FISHERIES POLICY UPDATE 5

Central Institute of Fisheries Technology
CIFT Junction, Matsyapuri P.O., Cochin - 682 029

SPECIAL ISSUE

July, 2008

National Seminar on WTO and its Impact on Indian Seafood Trade

Recommendations of the Seminar

What is the World Trade Organization?

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National Seminar on

WTO and its Impact on Indian Seafood Trade

28th June 2008, Cochin, India
organized by

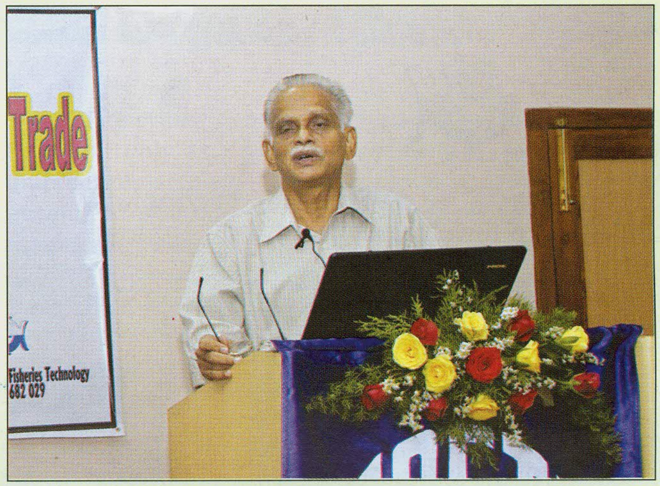
Society of Fisheries Technologists (India) & Central Institute of Fisheries Technology

A National Seminar on 'WTO and its Impact on Indian Seafood Trade' was organized jointly by the Society of Fisheries Technologists (India) and the Central Institute of Fisheries Technology on 28th June, 2008 at CIFT, Cochin. The seminar began with an informal welcome extended to the delegates by the President of the SOFT (I) and Director, CIFT, Dr. K. Devadasan. He along with the other invited speakers then formally inaugurated the seminar by lighting the traditional lamp. Dr. G.R. Unnithan, Convener of the seminar and Principal Scientist, CIFT gave a brief introduction to the topic of the seminar. He highlighted the major issues in the Indian seafood sector consequent to trade liberalization and opting for membership in WTO by India.

The Key Note address was delivered by Dr. Ramesh Chand, ICAR National Professor, National Centre for Agricultural Economics and Policy Research (NCAP), New Delhi. He spoke on the topic **'Trade liberalization, WTO and Indian Fisheries'**. In his address he said that the liberalization of

Inauguration by lighting the traditional lamp

Dr. Ramesh Chand delivering the keynote address



Dr. K. Gopakumar speaking on WTO, subsidies and antidumping rules

trade during 1991 as part of economic reforms has not only influenced the fisheries sector, but also the trade as a whole. Issues related to fisheries is discussed under Non Agricultural Market Access (NAMA) whose base was formed during the Doha round of negotiations and was continued under the Hong Kong round. The significant negotiations in the areas such as market access, subsidies, environment labeling, trade rules and multilateral environmental agreements, special and differential treatment and dispute settlement mechanism were discussed in detail, along with tariff and non tariff barriers. There are evidences of deteriorating performance of Indian fisheries export in the post WTO period. The growth rate has fallen from 12.11% in the pre WTO period (1985-86 to 1995-96) to 3.90% during the post WTO period (1995-96 to 2005-06). India has also lost some of the markets in the high price segment. In future, apart from the problems in the small scale artisanal sector, the food safety concerns will become a serious issue which will affect the Indian fisheries exports. Evidences showed that the non-tariff barriers were not discriminating against India alone as the same standards are being used against all the member countries. Hence, India should have taken the WTO-NAMA negotiations positively and take proactive measures in the areas of Hazard Analysis Critical Control Point (HACCP) implementation, quality control and value addition to uphold India's stand in the international level.

The Technical Session that followed was chaired by Dr. A.G. Ponniah, Director, Central Institute of Brackishwater Aquaculture, Chennai. Dr. K. Gopakumar, former DDG (Fy.), ICAR, New Delhi presented a paper on '**WTO, subsidies and antidumping rules**'. He discussed the broad functions of WTO which includes administering WTO trade agreements, acting as a forum for trade negotiations, handling trade disputes, monitoring national trade policies, providing technical assistance and training for developing nations and ensuring cooperation with international agencies. He explained the subsidies, antidumping, domestic industry and green box policies.

