SOUTH AFRICAN FISHERIES AND THE SADC-EU ECONOMIC PARTNERSHIP AGREEMENT
ABOUT THIS PAPER

This paper identifies opportunities created by the SADC-EU EPA in the South African fisheries sector, highlighting both export potential and possible areas of co-operation.

It describes the wild capture commercial fishing sector as well as the aquaculture sector in South Africa.

It then outlines the liberalisation of tariffs proposed in the EPA and provides a detailed analysis of South Africa’s trade composition in fishery as well as identifying the main fish commodities affected by the EPA. These are then detailed individually.

Finally, it provides an overview of sustainable fisheries in South Africa to identify areas for future dialogue and collaboration.

SADC-EU EPA OUTREACH SOUTH AFRICA


The SADC-EU EPA Outreach South Africa initiative supports the implementation of the agreement in South Africa by providing information on its potential benefits. It comprises the Delegation of the EU to South Africa, the Department of Trade and Industry, the Department of Agriculture, Forestry and Fisheries, and the South African Revenue Service. It is funded by the European Union.

DISCLAIMER

The views expressed in this paper do not necessarily reflect those of the various partners of the SADC-EU EPA Outreach South Africa initiative.

CONTACT US

South Africa
MlamliMJ@daff.gov.za
ero_ited@thedti.gov.za

European Union
Delegation-S-Africa@eeas.europa.eu

Published: July 2017
# CONTENTS

- INTRODUCTION
- OVERVIEW OF THE COMMERCIAL FISHING SECTOR
  - Fishing rights
  - Small-scale fisheries in South Africa
- OVERVIEW OF THE ACUACULTURE INDUSTRY
- OVERVIEW OF TRADE IN FISHERIES
  - Exports of fish
  - Exports of processed fish
- LIBERALISATION OF FISHERIES
- EXPORTING TO THE EU
  - Fishery products
  - Shellfish (mussels, oysters and abalone)
  - Aquaculture
- FISHERIES
  - Marine fisheries: Cape hake, cuttle fish and squid,
  - West Coast lobster, small pelagic fishery
  - Freshwater fisheries
  - Marine aquaculture (abalone)
- SUSTAINABLE FISHERIES
  - Sustainable fisheries and the EPA
- CONCLUSION
- REFERENCES

# ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>DAFF</td>
<td>Department of Agriculture, Forestry and Fisheries</td>
</tr>
<tr>
<td>dti (the)</td>
<td>Department of Trade and Industry</td>
</tr>
<tr>
<td>DEAT</td>
<td>Department of Environmental Affairs and Tourism</td>
</tr>
<tr>
<td>DEA</td>
<td>Department of Environmental Affairs</td>
</tr>
<tr>
<td>ECDC</td>
<td>Eastern Cape Development Corporation</td>
</tr>
<tr>
<td>EEZ</td>
<td>Exclusive Economic Zone</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>EPA</td>
<td>Economic Partnership Agreement</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>HACCP</td>
<td>Hazard Analysis Critical Control Point</td>
</tr>
<tr>
<td>IPAP</td>
<td>Industrial Policy Action Plan</td>
</tr>
<tr>
<td>ISO</td>
<td>International Organization for Standardization</td>
</tr>
<tr>
<td>MLRA</td>
<td>Marine Living Resources Act</td>
</tr>
<tr>
<td>NRCS</td>
<td>National Regulator for Compulsory Specifications</td>
</tr>
<tr>
<td>SABS</td>
<td>South African Bureau of Standards</td>
</tr>
<tr>
<td>SACU</td>
<td>Southern African Customs Union</td>
</tr>
<tr>
<td>SADC</td>
<td>Southern African Development Community</td>
</tr>
<tr>
<td>SADSTIA</td>
<td>South African Deep Sea Trawler Industry Association</td>
</tr>
<tr>
<td>SAMS&amp;M&amp;CP</td>
<td>SA Molluscan Shellfish Monitoring and Control Programme</td>
</tr>
<tr>
<td>SARS</td>
<td>South African Revenue Services</td>
</tr>
<tr>
<td>SMEs</td>
<td>Small and Medium Enterprises</td>
</tr>
<tr>
<td>TAC</td>
<td>Total Allowable Catch</td>
</tr>
<tr>
<td>TDCA</td>
<td>Trade, Development and Cooperation Agreement</td>
</tr>
</tbody>
</table>
INTRODUCTION

World fish consumption per capita reached 20kg in 2014 and this is expected to increase. This makes fish one of the most traded food commodities in the world, with more than half of the value of trade originating from developing countries.

There are two components to the fishing sector: the traditional fishing industry, or wild capture, and the fast growing field of aquaculture, which already surpasses traditional fishing as the main source of fish in the world.

The fish sector in South Africa contributes less than 1% to total GDP, but it is an extremely strategic sector. According to the Department of Agriculture, Fisheries and forestry (DAFF), the fisheries sector is worth around R8 billion rand a year and directly employs, in the commercial sector, about 28 000 people. Many thousands more people depend on fisheries resources for food and as a source of income to meet basic needs.

South Africa has important marine resources with a well-established fishing industry. However, the sector faces challenges in its transformation efforts and its ability to ensure the sustainable use of the fisheries as a resource. Notwithstanding, South African fisheries are receiving international recognition for taking a stand to ensure the sustainability of their fishing practices.

Aquaculture in South Africa is still nascent, but holds enormous potential given global demand. In the EU an estimated 25% of fish consumption comes from aquaculture, of which more than half originate from non-EU countries. Sustainable aquaculture is needed because fisheries alone will not meet the growing global demand for fish and it can also help reduce pressure on wild fish stocks.

The Economic Partnership Agreement between the European Union and the Southern Africa Development Community EPA group, comprising the Southern African Customs Union (SACU) countries, Botswana, Lesotho, Namibia, South Africa, Swaziland, plus Mozambique, came into effect in October 2016.

Acknowledging the strategic nature of this industry, fisheries are at the heart of the SADC-EU EPA. The agreement includes a technical agreement of full and reciprocal liberalisation of all relevant fish tariffs between the parties, including South Africa, and a developmental agreement.

The EPA allows duty-free access to the EU – a market of more 500 million consumers – for all fish products.
OVERVIEW OF THE COMMERCIAL FISHING SECTOR

South Africa has important marine resources with more than 3 600 km of coastline that covers the confluence of two ocean currents. The warm Agulhas current running down the east coast carries fewer nutrients and consequently fisheries are smaller and more focused on communal coastal fishing. The cold Benguela, which runs north along the west coast, is richer and supports a wide array of biodiversity. The Exclusive Economic Zone (EEZ) of South Africa, where only South African vessels may fish, covers 1 071 883 km².

The fisheries sector in South Africa contributes less than 1% of total gross domestic product (GDP), and 5% of the Western Cape’s provincial GDP, but it is an extremely strategic sector for food security, employment, and environmental impact. Unlike other crucial resources, fisheries are self-renewable, and if well managed their duration is practically unlimited.

South African commercial and recreational fisheries are reported to catch more than 250 marine species, although fewer than 5% of these are actively targeted by commercial fisheries (See Box: Know your main commercial SA fisheries), which comprise 90% of the landed catch. Most fishing is done along the continental shelf between St Helena Bay and Port Elizabeth. The industry’s major fishing ports, processing factories and service industries are found in the Western Cape. There are no auctions/wholesale markets in South Africa.

