Subsidies weaken the sustainability of global fisheries while increasing inequality among fishers

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Outline of talk

• How important are fisheries to us?
• Opportunities and challenges facing ocean fisheries worldwide;
• Fisheries subsidies;
• Suggestions for subsidies reform.
How important are fisheries to us?

• Food and nutritional security;
• Economic security;
• Social security;
• Recreational values;
• Cultural and spiritual values;
• Ecosystem function and service.
Food and nutritional security

- Annual ocean fish catch is ~80 million t;
- Fish is a good source of protein, micro-nutrients, minerals and essential fatty acids;
- Provides 3 billion people up to 15% of dietary animal protein;
- For low-income food-deficit countries, the contribution of fish to total animal intake is nearly 20%.

FAO, State of World Fisheries and Aquaculture (2014)
Economic security

Gross revenues from marine capture fisheries worldwide are estimated at between US$ 80 and 85 billion annually (World Bank, 2009, Sumaila et al. 2012);

Total impact throughout the global economy is between US$ 220 and 235 billion in 2003 (Dyck & Sumaila, 2010).
Social security through jobs

260 million people worldwide involved in marine fisheries, including direct and indirect sector

Top 10 countries providing marine employment

Teh and Sumaila (2011)
Opportunities and challenges to global fisheries?
Climate change impacts

**Physical/Chemical changes in the ocean**
- ↑ Sea temperature;
- ↑ acidification;
- Δ ocean current pattern;
- Δ salinity;
- retreat of sea ice;
- ↑ coastal hypoxic & oxygen min. zone;
- ↑ sea level.

**Biological / ecological changes in the ocean**

**INDIVIDUAL**
- Physiology;
- Growth; &
- Body size.

**POPULATION**
- Distribution;
- Abundance; &
- Recruitment.

**COMMUNITY**
- Species composition;
- Invasion/extinction.

**ECOSYSTEM**
- Productivity; &
- Species interaction.

What are fisheries subsidies

- A subsidy is a “financial contribution [direct or indirect] from the public sector that grants private benefits to the fishery sector (World Bank 2009).
Economic justification for subsidies

• Externalities:
  – occurs when producing or consuming a good causes an impact on third parties not directly related to the transaction

  • Positive externality → provide subsidies;
  • Negative externality → impose taxes.
Categorizing subsidies

• Beneficial subsidies (‘investment’ programs in fish stocks);
• Capacity-enhancing (harmful) subsidies (‘disinvestment’ programs in fish stocks);
• Ambiguous subsidies (programs may benefit or harm fish stocks).

Khan et al. (2006); Sumaila et al. (2013)
Subsidies are substantial

Capacity-enhancing subsidies 83% of total USD 35 billion
Subsidies to developed country fisheries at 65%.

Sumaila et al. (2013)
Subsidies by type → fuel subsidies = more than 20%.

Sumaila et al. (2013)
Subsidies are made for inequality

Teh & Sumaila, 2011; Sumaila et al. (2013)
Mexican fisheries subsidies

Approximately 12% of all fishing subsidies go to the small-scale sector

Schuhbauer & Sumaila (in prep.)
Subsidies and overfishing

*Effective effort indexed on 2000 based on average 2.42% increase annually

FAO Fisheries Statistics
Subsidies and overfishing

Watson et al. (2013)

*Effective effort indexed on 2000 based on average 2.42% increase annually
Impact on food & nutritional security

Potential catch loss by region of the world

Srinivasan, Sumaila et al. (2010)
Impact on economic security

Pre-tax profit share of sales for 1000 fishing companies

Push reform at several levels

- National level;
- Regional level;
- Global level.
National effort: Indonesia

Schuhbauer & Sumaila (in prep.)
Core group of countries adopts fisheries subsidies disciplines

• Examples:
  – TPP may include disciplines on subsidies to overfished stocks and IUU vessels;
  – The ACP group of countries;
  – The TTIP countries (EU and USA).
Establish multilateral disciplines built step-wise and ‘bottom up’ to fill remaining ambition gap

• A group of countries, perhaps in partnership with Intergovernmental Organisations and NGOs, could stimulate collective action with bottom-up voluntary commitments to subsidy reform.
Establish multilateral disciplines built on areas of agreement in WTO negotiations

- Chair report 2011, areas of more agreement = subsidies to IUU vessels, transfer of vessels, access agreements;
- Key gap: Subsidies to over-fished stocks arguably should have been listed.
Align incentives by focusing international subsidy negotiations on international stocks

- WTO negotiations cover subsidies to both EEZ and High Seas; shared and not-shared stocks;
- Re-start the WTO negotiations giving a higher priority to subsidies that affect international stocks;
- Build evidence around impact of domestic subsidies on domestic fish stocks in key countries;
- Lobby domestically and provide incentives internationally for domestic reform.
Conclusions

• Build political will by tackling short-term socioeconomic & political considerations
  – ‘switching’ of ‘bad’ to ‘good’ subsidies

• Develop a cadre of local opinion leaders within countries who really see the benefits of eliminating harmful subsidies;

• Encourage national and regional efforts that can develop into a multilateral agreement.
Thanks for your attention

Thanks to UNCTAD & COMSEC for the invitation