Smt. Asha Parameswaran, Deputy Director, Marine Products Export Development Authority, Cochin spoke on '**Impact of WTO on marine products export from India**'. She said that the main issues in international trade in fish and fishery products are related to market access, food safety, subsidy and the environment. Though the WTO has generally been able to bring down the tariff rates facilitating easier trade, value added products attract higher tariff levels which perpetuates the dominance of developed countries in the production and marketing of value added products and also bilateral free trade agreements defeat the purpose of multilateralism.

Smt. Asha Parameswaran speaks on the impact on seafood trade

Specific requirement of the importing countries also exist like the Pre-certification system of Japan and BRC Certification system designed by British Retail Consortium. The antidumping investigations against shrimp from India into the USA have resulted in a fall of the number of exporters to the USA. Lack of harmonization, lack of transparency, risk based approach etc. have also impeded the implementation of SPS agreement. New impediments to export are increasing and the need of the hour understands the emerging obstacles and capacity building to tackle such obstacles and UNCTAD and MOC have taken up the task. There is also negative media coverage about marine fisheries and aquaculture. Health consciousness is increasing among consumers; they want to know where from the food originate and consumer will have the final say on quality and origin including environmental concerns of how it is made.

A view of the audience

The Technical Session II was chaired by Dr. K. Gopakumar, former DDG (Fy.) ICAR. The first paper in the session was presented by Shri Sandu Joseph, Secretary, Seafood Exporters Association of India. He spoke on '**Indian seafood industry – Challenges and opportunities under WTO regime**'. He said that from fisheries management point of view, the tariffs imposed by EU and Japanese markets is very high, viz. 10.2% and 4.1% respectively. The speaker said that seafood exporters should demand a reduction in these tariffs to reduce cost of production. He also observed that the bulk of subsidies is aimed at large mechanized ocean-going vessels rather than coastal or inshore fisheries and can have implications on the livelihoods of poor people. The criteria for subsidy schemes are often based on political rather than legitimate social considerations. The issue of subsidies to the industry should be considered as non-actionable subsidies since several of the proposed subsidies in this category can be defended within the framework of special and differential treatment of developing countries. The speaker pointed out that the NAMA negotiations will lead to negative consequences in the case of seafood processing sector in the developing countries. The use of technical barriers and imposing of non-tariff measures may benefit the developed countries to protect its market but it may affect the livelihoods of many in the developing countries. The open access regime for foreign trawlers will affect the small scale fishers from India and also do not provide any benefit of employment or development of local industry as these fishing companies use massive factory ship to process their catch onboard. The division of the fisheries administration into 11 Ministries across the state and central government makes it difficult to achieve any coherence in policy. There is also no clear policy to address the problem of over-capacity. A fisheries management plan should be chalked out to address several such issues. The speaker observed that the Multilateral Environmental Agreements (MEAs) might quite likely play a major role in the seafood exports of India if MEA obligations are to be met to maintain market access. Some of the HACCP measures are difficult for the small-scale beach-based fisher to meet and hence they are denied the international market access. The speaker suggested that the State should invest on behalf of the industry in expensive quality control measures as the compliance costs will be too high to meet for small processors and exporters. More importantly, India should have a quality standard set for its own domestic seafood market, so that an equivalent is established for the quality set in the export market.

Shri Sandu Joseph presents the industry's point of view

Dr. A.G. Ponniah, Director, Central Institute of Brackishwater Aquaculture, Chennai spoke on the '**Impact of globalization on aquaculture in India**'. In the paper he discussed the growth of aquaculture and