<table>
<thead>
<tr>
<th>KNOW YOUR MAIN COMMERCIAL SA FISHERIES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cape hake</strong> (<em>Merluccius capensis and Merluccius paradoxus</em>): 40% of total SA catch value</td>
</tr>
<tr>
<td>Deep sea/demersal trawl (West Coast): 84% of hake TAC (total allowable catch)</td>
</tr>
<tr>
<td>Deep sea longline and handline (West and South Coast): 10% of hake TAC</td>
</tr>
<tr>
<td>Inshore trawl (Mossel Bay and Port Elizabeth): 6% of hake TAC</td>
</tr>
<tr>
<td><strong>Pelagic fish</strong>: 25% of total SA catch value</td>
</tr>
<tr>
<td>Offshore small pelagic purse seine for anchovy and sardine (West Coast)</td>
</tr>
<tr>
<td>Offshore tuna bait and pole fishery for longfin and yellowfin tuna (Cape Town)</td>
</tr>
<tr>
<td>Offshore large pelagic longline fishery for tuna, shark and billfish (whole coast and beyond EEZ)</td>
</tr>
<tr>
<td><strong>Crustaceans</strong>: 7% of total SA catch value</td>
</tr>
<tr>
<td>West Coast rock lobster (Cape West and Southwest coasts between Cape Town and Cape Agulhas)</td>
</tr>
<tr>
<td><strong>Cephalopods</strong>: 7% of total SA catch value</td>
</tr>
<tr>
<td>Squid jig fishery (Port Elizabeth and Port St Francis)</td>
</tr>
</tbody>
</table>

*They live in the pelagic zone of ocean or lake waters – being neither close to the bottom nor near the shore – in contrast with demersal fish, which do live on or near the bottom.*
By some government estimates, an increase in fishery output of R1 million would be associated with an extra 10.7 jobs in the fishery sector and wider economy.

The non-processed fish sector can be divided into large-scale commercial fisheries and all other forms of fishing (from subsistence and small-scale enterprises to recreational and aquaculture).

The South African fishing industry, the most capital-intensive of all primary sectors, has insured assets (harbour and land-based assets) estimated at around R100 billion. The sector provides direct employment for about 28 000 people, both land-based and sea-going. Indirect employment in industries linked to the sector is estimated at between 81 000 and 100 000.

In 2013, total catch across all fisheries was estimated to be 427 734 tons, mostly landed in Western Cape, with a wholesale value of R8 billion.

The demersal trawl sector for hake is by far the most valuable fishery industry in South Africa contributing about 40% in value. By volume caught, the largest is the small pelagic fishery (mainly sardines and anchovies), which accounts for about 20% of all catch value. Although, the rock lobster fishery and squid jig fishery catch is small, it accounts for 15% of all catch value (2013).

Hake-trawl and small-pelagic sectors are the most important employers, collectively accounting for more than 50% of total employment in the sector. The Cape hake trawl fishery sector alone creates, according to the industry, 65 jobs for every 1 000 tonnes landed.

The Western Cape accounts for around 90% of the catch value of the fisheries sector; 95% of deep-sea and inshore hake catches; and around 70% of the industry’s employment and income.

The Western Cape accounted for 85% of South Africa’s total fish exports in 2016. The only other significant fishery activity is in the Eastern Cape (Port Elizabeth and Port St Francis) where the squid fishery is based and a small proportion of the sardine, inshore trawl and line fish catch are landed.

Looking at value-added activities, pelagic-fish processing factories, which produce canned sardines and fishmeal, are mainly based at the fishing harbours of Laaiplek, St Helena Bay, Hout Bay and Gansbaai in the Western Cape. In addition, processing of deep-water demersal hake is undertaken at major factories at the Cape Town and Saldanha Bay harbours (where the fish are processed into various products – for example, head and gutted, fillets and value-added products). Finally, fishery-related services, including vessel and fishing equipment, diving services, packaging, cold storage, electronics, engineering, clothing, are predominantly based in Cape Town.

Large fishing vessels (e.g. demersal and mid-water trawl) are not constructed in South Africa, but are typically purchased second-hand from northern hemisphere nations where the purchase of new fishing vessels is subsidised. Smaller fishing vessels such as those used in the small pelagic, squid, and line fish sectors are manufactured in South Africa by manufacturers such as Sachal and Stevens in Vredenburg and Lee Cat in the Eastern Cape Province.

Source: Environmental Economics Policy Research Unit, UCT (2013)
Fishing rights

Wild capture fish includes commercial, recreational and subsistence fisheries. The commercial sector can be broken down into highly industrialised, capital-intensive fisheries which operate in deep water and small and medium more labour-oriented near-shore fisheries.

The management and exploitation of the country's fisheries are governed by an overarching policy known as the Marine Living Resources Act (MLRA) Act No. 18 of 1999, managed by DAFF.

The political and economic challenge of the Act has been to reform South Africa's fisheries to balance racial representation, as well as to extend the socioeconomic benefits of fishery resources to coastal communities.

While there were calls for a radical redistributive restructuring, even nationalisation, of the fishing industry, the fundamental industrial structure was retained and its transformation promoted by allowing a number of new black entrants into most sectors through annual fishing rights allocation. Established fishing companies also set about to “transformed internally” to become racially representative through black economic empowerment shareholding deals and employment equity practices.

All marine fisheries require a right or permit and fall within one of three main sectors: industrial, small-scale/subsistence and recreational. Commercial fishing sectors are managed mainly through total allowable catches (TACs).

Since democratic change in South Africa, fishing quota was redistributed away from historically white, larger, companies to smaller new, mostly black, entrants into the industry. This process is ongoing but has been far from smooth.

New entrants are faced with numerous structural problems such as lack of infrastructure, lack of access to finance and lack of skills and expertise in fisheries. The joint ventures that are formed between the new entrants and the incumbents do not always result in new investments and job creation, since the infrastructure exists with the historical group. For the policy to achieve its objectives, comprehensive support is needed for new entrants that include making loans available for investment in the fishery and training in business skills.

Fishing stakeholder groups are well organised into fishing industry associations and interest groups. The industrial fishing sector communicates with government through FishSA, the umbrella commodity group, recognised by the Department of Agriculture, Forestry and Fisheries as the representative industrial body. South Africa is signatory to, or endorser of, key international fishery institutions, regional fishery management organisations as well as conventions governing compliance, fishing in international waters, health, bio security, and sustainability.
This project aims to create jobs and secure sustainable livelihoods through implementing the Small-Scale Fishery Policy in 20 small-scale fishing communities in the Northern, Western and Eastern Cape and KwaZulu-Natal Provinces.

It is being funded under the European Union’s Employment Generation call for proposals component of the Budget Support funding envelope. It is being implemented by Masifundise Development Trust with 70% EU funding and is set to run from April 2015-April 2018.

The specific objectives include: (1) Capacity building and empowerment of the members of the fishing communities and the CBO coastal links; (2) Formation of empowered co-operatives able to engage with government in the co-management of fisheries and benefit from job creation via the implementation of the small-scale fishery policy; (3) Production of training, capacity building and knowledge transfer materials and toolkits in relevant SA languages to allow escalation; and (4) Improved dialogue with DAFF and the dti. The latter provides support for empowerment and capacity building of co-operatives in a few fishing communities.

**Deep sea trawl sector for hake:** In 2020, DAFF is due to reallocate 15-year fishing rights for offshore trawling, last awarded to in 2005.

Various industry associations have, however, criticised repeated calls to fragment the industry, which would divide the annual total allowable catch among a larger number of participants.

“Fragmentation means allowing new entrants into the sector, thereby reducing the tonnages of current rights holders. This does not create jobs, and creates paper permit holders who are forced by the marginal tonnages received to enter into joint ventures with established companies to catch, process and market their quota,” argues industry umbrella body FishSA.

