Reforming Fisheries Subsidies
– A Global Approach
Presentation at the Green Budget Europe
Launching Conference
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Presentation Overview

- Fisheries Subsidies in the Global Context
- WTO Agreement on Subsidies and Counterveiling Measures (ASCM)
- Update on the fisheries subsidies negotiations at the WTO
- Role of UNEP
Trends in the Fisheries Sector

Figure A1.1 - World production (million tonnes) from capture fisheries and aquaculture

Trade in Fish and Fish Products

- in 1000 US$ -

Source FAO 2006
Most of commercial fish stocks are fully exploited and threatened (75%):

- 52% fully exploited
- 17% over-exploited
- 7% significantly depleted
- 1% recovering

FAO (2004)

Main contributors to overfishing:

- open access resource
- overcapacity
- illegal unreported and unregulated (IUU) fishing

Enhanced by SUBSIDIES
Fisheries Subsidies

- 30-34 billion USD annually
- 30% industry revenue

Trade Effects

Environment Effects

Effects of Fisheries Subsidies

**Trade:**
Reduce the costs of fishing and enhance profitability and market share

**Environment:**
Enable a higher fleet capacity than profitable in non-subsidized regime (current overcapacity at 250%!!)

- Create an incentive for overfishing
- Promote destructive fishing practices
- Support IUU fishing
Which Fisheries Subsidies are Harmful?

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NH = Not Harmful
PH = Possibly or Probably Harmful
H = Harmful
--- = Not Applicable


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WTO Negotiations on Fisheries Subsidies

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WTO Negotiations on Fisheries Subsidies

• Agreement on Subsidies and Countervailing Measures (ASCM)

• Definition of a Subsidy: “any financial contribution by a government that confers a specific benefit on domestic industry”

• Traffic Light Approach:
  - Red light box: prohibited subsidies
  - Amber light box: actionable subsidies
  - Green light box: non-actionable subsidies

WTO Negotiations on Fisheries Subsidies

• The Doha Ministerial Conference (2001)
  “aim to clarify and improve WTO disciplines on fisheries subsidies”

• World Summit on Sustainable Development (2002)
  “eliminate subsidies that contribute to illegal, unreported and unregulated fishing and to over-capacity while completing the reform of fisheries subsidies in the WTO”

• Hong Kong Ministerial Conference (2005)
**WTO Negotiations on Fisheries Subsidies**

- Ministerial Declaration after Hong Kong 2005:

  "[…] strengthen disciplines on subsidies in the fisheries sector, including through the prohibition of certain forms of fisheries subsidies that contribute to overcapacity and over-fishing"

  "Appropriate and effective special and differential treatment for developing and least-developed Members"

  "Importance of this sector to development priorities, poverty reduction, and livelihood and food security concerns"

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**The Chairs Draft Text (November 2007)**

- Prohibition of directly capacity- or effort enhancing subsidies
- Exemption of several classes of subsidies (e.g. vessel safety)
- Subjecting permitted subsidies to certain management and fisheries condition
- Allowing DCs to use prohibited subsidies subject to certain conditions
- Review mechanism for management criteria
- Strengthened WTO notification rules on subsidies
Key Issues for Remaining Negotiations

1. Scope of the Prohibition
2. Sustainability Criteria
3. Institutional Mechanisms
4. Special and Differential Treatment
5. Transparency and Enforcement
Key Issues for Remaining Negotiations

Scope of the Prohibition
- Direct subsidies to capital contributing to overcapacity and overfishing!
- Subsidies to operating costs?
- Subsidies to infrastructure, processing, marketing, price supports?
- Set of exceptions (vessel safety, natural disaster relief, vessel decommissioning, small scale fisheries)?

Key Issues for Remaining Negotiations

Sustainability Criteria:

What are necessary and plausible criteria/conditions for the use of subsidies that fall outside the ban?

- Biological = can the stock withstand more fishing?
- Industrial = does the fleet have “room to grow”?
- Regulatory = is the fishery adequately managed?

→ Subsidize only if answer is YES!
Sustainability Criteria for Fisheries Subsidies

A parallel with FAO ecolabelling guidelines?

1. The fishery is conducted under a management system
   - Adequate data are collected, maintained and assessed
   - Best evidence to evaluate current state of stocks
   - Identify adverse impacts on ecosystems
   - Appropriate measures for conservation and sustainable use

2. Status of stocks
   - Stock must be maintained at a level that promotes optimal utilization and maintains its availability for present and future generations

3. Ecosystem considerations
   - Adverse impacts of the fishery on the ecosystem should be appropriately assessed and addressed.

The Broader Context

- WTO has unprecedented opportunity to develop trade rules that explicitly benefit not only trade but also the environment
  (see WTO preamble on mutual supportiveness on trade and the environment)
- Results depend on overall Doha-Round
- Ultimate responsibility lies with national governments
- A Role for UNEP
UNEP’s Work on Fisheries Subsidies

• Country Projects to Raise Awareness and Find Solutions
• Analytical Work to Support International Negotiations
• Stakeholder Consultations