Dr. A.G. Ponniah making his presentation

the opportunities and potential it presents. He highlighted that the share of aquaculture in the food-fish supply is steadily increasing and it is one of the fastest developing food sectors in the world. The average annual growth rate of aquaculture has been around 10% since 1984 compared with 3% for livestock meat and 1.6% for capture fisheries production. Indian freshwater aquaculture which was 2.62 million mt in 2006 is expected to reach 5.09 in 2015 and employment generation to grow from the current 3 million to 5 million by 2015. He also stressed that high value products are shipped to rich country markets, while low value products (relatively inexpensive pelagics) are generally distributed to feed common people and to produce fish meal and oil and developing countries are with the relatively small 12 percent share of the value of overall imports, though import volumes are higher. He said that the key drivers impacting aquaculture would be that there is increased market flows from developing to the developed world with transfers of technology in the reverse direction and developing countries introducing more efficient means of production. There is also improved and expanded information flow on markets and prices and pressure to reduce or eliminate subsidies. The awareness on environmental impacts has increased and new overall international instruments (e.g. WTO agreements, Convention on Biological Diversity etc.) have come into place and aquaculture is open to global competition without safeguards. Highlighting the negatives, he said that production costs are increasing to meet quality and sanitation standards and liberalized trade will have a potential impact on food security in exporting countries. The developing countries will find it difficult to meet scales of production needed to compete in a global environment. There is also significant increase in invasions of exotic pathogens. He stressed on invetsment into aquatic animal health for better quarantine, surveillance and disease control, bioremediation, introduction of HACCP principles in shrimp hatchery and farms, organic aquaculture and investment into traceability, eco-labeling and certification.

The **'Role of Export Inspection Council of India and Export Inspection Agencies in the WTO scenario'** was elucidated by Shri Deepak Shekhar, Joint Director, Export Inspection Agency, Cochin. He said that the major objectives of SPS and TBT agreements are the dismantling of barriers for free flow of trade and the creation of a global market with equal access to all countries. In the WTO regime, the role of standards and also the role of Competent Authorities have gained prominence. The Import Controls and Conformity Assessments have a major role in maintaining food safety standards and uniform procedures. Application of Most Favored Nation (MFN) / National treatment is one of the important aspects of Non-Tariff Agreements. The Global awareness on human health and food safety has created more and more demand for stringent hygienic food standards and also for protection from environmental contaminants. As leading seafood importers, EU, USA and Japan have evolved regulations requiring adoption of more stringent standards for the hygiene and safety of food imported to these countries. Even developing countries like, Taiwan, Indonesia, Thailand, China etc. are framing their own standards in line with those of the developed countries, especially those of the EU. Under the SPS Agreement, countries can frame their own standards or can adopt the International Standards. However, while framing their own standards more stringent than International standards, it is mandatory that the country shall carry out risk assessment. But it is observed that many of the importing countries are adopting stringent national standards without conducting risk assessment. As an export oriented industry, the

Shri Deepak Shekhar interacting with delegates

Delegates interacting

Adv. Jacob Joseph presenting the legal issues

seafood industry is forced to adopt itself to the ever-changing international laws and regulations. The role of Competent Authorities has become very important in the WTO regime in view of the emphasis given to Equivalence and Mutual Recognition Agreements. The Export Inspection Council of India (EIC) and Export Inspection Agencies (EIAs) as Competent Authorities and Official Certifying Bodies have to play a pivotal role in ensuring the safety and quality of food products exported from India and also to safeguard the interest of the importing countries in order to enhance the export potentialities of India. The European Union has recognized EIC as the Competent Authority for Fish and Fishery Products, Egg Products, Honey, Basmati rice, etc. A number of importing countries like USA, Japan, Australia, Italy, Korea, Srilanka, Singapore etc., have already signed Equivalence agreements or entered into Memoranda of Understanding (MOU) with EIC and have recognized EIC / EIAs certification system for a number of commodities including the seafood. Highlighting the challenges faced by the seafood industry in the WTO scenario, he emphasized that lack of education and lack of control are the major issues in primary production. Establishing traceability through out the food chain may also pose yet another challenge to the Industry. For the better development of the industry, coordinated effort of the government bodies, scientific institutions and also the trade at large is needed. Elimination of multiple control systems is the need of the hour.

Advocate Jacob Joseph, Lecturer in Law, National University of Advanced Legal Studies (NUALS), Cochin spoke on the '**Legal issues under WTO regime with special emphasis on the Indian seafood trade**'. He traced the formation of the WTO right from the General Agreements on Tariffs and Trade (GATT) in1947 at the establishment of World Trade Organization on January 1, 2005. He mentioned the results of the Uruguay Round which included the agreement establishing WTO, the General Agreements on Trade and Tariffs (GATT), the General Agreements on Trade in Services (GATS), the Agreement on Trade Related aspects of Intellectual Property rights (TRIPS) and the extra agreements and Annexure that addresses specific sectors and issues like the Agreement on Agriculture (AoA), Agreement on Technical Barriers on Trade (TBT), Agreement on Application on Sanitary and Phytosanitary measures (SPS), Agreement on Subsidies and Countervailing measures (SCM) and the Agreement on the implementation of Article VI of GATT (Anti Dumping Agreement). The trade measures having implications for Indian Seafood Trade however fall under the Non-Agricultural Market Access (NAMA). He detailed the legalities of the SPS measures, the TBT agreement and the antidumping agreement.

