

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%.

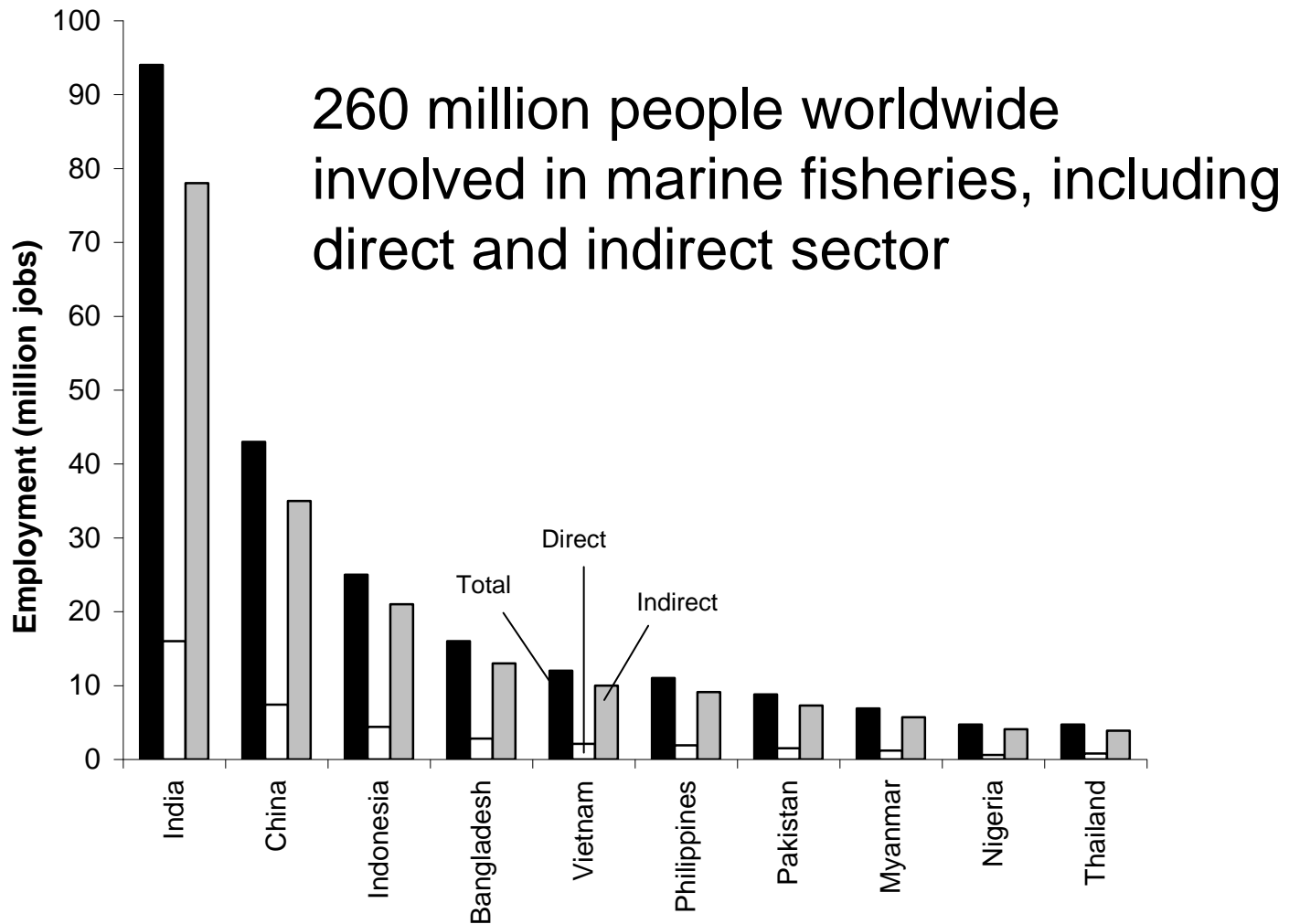
Economic security



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

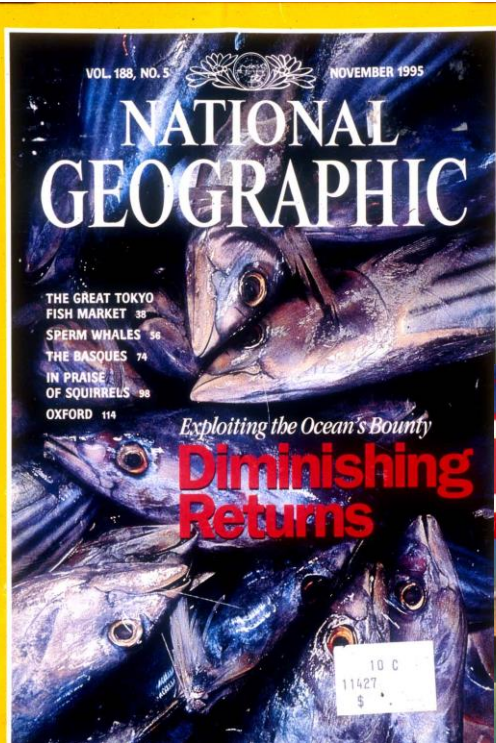
Total impact throughout the global economy is between US\$ 220 and 235 billion in 2003 (Dyck & Sumaila, 2010).

Social security through jobs



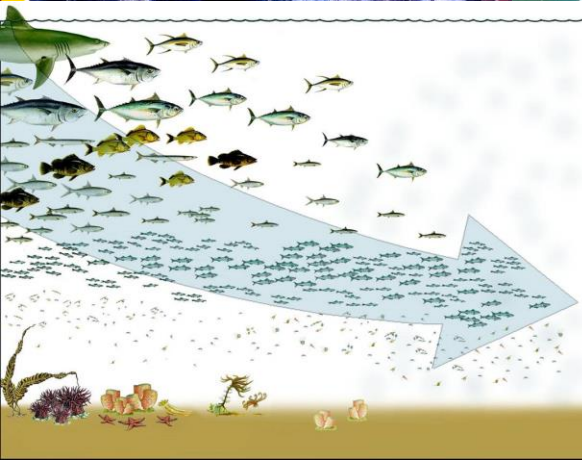
Top 10 countries providing marine employment

Opportunities and challenges to global fisheries?



Empty Nets

Too Many Fishermen, Too Few Fish



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

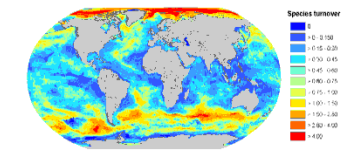
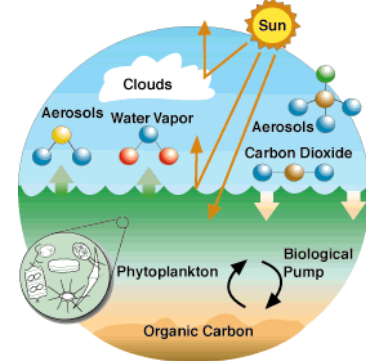
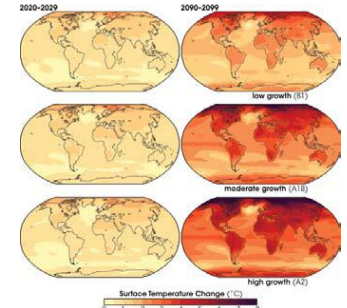
- Distribution;
- Abundance; &
- Recruitment.

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.

