

**ROOM VIII, Building E**  
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**Oceans economy and trade:**  
Sustainable fisheries, transport and tourism



**Fisheries subsidies in mega-regionals (TPP):**  
**Effects on the Multilateral Trade System**

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# GLOBAL FISHERIES CRISIS

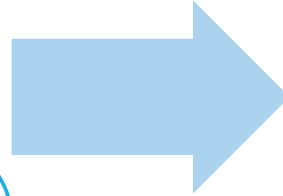
- ❖ We are facing a Global fisheries crisis where around 80% of fish stocks are seriously threatened by several factors.
- ❖ There are huge amounts of fisheries subsidies provided worldwide - around US\$ 35 billion per year (in 2009).
- ❖ Subsidies distort the market and trade.
- ❖ The WTO Uruguay Round Negotiation moved fisheries issues to the Market Access Group.
- ❖ Fisheries subsidies were included under the Subsidies and Countervailing Measures (SCM) Agreement.



# NEGOTIATIONS IN THE WTO : THE MANDATES

## 2001: Doha Declaration

- Paragraph 28 of the Doha Ministerial Declaration regarding WTO negotiations on Rules states: “Members shall aim to clarify and improve WTO disciplines on fisheries subsidies, taking into account the importance of this sector to developing countries”.
- Arguments by different groups of Members:
  - The mandate should be limited to strengthening existing rules on **trade-distorting effects** of fisheries subsidies.
  - The mandate should cover both, trade-distorting and **environmental effects** of fisheries subsidies. A broad prohibition was needed.



## 2005: Hong Kong Declaration

- Annex D, para 1.9 of the HK Declaration:
  - Disciplines should be strengthened, “**including through the prohibition of certain forms of fisheries subsidies that contribute to overcapacity and over-fishing**”.
  - Participants should adopt appropriate and effective S&D treatment to developing countries, taking into account the importance of fisheries to them.
- On the basis of this mandate, the negotiating group focused on:
  - The **identification of the types of subsidies** to be included in the eventual prohibition, and
  - Defining the **nature of the S&D treatment** for developing countries.

# NEGOTIATIONS IN THE WTO : THE CHAIR'S TEXT\*

## Allowed Programs

- Vessel safety and sustainable fishing practices; and
- Capacity-reducing programs, such as vessel buy-packs and Fisher re-education.

## Prohibited

- Vessel acquisition, construction, repair or other modifications;
- Transfer of vessels to a third country (i.e. vessel buyback);
- Support on operating costs (e.g fuel and license fees) of fishing and and based processing activities;
- Port infraestructure exclusively or predominantly for fisheries activities;
- Income support;
- Price support;
- Acquisition of fishing access to foreign waters;
  
- Any vessels engaged in IUU fishing; and
- Any subsidies affecting fishing on “unequivocally overfished stocks”.

## Exceptions (under certain conditions)

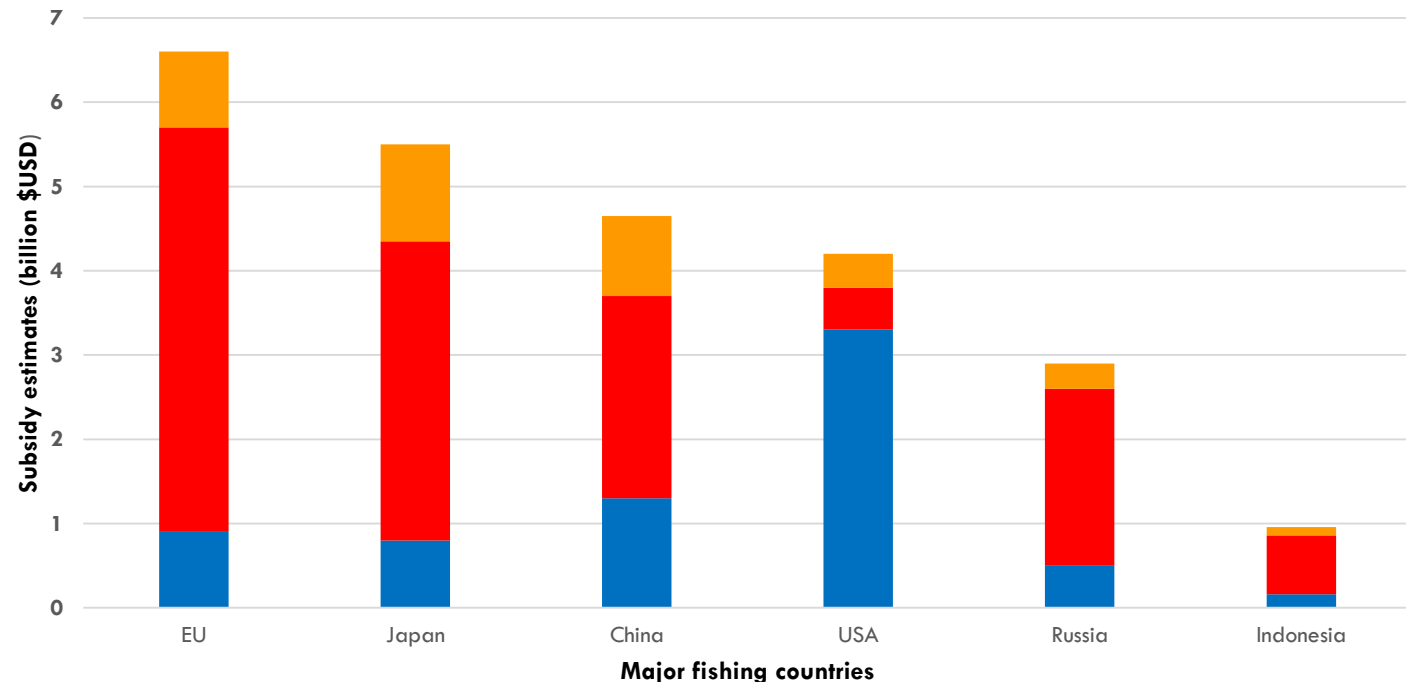
- Full exception for LDCs;
- Full exception for artisanal fisheries (except for programs affecting overfished stocks);
- Partial exception for small-scale fisheries with vessels under 10 meters(including subsidies for vessel acquisition, modification and on operating costs); and
- Vessel modification subsidies on domestic fisheries operating within their EEZ.
- All these exemptions (except those for LDCs), were conditioned to the subsidizer country:
  - Implementing fisheries management systems, based on certain international standards; and
  - Notification of all fisheries subsidies programs to the WTO.

