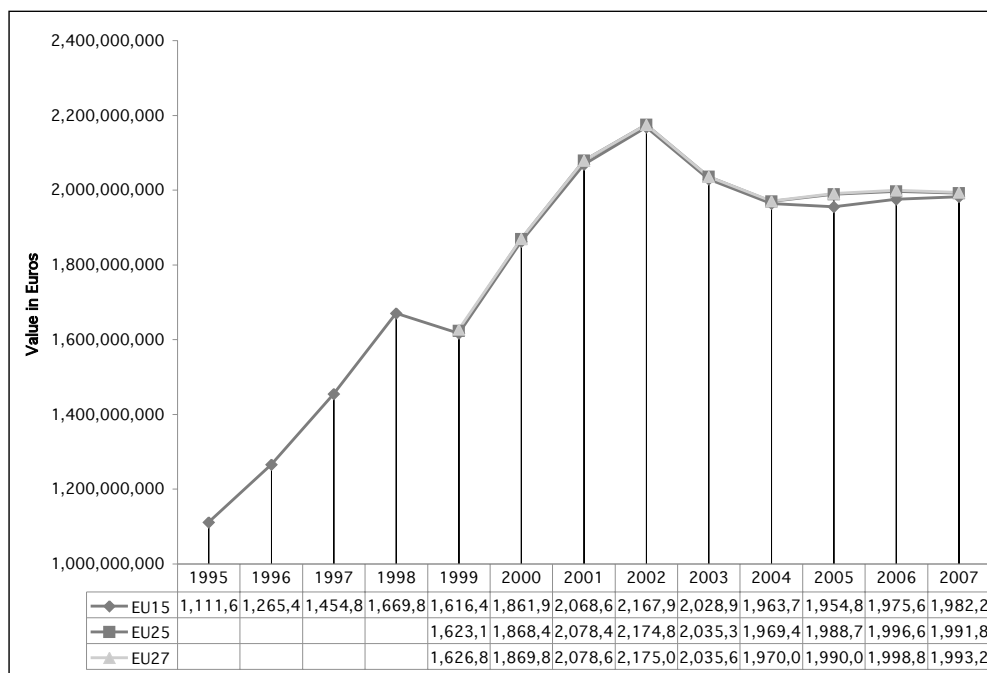
Source: Data generated using web-based query of EuroStat External Trade Dataset (EU27 Trade since 1995 by HS2–HS4). The query interface can be accessed at <http://epp.eurostat.ec.europa.eu/newxtweb/>

The general trends evident in Figure 5.1 can be summarised as follows:

- In terms of volume, the vast majority of ACP fisheries exports to the EC are imported by the EU15;
- The annual volume of ACP fisheries exports to the EC increased significantly between 1995 and 2004;
- The rate of increase in annual volume plateaued between 2001 and 2002 – the period following signature of the Cotonou Agreement in 2000;
- The annual volume of ACP fisheries exports to the EC increased most sharply between 2003 and 2004 – the period immediately following entry into force of the Cotonou Agreement;
- In the post-Cotonou period between 2005 and 2007, the annual volume of ACP fisheries exports to the EC fell sharply, returning to pre-1999 levels.

Contrasting trends are evident in Figure 5.2, which presents aggregate trends of ACP fisheries exports to the EC in terms of their annual value in euros.

**Figure 5.2: ACP fisheries exports to the EC, value in euros, 1995–2007**



Source: Data generated using web-based query of EuroStat External Trade Dataset (EU27 Trade since 1995 by HS2–HS4). The query interface can be accessed at <http://epp.eurostat.ec.europa.eu/newxtweb/>

The trends evident in Figure 5.2 can be summarised as follows:

- In terms of value, the vast majority of ACP fisheries exports to the EC are imported by the EU15;
- The annual value of ACP fisheries exports to the EC increased significantly between 1995 and 2002, falling briefly in 1999;
- The highest annual value of ACP fisheries exports occurred in 2002 – a period between the signing and entry into force of the Cotonou Agreement;
- The highest annual value of ACP fisheries exports occurred two years earlier than the highest annual volume of ACP-EC fisheries exports, which occurred in 2004;
- In the post-Cotonou period between 2004 and 2007, the value of ACP fisheries exports to the EC remained stable despite sharp decreases in export volumes;
- It is likely that supply and demand relationships have influenced the discrepancy between trends in the volume of fisheries exports and trends in the economic value of those exports.

