

Social and Economic Dynamics

Work Package 5



UNIVERSITY OF STIRLING



Cefas



Work Package 5: Social and economic dynamics

Why is understanding social and economic dynamics critical to the SEAT project?

Farmed aquatic products are among the most valuable agricultural commodities traded in global markets. Half of the world's seafood today comes from aquaculture and its share is estimated to reach 68% by 2020. Asian countries account for almost 90% of the world's aquaculture production, while developed countries in Europe are among key buyers of farmed aquatic products.

Fish is very important for food security as it is the main animal protein, relied upon by the poor in many Asian countries. More significantly it is a source of micronutrients that poor consumers cannot obtain from other food. Fish is also an important means of income for poor producers to purchase other food and household needs. At the same time, fish consumers in European countries demand higher quality and hygiene standards, while being increasingly mindful of the environmental and social impacts of aquaculture production.

Thus, a project promoting ethical and sustainable aquaculture trade needs to have a good understanding of the economic dynamics of the supply and demand of aquatic products, as manifested in the functioning of local, national, regional and global markets. Markets are institutional arrangements through which buyers and sellers exchange goods and services. They are the central organizing principle of successful economies. Markets stimulate choice and competition, inducing producers to improve their efficiency and products, leading to better value and/or quality for consumers. However, markets do not always function to enable the greatest public or private gain. Markets are embedded in wider social, political and cultural structures and processes. Inefficient or exclusive markets are unable to offer the kind of benefits, such as goods, jobs, opportunities and services, that people need – especially to women and the poor, who have weaker linkages to supply chains.

Thus, the project needs to grasp the social dynamics of households engaged in the pursuit of livelihoods that enable production and trade of farmed aquatic products. Households do not always act in a unitary manner in allocating resources; men and women pursue different strategies and have different needs and aspirations, leading to gendered outcomes. Moreover, we need to understand variations in consumption preferences in both producing countries in Asia and purchasing countries in Europe, their impact on production and exchange, as well as life and livelihood choices and practices that underlie these processes.

The value chain approach

In Work Package 5, we will use the value chain approach to analyze the global exchange of selected aquatic products from the point of production in four Asian countries – Bangladesh, China, Thailand and Vietnam – to major consumer markets in Europe. A **value chain** is a sequence of target-oriented combinations of production factors that create a marketable product or service from conception to final consumption. This includes activities such as design, input supply, production, marketing, distribution and support services. The activities that comprise the value chain can be contained within a single actor or divided among different actors, as well as within a single geographical location or spread over wider areas. The term “value chain” indicates the fact that value is added to preliminary products through the combination of other resources. In this project, the value chain approach will be

used to comparatively assess how selected aquatic products from the four countries enter European markets in the context of current institutional and governance structures. We will analyze barriers and opportunities to access different markets, the structure of rewards, trade-offs, conflicts and risks for different actors, and the implications of consumer and retailer demands on quality and process on these actors. Gendered value chain analysis will enable an assessment of gender disparities in opportunities and constraints to access such aquatic product markets. The main objective is to identify key areas for potential strengthening of coordination or upgrading of aquaculture value chains that would increase benefits to producers and consumers. This will include policy and governance implications of the intended interventions. This analysis will also contribute to the action research component of Work Package 9 to identify strategies to change existing structures and processes that constrain the participation of micro-small enterprise (MSME) in ethical aquaculture trade and the role of an Ethical Aquatic Food Index in this effort.

Main research questions that we need to answer

1. What are the key market dynamics that lead to current configurations of dominance and subordination of actors in the various nodes (input supply, production processing, wholesale, retail) of selected global chains?
2. What are the comparative rewards, trade-offs, conflicts and risks for small producers in the four Asian countries in selling farmed aquatic products in local, national, regional and global markets? What are the primary causes of gender disparities in constraints and opportunities to participate in these markets?
3. What are the comparative advantages (opportunity costs and benefits) of producers in the four Asian countries and what factors are most important for the sustainability of their aquaculture operations in the face of future scenarios of change, such as globalization, rise in food prices, climate change?
4. What are the differential economic and social impacts of mandatory, voluntary and private standards on producers and consumers of farmed aquatic products?
5. Which value chain strategies will be most effective for ensuring both equity and environmental sustainability?
6. Which policy interventions are likely to succeed in bringing about institutional and governance changes that will result in more benefits to producers and consumers of farmed aquatic products?
7. What is the methodological potential for and constraints to incorporating socio-economic dimensions in Life Cycle Analysis (LCA)?