According to the South African Deep Sea Trawler Industry Association (SADSTIA), South African producers’ success in penetrating the international market lies in the tendency of local trawl operators to consolidate into “clusters” – groups of rights holders that use the same fishing vessel or fleet of vessels.

These economies of scale would not be available to small-scale fisheries looking to become a part of the industry. They would thus be unable to secure fixed contracts with international wholesalers and retailers.

**Inshore hake and sole trawl fishery:** There are 16 long-term commercial right holders (issued in 2005/06 for a maximum of 15 years) with an average black ownership of 37%. Since 2013, an apportionment of the total allowable catch for small-scale fishing was reserved but no fishing rights had been allocated by 2015.

In December 2016, DAFF suspended the rights and agreed to the allocation of 27 fishing rights, of which 12 are allocated to new entrants in an effort to broaden access to the fishery on a sustainable and responsible basis while further transforming the black ownership profile.

On 4 January 2017, inshore hake trawling was temporarily suspended, following an interim interdict granted in the Cape High Court following an application by one of the original right holders complaining that quotas were cut by 60% and that the formula used by government to allocate new quotas was irrational, unfair and illegal and did not take into account the technical merits and the transformation initiatives undertaken by white firms.

In July 2017, the High Court handed down judgment in favour of DAFF and lifted the interdict.
Small-scale fisheries in South Africa

All along the South African coastline, men, women and children have been living in coastal communities harvesting marine resource for consumption, livelihoods medicinal purposes, and as part of cultural and spiritual practices for thousands of years. But due to the past laws and systems, many small-scale fishers in fishing communities have been severely marginalised.

A government study (DEAT, 2000) estimated the total value of subsistence fishing to be around R16 million with the vast majority from line fishing. In terms of scale of subsistence and small-scale fishing, around 147 fishing communities and 29 000 people have been identified as genuine subsistence fishers with many more people being dependent on these fishermen (DAFF, 2013). The importance of this sector lies in its provision of employment and food security – particularly protein – to poor coastal communities.

While South African legislation allows for subsistence fishing permits and the exclusive use of certain coastal zones by subsistence fishers, a general lack of clarity in the law and lack of uptake in permits results in many subsistence fishing activities being classified as illegal. Notwithstanding, the allocation of limited commercial fishing rights to hundreds of small-scale fishing enterprises has seen results, with reports that 18.6% of the TAC for west coast rock lobster and 29% of the abalone TAC were allocated to the limited commercial sector (DEAT, 2004). Unfortunately, these species are in decline and cannot be expected to contribute to the socio-economic challenges of coastal fishermen.

The design of the MLRA’s primarily as an industrial fishing Act did not recognise traditional small-scale fishing as a distinct class of rights that needed to be managed in a different way. This omission left small-scale fishers fighting to be recognised in policy and to be allocated a basket of fishes appropriate to their scale of operation (instead of having to apply annually for each species separately, given the small amount of each they would apply for one).

This resulted in the Small Scale Fishing Policy approved by Cabinet in 2012, though the regulations of the Amended Marine Living Resources Act were not gazetted until 8 March 2016. The massive registration of the fishing communities marked the official start of the small-scale fisheries policy. DAFF is busy completing the registration process. Implementation will remain a challenge as working with fishing communities is essentially a developmental activity which will require partnerships between national, provincial and local government and civil society stakeholders.

It has been estimated that most of the millions of fishers and fish farmers in the world are small-scale fishers and they collectively harvest half of the world’s fish caught. In South Africa, the promulgation of the Amended Marine Living Resources Act means that the small-scale fishing sector is now formally recognised.
OVERVIEW OF THE AQUACULTURE INDUSTRY

Aquaculture is the fastest growing food production sector in the world, growing at an annual rate of 8%-10% a year for the past two decades and contributing half of global fisheries products. Despite this, aquaculture is considered an underdeveloped sector in the South African fishing industry, contributing less than 0.02 percentage points to the GDP.

Projections by DAFF are that aquaculture could grow from R696 million in 2013 to more than R2.4 billion over the next 10 to 20 years. The sector employed 2 831 people directly on farms in 2013 on a full-time basis, up 604 from 2012, a 21% increase. Given its potential and strategic nature, the aquaculture sector was identified as a government priority and first included in the government’s Industrial Policy Action Plan (IPAP) (2010-2013). In 2013 alone, the sector grew at an impressive 38%.

The Western Cape is the main province involved in aquaculture both in number of farms and production, with an estimated turnover of R400 million and strong growth prospects. Western Cape’s dominance comes from its abalone farms which export to China. A passage to the export market could go a long way towards the Eastern Cape challenging the Western Cape’s dominant position in this infant sector, according to the provincial government. The Eastern Cape is the second largest aquaculture producer in the country (See Official certifications required for EU market on page16).

DAFF is the lead agent for managing the aquaculture sector and has prioritised its development. According to the department, this has not developed as expected partly due to an uncoordinated legal framework and overregulation. Past attempts to revive aquaculture and have mainly failed due to lack of direction. In 2016, the Draft Aquaculture Bill was gazetted to try to resolve the regulatory fragmentation. The Bill attempts to bring together marine and freshwater aquaculture in one legal document but has been met by serious concerns from the private sector, which are being addressed in Nedlac.

Marine aquaculture comprises more than half the volume but almost all the value with the focus on high-value species such as abalone, seaweed, mussels and oysters. With the introduction of finfish culture, mariculture production is expected to increase substantially. Challenges from climate change and a high-energy coastal zone (few sheltered areas) have resulted in marine aquaculture opportunities to be select, but with new technologies adapted to the local conditions, increases in production are possible.

It is estimated that South Africa supplies 21% of the global market for farmed abalone. This species has a big international market in East Asia; in Europe, even though it offers good market prospects, exports are not permitted (see section on Abalone on page 22). As with wild fisheries, DAFF is involved in developing the sector and is also responsible in issuing marine aquaculture rights and permits. Rights are valid for a period not exceeding 15 years and are necessary to engage in mariculture or operate a fish processing establishment. To activate a right, a permit is issued by DAFF with a validity of a maximum of one year. During 2013, 590 permits were issued to right holders, agencies, importers, exporters, fish processing establishments and transportation companies. The DEA is responsible for environmental authorisations and issues coastal waters discharge permits.

The sector demonstrated a growth rate of 9% from 2005 to 2013, a much higher speed than the national economy. As such, under the government’s Operation Phakisa, aquaculture is targeted as a key growth area for the ocean economy.
In the National Aquaculture Policy Framework for South Africa, 2013, aquaculture is defined as ‘the farming of aquatic (marine or freshwater) organisms including fish, molluscs, crustaceans and plants in controlled or selected aquatic environments, with some form of intervention in the rearing process to enhance production, such as regular stocking, feeding, protection from predators, etc. Farming also implies individual or corporate ownership of the stock being cultivated. This definition includes ranching and stock enhancement as aquaculture activities’.

Marine aquaculture is capital and technological intensive, and is seen as a source of high-value fishery products for export. Freshwater aquaculture is mainly seen as a potential source of food security for rural communities in coastal areas.

South Africa’s freshwater aquaculture industry is still developing in production and contribution to the economy even though it was introduced in the early 1800s. This is due to lack of skills and investment and a lack of awareness around the sector, which is a major challenge. In addition, demand and price for freshwater species such as tilapia and catfish has been low. An exception is the trout species, which have an excellent flesh quality and is mainly sold smoked.

Associations for subsectors have been launched recently, such as the Tilapia Aquaculture Association of SA and the Catfish Growers’ Association, which should assist in developing the industry and guiding DAFF to have a clearer vision of the industry.