The trends identified in Figures 5.1 and 5.2 raise the question of whether the adoption and entry into force of the Cotonou Agreement and associated trade frameworks has placed downward pressure on ACP fisheries exports to the EC. As shown in section 4.1, ACP fisheries exports during the pre-Cotonou period enjoyed favourable discrimination under the trade preference component of the Lomé Conventions. As fisheries trade arrangements between the ACP states and the EC move towards consistency with the non-discriminatory and multilateral WTO framework, ACP states are arguably more exposed to market competition from other exporters. As identified in section 5.3, downward trends in the volume of ACP fisheries exports to the EC have been accompanied by significant increases in the exports of regional competitors, in particular south-east Asia.

However, in the absence of detailed economic analysis, it is difficult to draw definitive conclusions that attribute any downward trends in ACP fisheries exports to changes in the ACP-EC trade framework. Indeed, there are a wide variety of political, legal, socio-economic and environmental factors that may have contributed to these trends. The factor of particular relevance to this report is the emergence of serious threats to the sustainability of fish stocks, particularly as a result of IUU fishing.

### **5.2.3 Trends for individual ACP states**

Trends in fisheries exports for individual ACP states vary significantly. This may be accounted for by a number of varying factors peculiar to the situation of each country. These include the existence of bilateral access agreements, immediate access to fishing grounds, production of fishery goods critical to the EC market, environmental conditions, and socio-political events. In view of the focus of this report on Commonwealth ACP states, Appendix 4 presents the aggregate trends of the volume of fisheries exports by these states to the EC. These trends may be summarised as follows.

- **Stable fisheries exports:** The Commonwealth ACP member states which are the main suppliers of fish and fishery products to the EC, such as Namibia, Nigeria, Mozambique, Ghana, The Bahamas, Seychelles and South Africa. Among these countries, the Seychelles, South Africa, Nigeria and Namibia show declining fisheries exports to the EC.
- **High fisheries exports from the late 1990s to early 2000, followed by a significant decrease in fisheries exports:** Belize, Cameroon, Malawi, Sierra Leone, St Vincent and the Grenadines, Trinidad and Tobago, and Vanuatu.
- **Significant fisheries exports only from 2003:** Guyana.
- **Overall continuous increase in fishery exports:** Kenya, Papua New Guinea, Mauritius, Tanzania and Uganda. Grenada shows increasing fisheries exports from 1997, but has significantly dropped in 2007.
- **Significant decrease in fisheries exports, followed by a partial recovery in recent years:** Gambia, Jamaica, Fiji Islands, Solomon Islands.
- **Erratic increases and decreases in fisheries exports:** Antigua and Barbuda, Barbados, Tonga and Zambia.
- **Occasional fisheries exports to the EC:** Botswana, Dominica, Kiribati, Lesotho, Nauru, St Kitts and Nevis, St Lucia, Swaziland and Tuvalu.

#### 5.2.4 Product-specific trends

Figures 5.3 and 5.4 compare trends in the export of specific fisheries products<sup>70</sup> by ACP states to the EC. This comparison shows that the most commonly exported fisheries products by volume are HS1604 (prepared or preserved fish), HS0303 (frozen fish) and HS0304 (fish fillets). In terms of annual economic value, the most exported fisheries products are HS1604 (prepared or preserved fish), HS0306 (crustaceans) and HS0304 (fish fillets).