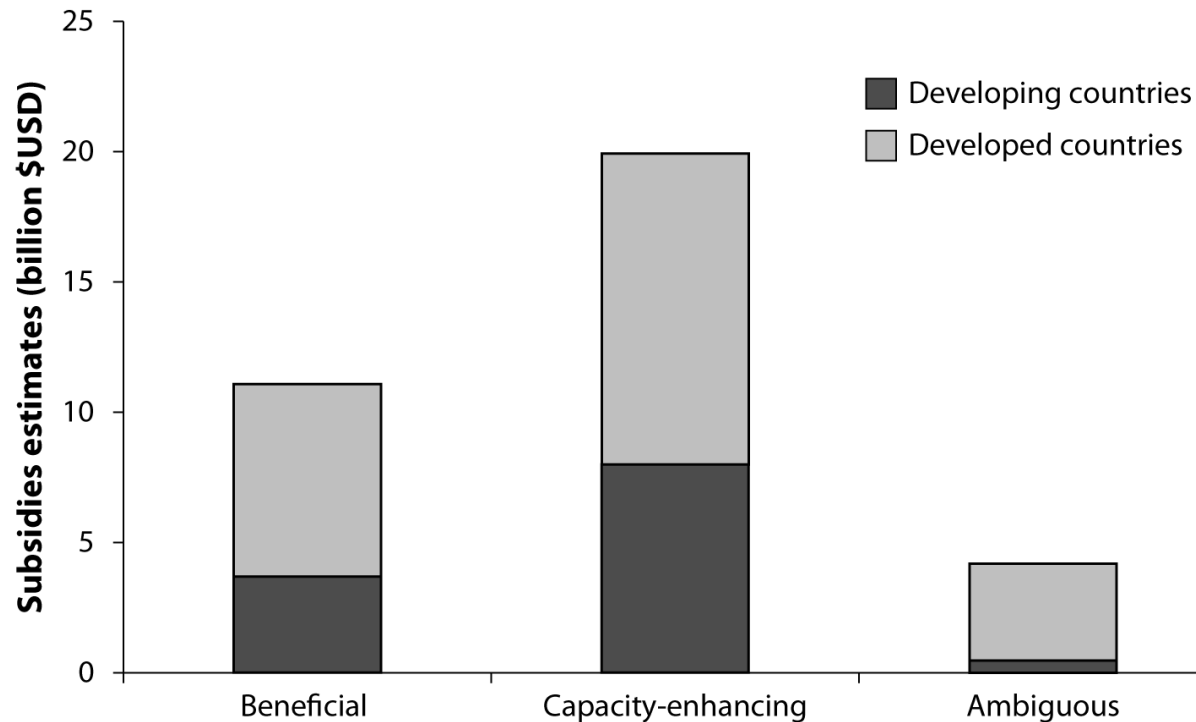
Categorizing subsidies

- 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).

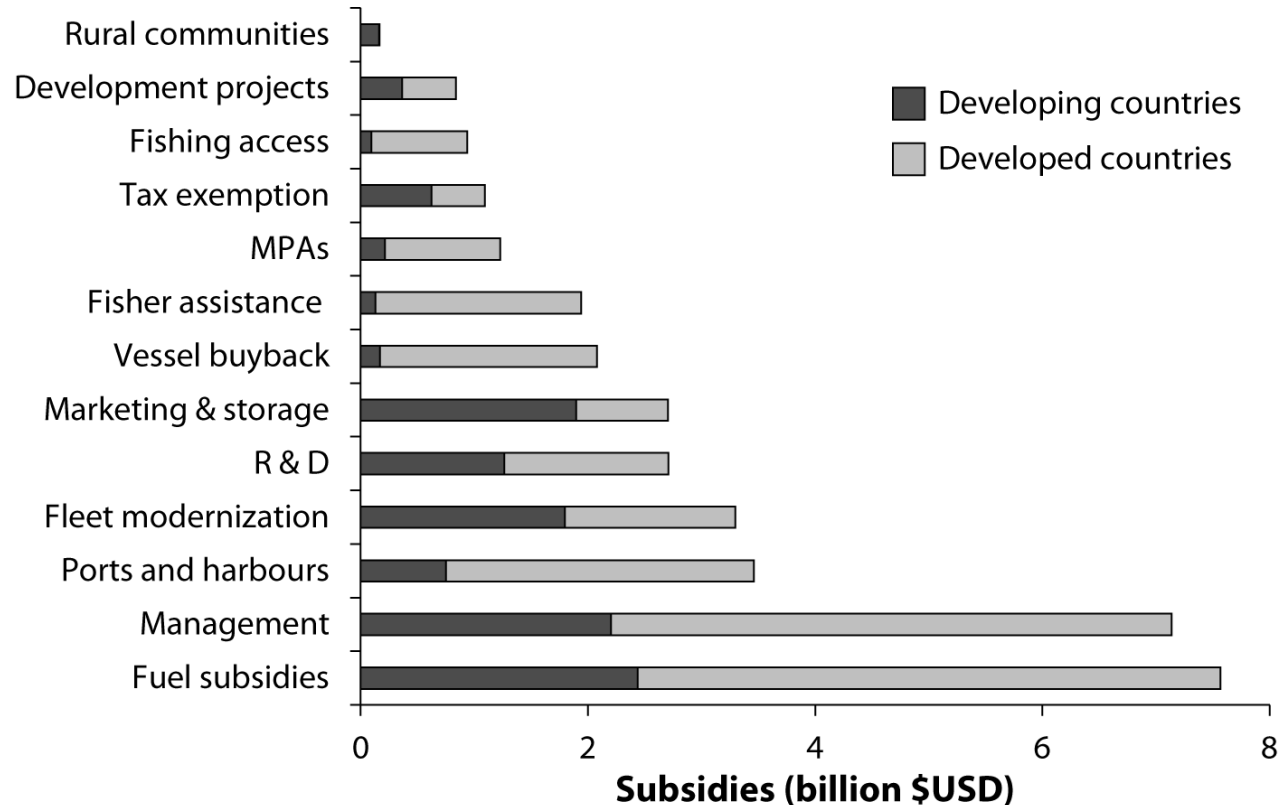
Khan *et al.* (2006); Sumaila *et al.* (2013)