After reaching a record 2 200 tonnes in 2003, freshwater aquaculture production declined to around 1 400 tonnes due constraints including access to water and land and technology, high transaction costs, lack of supporting policy and legislation, and barriers to entering certain markets. Production has picked up as government assistance has increased and private interest grown, reaching 1 816 tonnes in 2013. Trout accounted for most of this (1 521 tons), followed by tilapia (289 tons). Tilapia is expected to really grow in the coming years, as can already be seen in the export figures to the rest of the continent. These reached R11 million in 2016 (R2.5 million in 2015)

Particular problems for marine and freshwater aquaculture companies with exports include: High costs of complying with export health standards for small enterprises, a lack of capacity in the state veterinary service for certifying the health of aquaculture products, a ban on South African shellfish by the EU (lack of an adequate residue monitoring plan), and market knowledge, as small and medium enterprises (SMEs) lack the market intelligence, networks and in-house research capacity of the bigger fishing companies with established export markets.

Aquaculture is a knowledge and technology-driven industry which relies heavily on research to develop new techniques, species and the efficient technology of sustainable commercial production. For the industry to be competitive, expansion and diversification is needed. A research strategy to address aquaculture policy is a crucial enabler, this and has also recently been developed.
OVERVIEW OF TRADE IN FISHERIES

Exports of fish

South Africa’s fish industry is very internationally focused. Exports generated R6.5 billion in 2015, with more than half going to the European Union. South Africa is a net exporter of fish.

Exports of fish are heavily influenced by the strength of the rand and fuel prices. The management of TAC as a tool to manage and achieve optimal stock levels of fish and the unpredictable annual fluctuations in the biomass of small pelagic fisheries also influence the amounts exported annually for each species.

By fish species, 34% of exports in value came from Cape Hake followed by 15% from squid, 13% from rock lobster, and 9% from abalone. Most exports of fish are either frozen whole or in fillets.

| SOUTH AFRICAN TRADE IN CHAPTER 3 – NON-PROCESSED FISH (R MILLIONS) |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| TOTAL IMPORTS CHAPTER 3 FISH |                 |                 |                 |                 |                 |                 |
| WORLD           | 1 720           | 1 912           | 2 242           | 2 546           | 2 862           | 3 624           |
| EU              | 104             | 138             | 211             | 296             | 327             | 418             |
| TOTAL EXPORTS CHAPTER 3 FISH |                 |                 |                 |                 |                 |                 |
| WORLD           | 3 683           | 3 723           | 4 196           | 5 246           | 5 305           | 6 491           |
| EU              | 2 796           | 1 685           | 1 809           | 2 465           | 2 598           | 3 471           |
| %               | 50%             | 47%             | 44%             | 47%             | 49%             | 53%             |

Sources for figures in tables: the dti, the SADC-EU EPA text and TARIC (The Integrated Tariff of the Community)

Most exports are either frozen whole or in fillets rather than live or fresh/chilled. South Africa also imports from the EU, but trade amounts to only R418 million in 2016, mainly sardines and salmon.

Source: the dti
Exports of processed fish

In most countries tariff levels for fish tend to increase with the level of processing, which could explain in part why exports of prepared or preserved fish amount in value to less than 15% of the total value of exports of non-processed fish. Though the main explanation is that demand for these products is high in South Africa and neighboring countries (mainly canned with high shelf life and also for pet food) and production mainly concentrates on satisfying regional demand. South Africa is in fact a net importer.

Less than 30% of total exports go to the European Union of which more than half is processed Hake.

This is a value-adding industry, with most of the processing is done in and around the harbours, mainly in the Western Cape.

SOUTH AFRICAN TRADE OF PREPARED OR PRESERVED FISH HS1604 AND HS1605 (MILLION RANDS)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>IMPORTS FROM THE WORLD</td>
<td>2 257</td>
<td>2 380</td>
<td>2 257</td>
<td>1 643</td>
<td></td>
</tr>
<tr>
<td>FROM THE EU</td>
<td>37</td>
<td>56</td>
<td>36</td>
<td>24</td>
<td>32</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EXPORTS TO THE WORLD</td>
<td>1 271</td>
<td>1 077</td>
<td>835</td>
<td>748</td>
<td>916</td>
</tr>
<tr>
<td>H160413: sardines</td>
<td>117</td>
<td>209</td>
<td>246</td>
<td>189</td>
<td>234</td>
</tr>
<tr>
<td>H160420: minced preparation (mainly anchovies, sardines, tuna, mackerel)</td>
<td>149</td>
<td>162</td>
<td>183</td>
<td>161</td>
<td>125</td>
</tr>
<tr>
<td>H160419: other (among other hake)</td>
<td>195</td>
<td>235</td>
<td>183</td>
<td>130</td>
<td>236</td>
</tr>
<tr>
<td>H160557: Abalone</td>
<td>138</td>
<td>186</td>
<td>165</td>
<td>205</td>
<td>249</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>TO THE EU</td>
<td>534</td>
<td>350</td>
<td>202</td>
<td>149</td>
<td>206</td>
</tr>
<tr>
<td>H160419: other (mostly hake)</td>
<td>144</td>
<td>167</td>
<td>121</td>
<td>86</td>
<td>181</td>
</tr>
<tr>
<td>H160420: minced tuna, anchovies, sardines</td>
<td>163</td>
<td>99</td>
<td>66</td>
<td>62</td>
<td>26</td>
</tr>
</tbody>
</table>

Sources for figures in tables: the dti, SADC-EU EPA text and TARIC (Tarif Intégré de la Communauté - Integrated Tariff of the Community)
LIBERALISATION OF FISHERIES

The fisheries market access concessions in the SADC-EU EPA refer to all the lines related to fish that will be totally and reciprocally liberalised between SA and the EU.

Tariff lines in Chapter 3 Fish and crustaceans and other aquatic invertebrates refer to the commercial fishing sector:
- HS0302 fresh or chilled
- HS0303 frozen
- HS0304 fillets
- HS0305 dried, salted, smoked, in brine

The rest of tariff lines refer to the processed fish industry:
- HS1604 Prepared or preserved fish
- HS1605 Crustaceans, molluscs prepared or preserved.
- HS1902 20 10 Stuffed pasta, containing more than 20% by weight of fish.
- HS2301 20 00 Flours, meals and pellets, of fish or of crustaceans, molluscs.

Not all fish lines were immediately liberalised on the entry into force of the agreement, as the parties have agreed on a gradual elimination of duties for certain sensitive fish lines. This phasing down does not apply to the other SADC-EU EPA parties, which were granted full and immediate liberalisation into the EU market.

### MAIN TARIFF LINES AFFECTED BY THE EPA, 2016

<table>
<thead>
<tr>
<th>Categories</th>
<th>EXports to world</th>
<th>Exports to EU</th>
<th>Species in B* and C*</th>
</tr>
</thead>
<tbody>
<tr>
<td>HS03 Fish, crustaceans and molluscs</td>
<td>6 491</td>
<td>3 471</td>
<td>A*(370), B* (1), C* (31)</td>
</tr>
<tr>
<td>HS1604 Processed fish</td>
<td>650</td>
<td>201</td>
<td>A* (27), C* (8)</td>
</tr>
<tr>
<td>HS1605 Processed crustaceans, molluscs</td>
<td>266</td>
<td>0</td>
<td>A* (21)</td>
</tr>
</tbody>
</table>

**SADC-EU EPA Staging Categories**

As described in Article 6 of the EPA for products originating in South Africa:

A: Duties were already eliminated prior to entry into force of the EPA.

A*: Custom duties have been eliminated as of 1 of November 2016.