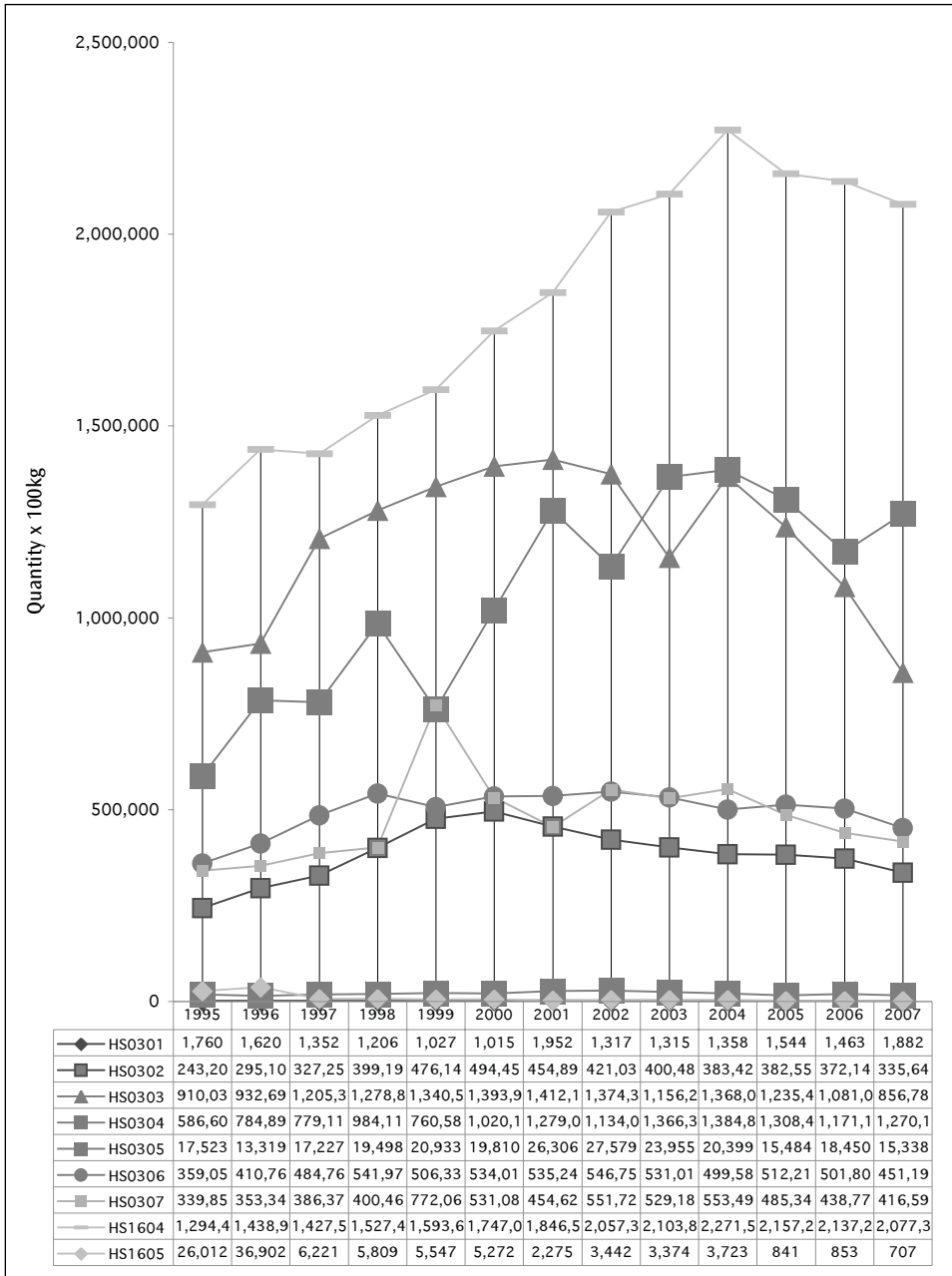
The export trends by volume identified in Figure 5.3 are generally consistent with the aggregate trend by volume identified in Figure 5.1. Export volumes have generally increased in the years leading up to the signing or entry into force of the Cotonou Agreement, and then decreased or plateaued in the post-Cotonou period. The exceptions are:

- HS0301 (live fish), which decreased during the pre-Cotonou period and increased in the years following the signing of the Agreement;
- HS1605 (prepared or preserved molluscs or crustaceans), which decreased precipitously between 1996 and 1997 and plateaued thereafter.