Dr. M.K. Mukundan, Head, Quality Assurance & Management Division, CIFT, Cochin explained in detail the '**Non-tariff barriers in the seafood trade in developing countries**'. He explained that the seafood industry, with the help of various agencies in India and other third world countries has implemented the HACCP-GMP-SSOP system to tide over this trade barrier. Other food industries will have to follow suit if they aspire for an export market, especially to USA or Europe. Already Food Safety Bill 2005, to introduce HACCP-GMP-SSOP as mandatory requirement is before the Parliament. These standards are also now available as ISO/TC 22000-FSMS. Adoption of HACCP-SSOP-GMP and CAC standards may not work at times, as SPS agreement further provides that member nations can introduce/ maintain a higher level/standard of SPS than the CAC standards, if there is scientific justification – a condition introduced in the interest of the developed western

Dr. M.K. Mukundan speaking on non-tariff barriers

countries. This condition offers a ready weapon for the developed countries to close their markets to products from developing countries. TBT aims at standardization of packaging and safe handling of food materials. The specifications laid out in this respect are weight, size, shape, nature of material, labeling and safe storage, handling and transportation requirements. While the SPS specifically refers to food and agricultural products, TBT measures cover all products including food. The strategy shall be that all SPS specifications be based on multinational agreement and scientific evidence and no unilateral SPS specifications to be enforced to prevent market entry by a third country. He concluded that all WTO discussions should be represented by suitable technical experts also.

Dr. Nikita Gopal, Senior Scientist, CIFT, Cochin presented the paper on '**Diversification of seafood markets - Need and prospects in the globalized era**'.

Dr. Nikita Gopal speaking on need for diversification in the globalized scenario

With the composition of our marine products export changing from high value, high end countries to low value products exported to developing countries, there is a need to diversify our product mix as well as marketing strategies. We now export around 274 different products. However the increase has mainly come from frozen fish. In 2006-07, 44% in quantity of exports was constituted by low value finfish, which fetched only 17.37% in terms of value, while shrimp constituted 22% in terms of quantity and 54% in terms of value. While till recently the major market was Japan, US and EU, today in terms of quantity, China is our largest market. The emerging markets have not been competitive and the Relative Trade Advantage (RTA) for these finfish products was negative for the last 5 years, ie, the period when the finfish exports have been rising. With shrimp exports being hit by the anti-dumping investigations of the US and the number of exporters falling drastically, there is need to rethink and reinvent our marketing strategies. The unit value for our export has fallen from Rs. 146/kg to about Rs. 135/kg over 2002-03 and 2006-07 and it has never crossed the 3.5 level in dollar terms. The unit value has further been falling due to the appreciation of the Indian rupee. The so far 'neglected' domestic market needs to be tapped with potential in the form of the rapidly growing urban population yet to be exploited.

The plenary session that followed was chaired by Dr. Devadasan in which a set of recommendations were adopted for bringing to the notice of the concerned authorities.

Dr. K. Devadasan chairing the pleanary session

An exhibition was also held in this connection in which CIFRI, CIFT and SOFT(I) participated. The seminar and exhibition were well attended by eminent scientists, technologists and administrators from various parts of the country.