B*: Custom duties will be gradually reduced until eliminated in 2021 (year 1-5: 67%, 50%, 33%, 17% and 0% of duty applied to goods originating in South Africa on the day before the entry into force of this Agreement).

C*: Custom duties will be gradually reduced until eliminated in 2025 (year 1-9: 80%, 70%, 60%, 50%, 40%, 30%, 20%, 10%, and 0% of duty applied to goods originating in South Africa on the day before the entry into force of this Agreement).
EXPORTING TO THE EU

The EU is the largest single fish market in the world, and although it offers generous tariff concessions to developing countries – duty free access to South Africa – the EU also has demanding regulatory requirements on products including legal fishing origin, processing conditions, traceability and sanitary standards.

Exporting sea food to the EU requires an equal amount of effort by the government authorities and the private sector of the exporting countries. Compliance and understanding of the required system of official assurances is critical to access the EU market.

South Africa’s fisheries industry is well prepared with its institutions and programmes to comply with international product health standards.

Additional specific conditions apply for imports of live or processed bivalve molluscs (abalone, oysters, mussels), echinoderms or marine gastropods. These imports are permitted only if they come from approved and listed production areas. The national authorities of exporting countries are required to give guarantees on the classification of these products and the close monitoring of the production zones to exclude contamination with certain marine biotoxins causing shellfish poisoning.

The EU sees aquaculture products from a farming perspective. The value chain from the farms to the processors has to comply with an additional control system, an annual control plan run by the competent authority on heavy metals, contaminants, residues of pesticides and veterinary drugs (Directive 96/23).

The competent authority for fishery products is the Food and Associated Industries Division (FAI) of the National Regulator for Compulsory Specifications (NRCS). NRCS operates under the dti and has the responsibility for official controls along the entire fishery products’ production chain (i.e. fishing vessels, landing sites, freezer and factory vessels, processing establishments and cold stores), including sampling for official analyses, import and export controls and certification of fishery products intended for EU export.

The South African Bureau of Standards (SABS) is accredited as the competent authority to audit the application of standards for export of products to the EU and other countries. These standards are mainly the HACCP (Hazard Analysis Critical Control Point) and ISO standards.

---

FISHERY CAN BE EXPORTED TO THE EU ONLY FROM

Authorised countries separate authorisation for fishery, aquaculture and bivalve molluscs
Approved vessels and establishments such as processing plants, freezer or factory vessels, cold stores – generally called Food Business Operators
Approved Aquaculture establishments such as hatcheries, farms and Approved Areas

OFFICIAL CERTIFICATIONS REQUIRED FOR THE EU MARKET

Health Certification

Catch Certification
Marine fisheries products must be accompanied by a Catch Certificate declaring that the catch was made in accordance with applicable laws,

Certification of Origin
The EPA rules of origin allow for extended cumulation that can boost intra-regional trade and industrialisation. Fisheries is set to benefit from these more flexible rules.
Fishery products

South Africa is listed in Annex II to Commission Decision 2006/766/EC establishing the list of third countries and territories from which imports of fishery products in any form for human consumption are permitted.

In addition to South Africa being allowed to export as a country to the EU, each establishment that wants to export its Fish and Aquaculture Products (FAP) must be approved by the competent authority. According to the list available on the EU Commission website (list valid as of 15/12/2015), imports of fishery products from South Africa into the EU are authorised from a total of 192 freezer vessels, 22 factory vessels, 46 processing establishments, and 10 cold stores.

An exporter that wants to send a consignment to the EU must apply to the competent authority (NRCS) for an inspection and physical control of the goods. After that a health certificate may be signed and an EU export certificate issued.

Additionally exporters will have to provide a Legal Catch Certification and Certification of Origin:

The Catch Certification Scheme was introduced on 1 January 2010, whereby fisheries products must be accompanied by a Catch Certificate declaring that the catch was made in accordance with applicable laws, regulations and international conservation and management measures. The IUU (Illegal, Unreported and Unregulated) regulation applies to all trade of marine fishery products, processed or not, originating from third country fishing vessels and exported to the EU by any means of transportation. One of the key aspects of this regulation is the full traceability of marine products.

The Rules of Origin are the means by which the EU determines where goods originate, i.e. not where they have been shipped from, but where they are deemed to have been produced or manufactured. With proof of origin they are guaranteed preferential access into the EU.

In the case of fish products the EU rules of origin make a distinction between:

* Fish captured within the territorial seas of the beneficiary/partner country, will be considered as originating without additional conditions
* Fish captured beyond the territorial seas of the beneficiary/partner country, will be considered as originating only if it was captured by a vessel:
  - Flying the flag of the beneficiary/partner country,
  - Registered in that beneficiary/partner country,
  - Owned by a national of that beneficiary/partner country or a company having its main place of business and owned 50% as a minimum by nationals of that beneficiary/partner country, and
  - In some cases it is also required that the 50% as a minimum of the crew are also nationals of that beneficiary/partner country.
Shellfish: mussels, oysters and abalone

South African shellfish (mussels, oysters and abalone) are not allowed into the EU because the country does not have an EU approved shellfish monitoring programme. This prompted the establishment of the South African Molluscan Shellfish Monitoring and Control Programme (SAMSM&CP) in 2003. The SAMSM&CP sets out the requirements that farms cultivating molluscan shellfish (e.g. mussels, oysters and abalone) have to meet, to promote food safety for human consumption. The programme objective is to manage and minimise the risk of shellfish poisoning and contamination through consumption of contaminated cultured molluscan shellfish. This is established through monitoring compliance for testing for microbiological quality, toxic and hazardous substances and marine biotoxins in cultured shellfish.

According to the latest audit by the EU authorities which evaluated aquaculture abalone (the first one took place in 2005), South Africa should ensure that when exporting to the EU in the future, applicable maximum levels for heavy metals as set out in EU Regulations should be respected. South Africa argues in the international fora (FAO, WTO), together with other Southern countries, that the EU is too stringent with the maximum level of cadmium allowed (1 mg/kg limit, cadmium is a naturally occurring contaminant). South Africa is of the opinion that the cadmium concentration allowed for Molluscan Shellfish should take into account the way the shellfish is generally consumed (either meats only or meats and viscera) as well as the rate at which it is consumed (some products, such as abalone, are too expensive to be able to consume them too frequently).

Even though appetite for abalone in Europe is still low it is growing. Uncertainties about South Africa’s traditional export partners in mariculture make it necessary for South Africa to diversify its export strategy. In this sense it is also important that other bivalves such as mussels and oysters also get accredited for export to the EU.

SA is not listed in Annex I (list of third countries from which imports of bivalve molluscs, echinoderms, tunicates and marine gastropods are permitted) to Commission Decision 2006/766/EC amended by Commission Decision 2008/156/EC. This guarantees that products to the EU meet the sanitary conditions laid down in EU legislation to protect the health of consumers. It is also not included in the Annex to Commission Decision 2011/163/EU with an approved residue monitoring plan for aquaculture.

South Africa is not authorised to export bivalve fresh molluscs to the EU*. However, the South African Shellfish Monitoring and Control Programme was set up under the supervision of the National Regulator for Compulsory Specifications and the Department of Agriculture, Forestry and Fishery in an effort to meet EU certification requirements of shellfish exports.
Aquaculture

Countries wishing to export aquaculture products to the EU need a particular approval, which is given on compliance with Veterinary residue monitoring requirements as outlined in Articles 29 and 30 of Council Directive 96/23/EC.

South Africa has requested access to the EU for fin fish submitting a residue-monitoring programme by NRCS to the EU for initial approval after which it needs to be presented annually for evaluation and renewal. An audit was undertaken in February 2017.

