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US\$50 Billion Lost by Marine Fishing Each Year New World Bank - FAO Report Reveals “The Sunken Billions”

WASHINGTON, October 8, 2008 – Economic losses in marine fisheries resulting from poor management, inefficiencies, and overfishing add up to US\$50 billion per year, according to a new World Bank-FAO report released today. Taken over the last three decades, these losses total over \$US2 trillion, a figure roughly equivalent to the GDP of Italy.

But, *The Sunken Billions: The Economic Justification for Fisheries Reform* also argues that well-managed marine fisheries could turn most of these losses into sustainable economic benefits for millions of fishers and coastal communities.

“Sustainable fisheries require political will to replace incentives for overfishing with incentives for responsible stewardship,” said **Kieran Kelleher, Fisheries Team Leader, World Bank**. “It is not just about boats and fish. This Report provides decision makers with the economic arguments for the reforms needed.”

Strengthened fishing rights can provide fishers and fishing communities with incentives to operate in an economically efficient and socially responsible manner. Phasing out subsidies that enhance redundant fishing capacity and harvesting effort will improve efficiency. Greater transparency in allocation of fish resources and greater public accountability for fisheries management and health of fish stocks will help eco-labeling initiatives to certify sustainable fisheries.

According to the Report, the bulk of losses occur in two main ways.

First, depleted fish stocks mean that there are fewer fish to catch, and therefore the cost of finding and catching them is greater than it might be. Second, fleet overcapacity means that the economic benefits of fishing are dissipated due to redundant investment and operating costs.

The Report stresses that figure of US\$50 billion represents a conservative estimate – it excludes losses to recreational fisheries and marine tourism as well as losses due to illegal fishing.

Excess fishing capacity

Long before the fuel price increases of 2008, the economic health of the world's marine fisheries was in decline.

The build up of fishing fleets, deployment of increasingly powerful fishing technologies and increasing pollution and habitat loss has depleted fish stocks worldwide. Global marine catches have been stagnant for over a decade, hovering at around 85 million tons per year. Meanwhile, fisheries productivity - measured in terms of catch per fisher, or per fishing vessel-has declined, even though fishing technology has advanced and fishing effort increased.

If world fish stocks were rebuilt, the current marine fisheries catch could be achieved with approximately half of the current global fishing effort, the Report says.

Underperformance and hidden costs

According to FAO, over 75 percent of the world's fish stocks are either fully exploited or overexploited.

But, the focus on the state of stocks has tended to obscure the even more critical economic health of the fisheries. When fish stocks are fully exploited, the associated fisheries are almost invariably performing below their economic optimum, the *Sunken Billions* reports. In some cases, fisheries may be biologically sustainable but still operate at an economic loss.

And while many fisheries are profitable, the global picture is that fish catching operations are buoyed up by subsidies, the Report finds. "At the global level, each ton of fish caught uses almost half a ton of fuel – much of it wasted in redundant harvesting effort," it notes.

"Right now, no one is winning," said **Rolf Willmann, Senior Fishery Planning Officer of FAO**, one of the Report's authors. *"The real income levels of fishers are depressed, much of the industry is unprofitable, fish stocks are depleted and other sectors of the economy foot the bill for an ailing fishing industry."*

According to the Report, the recovery of 'the sunken billions' can take place through two main approaches.

First, a reduction in fishing effort would increase productivity, profitability, and net economic benefits. Second, rebuilding fish stocks would lead to increased sustainable yields and lower fishing costs.

Benefits for developing countries

Economically healthy fisheries are fundamental not only to the restoration of fish stocks but also to improved livelihoods, exports, fish food security, and economic growth. Marine fishing operations are only part of the \$400 billion global seafood industry, but economically healthy catch operations underpin the sustainability of supply and profitability of processing and distribution activities, a major source of employment, particularly in developing countries.

"For each person employed at sea another three people are employed on shore," noted **Willmann**. *"Fish is the main animal protein for over 1 billion people. It provides livelihoods for over 200 million people and 90% of these people are in developing countries."*

Signs of progress

The good news is that governance reforms have turned the tide in some fisheries, *The Sunken Billions* notes.

“Strengthening fishing rights systems is fundamental to addressing the problems facing the sector,” said **Ragnar Arnason, a Fisheries Economist at the University of Iceland and a co-author of the Report,** pointing to successful experiences in Iceland, New Zealand, and Namibia.

Strengthening the use, access, or ownership rights of fishers is supported by a growing number of organizations that see the need to create incentives for responsible stewardship. Promotion of ‘rights-based fisheries’ features in the Association of Southeast Asian Nations (ASEAN)’s *Resolution on Sustainable Fisheries for Food Security for the ASEAN Region*. The *Abuja Declaration on Sustainable Fisheries and Aquaculture in Africa*, adopted by the Heads of State Meeting of The New Partnership for Africa’s Development (NEPAD) “Fish for All Summit” Abuja, Nigeria, 25 August 2005 also endorsed ‘rights-based fisheries’. The world’s largest fishery, Peru’s anchoveta fishery, is also moving towards a rights-based approach, where it is proposed to make the fishery pay for a social safety net for fishers.

“Governance reforms are often politically difficult, particularly if some reduction in fishing fleets or in the numbers of fishers may occur,” says **Kelleher**. *“And the rights and livelihoods of fishers should be secured in any reform process,”* he added.

The production of *The Sunken Billions: the Economic Justification for Fisheries Reform* was supported by PROFISH, a World Bank partnership focused on policy initiatives for sustainable fisheries.

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Ragnar Arnason, Kieran Kelleher, and Rolf Willmann are available for interviews.