

Japan
Fisheries
Association



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Views and Opinions of Japan's Fisheries Industry

HIGHLIGHTS

LARGER-SCALE SEAFOOD EXPO EYED TO BOOST MARINE PRODUCT BUSINESS

---4th Expo Will Mark JFA's 120th Anniversary---

The Japan Fisheries Association will hold the fourth Japan International Seafood & Technology Expo at the International Exhibition Center in Tokyo on July 24-26, 2002. The exposition is part of various events marking the 120th anniversary of the Association founded in 1882. On behalf of the organizer, Hiroya Sano, President of the JFA stresses the significance of the exhibition as follows:

Greetings from the organizer

I am glad to be able to let the people who support the marine products industry in Japan and all over the world know the celebration of the Fourth Japan International Seafood & Technology Expo.

This is the Fourth Expo, and the scale of the event has got larger each time. Now the Expo is acknowledged as the trade fair for the seafood business typical of Japan as well as of Asia. I deeply appreciate for the patronage of every exhibitor and every visitor.

Now in the 21st century, there is concern that fishery resources throughout the world will be eaten up and fishery issue will be-

come a serious food issue. This is the reason why the Basic Fishery Law was enacted. However, marketing is the matter of universal importance. Sellers' market is a thing of the distant past now. Without systematic marketing by grasping consumers requirements such as taste, texture, package and naming, consumption, above all consumption of seafood, will never increase. Unfortunately, there is data that people prefer meat to fish in and after 1935.

This event is the place to face such problems squarely. At the Seafood Expo the staff of the Ministry of Agriculture, Forestry and Fisheries, distributors, retailers, caterers, and the people interested may exchange useful information, jointly develop products, have business talks, and engage in effective marketing activities aiming at increasing the consumption of marine products. Already about sixty thousand people visited the Expo, and this Expo is highly evaluated as the place to boost marine products business.

In conclusion, I hope that this Expo will be helpful in boosting your marine products business.



Hiroya Sano
President
Japan Fisheries Association

During the exhibition period, various events are scheduled, including "Seafood Seminar" and "HACCP Seminar". For detailed information, please contact the Seafood Expo Secretariat;

URL: <http://www.k-ide.com/seafood>

SPECIAL FEATURE
by Prof. K. Kase

Desirable Fisheries Trade
Policy--Questions on Con-
ceptual market-based Argu-
ment. (On Page 2)

OPRT Develops A Project To Identify Tunas Caught Responsibly

Japan's Initiative--Conservation and Management of Tunas

On January 11, the Organization for Promoting Responsible Tuna Fisheries (OPRT) established a committee to develop a project which is intended to identify by means of labelling the tunas caught by fishing vessels in compliance with international rules of tuna management. Since the Korean Deep Sea Fisheries Association expressed its intention to join the OPRT last December, following Indonesia and the Philippines, the OPRT will cover over 80% of tuna longline fishing vessels in the world. Such a progress contributed to OPRT's development of effective projects.

(Please visit OPRT website for its activities. URL: <http://www.oprt.or.jp>)

SPECIAL FEATURE

Trade in Fishery Products and Sustainability of Fisheries

--Toward a mutually beneficial and realizable approach to fisheries trade policy--

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(Following is an abstract from the presentation made at the International Symposium on Fisheries Trade at Seoul, Korea on October 18, 2001)

FOREWORD

In this report I would like to discuss what kind of adjustments based on what type of concept would be needed for trade in fishery products in order to ensure the sustainable development and continuation of fisheries in various countries. Sustainable fisheries means maintaining fisheries as a place of employment of fishers and preserving fishing communities. The solution to this issue is closely related to the discussion over fishery product trade in the negotiations at the World Trade Organization (WTO) as well as the desirable course of debate surrounding fisheries subsidies. As I know well fishers' daily efforts to keep their industry and community sustainable, I am naturally inclined to wish for the continuation of fisheries in Japan. At the same time, I am strongly conscious of the issue of how to ensure cooperation in the fisheries sector with other countries, especially with neighboring countries in Asia, which has a strong bearing in ensuring food sources.