Subsidies are substantial

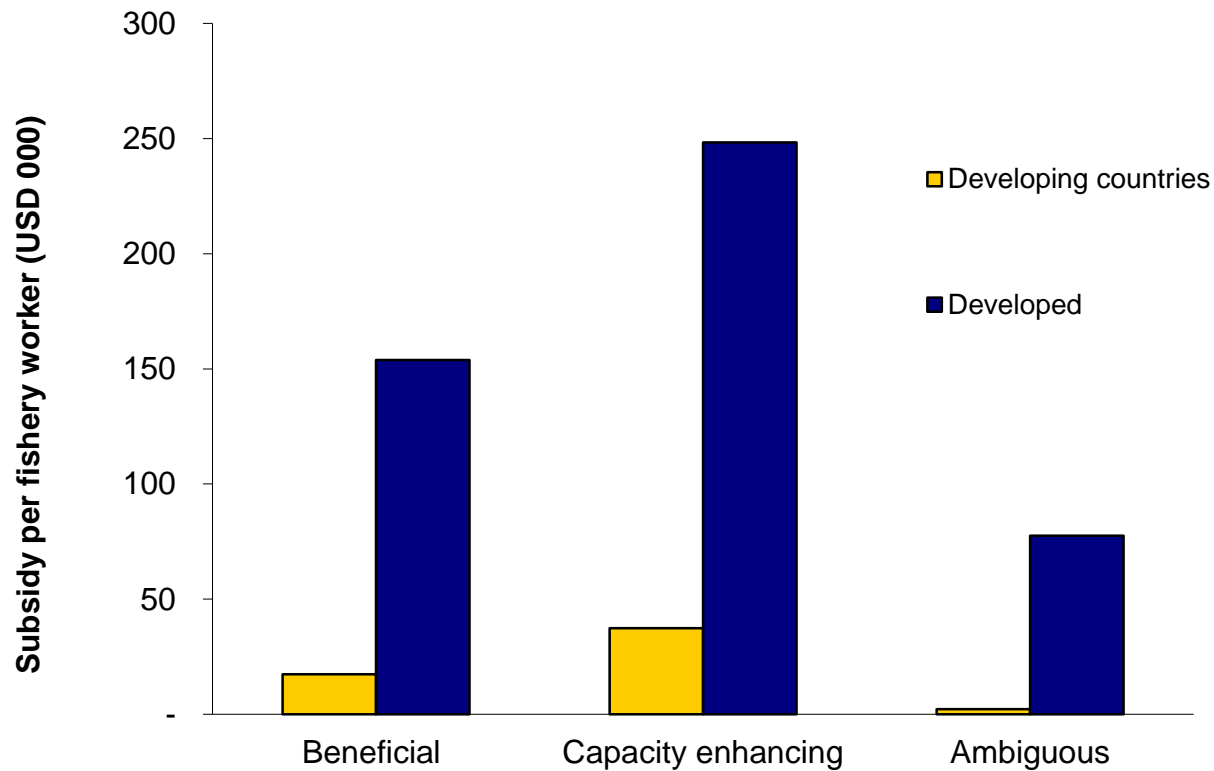
Capacity-enhancing subsidies 83% of total USD 35 billion
Subsidies to developed country fisheries at 65%.



Subsidies by type → fuel subsidies = more than 20%.