The trends in annual economic value identified in Figure 5.4 are varied, and in some cases inconsistent with the aggregate trend in annual economic value identified in Figure 5.2. The following specific trends are evident:

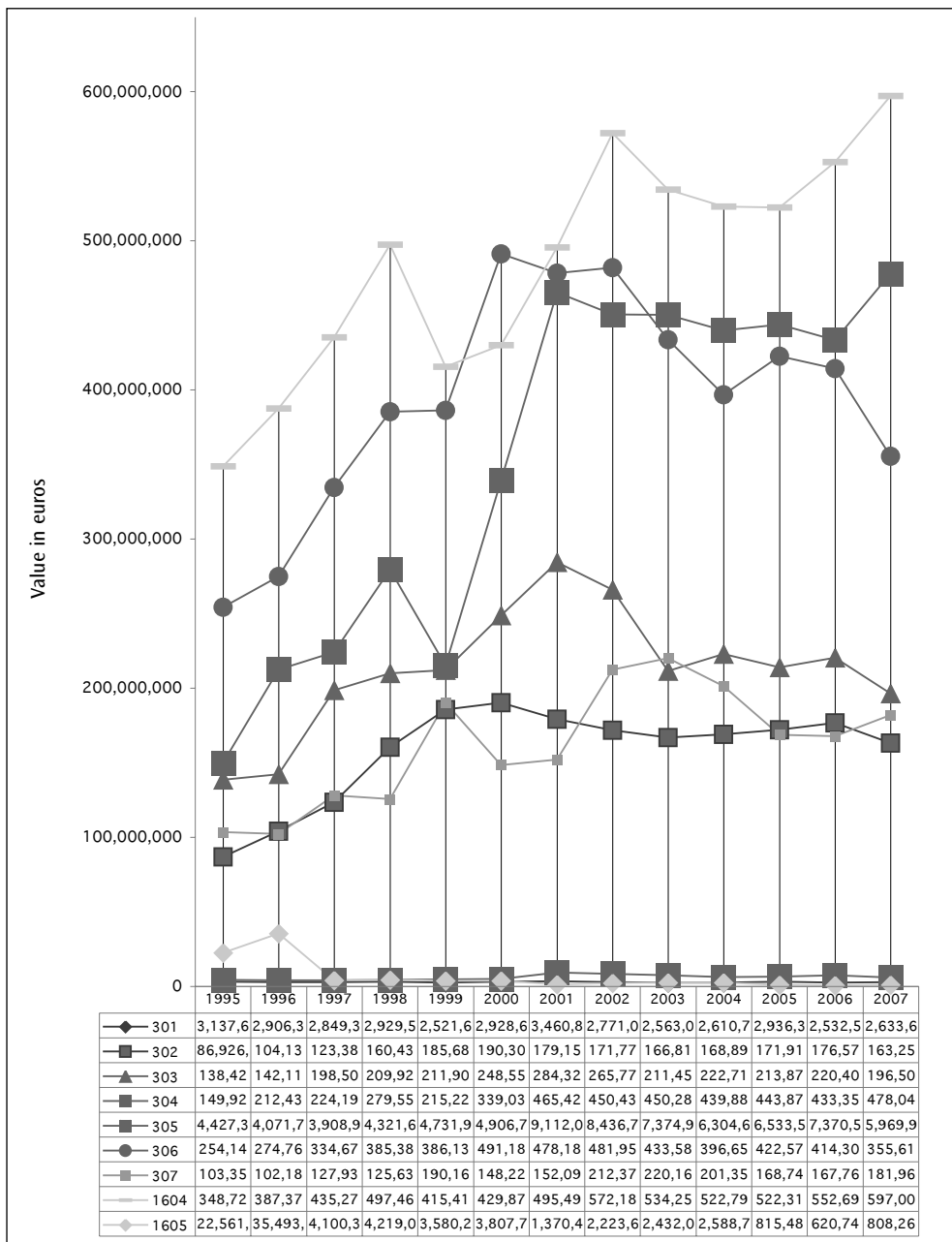


**Figure 5.3. ACP fisheries exports to the EC, by HS product category,<sup>a</sup> quantity x 100kg, 1995–2007<sup>b</sup>**