The groundwork is in place, as the SABS has negotiated an auditable aquaculture CODEX standard of on-farm practices acceptable to the EU which it uses for the application of HACCP in aquaculture. The SABS uses agents such as DAFF and other state veterinarians to provide guarantees for specialised analyses such as the monitoring of antibiotic residues in fish.


South Africa is not in the latest list of countries with an approved residue monitoring plan for aquaculture.*
Marine fisheries

Cape hake

South Africa’s hake fishery is not the biggest in tonnage – the small pelagic purse fishery targeting sardine and anchovy lands the biggest amount of fish at present. However, the hake fishery is the most valuable of South Africa’s marine fisheries, providing the basis for about 30,000 jobs and an annual landed value in excess of R5.5 billion (DAFF, 2015). The hake fishery has become more inclusive and consultative recently. All fishing rights holders have signed Codes of Conduct, committing them to compliance procedures and accepting the concept of sustainable harvesting. An Operational Management Plan is in place to allow the recovery of shallow water hake stocks to sustainable levels within 20 years.

In the 1960s, hake fishery contributed as much as 90% of South Africa’s overall fish landings by value, but this contribution declined to 60% during the 1990s because of a shift in focus to mixed-species fisheries and increased landings of the by-catch (such as kingklip and sole) from this fishery.

The deep sea trawl sector for hake is the most valuable, contributing 45% of the value of all South African fishery production and 2.2% of the world ground fish catch. The industry directly employs more than 8,000 people, on fishing vessels, at land-based processing plants, or in a range of management, administrative or supportive roles, with a monthly wage bill of R84.5 million. A junior trawlerman earns about R140,000 a year, and a seafarer at the top of his or her profession can earn up to R1.1 million a year.

Industry estimates that about a third of the deep sea trawl catch is processed and frozen in large factory ships at sea. Hake is also landed fresh and sold as premium-quality gutted head-on fresh fish or fresh fish fillets. The fish can also be landed fresh and processed before freezing in large, land-based, capital-intensive processing plants. The outcome is value-added products such as crumbed fillets and fishcakes. Hake exports have shifted in the last years from fresh to frozen products and to value-added products.

The inshore trawl fishery for hake and sole is less capital intensive and contributes only 1% of total fish catch value. The industry is more transformed than the bigger deep sea hake fishery, as black people occupy more than 90% of these jobs and women hold 42%. According to DAFF, working conditions are generally considered to be better than those in other small-scale fisheries. Most employees are employed on a full-time, year-round basis, with fixed salaries and employment benefits. The average annual income of sea-going crew is R35,000.

### CAPE HAKE IN THE EPA

**Shallow-water hake (Merluccius capensis) and deep-water hake (Merluccius paradoxus)**

<table>
<thead>
<tr>
<th></th>
<th>HS</th>
<th>X TO EU 2016</th>
<th>MFN duty</th>
<th>Preferential duty TDCA</th>
<th>Preferential duty EPA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresh</td>
<td>0302 54 90</td>
<td>R85m</td>
<td>15%</td>
<td>11.5%</td>
<td>C*: 2017: 9.2%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Duties 0% in 2025</td>
</tr>
<tr>
<td>Frozen blocks</td>
<td>0303 66 11</td>
<td>R528m</td>
<td>15%</td>
<td>11.5%</td>
<td>A*: 0%</td>
</tr>
<tr>
<td></td>
<td>0303 66 11 90</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Frozen fillets</td>
<td>0304 74 11</td>
<td>R1 222m</td>
<td>7.5%</td>
<td>4%</td>
<td>B*: 2017: 2.60%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Duties 0% in 2021</td>
</tr>
<tr>
<td>Prepared hake</td>
<td>1604 19 94</td>
<td>Around R181m</td>
<td>20%</td>
<td>7%</td>
<td>A*: 0%</td>
</tr>
</tbody>
</table>
In 2015, total catches for hakes amounted to about 145,000 tonnes, an increase of 35% since 2005 when the TAC was significantly reduced to allow for stock to recuperate. DAFF still regards the Cape hake exploitable mass as slightly under optimal stock status.

Hake is **primarily exported to Europe** (>80% of total exports) with smaller markets in Africa as well as in Australia and the US.

Management of TAC to maintain optimal stocks of hake limit how much South Africa can increase its exports of non-processed hake to the EU, though some increase may take place through trade diversion.

Cape hake will be more competitive in European markets after liberalisation, meaning that small and medium sized enterprises will be in a better position to secure international contracts, which benefits transformation efforts.

South Africa can also increasingly gear its industry towards higher added-value products such as Cape hake with eco labels or processed products such as crumbled fillets and fish cakes.
**Cuttle fish and squid**

Squid, locally known as “chokka” is found around the coast from Namibia to the Wild Coast in the Eastern Cape. The abundance of squid fluctuates widely, mainly due to biological factors such as spawning distribution and survival rates of hatchlings and juveniles, and environmental factors such as temperature, currents, turbidity and macro-scale events such as El Niño. Fishing pressure appears to play an increasing role in these fluctuations in abundance.

Chokka are mostly frozen at sea in small blocks and exported whole to European countries. Squid are also used as bait by line fishers. The squid fishery is fairly stable and provides employment for about 3 000 people locally. The fishery is believed to generate in excess of R500 million in a good year.

**West Coast lobster**

The West Coast rock lobster (commonly known as kreef) fishery is one of the country’s oldest fisheries, dating back to at least 1875, when the first commercial processing plant was established. Commercial, subsistence and recreational fisheries target the West Coast rock lobster and are managed by using combinations of TAC quotas allocated for zones along the coast, a minimum size limit, closed seasons, daily bag limits, and restricted fishing during seasonal fishing days.

In earlier years, the South African rock lobster fishery would catch about 4 000 tonnes of lobster a year. The fishery has declined dramatically in recent years due to slow growth rates of the lobsters and illegal fishing activities. Today, the commercial fishery harvests less than 2 000 tonnes of rock lobster. Rock lobster contributes only 0.4% by mass to the total South African fisheries catch; however its contribution by value is 9.2% since it is a high-value product. Employment has decreased since 2000 and is around 1 300 employees.

Although considered overexploited by the Southern African Sustainable Seafood Initiative (SASSI), the government believes it is likely that the stock recovery of West Coast rock lobster will continue as long as permit allocations remain at current sustainable levels.

**Exports of West Coast lobster go mainly to Asia, with only 4% going to the EU. Despite the EPA reducing duties to 0%, new opportunities in the EU market are unlikely in the short term due to growing awareness of European consumers of sustainable fishing practices.**

### CEPHALOPODS IN THE EPA

<table>
<thead>
<tr>
<th>Cuttle fish and squid</th>
<th>HS</th>
<th>X TO EU 2016</th>
<th>MFN duty</th>
<th>Preferential duty TDCA</th>
<th>Preferential duty EPA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0307 49</td>
<td>R951m</td>
<td>8%</td>
<td>2.8%</td>
<td>A*: 0%</td>
</tr>
</tbody>
</table>

### WEST COAST LOBSTER IN THE EPA

<table>
<thead>
<tr>
<th>Rock Lobster not frozen</th>
<th>HS</th>
<th>X TO EU 2015</th>
<th>MFN duty</th>
<th>Preferential duty TDCA</th>
<th>Preferential duty EPA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0306 21 90</td>
<td>R31m</td>
<td>12.5%</td>
<td>4.3%</td>
<td>A*: 0%</td>
</tr>
<tr>
<td>Rock Lobster frozen</td>
<td>0306 11 90</td>
<td>R5.9m</td>
<td>12.5%</td>
<td>4.3%</td>
<td>A*: 0%</td>
</tr>
</tbody>
</table>
The small pelagic fishery is the largest fishery in terms of total volume caught, targets mostly sardine, anchovy and round herring. In 2006, long-term rights were issued to 18 companies and the TAC set at 310 000-40 000.

