



Fisheries subsidies in China: Quantitative and qualitative assessment of policy coherence and effectiveness



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ABSTRACT

As the world's largest producer of wild catch, China's fishing activities have a significant impact on the sustainability of not only domestic but also global fish stocks. China also provides substantial subsidies to its fishing operations. In 2013, the Chinese central government spent RMB 40.383 billion (or \$6.5 billion) on fisheries subsidies. Most of this amount—94 percent—was in the form of fuel subsidies. This study asked whether China's subsidies policies align with the country's stated goals in fisheries management by examining China's fisheries policy coherence, and found that about 95 percent of Chinese fisheries subsidies were harmful to sustainability.

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1. Introduction

现在人工上涨、鱼资源下降、油价上涨、鱼货的涨价根本弥补不了成本的上涨，几乎整个行业捕鱼都是亏本的，完全依赖政府的燃油补贴生存。

– 业内人

Now labor is increasing, fisheries resources are decreasing, oil prices are increasing, and the price of fish basically cannot keep up with the rising costs. Nearly the entire fishing industry is losing money, and is completely dependent on government oil subsidies to survive.

– Industry insider in China [1]

1.1. Importance of this issue

According to the United Nations (UN) Food and Agriculture Organization (FAO), 90 percent of global fish stocks are fully exploited or overexploited [2]. Most of the top ten species, accounting for about 30 percent of the world marine capture fisheries production, are fully exploited or overexploited [3].

The exhaustion of the world's fish stocks can be attributed to four main factors commencing since the 1950s [4]. First, the rise of modernization theory in the mid-20th century led to an emphasis on systematic production of large volumes while disregarding the natural rhythms of fish stocks. Second, technological advancements meant better and more powerful fishing equipment. Third,

demand for fish, particularly from developed countries, soared. And fourth—last but not least—countries began to heavily subsidize their fishing fleets to develop domestic fishing industries [5,6].

Subsidies have led to overcapacity in the fishing industry. Pavan Sukhdev, the head of the United Nations Environment Programme (UNEP) Green Economy Initiative, stated in 2010 that global fishing fleet capacity is 50–60 percent higher than it should be, thanks to fisheries subsidies [7]. With ever-bigger fishing fleets chasing ever-fewer fish, the world's fish stocks may be depleted by 2048 [8].

As the world's largest producer of wild catch, China's fishing activities have a significant impact on the sustainability of not only domestic but also global fish stocks. According to previous studies, China is also the world's second largest subsidizer of fishing operations [9,10]. This study asks whether China's subsidies policies align with the country's stated goals in fisheries management by examining China's fisheries policy coherence. This study also contributes to our understanding of China's fisheries subsidies by analyzing Chinese-language resources on the subject.

In 2013, the Chinese central government spent RMB 40.383 billion (or \$6.5 billion using an exchange rate of 6.21 yuan to the U.S. dollar) on fisheries subsidies. Most of this amount—94 percent—was in the form of fuel subsidies. About 95 percent of Chinese fisheries subsidies were harmful to sustainability.

1.2. Methodology and sources

This study aims to evaluate the consistency and effectiveness of

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fisheries subsidies policies in China both quantitatively and qualitatively. The study first elaborates on China's stated goals in its fisheries governance by examining Chinese official policies. The study then analyzes Chinese fisheries subsidies, categorizing them according to their impact on sustainability, and then discusses subsidies policies in the context of overall fisheries policy coherence.

This paper is primarily based on Chinese-language sources, including official policies in the form of laws, regulations, and government-issued reports; the China Fisheries Yearbook series published by the Ministry of Agriculture; and other academic and media publications.

1.3. Policy coherence

In the last 15 years, experts increasingly have examined policy coherence in addressing sustainable development problems. Policy coherence refers to “an overall state of mutual consistency among different policies” whereby a given policy’s “objectives, within a given policy framework, are internally consistent and attuned to objectives pursued within other policy frameworks of the system—as a minimum, these objectives should not be conflicting” [11]. Policy coherence is an important aspect of good governance—policy *incoherence* may result in the inefficient use of resources, and a loss of legitimacy or credibility for the government.