\*Proposal presented by the Chairperson of the WTO Rules Negotiating Group, Ambassador Guillermo Valles, in 2007.

# FISHERIES SUBSIDIES IN MEGA-REGIONALS: TRANS-PACIFIC PARTNERSHIP (TPP)

## List of Members:

1. Australia
2. Brunei
3. Canada
4. Chile
5. Japan
6. Malaysia
7. Mexico
8. New Zealand
9. Peru
10. Singapore
11. United States
12. Vietnam



Source: Adapted from FAO (1992), Milazzo (1998), Sumaila and Pauly (2006), and Sumaila et al. (2010).

# TPP HIGHLIGHTS IN CONNECTION WITH TRADE OF FISH & FISH PRODUCTS

## Nearly \$130 billion in seafood is traded globally every year

- Many TPP countries derive an important amount of their GDP from fisheries and aquaculture.
- Some of them account for a large part of the world market for fish and fish products.
- Japan, the USA, Peru and Viet Nam (in that order) are actually among the world's top fishing countries.
- Chile and Canada are also critical in the global seafood industry and trade.

## The TPP Agreement will eliminate tariffs on fish and seafood products, and create new opportunities in key markets

- Close to 66 percent of Japan's tariff lines on fish and seafood will be duty-free upon entry into force of the Agreement, with the remaining tariffs being eliminated within 15 years.
- Nearly 83 percent of Vietnam's tariff lines will be duty-free upon entry into force of the Agreement, with the remaining becoming duty-free within 10 years.
- All exports of fish and seafood to Malaysia will be duty-free upon entry into force of the Agreement.

# TPP PROVISIONS & OBLIGATIONS ON MARINE FISHERIES

Management systems	Prohibitions	Other obligations	Cooperation & Capacity building
<ul style="list-style-type: none"> <li>• Must be designed to prevent overfishing and overcapacity, reduce by-catch of non-targeted species, and promote recovery of overfished stocks.</li> <li>• Based on best scientific evidence and recognized best practices.</li> </ul>	<ul style="list-style-type: none"> <li>• Control, reduction and eventual elimination of all subsidies (*) contributing to overfishing and overcapacity.</li> <li>• No party shall grant or maintain:               <ul style="list-style-type: none"> <li>• Subsidies for fishing that negatively affect (**) <b>fish stocks</b> that are <b>in an overfished condition (***)</b>; and</li> <li>• Subsidies provided to any vessel (****) listed by the flag state or relevant RFMOs, as being involved in <b>IUU fishing</b>.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Measures for the long-term conservation for sharks, marine turtles, seabirds and marine mammals.</li> <li>• A “<b>standstill</b>” provision.</li> <li>• <b>Notification</b> of programs.</li> </ul>	<ul style="list-style-type: none"> <li>• Parties must improve international cooperation.</li> <li>• Parties should cooperate with each other to support the implementation of monitoring and surveillance of IUU fishing, address trans-shipments, implement port measures, etc.</li> <li>• Strive to act consistently with RFMOs measures.</li> </ul>

(\*) A subsidy shall be attributable to the Party conferring it, regardless of the flag of the vessel involved or the application of rules of origin to the fish involved.

(\*\*) The negative effect of such subsidies shall be determined based on the best scientific evidence available.

(\*\*\*) A fish stock is overfished if the stock is at such a low level that mortality from fishing needs to be restricted to allow the stock to rebuild to a level that produces maximum sustainable yield or alternative reference points based on the best scientific evidence available.

(\*\*\*\*) The term “fishing vessels” refers to any vessel, ship or other type of boat used for, equipped to be used for, or intended to be used for fishing or fishing related activities.

