



ELSEVIER

Contents lists available at ScienceDirect

Marine Policy

journal homepage: www.elsevier.com/locate/marpol

Producing for Chinese luxury seafood value chains: Different outcomes for producers in the Philippines and North America

Michael Fabinyi

Australian Research Council Centre of Excellence for Coral Reef Studies, James Cook University, Townsville, QLD 4811, Australia

ARTICLE INFO

Keywords:

Seafood consumption
Luxury seafood
Value chain upgrading
China
The Philippines

ABSTRACT

This paper examines the implications of changing Chinese seafood value chains for producers in source countries. The paper shows how institutions mediate the relationship between luxury seafood consumption in China and the ability of producers to environmentally and socio-economically upgrade. Examples come from the live reef fish for food trade in the Philippines and different seafood products from North America. The paper traces the implications of differences in institutional context across developing and developed countries. Fisheries value chains linking China and Southeast Asia exemplify environmental and socio-economic downgrading, as a consequence of an institutional context of weak regulation and local financing capacities in the Philippines. In contrast, the massively different institutional context of North American seafood production means that growth in Chinese consumption presents opportunities to upgrade.

© 2015 Elsevier Ltd. All rights reserved.

1. Introduction

China's boom has revitalised market opportunities for commodity producers of all types around the globe [1–4]. In particular, riding on its rising middle class, the country now leads the world by an ever-growing margin in total seafood consumption [5,6] and specific high-value 'luxury seafood' classes, such as live reef food fish, sea cucumbers, and shark fin. Much of the catch is imported. This paper examines the social and environmental implications of changing Chinese seafood value chains on the source countries that extract and supply the catch.

Research in the Philippines shows coastal livelihoods becoming increasingly oriented around fisheries exports to China, such as live reef fish and sea cucumbers [2]. These fisheries affect both regional economic value and particular ecosystems, such as coral reefs [7]. Trade in luxury seafood has provided opportunities for economic development in many poor coastal communities across the Asia-Pacific. However, it has also driven fisheries stock declines and environmental degradation because of overfishing and destructive techniques such as using sodium cyanide. This degradation has aroused concerns about the future viability of fisheries and food security [2].

Different impacts on producers supplying China from the Philippines and North America respectively reflect the gulf between the

regulatory, cultural and social institutions of developing and developed countries. In North America, trade in seafood with China has also expanded rapidly, but with challenges different to the Philippines. North America's stronger environmental regulations and greater access to capital appear to have allowed its traders to take better advantage of these value chains.

The consequences of China's rise for supplier environments and societies merit focused empirical study [8–10]. Yet there is a dearth of literature examining the impact of China's demand for imports, be they in seafood or other commodities, from a value chain perspective [9]. Drawing on research in the Philippines and China, this paper will discuss challenges and opportunities for actors at the extractive end of the value chains supplying Chinese seafood consumption. The focus is on understanding to what extent Chinese seafood value chains have different characteristics and outcomes for different types of producers. To this end, the paper examines the effect of particular institutions on the ability of producers to 'upgrade' – understood both in socio-economic terms as extracting greater value, and environmental terms as increasing the sustainability of resource use.

The following analysis shows that institutional context is of fundamental importance to both environmental and socio-economic outcomes of global value chains at both consumer and producer ends [11–15]. This approach shares much with work on global production networks (GPNs). As Coe et al. [12] note regarding GPNs:

Every element in a GPN – every firm, every function – is, quite literally, *grounded* in specific locations. Such grounding is both material

E-mail address: michael.fabinyi@jcu.edu.au

(the fixed assets of production), and also less tangible (localised social relationships and distinctive institutions and cultural practices) (279).

The GPN approach stresses the importance of understanding the context in which value chains are rooted. This is in contrast to global value chain (GVC) approaches that emphasise how variables relating to inter-firm relations are crucial to understand value chain governance (e.g. [16]). Both approaches have their respective strengths, of course, and the choice of which approach to use is related to much more fundamental debates about methodology in the social sciences [15].

This paper will examine how such differing institutional contexts affect the ability of producers to upgrade in response to Chinese demand for seafood, paying special attention to developing countries. The remainder of this introduction outlines common ways of analysing increased consumption of natural resources by China. While few academic writers commenting on Chinese consumption of natural resources use the language of value chains, the substance of their arguments about the impacts of Chinese consumption on producers resonates with a value chain approach.

1.1. Environmental and socio-economic effects of increased demand in China for natural resources

The first perspective frequently applied to Chinese consumption of natural resources and its implications for source countries is an environmental or ecological one [17,18]. An example that has attracted much attention in the West is the shark fin trade, with many accounts emphasising the damage that Chinese consumption of shark fin soup has had on world shark populations [19]. Attention has also been paid to the effects of Chinese consumption of endangered wildlife [20], often for traditional Chinese medicine, and Chinese consumption of wood as a driver of deforestation [17]. An influential paper by Berkes and colleagues used the concept of 'roving bandits' for the consumption of natural resources across the globe [21].

