



# Natural Resource Trade and the Trans-Pacific Partnership<sup>1</sup> (TPP) The Need for Conservation Measures



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*The Trans-Pacific Partnership is designed to be an ambitious 21<sup>st</sup>-century trade agreement that will enhance trade and investment among the TPP partner countries and promote economic growth. The addition of Canada, Mexico and Japan to the talks has vastly expanded the amount of trade covered by the TPP and significantly increased the importance of addressing conservation issues in any agreement.*

## Why include resource conservation in the TPP?

Among TPP countries, renewable resources and wildlife are highly traded. Where resources are poorly managed, demand in TPP markets drives depletion and illegal activities. In these cases, the economic benefits of trade are lost and cheaper products undermine profits and threaten jobs in countries where resources are legitimately harvested and well-managed.

Conservation provisions are needed in the TPP to protect the world's natural resources, including the seafood and wood products needed for global businesses and consumers for generations to come.

## What is the extent of natural resource trade among the TPP countries?

The TPP countries represent major producers, exporters, and importers of seafood, wood, and other natural resources. TPP partner countries:

- Represent eight of the world's top 20 fishing nations.<sup>2</sup>
- Contributed about 33% of the global marine catch in 2011, almost 33% of global fish product imports and 24% of exports.
- Account for 17% of global imports of shark products and 28% of global exports by value.<sup>3</sup>
- Account for 34% of global timber and pulp production and 24% of total trade value worldwide.<sup>4</sup>
- Represent significant importing, exporting and transit countries for legal and illegal wildlife specimens. Some countries, including Vietnam, are the major global markets for CITES-listed species.

<sup>1</sup> The twelve TPP partner countries include (by nominal 2012 GDP) the United States, Japan, Canada, Australia, Mexico, Malaysia, Singapore, Chile, Peru, New Zealand, Vietnam and Brunei.

<sup>2</sup> FAO, 2011 marine catch by descending rank: Peru, United States, Japan, Chile, Vietnam, Mexico, Malaysia and Canada.

<sup>3</sup> FAO FishStat J.

<sup>4</sup> FAOSTAT.

## What is the impact of unsustainable resource trade?

Illegal activity and unsustainable resource trade weakens the ability of law-abiding businesses to compete in the global marketplace, threatening jobs in those industries. These activities generate revenues that drive corruption and instability in strategically important regions of the globe and threaten development by devastating wildlife resources and biodiversity in developing countries.

### *Seafood*

Fish are the most highly traded food commodity in the world<sup>5</sup> and the United States and Japan are the largest importers of fish products.<sup>6</sup> Imports dominate the U.S. market, accounting for nearly 90% of seafood consumed. Canada, Vietnam, Chile and Mexico are among the top 10 exporters of fisheries products to the United States.<sup>7</sup>

Fishermen in countries with good fisheries management are at a disadvantage when competing with those TPP countries that have not taken the difficult - yet critical - steps required to stop overfishing. Countries that subsidize their fleets or fail to prevent illegal, unregulated and unreported (IUU) fishing (estimated at \$10 billion-\$23.5 billion a year or about 13%-31% of the global catch<sup>8</sup>) will not only distort trade patterns and capture market share but also drive overfishing.

### *Timber*

TPP countries represent 34% of global timber and pulp production. It is estimated 15%-30% of the volume of timber traded globally has been illegally obtained.<sup>9</sup> Illegal wood imports could represent up to 4% of all U.S. wood and wood product imports, valued at \$4 billion a year.<sup>10</sup>

The availability of cheap illegal timber depresses global timber prices by as much as 16%, costing the U.S. wood products industry up to \$1 billion annually.<sup>11</sup>

In addition, international illegal logging activity is worth an estimated \$30 billion-\$100 billion annually and is becoming increasingly sophisticated; funding nefarious activities that often undermine global national security.<sup>12</sup>

### *Wildlife*

The illegal wildlife trade is now one of the largest criminal enterprises in the world, with an annual value estimated at \$8 billion-\$10 billion, more than twice that of the illegal commerce in small arms, diamonds, gemstones, and gold combined.<sup>13</sup> Wildlife crime comes with high social and economic costs in the form of soaring costs for park protection, lost opportunities for legitimate livelihood opportunities in rural communities through activities such as eco-tourism, and increased armed conflict and corruption driven by soaring black market prices for high-value wildlife products, such as ivory and rhino horn. Surging demand for rhino horns in Vietnam has led to an alarming 3000% increase in poaching in South Africa in the last four years.

<sup>5</sup> FAO. SOFIA 2012.

<sup>6</sup> FAO. SOFIA 2012. p. 71.

<sup>7</sup> NOAA, Fisheries of the United States, 2011.

<sup>8</sup> David Agnew et al, Estimating the Extent of Illegal Fishing. PLoS ONE, February 2009. Percentages of 2004 global marine catch.

<sup>9</sup> Green Carbon, Black Trade: Illegal Logging, Tax Fraud and Laundering in the World's Tropical Forests. UNEP and Interpol, A Rapid Response Assessment, 2012.

<sup>10</sup> Chatham House. 2010. Illegal Logging and Related Trade: Indicators of Global Response. Prepared by S. Lawson and L. MacFaul.

<sup>11</sup> Ibid. Seneca Creek Associates, LLC, and Wood Resources International, LLC. 2004. "Illegal" Logging and Global Wood Markets: The Competitive Impacts on the U.S. Wood Products Industry. Prepared for the American Forest & Paper Association.

<sup>12</sup> Green Carbon, Black Trade: Illegal Logging, Tax Fraud and Laundering in the World's Tropical Forests. UNEP and Interpol, A Rapid Response Assessment, 2012.

<sup>13</sup> Haken, J., "Transnational Crime in the Developing World," Global Financial Integrity, Washington, DC, February, 2011.



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## What can the TPP do to conserve natural resources and wildlife?

The TPP is a unique opportunity for the twelve Pacific Rim participants to promote economic growth in the context of a far-reaching and ambitious 21<sup>st</sup> century trade agreement, while recognizing the fundamental need to conserve important natural resources and wildlife. Conservation provisions in the TPP should:

- Prohibit trade in resources and wildlife that are harvested or exported in violation of national laws that protect wildlife, forest or marine resources.
- Ensure that countries effectively enforce multilateral environmental agreements and do not waive or otherwise derogate from their environmental laws to reduce protections.
- Hold countries to high resource management standards, including basic fisheries and forest management principles, so that increased trade does not lead to further depletion of resources.
- Impose disciplines on subsidies that lead to overfishing or overcapacity.
- Include measures such as catch documentation and port state requirements to combat illegal fishing and prevent illegally caught fish from entering the stream of commerce.
- Aid in shark management and conservation.
- Encourage countries to adopt and fully enforce national laws that protect threatened species and effectively regulate trade in CITES-listed species.
- Ensure that provisions to address the core environment and conservation challenges of the Pacific Rim region are binding and subject to the same dispute settlement provisions as commercial chapters.

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