<sup>a</sup>HS0301 live fish, HS0302 fresh or chilled fish, HS0303 frozen fish, HS0304 fish fillets, HS0305 preserved fish, HS0306 crustaceans, HS0307 molluscs, HS1604 prepared or preserved fish, HS1605 prepared or preserved molluscs or crustaceans. <sup>b</sup>Data generated using web-based query of EuroStat External Trade Dataset (EU27 Trade since 1995 by HS2–HS4, accessed at <http://epp.eurostat.ec.europa.eu/newxtweb/>)

**Figure 5.4. ACP fisheries exports to the EC, by HS product category,<sup>a</sup> value in euros, 1995–2007<sup>b</sup>**



<sup>a</sup>HS0301 live fish, HS0302 fresh or chilled fish, HS0303 frozen fish, HS0304 fish fillets, HS0305 preserved fish, HS0306 crustaceans, HS0307 molluscs, HS1604 prepared or preserved fish, HS1605 prepared or preserved molluscs or crustaceans. <sup>b</sup>Data generated using web-based query of EuroStat External Trade Dataset (EU27 Trade since 1995 by HS2–HS4), accessed at <http://epp.eurostat.ec.europa.eu/newxtweb/>

- The annual economic value of exports falling under categories HS1604 (prepared or preserved fish) and HS0304 (fish fillets) increased during the post-Cotonou period. In some periods there is evidence of an inverse relationship between trends by volume and trends in the economic value of these products. For example, between 2005 and 2007 the annual economic value of HS1604 (prepared or preserved fish) exports increased approximately from €523 million to €597 million. During the same period, the annual volume of HS1604 (prepared or preserved fish) exports decreased approximately from 216 million tonnes to 208 million tonnes.
- The annual economic value of exports falling under categories HS0302 (fresh or chilled fish), HS0303 (frozen fish), HS0305 (preserved fish), HS0306 (crustaceans) and HS0307 (molluscs) has generally increased in the years leading up to the signing or entry into force of the Cotonou Agreement, then decreased or plateaued in the post-Cotonou period.
- The annual economic value of HS0301 (live fish) has varied dramatically, peaking in 2001 and 2005. The annual economic value of HS1605 (prepared or preserved molluscs or crustaceans) decreased precipitously between 1996 and 1997 and plateaued thereafter. These trends in annual economic value coincide generally with equivalent variations in annual export volume.

### 5.2.5 Trends for tuna and tuna products

According to Campling, the value of EC markets for canned market and tuna loins to several ACP member states illustrates shifts in production within the ACP.<sup>71</sup> While historic sites of canned tuna production in West Africa have declined substantially, production in the western Indian Ocean has shown consistent growth. Similarly, there is a clear shift in EC-orientated sites of production in the South Pacific.<sup>72</sup> These trends are illustrated in Tables 5.4 and 5.5.

**Table 5.4. EU15 imports of canned tuna (including skipjack) from the ACP (euros)**

	1996	2001	2006
Côte d'Ivoire	171,538,897	97,183,297	88,739,224
Fiji Islands	10,972,945	613,431	–
Ghana	27,691,074	76,732,448	59,917,767
Kenya	–	145,759	2,674,962
Madagascar	36,433,070	24,862,855	37,534,347
Mauritius	26,856,632	67,689,755	89,409,000
Papua New Guinea	–	6,296,288	25,883,077
Senegal	38,186,901	26,992,540	6,504,633
Seychelles	21,312,087	144,788,295	161,475,140
Solomon Islands	13,061,132	–	–
Annual total	346,052,738	445,304,668	472,138,150

Source: Campling, 2008.

**Table 5.5. EU15 imports of tuna loins (including skipjack) from the ACP (euros)**

	1996	2001	2006
Côte d'Ivoire	23,240,793	8,162,952	722,134
Fiji Islands	144,704	–	27,474
Ghana	5,280,162	345,824	5,019,288
Kenya	1,466,624	23,658,339	25,287,514
Madagascar	273,651	–	–
Mauritius	825,601	60,582	24,942,113
Papua New Guinea	–	–	4,549,333
Senegal	419,494	214,960	–
Seychelles	1,878,309	6,659,813	–
Solomon Islands	–	–	6,644,965
Annual total	33,519,338	39,129,470	67,192,821

Source: Campling, 2008.

