



Integrated Assessment of Trade Liberalization and Trade-Related Policies

A Country Study on the Fisheries Sector
in Senegal



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NOTE

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EXECUTIVE SUMMARY

Fishing is an essential component of rural development in Senegal. It is a multipurpose activity strongly integrated with the rest of the Senegalese economy and society. Fishing plays a strategic role in ensuring the sustainable growth of the national economy. The fisheries sector covers an important proportion of the population's protein needs (75 per cent).

Fishing plays a dominant role in the Government's policy towards generating employment. It generates today about 100,000 direct jobs (i.e. fishermen) for nationals, of which more than 90 per cent are in small-scale fishing. Fishing also generates other related jobs, employing about 15 per cent of the Senegalese working population, which amounts to about 600,000 people; it thus contributes largely to employment.

Since 1986, the sector has ranked first for exports, ahead of combined groundnut and phosphate sectors, and accounts for about one third of the value of foreign sales. The fishing industry also contributes to Government revenue through different agreements.

Despite its economic and social importance, the sector is facing serious disequilibria both in resource exploitation and market supply: the coastal demersal (deep lying fish) stocks with high market value - mostly exported - are fully exploited and even over-exploited. A serious risk of local market supply shortages looms ahead, as fishing efforts shift from locally consumed species to export-oriented ones.

These pressures became clear as the sector turned towards meeting external demands. The move was instigated externally in a context of structural adjustment, and outside the play of market forces, including through:

- non-reciprocal advantages under the Lomé Agreements, authorizing Senegalese piscatorial products to enter the European market with the exemption of custom duties;
- export subsidy of 15 per cent, later raised to 25 per cent, first applied to canned tuna and later extended to all piscatorial products;
- 50 per cent devaluation of the CFA franc, which more than compensated for subsidy suspension (also linked to devaluation);
- fishing agreements concluded with a number of foreign fleets.

Despite its distorted effects, connecting the fisheries sector to external markets offered some advantages, both microeconomic through a contribution to the improved operating accounts of fisheries, and macroeconomic for its significant contribution to efforts to improve the balance of trade. However, external connection is threatened by multilateral trade liberalization. The new Lomé Agreement provides for

phasing out ACP (Africa, Caribbean and Pacific) countries' trade advantages. In the meantime, the process towards custom tariff reduction initiated under the aegis of the World Trade Organization (WTO) should speed up their erosion. Crisis factors are already known, and the question is whether growing trade liberalization will aggravate them, produce others, or on the contrary, facilitate finding solutions.

One of the risks implied by liberalization concerns Senegal's export of piscatorial products. Given that these exports are anchored to the European market and are hardly competitive with some rival products, the questioning of concessions granted to them by the European market might be consequential. In this case, environmental and food security pressures would add to the pressures on foreign exchange earnings and the costs and revenue of the sector.

Therefore, this study tries to pinpoint some disequilibria, to analyse them in the light of liberalization and to suggest a few *scenarios* that are likely to defuse them. The solutions envisaged take into consideration the multipurpose nature of fishing activities.

In section 2 the Lomé Agreement is analysed. Concluded in 1982, the Lomé Agreement instituted a customs duties exemption regime applicable to most products originating from ACP countries. Being covered by this regime, piscatorial products became clearly more competitive. The Senegalese piscatorial products also benefited from the customs duties exemption regime of the European market. Between 1982 and 1991, exported volumes of fish rose from 90,000 tonnes to about 120,000 tonnes. While the Lomé Agreement greatly contributed to the general expansion of Senegalese piscatorial exports, it also created a dependency on the European market. The system of trade preferences has reinforced the significance of the European market in the distribution of Senegalese piscatorial exports. Asian and North American markets remain marginal, while African market expansion is hindered by structural constraints. Europe remains by far the main destination for Senegalese piscatorial exports, receiving 79,000 tonnes out of the 125,000 tonnes exported in 1999 - that is about 60 per cent of the total.

Section 3 studies the direct and indirect export subsidies. From Independence to the late 1970s, the Government conducted a policy of active support to the fishing sector, as evidenced by the projects designed to develop small-scale fisheries into an intermediary stage as semi-industrial. This policy failed. In a second phase, which started in the early 1980s, Government support was first reduced under structural adjustment policies, and shifted from direct interventionism in the 'capture component' to export-stimulating mechanisms. The *free zone* and *free exporting enterprise* status, and an export subsidy, greatly contributed to an increasing anchoring of the sector to external markets.