In the realm of fisheries governance, the OECD came up with a typology to guide fisheries policy coherence. These four types are:

- Internal coherence: “Is the policy coherent within itself?” For example, this aspect might deal with whether subcomponents of national fisheries policies are coherent with each other.
- Vertical coherence: “Is policy coherent at all levels from international to local?” For example, are international trade policies in line with local-level needs?
- Horizontal coherence: “Is fisheries policy coherent with other sectoral policies operating at the same level?” For example, this type might concern whether fisheries policies are in line with environmental sustainability goals.
- Transnational coherence: “Is fisheries policy coherent between national and other international policy?” For example, this perspective might examine whether national policies are coherent with stated goals for international engagement with regard to fisheries, for example in bilateral treaties or commitments to multinational organizations like regional fisheries management organizations [11].

These four aspects of fisheries policy coherence will guide this study’s analysis of China’s fisheries policies and its use of subsidies in the fishing industry. The study argues that China’s high fuel subsidies in particular make fisheries policy incoherent in all four areas.

2. China's fisheries

2.1. Overview

China’s long coastline historically provided access to abundant fisheries resources in the Bohai, Yellow Sea, East China Sea, and South China Sea. China’s four major rivers, their tributaries, and numerous lakes hosted rich freshwater resources. Even though China is believed to have the world’s oldest fisheries conservation policies, most of China’s coastal and inland fisheries resources currently are heavily strained and in decline. Fishing intensity significantly exceeds sustainable levels.

China’s Bureau of Fisheries within the Ministry of Agriculture has the authority to administer fisheries, though other government agencies have influence over natural resource policy, such as the Ministry of Environmental Protection and the State Oceanic Administration (SOA) within the Ministry of Land and Resources. China has a total of 2969 fisheries administration and law enforcement centers at both national and provincial levels [12]. In 2011, China had a total of 35,912 personnel staffing its offices at all levels [12].

As the largest producer of fisheries and aquaculture, China’s total production in 2013 was 61.72 million tons according to official Chinese statistics, with aquaculture accounting for 74 percent [12]. According to FAO statistics, China was responsible for 36 percent of world aquatic production of 158 million tons in 2012 [2].

China is likely the world’s largest producer of wild catch, accounting for 17.7 percent of the total global catch of 91.4 million tons in 2012 [2]. Fisheries experts have evidence that China over-reports its domestic catch (for domestic political purposes) and under-reports its DWF catch [13,14]. China is working with the FAO to revise its domestic data. According to Chinese official sources on capture fisheries, of the 16.303 million tons of total catch in 2013, 12.644 million tons (78 percent) came from coastal fisheries; 2.307 million tons (14 percent) came from inland freshwater fisheries; and 1.352 million tons (8 percent) came from distant water fishing (DWF) [12]. Coastal fisheries include catch from the “near seas”: the Bohai, Yellow Sea, East China Sea, and South China Sea. DWF includes catch from outside the near seas—from coastal waters under the economic jurisdiction of other countries and on the high seas. In 2012, the share of high seas fisheries in the DWF industry rose to 58 percent, with fishing in the exclusive economic zones of other countries making up the remainder [15].

China’s fishing and aquaculture industry is economically significant. In 2013, primary production was valued at RMB 904.874 billion (\$145 billion). Including the secondary and tertiary “value-added” sectors such as processing, the fisheries and aquaculture industry was worth RMB 1.732 trillion (\$279 billion). Seafood processing is an important part of the economy, with 19.54 million tons processed in 2013 and the capacity to process up to 27.45 million tons at 9774 processing plants [12]. Per capita income for fishermen in 2012 was RMB 11,256.08, growing 12.43 percent from the previous year [15]. China exported \$19.6 billion and imported \$8 billion of fisheries products in 2013. With per capita consumption at 35.1 kg in 2013 (compared to a global average of 18.4 kg), China’s growing domestic consumption is slated to account for 38 percent of global consumption by 2030 [2].

The majority of China’s fisheries subsidies are fuel subsidies, which go to the world’s largest fishing fleet. In 2012 China had 451,358 motorized fishing vessels (7.707 million in total tonnage), of which 194,240 (total tonnage 6.518 million) were marine fishing vessels and 257,118 (total tonnage 1.190 million) were inland fishing vessels (these do not include aquaculture vessels) [15].

2.2. Historical context and policy development

Until China’s opening and reform period began in the late 1970s, fisheries management occurred within the framework of China’s planned economy. China was just as influenced by the modernization approach to fisheries as was the rest of the world. Moreover, overfishing was exacerbated by Mao Zedong’s destructive utopian vision that entailed transformation of the natural world through the sheer size of its population [16,17]. China’s fish stocks were showing signs of depletion as early as the 1950s [18].

By the 1970s and 1980s, some of China’s commercial fish stocks were collapsing. In the early 1980s, the State Council issued two

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