DAFF emphasises the importance of the pelagic fishery to the economy for the following reasons: 1) the sector is the second most important in value (second only to the hake fishery); 2) pelagic fish are a high-quality source of protein: fish meal and oil are used as protein supplements in both agriculture and aquaculture; 3) direct employment and employment in related industries is large; and 4) energy produced by plankton is transferred to large-bodied predatory fish, marine mammals and seabirds.

Anchovies are not exported fresh but rather processed into fishmeal and fish oil while the sardine catch is mostly canned (for human and pet consumption) with some packed whole for bait or filleted for human consumption. Canned sardines are consumed domestically and exported to regional southern African markets; likewise, frozen sardines are sold in both domestic and international markets (mostly to the East or Mauritius).

Fresh small pelagic fish had high tariffs but are not exported, likely due to high logistical cost associated with low-priced fresh products. It is a product that will not benefit immediately from liberalisation but that may hold potential in the future.

**Small pelagic fisheries, whole or processed, are exported to Europe only marginally.**

Frozen sardines and herring are exported mainly to the rest of the continent with some exported to Oceania and Asia. Preferential duties under the TDCA were high at 19.5% so there might be some trade diversion towards the EU after liberalisation.

Tariff levels for fish tend to increase with the level of processing to protect local processing. It is therefore positive that this protection will be gradually phased out over the coming years.

Prepared tuna, sardines, anchovies fall under category C*, therefore opportunities will arise as duties are phased out and South African products become more competitive.
Freshwater fisheries

Exports to the EU are at present almost non-existent, mostly because the industry lacks the necessary critical mass to look beyond local and regional markets, and because most species have low demand and price. Aquaculture farms are not authorised to export to the EU. Another constraint is the legislative frameworks, where at present competences fall under many different departments. In this sense, the Aquaculture Bill offers an opportunity to centralise these powers.

EPA immediately liberalises freshwater species fresh, chilled or frozen, but exports of fillets of these species fall under category C*, therefore duties will be gradually phased out.

### SOUTH AFRICAN EXPORTS OF FRESHWATER FISH

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Freshwater fish</td>
<td>7.4</td>
<td>6.6</td>
<td>3.9</td>
<td>6.1</td>
<td>12</td>
</tr>
</tbody>
</table>

EPA immediately liberalises freshwater species fresh, chilled or frozen, but exports of fillets of these species fall under category C*, therefore duties will be gradually phased out.

### MAIN FRESHWATER SPECIES AFFECTED

<table>
<thead>
<tr>
<th>HS</th>
<th>Preferential duty TDCA</th>
<th>Preferential duty EPA</th>
</tr>
</thead>
<tbody>
<tr>
<td>TILAPIA fresh, chilled, frozen</td>
<td>4.5%</td>
<td>A*</td>
</tr>
<tr>
<td>0302 71 0303 23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TILAPIA fillets</td>
<td>5.5%-10.5%</td>
<td>C*</td>
</tr>
<tr>
<td>0304 31 0304 61 0304 93</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CATFISH fresh, chilled, frozen</td>
<td>4.5%</td>
<td>A*</td>
</tr>
<tr>
<td>0302 72 0303 24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CATFISH fillets</td>
<td>5.5%-8.5%</td>
<td>C*</td>
</tr>
<tr>
<td>0304 32 0304 62</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RAINBOW TROUT</td>
<td>4.5%-8.5%</td>
<td>A*</td>
</tr>
<tr>
<td>0302 11 00 0303 14 00 0303 82 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rainbow trout processed</td>
<td>3.5%</td>
<td>A*</td>
</tr>
<tr>
<td>1604 19 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FRESHWATER TROUT</td>
<td>8.5%</td>
<td>A*</td>
</tr>
<tr>
<td>0302 11 20 0303 14 20</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Whereas wild fishing faces supply constraints due to the management of the TAC, aquaculture is a nascent industry where price changes stemming from market liberalisation could give rise to an increase in supply. Imports of canned fish into South Africa has grown exponentially in the last decade as local production cannot keep up partly due to TAC of pilchard sardine (main canned fish product consumed) slowly being reduced. In this area freshwater aquaculture has an enormous entry point to expand and satisfy local demand while acquiring the necessary scale to target export markets.

Trout farming, the oldest freshwater aquaculture sub-sector in South Africa, is still too small for producing for export purposes; however, there is a small market to export disease free ova to European farmers. This market is small, but it is a high-value seasonal market that ships ova into Europe during the European summer months when some farmers are unable to produce ova.
Marine aquaculture

Abalone

With a rapid decline in wild abalone fisheries, farming now dominates the abalone export market. High market prices, access to relatively cheap labour, together with favourable coastal water quality and infrastructure, also facilitated rapid growth. Farming also brings important employment opportunities to lower-income groups in remote coastal communities and has positive spill-over effects on the seaweed industry and abalone processing industry.

AFASA (Abalone Farmers Association of Southern Africa) expects the industry to continue expanding. However, access to suitable coastal land and the dependence on wild harvest of kelp (a type of seaweed) for feed may restrict further development in certain areas. Research into feeding science is crucial. Kelp constitutes the major feed for farmed abalone in South Africa, but this resource is now approaching limits of sustainable harvesting in kelp Concession Areas where abalone farms are concentrated. Most of the farms are in the Western Cape Province, but there are others as far north as Port Nolloth (in the Northern Cape Province), and also in the Eastern Cape Province.

In South Africa at present only a few abalone farms depend on their on-farm seaweed cultivation for abalone feed, situated in the Eastern Cape where there is no access to fresh kelp supply. There are many benefits from on-farm seaweed production and it will probably be a part of future expansion of the abalone industry.

South Africa should benefit from a considerable price advantage as the MFN duty is set at 20% and also because the European abalone aquaculture sector is lagging by comparison with countries such as Australia, Chile, China and South Africa, while popularity is increasing in high-end restaurants. Due to high market prices, a large volume of black traded products being fished illegally make it to the markets. Growing awareness of illegal harvesting and trade and of the critical status of wild abalone stocks, means that certified sustainable abalone carries a premium.

In this sense, South African abalone producer Abagold has become the first abalone company in the world to be awarded the independently-verified Friend of the Sea sustainability certification.

The South African abalone cultivation industry has developed rapidly and is now the largest producer outside Asia. However, Abalone is not exported to the EU as shellfish products have not yet been approved for import, nonetheless the abalone industry together with the Department of Agriculture, Forestry and Fisheries have been working together to get approval.
SUSTAINABLE FISHERIES

Another metric by which to value the fishery industry is its degree of long-term sustainability. A sustainable fishery, where fish are harvested at a sustainable rate so fish populations do not decline over time, has the potential to yield long-term benefits (in revenue, employment and other indirect metrics such as food security.

Developing country producers should aim at sustainable production and achieve the corresponding certification to access international markets. This not only protects the country against the negative outcome of stock depletion and overexploitation but allows producers to cater for higher-income and more health and environmentally conscious consumers that pay premium prices.

WWF South Africa and SASSI work with a variety of stakeholders from large fishing companies to subsistence fishers, as well as marine scientists, government, consumers, retail partners, restaurants, and other environmental NGOs to effect positive change.