1. Background of discussion on trade liberalization

In prewar years, States adopted policies to increase exports and restrict imports, which aggravated conflict among them, ultimately leading to the breakdown in international negotiations. After the war, through reflection on those consequences, the international community agreed to promote liberalization of transfer of goods, identified important sectors for negotiations, and advanced negotiations under the General Agreement on Tariffs and Trade (GATT). These efforts had

been aimed at expanding the domains where trade liberalization would become possible, while paying due consideration to the internal situation of each country.

However, during the past decade or so, such flexible posture in the international negotiations was lost, and the liberalization of trade itself became the goal to be realized. The argument was brought to such an extreme that liberalization should be advanced even at the sacrifice of the national economic welfare of each nation -- the very goal initially established to be realized through trade liberalization. The posture to mutually recognize the specific situation of each country's industry and its own economic policy for that goal has disappeared and, in its stead, the concept of "globalization," in which each nation should adopt identical policy criteria, gained momentum.

In reality, however, there is no country that adopts free trade policy on a pure basis as its actual policy. One good example is the fact that the United States, the leader in promoting globalization, is applying a "dumping control policy" on the pretext that exporting countries are to blame for the increase of some imported products in the United States. With respect to fishery product imports, the United States invoked anti-dumping measures against salmon imported from Norway and Chile and lobsters from China. It also enforced import prohibition measures for shrimp with an apparent aim to protect marine turtles.

From the foregoing, in order to discuss the issues surrounding trade liberalization, **it is essential to base the debate upon specific conditions of the industry in each country, and seek a mutually beneficial and realizable approach rather than discussing the validity of the concept of free trade.**

2. The present situation of fisheries in Japan and imports of fishery products

It is well known that fisheries in Japan find themselves in a difficult situation

because of the increase of imported fishery products. Japan's imports of fishery products kept rising from 1 million tons (1978) to 2 million tons (1987), to 3 million tons (1993), and currently to around 3.5 million tons. In terms of production value, the proportion of domestic fishery production versus imports declined from 3-to-1 (3 trillion yen versus 1 trillion yen) to a par (2 trillion yen each). Sluggish fish prices as well as deteriorating business performance by fishery enterprises have been undeniably affected by increasing imports.

However, Japan, a major exporting country of industrialized goods, is taking a trade liberalization policy to a larger extent than the United States. In the area of fishery product imports, Japan's trade barriers are substantially low, with an average tariff rate on fishery products standing only at 4%. No effective regulatory measures for the importation of fishery products are in place even when the import quota system is included.

3. Discussion regarding trade in fishery products based on general principles

The Japanese fishing community emphasizes the following three points regarding the significance of the continued presence of fisheries in Japan and the need for import restrictions to achieve that end.

The first argument is based on the perspective under food security. It is claimed that each government has the responsibility to supply food to its nationals, and thus has the right and obligation to enhance its self-sustenance for food. Food is a special merchandise in that the suspension of supply even for one day would cause panic among the people. Consumption of food cannot be by-passed or delayed like clothing or electric appliances. Further, it involves a great risk for a nation with a population of over 100 million to choose to depend on imports for a substantial part of its food when considering possible changes in food

production and export restriction policies of food producing countries at a time of food shortage.

In a longer term, it is quite uncertain whether Japan will be able to continue to earn foreign exchange to purchase food in face of the rapid industrialization of China and other countries. Therefore, it does not seem wise to promote the transfer of farmland to non-agricultural uses or reclaim fishing ground solely on the basis of the present economic calculations and create a situation where no farms and fishing ground would be available when there arose needs to produce food domestically.

In the second argument, it is stressed that, like agriculture, fisheries also have diverse functions other than economic values. To maintain those functions is important both for fishing communities and the entire nation. When trade is entirely liberalized and agriculture and fisheries cease to exist, enormous costs will be required to maintain the environment and guard the national borders by some other means in areas where human activities have been halted.

