Reaching consensus on a WTO fish subsidies Agreement and next steps

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What is a subsidy under WTO (SCM)?

(i) a financial contribution
(ii) by a government or any public body within the territory of a Member
(iii) which confers a benefit (trade effect).
(iv) that is specific to a sector, region or industry.

What is a fish subsidy under the draft WTO Agreement on Fisheries Subsidies?

Subsidies as defined under the WTO that are specific to marine capture fishing and related activities at sea. It does not cover inland fisheries or aquaculture activities.

Key aspects to consider in any subsidies related policy are:

• Purpose
• Volume
• Beneficiaries
• Conditionalities
• Duration
• Effects
Why certain fish subsidies still are a concern?

• **Negative incentive to biodiversity and stock conservation**: 34% of stocks are below sustainable biological levels
• They can be linked to **IUU fishing and overfishing**
• **Inequality**, as industrial fleets receive 5 times more subsidies that the small and artisanal fishermen
• **No longer economically optimal** as the cost of extracting the resource may be higher than income generated in many cases
• **Prices are not reflecting the real costs** of applying international regulatory requirements
• They can contribute to **GHG emissions**, fuel subsidies are about 22% of fish subsidies
• It does **not make economic sense to allocate public recourses for the extraction of scarce resource** (race to the bottom)
Public fisheries support continues to grow and can even grow more with energy & commodities price peaks in a post COVID-19 (2010-2018)

Source: UNCTAD based on OECD (2022) Fisheries Support Estimates data
Incidence of the fisheries support over exports and share of world catch (2018)

Source: UNCTAD based on OECD (2022) Fisheries Support Estimates data
Typologies of fisheries subsidies in economic literature

- Harmful (IUU fishing, overfishing and overcapacity) vs Beneficial
- Capacity enhancing (harmful), non-capacity enhancing (neutral) & Sustainable purpose (environmental)
A WTO Fisheries Subsidies Agreement is at our doorstep

Massive political efforts and high-level discussions
- Political and technical “acquis”
- Main political objective is “sustainability” and not “trade distortions”

Main pillars of the negotiation process:
- Prohibition of Subsidies that contribute to:
  - IUU fishing
  - Fishing on overfished stocks
  - Overcapacity and overfishing
  - Capital and operational costs
  - Subsidies for activities outside Members’ jurisdiction or outside RFMOs competence

WTO Members pledged to conclude negotiations
- Fish Week for final negotiations (remaining critical issues including S&DT)
- WTO Ministerial Conference (week of 12-15 June 2022)

Second UN Oceans Conference + 2022 UN HLPF
- Portugal (27 June – 1 July 2022)
- Progress assessment for SDG 14 and 17 (5 July - 15 July)
Recommendations from the 4th United Nations Oceans Forum (Geneva, April 2022)

• To adopt and sign a WTO fisheries Subsidies Agreement supportive of SDG 14, with due attention given to addressing the burden of obligations between Members and clarifying the implementation process.

• To identify and implement policy and technical changes ahead of the entry into force of the agreement.

• To disavow the subsidization of vessels fishing outside the country's Economic Exclusive Zone.

• To provide adequate investments in data collection and analysis tools to support evidence-based fisheries management, implementation, & enforcement.

• To implement comprehensive and transparent regulations, policies and tools to fight IUU fishing.

• To put in place adequate technical assistance and capacity development programs by FAO and UNCTAD, to support Members’ implementation of the fisheries agreement to be agreed at the 12th WTO MC.