### 5.3 Trends in the market share of regions exporting fisheries products to the EC

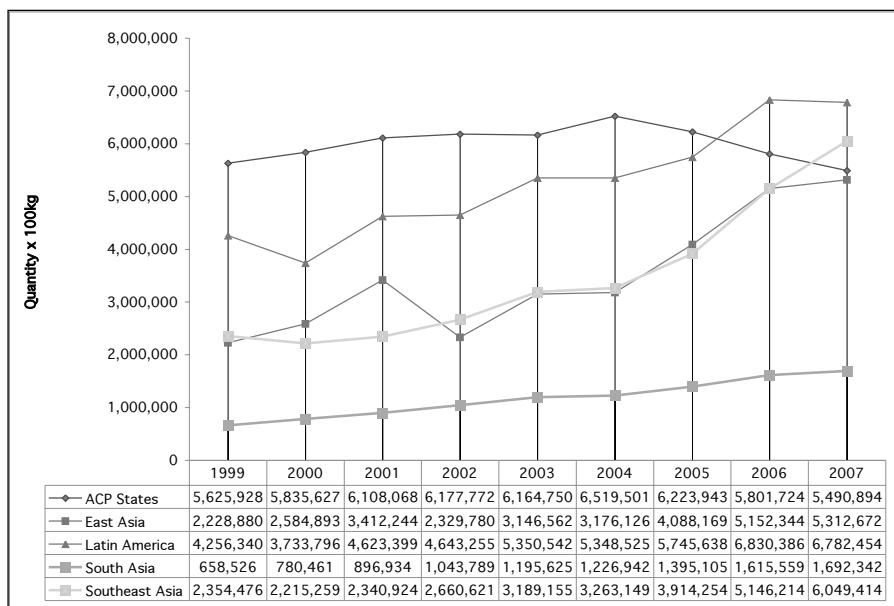
This section provides a comparison of the market share of ACP member states and other regional suppliers of fisheries products to the EC. Four competing regions are considered: south Asia (India, Sri Lanka and Maldives); south-east Asia (Thailand, Indonesia, Philippines and Vietnam); east Asia (China, Taiwan, South Korea and Japan); and Latin America (Brazil, Ecuador, Argentina, Chile and Peru). Figure 5.5 illustrates trends in the market share of each of these regions. Figure 5.5 shows a marked trend of a continuous decrease in exports by ACP member states to the EC from 2004 compared to increasing export volumes from other regions.

Despite the fact that ACP member states are larger in number and export more diversified fisheries products to the EC, south-east Asian and east Asian fish suppliers have now managed to close the significant gap in fisheries exports that the ACP has enjoyed from 1999.

The above trends are more pronounced when tuna products are factored out, as shown in Figure 5.6.

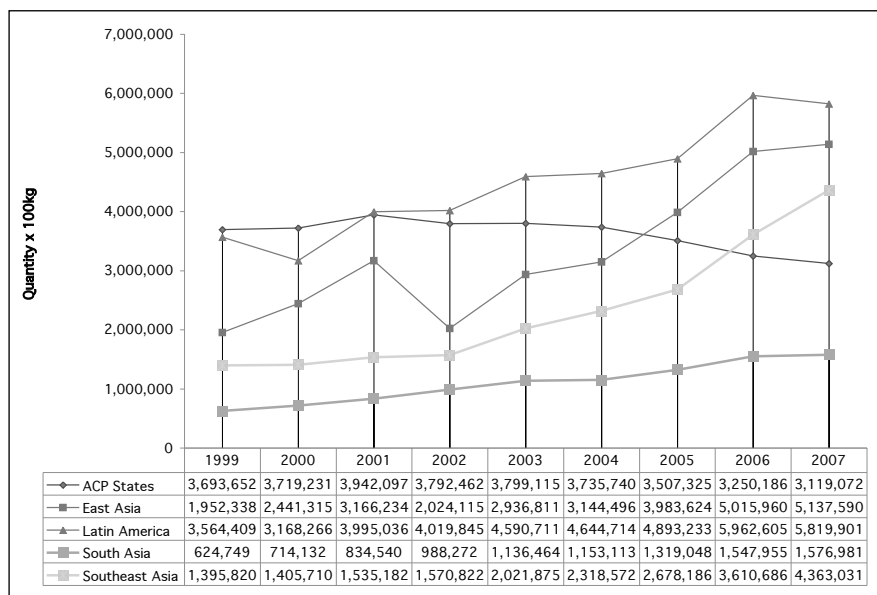
In the short term, the collapse of the Doha Round,<sup>73</sup> and the accompanying multi-lateral tariff reductions, are likely to provide the ACP states with a competitive advantage over other regional suppliers, given the existence of regional ACP preference frameworks that are not dependent on the progress of multilateral trade negotiations. However, this preferential advantage is unlikely to be maintained in the long term, given movements toward the negotiation of non-ACP bilateral and regional preference arrangements as an alternative to progress in multilateral negotiations.<sup>74</sup>