In section 4, the impacts of structural adjustment policies and devaluation of the CFAF in the fishing sector are studied. The efficiency of the Structural Adjustment Programmes (SAPs) in the franc currency area was the subject of a debate which finally led to devaluation in 1994. In exchange, the IMF and the World Bank pledged to support countries of the franc currency area in their efforts to reactivate growth and to contain the perverse effects of devaluation. The trade policies related to the fisheries sector especially consisted of exogenous stimulants outside the play of market forces,

which threatened sustainable growth of activities. Even the devaluation of the CFAF encouraged quick profit seeking and equally favoured a ‘rent culture’ more than other government interventions. Devaluation therefore strongly contributed to an increased anchoring of the fisheries sector to the export sector.

The fishing agreements between Senegal and the EU are analysed in **Section 5**. The agreements signed with the EU attract most of the attention in view of the various factors at stake: the targeted species, the size of the fleets and the financial stakes. The conclusion of fishing agreements rests on the principle of complementarity between national and foreign fishing concerns. However, between practice and theory, a gap that has existed right from the beginning has not ceased to progressively widen. As regards coastal, demersal and pelagic resources, national fishing ships seem not only capable of exploiting almost all of the stocks but also exploiting them fully.

Section 6 analyses the economic and social impacts of export support mechanisms: fishing effort was noted to have shifted from the capture of domestic market oriented species to export oriented species. The partial redeployment of purse seines and surrounding gill nets (some pelagic small scale fishing units) effort towards these priority species, disturbs the domestic market supply, raising fears about an increasing protein deficit, which already exists in the countryside.

Section 7 studies the environmental impact of export support mechanisms on coastal demersals. Analysis of the trends in density indicators over the period under review (28 years) provides an indication of the sharp decline in global *catches per unit effort* of all species, thus confirming the results of assessment campaigns through trawling. However, some species appear to have been particularly affected. The latter belong both to the *Sciaenidae* and *Sparidae* communities and are particularly targeted for export.

Section 8 offers some recommendations for the sustainable management of Senegalese fisheries through resource preservation and product development.

- With regard to **quotas**, individual quotas appear to be more efficient than global quotas. However, many obstacles complicate the institution of quotas in multi-specific tropical fisheries, and even more so when these fisheries are, as in Senegal, dominated by the small-scale sub-sector.
- The issue of the price of access to resources, calls into question the **fishing agreements** concluded with foreign fleets, starting with those binding Senegal and the European Union. It may be possible to limit the agreements only to deep demersal and high seas pelagic resources. It would be also possible to increase considerably the prices of licences granted to boat owners so as to deter the least profitable enterprises.
- The subsidized motor fuel price might now be applied only to purse seines and surrounding gill nets.
- With regard to **infrastructure**, the programme on the construction of fishing wharves is likely to reduce post-capture losses. It should be complemented by a programme to create parking areas for fish and seafood wholesalers, and arrange security sites devoted to small-scale fish processing. Such measures would make it

possible to improve the working conditions of fish processing women, sanitation and product quality and increase profitability. It will at the same time contribute to the food security policy. The installation of storage infrastructures in the main small-scale processing centres aims for the same objectives. The improvement of existing roads and the construction of new ones at the national and sub-regional levels would also help to better develop piscatorial production.

- As for **support to some fisheries**, the revival of semi-industrial sardine fishing would provide more raw materials to high value added industrial processing (canned fish, freezing etc.), without competing with small-scale fishing (products of smaller size). It would extend the range of products exported to Africa.
- As the packaging and processing component is in a clear situation of excess capacity, **a freeze on new plants** is recommended.
- A **subsidy** for ice to cool fishing products would reduce the costs of fish trade considerably and contribute to improving product quality, notably for the rural populations.
- Market-based mechanisms and economic measures are also likely to increase the value of production. These include in particular, tax and customs incentives, measures facilitating the use of technologies adapted to industrial and small-scale processing, and systems designed to support market exploration.

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