Subsidies are made for inequality

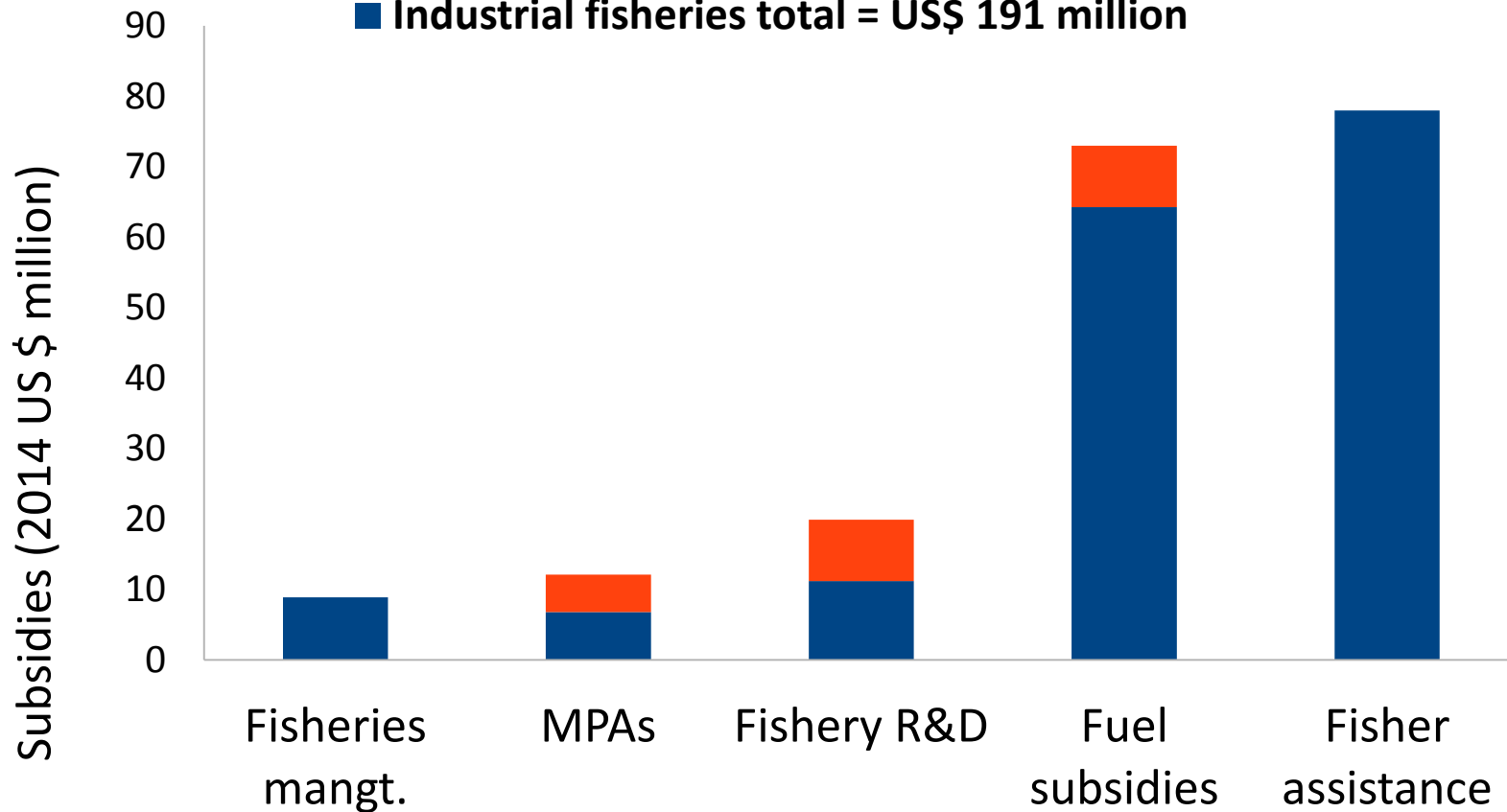


Mexican fisheries subsidies