**Figure 5.5. Market share of fisheries exports into EU27, by region, in quantity x 100kg, 1995–2007<sup>a</sup>**



<sup>a</sup>Data generated using web-based query of EuroStat External Trade Dataset (EU27 Trade since 1995 by HS6). The query interface can be accessed at <http://epp.eurostat.ec.europa.eu/newxtweb/>

**Figure 5.6. Market share of non-tuna exports to EU27, by region, in quantity x 100kg, 1995–2007<sup>a</sup>**



<sup>a</sup>Data generated using web-based query of EuroStat External Trade Dataset (EU27 Trade since 1995 by HS6). The query interface can be accessed at <http://epp.eurostat.ec.europa.eu/newxtweb/>

### 5.3.1 South Asia

The fisheries exports of south Asia to the EC show a steady increase, primarily due to the increasing catch and fish processing capabilities of India and Maldives. Fisheries exports to the EC from India have increased at an annual average rate of more than 8 per cent since 2000 to reach a value of €370 million in 2005. India is the top exporter to the EC of HS0307 (molluscs) products, which mainly comprise shrimps and squid exports. Although there is no bilateral preferential trade agreement between the EC and India, imports from India benefit from the EC GSP scheme which offers tariff reductions for many of India's main fishery exports.<sup>75</sup>

Maldives exports about 30 per cent of its fish to the EC, mainly processed canned tuna. It is currently exempt from the 24 per cent import duty levied on fish by the EC based on the GSP-EBA scheme. More recently, the EC has agreed to extend its duty free treatment of Maldivian fish imports until the start of 2014, ten years after the country graduated from least developed country (LDC) status in 2004, due to the perceived vulnerability of the Maldivian fishing industry.<sup>76</sup>

Sri Lanka is granted preferential market access under the EC GSP+ scheme and is one of the top suppliers of HS1902 (pasta or couscous), among other fisheries products. Sri Lanka has been working at improving its levy charges to encourage more foreign fishing vessels to land their catch in Sri Lankan ports and use its facilities for value addition and re-export.<sup>77</sup> Both the catch and exports of Sri Lanka and Maldives were affected by the tsunami in 2005.<sup>78</sup> Even though there has been a drop in fish catch due to environmental factors, Maldives has been able to maintain its level of exports to the EC.

### 5.3.2 South-east Asia

Thailand is the world's largest exporter of shrimp and canned tuna. It is the seventh largest exporter of fish and fishery products to EU25, and accounts for 11 per cent of all prepared fishery products. In particular, Thailand is one of the EC's top suppliers of HS0307 (molluscs), HS1604 (prepared or preserved fish), HS1605 (prepared or preserved molluscs or crustaceans), and HS1902 (pasta or couscous). In 2005, Thailand's exports amounted to €429 million or approximately 3 per cent of all fish imports. The main Thai export products to the EU25 are canned tuna and tuna loins (€130 million) and frozen squid (€63 million). As at 1 January 2006, Thailand benefited from preferential market access for shrimps under the new GSP regulation as follows: 4.2 per cent as against 12 per cent MFN for frozen shrimps and 7 per cent as against 20 per cent for prepared shrimps and prawns.<sup>79</sup> Thailand also benefits from a preferential tariff rate quota at 12 per cent duty for some of its exports of canned tuna to the EC. With the introduction of the EC's new GSP in January 2006, imports of canned tuna from Thailand outside the quota described above can, subject to meeting RoO, benefit from a reduction in duty of 3.5 percentage points, making the duty payable 20.5 per cent instead of the MFN rate of 24 per cent.<sup>80</sup>