# POSSIBLE EFFECTS OF TPP PROVISIONS ON THE MULTILATERAL TRADING SYSTEM

**Nairobi Package – 10th Ministerial Conference**  
 The Rules Facilitator circulated a draft decision text:

Prohibitions	Best endeavor	Transparency provisions	Work Program
<ul style="list-style-type: none"> <li>▪ <b>IUU fishing</b>; and</li> <li>▪ Fishing in respect of <b>overfished stocks</b>.</li> </ul>	<ul style="list-style-type: none"> <li>• A “<b>stand still</b>” provision to refrain from introducing new fisheries subsidies which contribute to overfishing or overcapacity.</li> </ul>	<ul style="list-style-type: none"> <li>• Provisions related to submission of fisheries-related information in the regular subsidy <b>notifications</b> to the WTO.</li> </ul>	<ul style="list-style-type: none"> <li>• For further negotiations aimed at strengthening disciplines, including through the <b>prohibition of other forms of fisheries subsidies</b> that contribute to overfishing and overcapacity.</li> </ul>

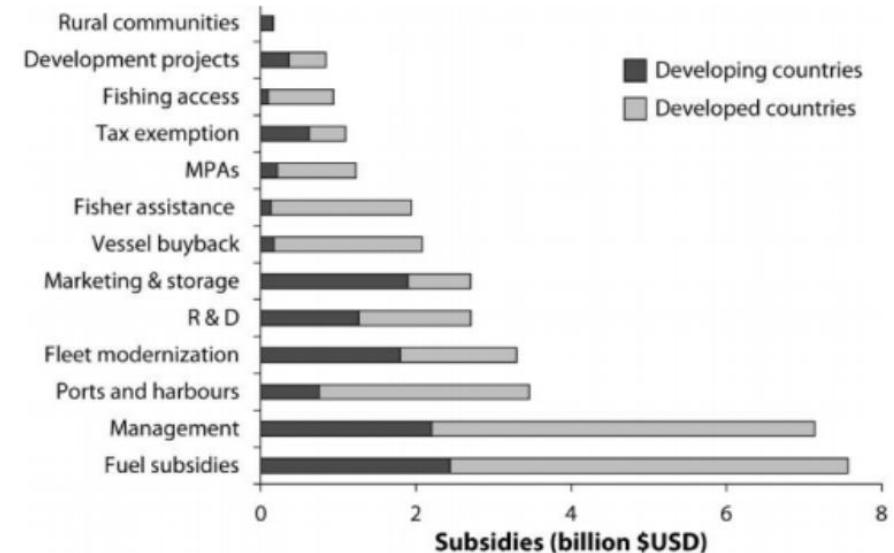


# WHAT NEXT?

Negotiating at Regional Level	Negotiating at Multilateral Level
❖ <b>12 countries</b> at the negotiating table.	❖ <b>More than 160 countries</b> at the negotiating table.
❖ Having 4 of the world's top 10 seafood superpowers at the table.	❖ Having the 10 of them [including China (1st), Indonesia (2nd), India (3rd), Russia (6th), Norway (9th) and Egypt (10th)]
❖ Disciplining fisheries subsidies and monitoring management practices in the EEZs.	❖ Disciplining fisheries subsidies and monitoring practices in the EEZ and the <b>High Seas</b> .
❖ Establishing rules with <b>no</b> Special and Differential Treatment (S&DT).	❖ Establishing rules <b>with</b> S&DT, using differentiated requirements among Members depending on their level of development.
❖ Negotiating disciplines covering <b>a limited type of fisheries subsidies</b> .	❖ Addressing the <b>wide range of subsidies</b> that contribute to overcapacity and overfishing.

# SPECIFIC VS HORIZONTAL FISHERIES SUBSIDIES

- ❖ Regardless of whether they are specific or horizontal, **all subsidies** that enhance revenue and/or reduce cost lead to a marginal increase in profit, thereby increasing incentives for participation and **fishing effort**.
- ❖ **All subsidies** that reduce the cost of fisheries operations and those that enhance revenues make fishing enterprises more profitable than they would otherwise be. This results directly or indirectly in the build-up of **excessive fishing capacity, leading to the overexploitation of fishery resources**.



Source: Adapted from FAO (1992), Milazzo (1998), Sumaila and Pauly (2006), and Sumaila *et al.* (2010).

# LIMITATIONS OF THE SCM AGREEMENT

- ❖ SCM Agreement greatest **limitation**: according to the current concept of “Specificity” (Para. 2.1), only subsidies that are deemed to be specific (as defined in para 1) shall be subject to the provisions of Part II “Prohibited Subsidies”, Part III “Actionable Subsidies” or Part V “Countervailing Measure”.
- ❖ Any new WTO rules in this area will need to ensure **broader scope** so as to cover both, specific and horizontal subsidies that contribute to overcapacity and overfishing.
- ❖ A possible solution would be: to amend Para 1.2 of the SCM to establish an exemption to the rule of “specificity”, so that the provisions of Parts II, III or V would apply to Fisheries Subsidies, regardless of whether such subsidy is specific.



# THANK YOU

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