

Integrated Assessment of Trade-Related Policies and Biological Diversity in the Agricultural Sector in Madagascar:

Brief Summary

Transition strategies for the shrimp farming industry in the context of the EU-ACP Economic Partnership Agreement

The assessment focused on the economic, social and environmental impacts of trade liberalization under the EU-ACP EPAs on the future of Madagascar's shrimp aquaculture sector. The sector is important to Madagascar with respect to employment and foreign income earnings and is closely connected to the country's environment and biodiversity. Due to competition from Asian producers, shrimp exports have become increasingly uncompetitive in principal export markets, such as the EU. Realizing that further trade liberalization will enforce this trend, efforts have already been made to establish shrimp from Madagascar as high quality products (for example, in the French market).

The study specifically examined the impacts of three scenarios:

- The continuation of the existing industry policies under the interim EPA, which includes preferential access to the EU market.
- The full implementation of an EPA, which will remove trade preferences and make the trading relationship compatible with the WTO rules on regional trade agreements.
- The implementation of an EPA and the further development of eco-certification for shrimp from Madagascar.

The study showed that with further liberalization, the upward trend for input costs and competition from other countries will continue, leading to further loss in market share for shrimp exports. Temporary or permanent closure of shrimp farms will increase unemployment in areas where shrimp is produced, potentially leading to migration and social tension. From an environmental perspective, there is a risk of increased access and unmanaged exploitation of mangrove forests (currently being shielded by the shrimp farms), while levels of pollution and transmission of infections to endemic marine species in areas adjacent to the shrimp aquaculture operations may decrease. The full implementation of an EPA would accelerate this trend, unless shrimp could be classified as a sensitive product, allowing for a continuation of trade preferences. The scenario that includes eco-certification is the most viable for the industry's future providing a means to promote sustainable production practices and maintain the industry over the long term. Shrimp produced in Madagascar will remain among the most expensive shrimp on the market, however, eco-certification will reinforce its ability to penetrate high-end niche markets, achieve a price premium, and prevent factory closures.

Main recommendations:

- Support acceleration of eco-certification and develop the quality control (AQC) standard beyond eco-certification.
- Decentralize the planning and development of shrimp aquaculture to allow the sector to access funds available for local development and prepare a regional development plan that includes priorities for sustainable shrimp aquaculture.
- Develop and implement a legal framework for local food production that includes sanitary and phytosanitary standards and traceability and is based on EU or international standards.
- Conduct complementary research on (i) local production of shrimp feed, (ii) ways to integrate artisanal aquaculture in the sector, (iii) environmental factors associated with

shrimp aquaculture production, and (iv) environmental factors and exploiting conditions at the shrimp farms to conserve the premium quality.

- Incorporate experiences from the integrated assessment into the on-going strategic assessment of marine resources.
- Communicate to other sectors, the importance of integrated assessment as a tool to encourage sustainable development.

In response to the study, three feasibility studies were initiated: one for the incorporation of the sustainable development of shrimp aquaculture in local development plans, another which further explores the development of an AQC standard, and a third focused on mainstreaming integrated assessment into the official guideline for strategic environmental assessment recently developed by the *Office National pour l'Environnement*.

The project was led by the *Ministère de l'Agriculture, de l'Élevage et de la Pêche* and was implemented by the *École Supérieure des Sciences Agronomiques (ESSA)*.