Like Thailand, Indonesia and Philippines benefit from a preferential tariff rate quota at 12 per cent duty for some of canned tuna exports to the EC.<sup>81</sup> Indonesia is a top

importer into the EC of HS0306 (crustaceans), HS1605 (prepared or preserved molluscs or crustaceans), and HS1902 (pasta or couscous), while Philippines is a top importer to the EC of HS1604 and HS1902. Other south-east Asian countries such as Singapore and Malaysia also capture the EC market for live fish, while Vietnam is one of the EC's top suppliers of HS0511 (dead or inedible animal products), HS1605 (prepared or preserved molluscs or crustaceans) and HS1902 (pasta or couscous).

### 5.3.3 East Asia

China is the largest producer of fish in the world and one of the top exporters of fish to the EC. China accounts for 16 per cent of all fish fillets imported into the EC. In 2005, China's exports to EU25 amounted to €870 million or approximately 6 per cent of all EU fish imports. Since 2000 the annual volume of China's exports to the EC has grown by an annual average of 14.7 per cent.<sup>82</sup> The main fisheries export products of China to the EU25 are frozen fish fillets of cod and Alaska pollack (€190 million), frozen cod fillets (€129 million) and frozen shrimps and prawns (€80 million). China's success in penetrating the EC market is in part due to the availability of cheap labour which gives it a competitive advantage in labour-intensive processes such as fish filleting.<sup>83</sup> China's exports of fish and fishery products to the EC benefit from the GSP scheme.

Other fish trading partners of the EC from east Asia are Korea, Japan and Taiwan, which also comprise the largest distant water fishing nations in the world. In terms of tariff application, these east Asian countries are afforded only MFN access to the EC market, and unlike the other fish supplying regions discussed, do not enjoy access under preferential arrangements.

### 5.3.4 Latin America

The Latin American regional suppliers of fisheries products to the EC are Brazil, Ecuador, Argentina, Chile and Peru. The principal exporters of tuna loins to the EC include Latin American countries which enjoy unlimited duty-free access to the EC market through the GSP+ regime.

The following exports of Argentina benefit from reduced preferential market access under the EC GSP scheme:

- Ilex: 4.5 per cent tariff treatment, compared to 8 per cent for MFN access;
- Hake: 4 per cent tariff treatment, compared to 7.5 per cent for MFN access;
- Shrimps/prawns: 4.2 per cent tariff treatment, compared to 12 per cent for MFN access.

Notwithstanding these preferences, Argentinean exports of fish and fishery products to the EC have fallen by an average of 2.8 per cent per year since 2000 to just over €400 million in 2005.<sup>84</sup>

EC imports of fish and fishery products from Brazil have shown a dramatic increase

in recent years (23 per cent annual average growth in the period 2000–2005). Frozen shrimps and prawns, which benefit from a reduced duty rate of 4.2 per cent under the GSP rather than 12 per cent MFN, account for over 70 per cent of trade.<sup>85</sup>

The exports of fish and fishery products from Chile to the EC have increased substantially at an annual average growth rate of nearly 20 per cent.<sup>86</sup> Trade in fish and fishery products between the EC and Chile is governed by arrangements providing for duty free access with a maximum tariff dismantling period of ten years. Tariff rate quotas are in place for certain hake and salmon products (5,000 and 40 tonnes respectively) and canned tuna (150 tonnes at one-third of the MFN duty).<sup>87</sup>

In 2005, Ecuador became one of the top ten suppliers of fish and fishery products to the EC, a position that it last held in 1999. The value of Ecuadorian exports to the EC increased by more than 40 per cent in comparison to 2004. Two categories of products accounted for almost all of Ecuador's exports: prepared fish (€207 million) and crustaceans (€186 million).<sup>88</sup>