The third argument underlines the need to control trade to some extent to ensure the stable reproduction of fishery resources. It is well-known that in exporting countries, fishery resources and the environment have been destroyed because of the compelling need to expand harvesting and aquaculture rapidly and at low costs. On the other hand, the impact of trade liberalization for importing countries gives rise to the concern that resource management systems now mainly implemented by fisheries cooperatives and/or village communities can be disrupted drastically because of the rapid inflow of imported products. In other words, if fish prices fall because of sharp increase in imported products and nothing can be expected to stabilize income despite their efforts to implement fishery management systems, then fishers would be forced to compete among themselves, changing their fishing patterns into that of pursuing as much catches as possible.

4. Realistic argument on trade in fishery products and international cooperation

The foregoing argument for controlling trade in fishery products should not be advanced unconditionally. Japan, for its

part, had been one of the leading exporters of fishery products in the world in previous years. The foreign exchange earned through such success contributed to accelerating the nation's high-level economic growth, and still today, there exist a number of fishers who depend on exports of fishery products, such as scallops, pearls and canned products. Bearing such facts in mind, Japan, together with South Korea, are in a position to propound the argument that gives due consideration to the positions of both exporting and importing countries.

There is also a need to make a distinction between exports from advanced countries in the West and those from developing countries. If Japan that exports industrialized products to developing countries gives unilateral restrictive measures against imports of agricultural and fishery products from developing countries, that would result in a one-way trade, making it impossible to foster cooperative relations. Furthermore, prices of many of imports of agricultural and fishery products from industrialized countries are set at unduly low levels with the backing of export subsidies. Also little space exists for Japanese products to compete with some foreign products because of overwhelmingly vast farmland in the producing countries. On the other hand, developing countries in Asia do not have ample financial resources to subsidize their exports; they have similar natural conditions as Japan, symbolized by scarce arable land and monsoon climate, and differences in competitiveness are of transitional nature, arising only from the differences of income levels.

From the reasons recounted in the foregoing, Japan should continue its effort to raise its food self-sustenance rate, and for the portion not covered by domestic production, try to ensure stable imports from neighboring countries.

CONCLUSION

The prerequisites of the logic for American-style economics are that all the goods for production should be procured freely as "merchandise" in the market and

that gaps between demand and supply can be readily adjusted through price changes. Those conditions apply more or less to the products of advanced industries, with relatively small weight and volume, such as industrial products, especially electronic products. It is very easy to advance the international division of labor in those sectors.

However, in the case of food, especially fishery products, there exist no such prerequisites. In the case of fishery products, supply does not increase

immediately even when demand increased because of the natural restriction on reproduction of the resources. Rather, decline in the resources can take place as competition in exploitation intensifies. For fisheries, there can be no assumption in which the profit of the enterprises supplying that merchandize will increase when there is increasing demand, and consequently supply will increase by re-investment of the profit. The resources are doomed to deplete unless some artificial restrictive measures, such as resource management, are applied. Further, adjustments in supply-demand fluctuations for fishery products cannot be made smoothly both in that the supply of food should not be allowed to be suspended and in that inventory costs for fishery products at a time of excessive supply are conspicuously higher than those for industrial products because of perishable nature of the fishery products. **In such industries subject to natural restriction, only to follow a conceptual market-based argument is not only suicidal as an industry but also destroys the stability of national life.**

Let me reiterate the same issue from the perspective of workers. In the "market-primacy" economics, it is said that relocation of a workforce to meet

Fishery trade policy should not be determined by abstract concept but should fully consider the characteristics of fisheries as an industry and merchandize features of fishery products as well as a balance in national economy.

the changes in industrial structure will advance with those who work in a low-productivity industry naturally losing their jobs as a result of shrinkage and disappearance of the industry and being newly employed by a growing industry. However, what is actually happening to fishers is quite serious. Substantial social and psychological friction exists in changing jobs for fishers due to the restrictions in terms of areas of residence, differences in the experience in labor and habits of living. Relocation of fishers to inexperienced job sectors is extremely difficult for persons above a certain age level. Conversion of jobs for those who are engaged in the primary industries is a process requiring

a long time period, and it is unfair to impose only on fishers the negative consequences of the frictions that arose from industrial adjustments.

