The New Zealand Asia Institute (NZAI) undertakes research focusing on engagement with Asia, provides a forum for informed debates, and offers a bridge to Asia-related expertise and research within the University of Auckland.

Adding value in the fishing industry.

How can participants in global value chains (GVCs) and global production networks (GPNs) capture value in socially and economically beneficial ways? Natasha Hamilton-Hart and Christina Stringer present a collection of research papers that look at this question with regard to the fisheries sector.**

Rapid growth in the fishing industry and the globalization of the fisheries value chain have driven change in fisheries production and consumption. Along with the growth of the industry, those involved face new challenges in ensuring responsible and sustainable fisheries practices.

GVCs are important transmitters of knowledge and can thus stimulate learning and upgrading (economic, social and environmental) along the value chain. One determinant of upgrading is the relationship among value chain actors. Often, lead firms – firms that coordinate the activities along the value chain – are in a position to capture the most value due to control of resources or access to consumers. But lead firms may also provide opportunities for other firms within the chain to improve their position. For example, a lead firm may demand particular product attributes that require suppliers to meet new technological, environmental or social standards.

How much value a particular firm captures is also a product of the political, institutional and social context, including the relationships that GVC participants have with local communities and government actors.

Hamilton-Hart and Stringer highlight three contributions from the collection of research papers. First, they show how formal and informal institutions shape the value chain by facilitating or constraining growth. Strong social connections, for example, can generate the conditions for actors in a GVC to share knowledge, which can be a prerequisite for capturing greater value. Trust may lead to efficiency gains as firms are able to focus resources on productivity, rather than monitoring their partners’ behaviour. A case study from Iceland’s fishing industry shows that long-term relationships, based on cooperation and trust, allow for better information flows between buyers and sellers. In contrast, low trust levels found in the New Zealand fishing industry are a factor behind the industry’s reliance on relatively low value-added activities.

Second, the researchers examine how social and institutional contexts can be either productive or perverse, in terms of enabling or preventing actors from capturing economic value and ensuring sustainable practices. An example from the Indonesian fisheries shows that strong social ties linking fishers and traders can facilitate access to credit, but also lead to exploitation.

Third, governments and other regulatory actors play critical roles. Case studies from Indonesia and the Philippines showcase the adverse impact of corruption-prone regulatory systems. For example, fishers who did not trust regulators were often not supportive of regulatory limits such as marine reserves, restricted access or catch limits, due to the perceived risk of selective enforcement of rules by corrupt officials. In New Zealand, where corruption is perceived to be low, the regulatory context nonetheless has come under criticism for impeding market exchanges and conferring rents on some players, thus reducing incentives to upgrade.