Delegates visiting the CIFRI stall

A view of CIFT stall

RECOMMENDATIONS OF THE SEMINAR

1. Fisheries issues have not come to the centre stage in WTO negotiations as far as India is concerned. The policy to be taken up for fisheries as a whole needs to be developed by Fisheries Economists on the lines made for agriculture in AoA.
2. Stakeholders must be made aware and their point of view needs to find a place in the negotiations.
3. Focus should be made on the quality compliance at the domestic level. Equivalence for HACCP to be implemented at the domestic level. We should have our own accreditation agencies and equivalence agreement with other countries bilaterally.
4. There is increased market flow from developing to developed countries. Increased awareness on environmental impacts and the Convention on Biological Diversity will have greater impact on aquaculture. There is need for standards and implementation of HACCP from hatcheries to farms.
5. Risk of invasion of exotic pathogens is increasing with introduction of new species and better quarantine system needs to be evolved, speeding up the quarantine procedure.
6. If Vannamei is introduced, it should be properly promoted and regulated. Value addition should be simultaneously developed for profitability, just as in Thailand.
7. The market potential for our aquaculture products is not available. Hence international market development and forecasting studies have to be taken up.
8. Investment in research in fisheries is not commensurate with the potential of the sector. More investment in research, quantitative assessment, surveillance and disease control is needed.
9. More investment is needed in bioremediation for treatment of aquafarm effluents.
10. More investment on traceability, eco-labelling and certification which are directly linked to market forces.
11. More stress to be given on the development and modernization of domestic market.
12. Generation and harmonization of the statistical data on markets, prices, quantity etc. needs to be done as the data currently given by various government organizations are in variance. Methodology to be standardized.
13. Creation of scientific data base to face non-confirmatory issues at the international level.
14. Coordination of different organizations like trade, scientific organizations, competent authorities like EIC, other government agencies, working in the field of fisheries for better understanding among themselves as well as the strength to put our points across in international negotiations. These agencies should be represented in international meetings for this.
15. Any policy initiative/discussion/paper related to fisheries in NAMA or WTO must be referred to fisheries institutions for comments.

What is the World Trade Organization?

Simply put: the World Trade Organization (WTO) deals with the rules of trade between nations at a global or near-global level. But there is more to it than that.

There are a number of ways of looking at the WTO. It's an organization for liberalizing trade. It's a forum for governments to negotiate trade agreements. It's a place for them to settle trade disputes. It operates a system of trade rules. (But it's not Superman, just in case anyone thought it could solve - or cause - all the world's problems!).

Above all, it's a negotiating forum ... Essentially, the WTO is a place where member governments go, to try to sort out the trade problems they face with each other. The first step is to talk. The WTO was born out of negotiations, and everything the WTO does is the result of negotiations. The bulk of the WTO's current work comes from the 1986-94 negotiations called the Uruguay Round and earlier negotiations under the General Agreement on Tariffs and Trade (GATT). The WTO is currently the host to new negotiations, under the "Doha Development Agenda" launched in 2001.

Where countries have faced trade barriers and wanted them lowered, the negotiations have helped to liberalize trade. But the WTO is not just about liberalizing trade, and in some circumstances its rules support maintaining trade barriers - for example to protect consumers or prevent the spread of disease.

It's a set of rules ... At its heart are the WTO agreements, negotiated and signed by the bulk of the world's trading nations. These documents provide the legal ground-rules for international commerce. They are essentially contracts, binding governments to keep their trade policies within agreed limits. Although negotiated and signed by governments, the goal is to help producers of goods and services, exporters, and importers conduct their business, while allowing governments to meet social and environmental objectives.

The system's overriding purpose is to help trade flow as freely as possible - so long as there are no undesirable side-effects - because this is important for economic development and well-being. That partly means removing obstacles. It also means ensuring that individuals, companies and governments know what the trade rules are around the world, and giving them the confidence that there will be no sudden changes of policy. In other words, the rules have to be "transparent" and predictable.

And it helps to settle disputes ... This is a third important side to the WTO's work. Trade relations often involve conflicting interests. Agreements, including those painstakingly negotiated in the WTO system, often need interpreting. The most harmonious way to settle these differences is through some neutral procedure based on an agreed legal foundation. That is the purpose behind the dispute settlement process written into the WTO agreements.

Born in 1995, but not so young

The WTO began life on 1 January 1995, but its trading system is half a century older. Since 1948, the General Agreement on Tariffs and Trade (GATT) had provided the rules for the system (The second WTO ministerial meeting, held in Geneva in May 1998, included a celebration of the 50th anniversary of the system).

It did not take long for the General Agreement to give birth to an unofficial, de facto international organization, also known informally as GATT. Over the years GATT evolved through several rounds of negotiations.

The last and largest GATT round, was the Uruguay Round which lasted from 1986 to 1994 and led to the WTO's creation. Whereas GATT had mainly dealt with trade in goods, the WTO and its agreements now cover trade in services, and in traded inventions, creations and designs (intellectual property).

Source: http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact1_e.htmv

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