In relation to fisheries, a response to the 'roving bandit' imagery discussed the live-reef-fish-for-food (LRFF) trade, mostly exported to Hong Kong and China [22]. This study showed how the trade has changed over time: it moved beyond Hong Kong's traditional fishing grounds to target the Philippines from the 1970s, expanded in the 1980s into Indonesia, and in the 1990s spread further across the Asia-Pacific. Such mobile extraction creates challenges for institutional mechanisms to ensure sustainability. Studies in this vein see the rapid expansion of markets as the central challenge to environmental sustainability [23]. This perspective views the growth of the Chinese market for natural resources as a major threat to producers' long-term sustainability. In the language of value chains, the central problem of value chain governance is one of ensuring environmental sustainability.

The second perspective on the relationship between Chinese consumption of natural resources and source countries is socio-economic, with a focus on local producer economies and societies. For example, some studies have argued that, based on the experience of some African nations, China is developing a highly exploitative, unequal relationship with the areas supplying its increased consumption. [4,24]. Cardenal and Araújo [4] exemplify this perspective when they argue that:

by not insisting that China should provide added value to their economies and by positioning themselves as simple primary suppliers of resources, they are wasting the opportunities offered by China's urgent need for supplies... the attitude demonstrated by Chinese corporations seriously calls into question the creation of wealth on a local level in the form of new jobs (257–58).

More positive accounts of Chinese consumption have pointed to its role in creating economic opportunities, such as job creation and the development of infrastructure, in source countries. Moyo's

[3] account argues, for example, that 'China's resource campaign is, on balance, a good thing. Whether it's much-needed investment, job creation, or trade, hundreds of millions of people across the globe are in desperate need of exactly what China is happy to provide' [89,90]. Companies from developed Western nations have also promoted the potential benefits of engaging with the Chinese consumer market, emphasising the sheer scale of 'a billion customers' [25,26].

It is difficult to generalise confidently about the effects of Chinese consumption on producers, although scant literature suggests environmentally positive outcomes. Given the variety of geographic locations and actors involved, we should expect impacts to vary. Indeed, research into GPNs increasingly points to the importance of contextual factors, particularly the social and governance institutions in which value chains are embedded [11,12]. In the case of the value chains that bring luxury seafood to China, these institutions vary among source countries.

After a brief discussion of the methods, this paper will introduce patterns of seafood consumption in China, particularly imported luxury seafood, and describe their institutional mediators. The paper turns next to how Chinese seafood consumption relates to source countries in developing versus developed countries, drawing on the LRFF trade out of the Philippines and a range of examples from North America. Using this comparison of developing and developed countries, the paper then discusses institutional mediators of the capacity for producers to environmentally and socio-economically upgrade. The paper argues that fisheries value chains between China and countries such as the Philippines show environmental and – albeit less clearly – socio-economic downgrading. This downgrading is related to the institutional context of weak regulation and local financing patterns found in the Philippines. North America's massively different institutional context means that new market opportunities presented by feeding China present very different sets of opportunities to (positively) upgrade.

2. Methods

This paper draws on multiple sources and methods, including ethnographic fieldwork in the Philippines, interviews with seafood traders and government representatives in China, and government statistics. Research by the author on the LRFF trade in the Philippines has been ongoing yearly since 2005. The author has conducted long-term ethnographic research across different parts of Palawan province (see Fig. 1) [2,27]; the material for this paper mostly draws on research between 2005 and 2010 in the Calamianes Islands. The author collected data on a range of fisheries trade issues (including live reef food fish) during participant observation and interviews with fishers, traders, government officials, tourism operators and representatives from environmental non-government organisations (NGOs), and through accessing government and NGO reports [2,27].

The case study of two developed countries (the U.S. and Canada) is methodologically different and the data is thus not equivalent to the Philippines case. Nonetheless, some general qualitative comparisons can be made. 12 opportunistic, open-ended interviews were undertaken with exporters and trade representatives (6 Canadian and 6 US) at three Chinese seafood trade fairs or 'expos'. These expos were the China Fisheries and Seafood Expo – the largest Chinese seafood trade fair (Qingdao, November 2011 and Dalian, November 2013) – and the Asian Seafood Exposition (Hong Kong, September 2013). U.S. and Canadian government statistics on export data were also accessed via the National Oceanic and Atmospheric Administration (<http://www.nmfs.noaa.gov/>), and directly from Fisheries and Oceans

Download English Version:

<https://daneshyari.com/en/article/7489746>

Download Persian Version:

<https://daneshyari.com/article/7489746>

[Daneshyari.com](https://daneshyari.com)