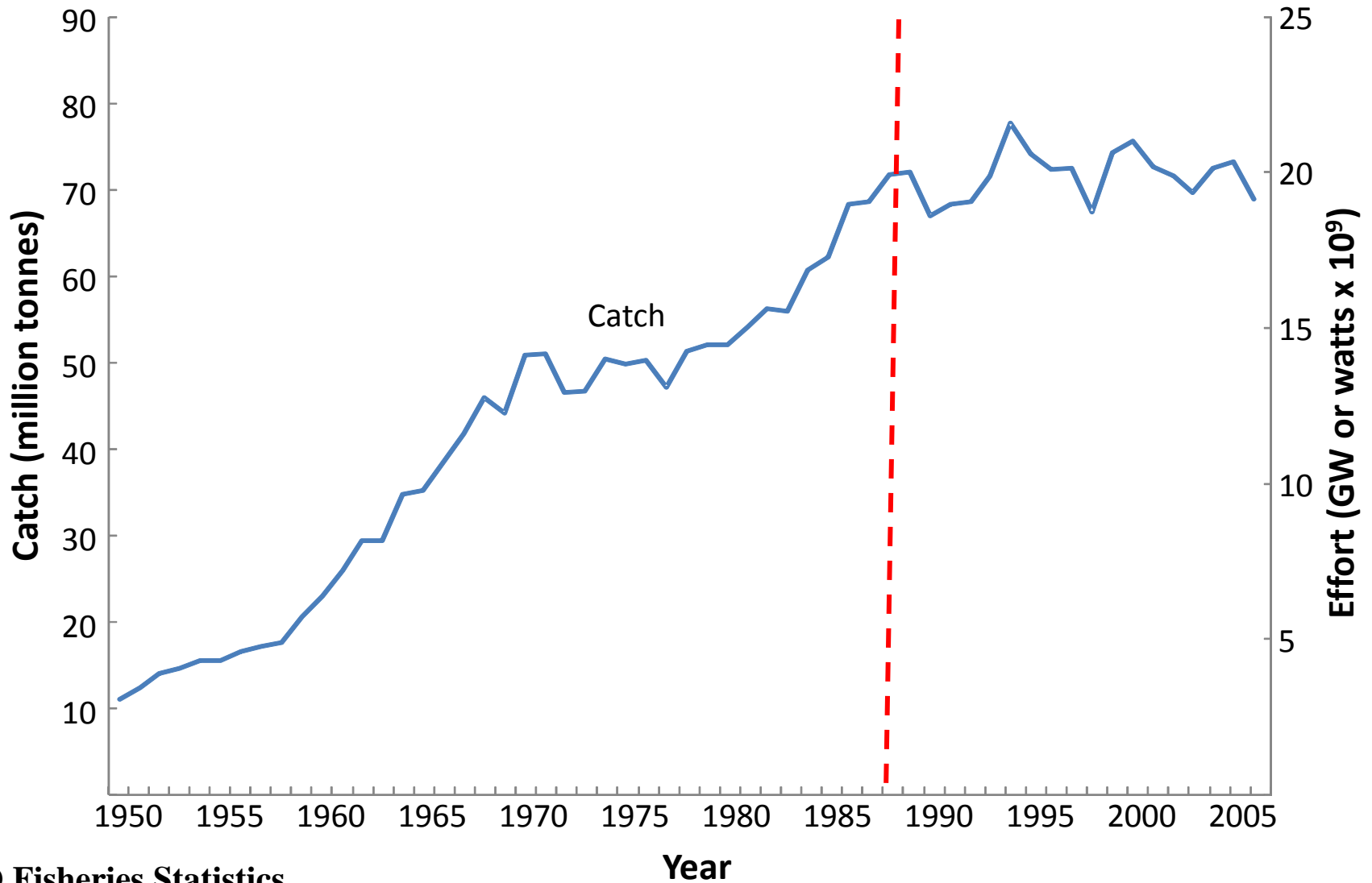
■ Small-scale fisheries total = US\$ 22 million