The aim is to improve fishing practices that are destructive to the ocean and to encourage fishers to use more sustainable methods. Destructive fishing practices cover issues like illegal fishing, overfishing, bycatch (the incidental capture of species not targeted by fishers) and habitat destruction. SASSI undertakes this work through tools such as fishery improvement projects (FIPs) and fishery conservation projects (FCPs).

Fishery Improvement Projects: FIPs initiatives aim to enable fisheries to reach the sustainability standards required by credible third party assessment schemes, namely the Marine Stewardship Council (MSC). For the third time South Africa’s deep-sea trawling industry has secured certification from the MSC — in 2004 it became the first hake fishery in the world to be judged by the MSC as “sustainable and well managed”. The latest certification comes after a rigorous 12-month reassessment process during which an independent certification agency scrutinised every aspect of the fishery’s management and once again found it to comply with the MSC’s main principles. These include that the fishery is conducted in such a way that it does not lead to overfishing or a decrease in the stock; that fishing operations do not impact on the health of the marine ecosystem; and that fishing is managed and regulated in a responsible way.

CASE STUDY: GOING SUSTAINABLE

**Woolworths** has undertaken to ensure that by the end of 2015, all of its wild-caught seafood will be sourced from fisheries that are undertaking a credible, time-bound improvement project, will be Sassi Green-listed, or will be caught from MSC (Marine Stewardship Council) or equivalent certified fisheries. The retailer has also achieved a significant milestone with the launch of its new range of ASC certified responsibly farmed fish. Woolworths launched its private label ASC certified tilapia products to coincide with the celebration of World Fisheries Day on 21 November 2015, which highlighted the connection between the health of the world’s fisheries and human well-being. The launch of the new ASC certified lines is another step by Woolworths towards meeting its 2020 commitments for aquaculture.

**Pick n Pay** has committed to transforming its fresh, frozen and canned seafood operations to ensure that, by the end of 2015, it only sells seafood products that are certified as sustainable by the MSC for wild-caught products, or by the ASC (Aquaculture Stewardship Council) for farmed products, or fish that are categorised as Green by Sassi.

These brands, and others such as Breco Seafoods, Fruit & Veg City/Food Lover’s Market, John Dory’s, La Marina, Ocean Basket, the Spar Group, and the Supapackers Group of Companies are all part of the **WWF South Africa’s Retailer/Supplier Participation Scheme Project**, which encourages more sustainable fishing practices.
Fishery Conservation Projects: FCPs are local initiatives that are less comprehensive in nature. They are entered into by WWF-South Africa and focus on improving the environmental performance of a fishery, which has not yet developed a strategy for improvement against MSC standards or is not seeking MSC certification.

Aquaculture has also generated an intense debate on its impact on the environment. Government should regulate the development of the industry to ensure that potential impacts are avoided or minimised, and to ensure equitable participation in the industry. At the regional level, the SADC Protocol on Fisheries addresses aquaculture in its Article 13. This constitutes an important guide for policymakers and planners at both the national and regional level.

**Sustainable fisheries and the EPA**

Legal and political basis for co-operation in the field of fisheries can be found in the Cotonou Agreement (Art. 53) and in the SADC-EU EPA (Articles 11 and 13).

SADC-EU EPA Article 11 Working together on trade and sustainable development states that the parties may cooperate on “trade aspects of sustainable fishing practices”. Furthermore Article 13 states that cooperation priorities, and cooperation in supply-side competitiveness shall aim at increasing the competitiveness, among other sectors, in the field of fisheries.

Even though it was already foreseen in the TDCA (Art 62) and contacts around this between parties has been intense in the past years, the EPA does not include a Sustainable Fisheries Partnership Agreement, but it does provide a starting point as it includes a technical agreement on the liberalisation of fisheries tariffs as well as some commitments in cooperation.

EU and South Africa already co-operate in the international fora as both are members of various Regional Fisheries Management Organisations, international organisations formed by countries with fishing interests in an area: South-East Atlantic Fisheries Organisation (SEAFO), the International Commission for the Conservation of Atlantic Tunas and the Commission for the Conservation of Southern Bluefin Tuna. Their role is to guarantee the management, conservation and sustainable exploitation of the living marine species covered in their remit by setting catch limits, technical measures and control obligations.

In fact, the 13th annual meeting of SEAFO ended on 2 December 2016 in Port Elizabeth, South Africa. SEAFO members adopted an EU proposal to upgrade the system of fisheries monitoring and compliance. The meeting also adopted total allowable catches for the main SEAFO species, based on scientific advice.
Camdeboo Satellite Aquaculture Project

This initiative in Graaff-Reinet is a project of the Blue Karoo Trust to breed catfish. Established in 2006 and initially financed by its partners who used income from a guest house they ran in the Eastern Cape, the trust has received financial support from various government departments, the Eastern Cape Development Corporation (ECDC) and the EU. Processing and packaging has been happening in Cape Town but an environmental impact assessment for a factory in Graaff-Reinet is underway and should be established this year. The project employs 120 people but once the first unit is expanded to full capacity to include 15 grow-out tanks and a factory processing line, an estimated 368 people will be needed.

Smiling Valley Marron

Marron is one of the few high-value, freshwater aquaculture species that can be produced in the moderate Eastern Cape climate. The first marron (freshwater crayfish) produced on a commercial scale in the Eastern Cape was sold on the South African market in 2012 by Smiling Valley Marron. The operation is also pursuing its first exports. The investment and trade promotion units of ECDC have assisted Smiling Valley Marron in exploring new markets specifically in Asia and Europe. ECDC has also paid for studies on regulatory requirements and market information for selected foreign countries. ECDC continues to lobby on a national level for a framework through which marron can be exported.

CONCLUSION

The liberalisation of all sea food exported to the EU, a market of more than 500 million consumers, will directly and immediately benefit the developed Cape hake industry; as of October of 2016 South African hake benefits from a considerable price advantage.

With abalone, exports to the EU will hopefully show favourable progression, and if bottlenecks affecting the industry do not stand in the way, this subsector of marine aquaculture can certainly grow at double digit numbers in the coming years while creating substantial jobs in coastal communities. The Aquaculture Bil offers an opportunity to resolve the complex legislative framework that currently limits the industry’s ability to fully grow.

Great potential lies in exports of marine and freshwater aquaculture to the EU as demand for these products is ever increasing. Aquaculture is a sophisticated enterprise that needs investment and the support of the government in developing the necessary scale to be commercially viable and to comply with the strict health requirements needed to grow internationally. This industry, linked to coastal communities and low-skilled workers, has the potential if adequately supported to feed directly into the narrative of inclusive growth.

Following the example of abalone, other high-value shellfish and freshwater aquaculture industries must make the effort, together with DAFF and the provincial governments as with other relevant stakeholders, including the EU, to put in place the necessary export standards to comply with EU health requirements.

South Africa remains geographically isolated from markets outside Africa, and so to effectively compete, taking into account high transport costs, it will have to continue to develop niche markets that can be distinguish from other brands, for example, value-added products (abalone, frozen fillets, fishcakes), sustainable certified products and canned products with long shelf lives. Recent efforts by retailers such as Woolworth show that consumers are willing to pay extra for fisheries that take care of the environment or guarantee fair trade.

Finally, the SADC-EPA EU builds on the already strong cooperation in research and development as well as in sustainable fisheries, and the liberalisation of fisheries should serve a catalyst for more focused and fruitful cooperation.
REFERENCES


Photos: Cover Fishing boats in Hout Bay harbour (top) Dreamstime. Fisherman off Cape Point (bottom). Rodger Bosch MediaClubSouthAfrica; Page 9 Masifundise Development Trust; Page 18 Abagold abalone farm, Hermanus (Rayno Rabie)