It is evident from what is discussed above that the issue of a specific policy for fishery product trade should not be determined by a general abstract theory of merchandize economy based on simple models, but it should be discussed by giving due consideration to the industrial characteristics of fisheries, merchandize features of fishery products and a balance in national economy.

Regional Fishery Management Organizations Further Step Up Fight Against IUU/FOC fishing

The International Commission for the Conservation of Atlantic Tunas (ICCAT) and the Indian Ocean Tuna Commission (IOTC) have adopted new measures to combat IUU/FOC fishing activities. The following are a gist of their new measures:

ICCAT

(17th Annual meeting at Murcia, Spain; Nov. 12-19, 2001)

■ A working group meeting will be held in Tokyo around May 2002 to verify the relationship between Taiwanese IUU capital (major root of IUU/FOC fishing activities) and large scale tuna longline fishing vessels registered in various countries and to seek for effective measures to cut such relationship. ICCAT is getting to know that Taiwanese IUU capital have been taking advantage of using multi-national activities to escape trade sanctions by ICCAT.

■ The following countries were newly identified as the countries which are not in collaboration with the Commission in complying the management measures. If there should be no rectification by the next annual meeting, a trade ban on the species specified be put into effect to them immediately. Sierra Leone (bluefin tuna and swordfish and bigeye tuna), Bolivia, Vanuatu. Indonesia and Panama (bigeye tuna).

■ Statistical Document Program are to be established for bigeye tuna and swordfish, scheduled from July 1, 2002 for bigeye and January 1, 2003 for swordfish. The program will verify the status of unreported catches.

IOTC

(6th Annual meeting in Seychelles; Dec. 10-14, 2001)

■ Resolution on limitation of fishing effort by Non-Members was adopted to the effect that taking into account the urgent need to manage in a global and efficient way the fishing effort on bigeye tuna, the Commission requests non-members to reduce their fishing effort in 2002 in relation to 1999 level.

■ Recommendation concerning a Bigeye Tuna Statistical Document Program was adopted in recognition that the program is an effective tool to assist the Commission's effort for the elimination of IUU fishing operations. Contracting parties, by July 1, 2002, or as soon as possible thereafter, require that all bigeye tuna, when imported, be accompanied by an IOTC Bigeye Tuna Statistical Document.

Japan Calls for Fair Trade Rules for Renewable Resources at WTO

At the fourth session of the Ministerial Conference of the World Trade Organization (WTO) in Doha November 9-13, 2001, the Japanese Minister of Agriculture, Forestry and Fisheries Tsutomu Takebe stressed the need for the WTO to establish trade rules taking account of coexistence among various states as well as sustainable utilization of resources. The following is an excerpt of his statement.

"Today, while globalization of economy and culture progresses rapidly, the international society faces a number of challenges. In this connection, I believe that the importance of the multilateral trading system that is embodied in the WTO will become greater ever more. For example, the instability of global supply and demand of food remains unchanged even after the implementation of the Uruguay Round commitments, as demonstrated by a fact that surplus of food accumulates in developed countries, while more than 800 million people mainly in developing countries are still suffering from malnutrition...."

"... As there are differences in the natural conditions and the historical background from one country to another, I think that the diversity and coexistence of agriculture among various countries need to be preserved. Various functions of agriculture towards different non-trade concerns, such as food security, rural development and the environment, cannot be obtained through foreign trade but only through agricultural activities in each country. In this regard, it is essential that the negotiations on agriculture should be conducted based upon the fundamental philosophy of the "coexistence of various types of agriculture", and that the results of the negotiations should be balanced and acceptable for every country.

"I am convinced that the multilateral system should take full account of such viewpoints as global environmental problems and sustainable development. In this regard, as for the resources that are renewable but can be depleted without proper management, such as forestry and fishery resources, it is essential to establish a set of trade rules and disciplines which contributes to the sustainable utilization of such resources through the promotion of adequate resources conservation and management. Such rules and disciplines shall be fair and equitable both for exporting and importing countries."