■ Industrial fisheries total = US\$ 191 million



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

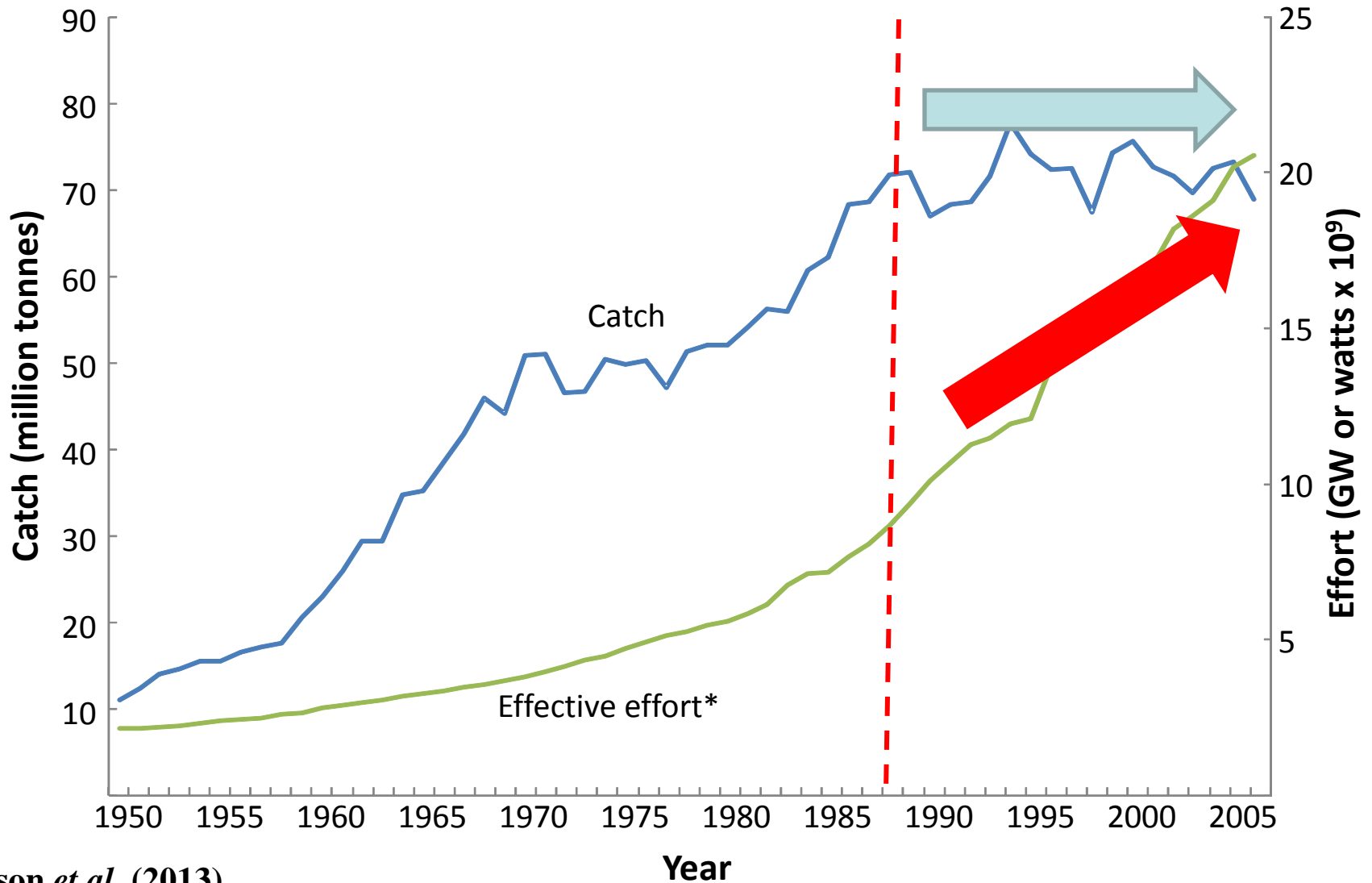
Subsidies and overfishing



FAO Fisheries Statistics

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

Subsidies and overfishing



Watson *et al.* (2013)

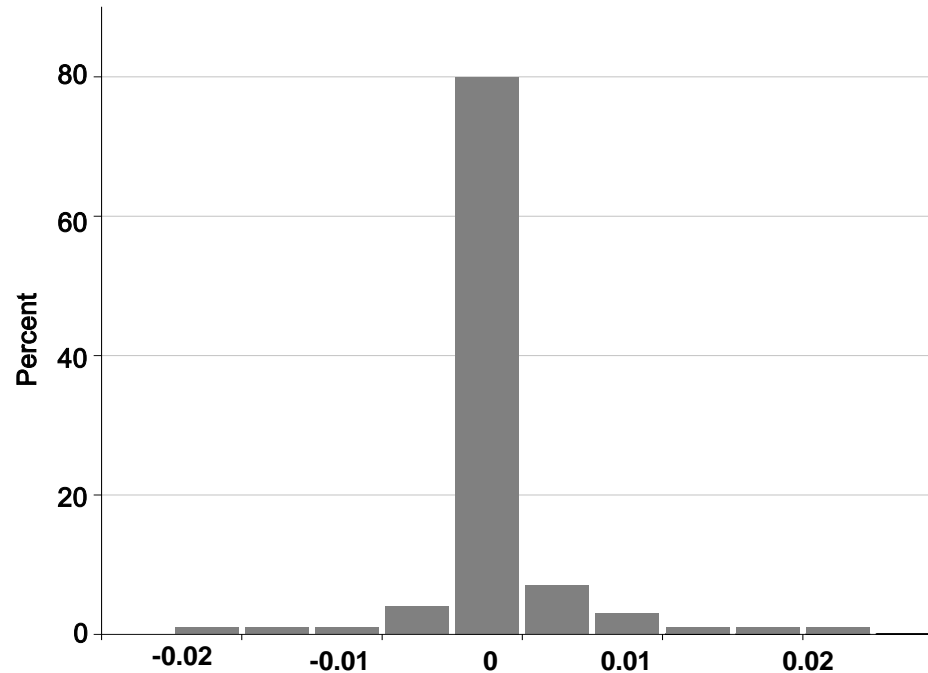
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Impact on food & nutritional security



Potential catch loss by region of the world

Impact on economic security



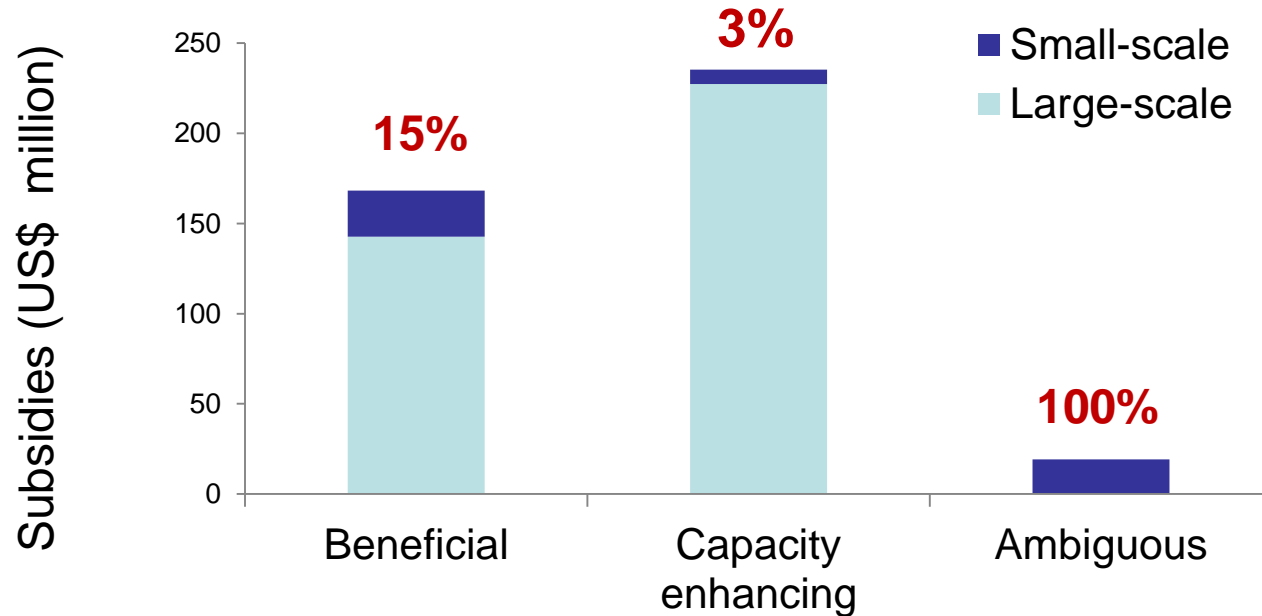
Pre-tax profit share of sales for 1000 fishing companies

Sumaila *et al.* (2012): *PLoS One*

Push reform at several levels

- National level;
- Regional level;
- Global level.

National effort: Indonesia



Core group of countries adopts fisheries subsidies disciplines

- Examples:
 - TPP may include disciplines on subsidies to over-fished 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

