



# Fisheries Subsidies: A Critical Issue for Trade and Sustainable Development at the WTO An Introductory Guide

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This pamphlet serves as a general introduction to the fisheries subsidies issue and its current state of play at the WTO. It is not meant to reflect any views of UNEP or its member states.

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## 1. ELIMINATING HARMFUL FISHERIES SUBSIDIES: A GLOBAL PRIORITY

Fisheries subsidies have become a leading international issue for a simple reason: fish stocks around the world are facing an unprecedented crisis of depletion, and inappropriate subsidies are a real part of the problem.

According to the FAO, more than three quarters of the world's fisheries have been fished to their biological limits or beyond. For the largest, most valuable species at the top of the marine food chain, industrial fishing has reduced global biomass to a fraction of its natural levels. And while global fishing fleets remain far larger than can be sustainably employed, the productivity of marine capture fisheries has been essentially flat since the late 1980s due to increasing levels of depletion.<sup>1</sup>

Overfishing results from multiple causes, with much of the problem stemming from the excessive capacity in the fishing industry, which is compounded by continued weakness of national and international management systems. But a significant factor is that many governments provide ill-conceived subsidies to their domestic fishing industries.

Estimated to be worth USD \$15-35 billion annually,<sup>2</sup> fisheries subsidies come in a wide variety of forms - including direct cash grants, tax breaks, loan guarantees, and even the provision of goods and services. They are applied for an equally broad

*Fisheries subsidies Total USD \$15-35 billion annually - equivalent to 25% of the value of marine fish catches . . .*

*. . . while not all are harmful, experts widely agree that many fisheries subsidies can and do contribute to overfishing.*

variety of purposes, ranging from the direct promotion of expanded fishing capacity and productive effort to support for early retirement and the reduction of fishing fleets.

Although properly designed fisheries subsidies can help achieve responsible fishing practices, economists and fisheries experts widely agree that many

<sup>1</sup> FAO, *The State of World Fisheries and Aquaculture 2006*, (Rome 2007).

<sup>2</sup> See, e.g., M. Milazzo, "Subsidies in world fisheries: A reexamination", World Bank Technical Paper No. 406 (1998); WWF, *Hard Facts, Hidden Problems: A Review of Current Data on Fishing Subsidies* (2001), R. Sumaila & D. Pauly, "Catching More Bait: A Bottom-Up Re-Estimation of Global Fisheries Subsidies", (U. Brit. Columbia Fisheries Centre, 2006).

*Photo credits: Front cover: Schooling Bigeye jacks, *Carnax sexfasciatus*, Indo-Pacific Ocean. © WWF-Canon/Jürgen FREUND; Page 13: Fishing boats on the Andaman Sea. © WWF-Canon/Elizabeth KEMF, both are taken from the joint UNEP-WWF publication on sustainability criteria for fisheries subsidies.*

fisheries subsidies contribute to overfishing. It is also clear that fisheries subsidies distort competition, mainly to the disadvantage of developing countries. The majority of fisheries subsidies are granted by a handful of economically powerful nations<sup>3</sup>. Although details of subsidies often remain hidden, there is little doubt that subsidized fleets maintain an unfair advantage in the race for dwindling fish stocks.

## 2. THE WTO NEGOTIATIONS: PROGRESS TOWARDS CONSENSUS

Fisheries subsidies first came onto the international agenda in the 1990s, following studies conducted by the FAO, UNEP and WWF and the World Bank, among others. The studies revealed a significant level of subsidization and suggested strong links to fisheries depletion. By 1998, some civil society groups, joined by a coalition of governments known as the “Friends of Fish”, began calling for WTO action to confront the fisheries subsidies problem.<sup>4</sup> In 2001, the Friends of Fish secured language in the ministerial declaration that launched the Doha Round giving WTO members the mandate

“to clarify and improve WTO disciplines on fisheries subsidies, taking into account the importance of this sector to developing countries.”

From the outset, the fisheries subsidies negotiations went beyond "business as usual" at the WTO. Although the issue was assigned to the WTO Negotiating Group on Rules - along with such core trade issues as antidumping, industrial subsidies, and regional trade agreements - an unusual cross-reference in the Doha ministerial text oriented the fisheries subsidies talks directly at producing an environmental outcome. When world leaders met at the 2002 Johannesburg World Summit on Sustainable Development a few months later, they listed successful conclusion of the WTO fisheries subsidies talks as a top priority for achieving sustainable fisheries.

<sup>3</sup> Two leading efforts have offered slightly different lists of the leading subsidizers: a 2001 study by WWF and a 2006 report by the Fisheries Centre at the University of British Columbia (see footnote 2 for references). The latter suggests that developing countries provide half of all fisheries subsidies, but still much less per country than the major economies. Both studies have been subject to some controversy due to the lack of data availability and comparability.

<sup>4</sup> At various times, active members of the Friends of Fish coalition have included Argentina, Australia, Chile, Ecuador, Iceland, New Zealand, Norway, the Philippines, Peru, and the USA.

## Progress on fisheries subsidies in the WTO\*



<b>1990s</b>	Studies by FAO, UNEP and others reveal contribution of fisheries subsidies to overfishing
<b>1998</b>	Civil society and “Friends of Fish” begin calling for WTO action on fisheries subsidies
<b>2001</b>	<b>WTO Doha Mandate</b> to clarify and improve WTO disciplines on fisheries subsidies
<b>2002</b>	<b>World Summit on Sustainable Development</b> calls for successful conclusion of WTO fisheries subsidies negotiations as a top priority for achieving sustainable fisheries
<b>2003 - 2004</b>	Emerging consensus on environmental dimension of new fisheries subsidies disciplines to be negotiated
<b>2005</b>	<b>WTO Hong Kong Ministerial Declaration</b> calls for prohibition of fisheries subsidies that contribute to overcapacity and overfishing, respecting appropriate S&DT
<b>2005 - 2007</b>	Different technical proposals on specific issues are tabled by WTO delegations at the WTO Rules Negotiating Group;
<b>Nov 2007</b>	<b>Chair’s draft text</b> on reformed fisheries subsidies (TN/RL/W/213) is presented to the Negotiating Group on Rules
<b>Since then</b>	Formal and informal discussions and negotiations based on the Chair’s draft text

\* Several International Organizations and NGOs - including UNEP, OECD, FAO, WWF, ICTSD and Oceana - provided technical input and fora for informal discussion throughout this process.

For the first years after Doha, the fisheries subsidies talks focused on debate over the scope and the strength of the negotiating mandate. By the spring of 2004, however, an increasing level of consensus had emerged. It was then no longer a question of *whether* but of *how* international cooperation to reform fisheries subsidies should move forward.<sup>5</sup> In 2003, the EU (then in the midst of announcing reforms to its Common Fisheries Policy) declared support for new WTO fisheries subsidies rules, including a ban on capacity-enhancing subsidies. Around the same time, China clarified its acceptance of the environmental mandate of the talks.

A year later, Japan tabled a paper that called for a “bottom up” approach to identifying prohibited subsidies. These developments - along with signs that

<sup>5</sup> See Chairs’ Summary, UNEP Workshop on Fisheries Subsidies and Sustainable Fisheries Management, 26-27 April 2004 (available online under link indicated at the end of this brochure).

leading developing countries would support robust fisheries subsidies that included solid “special and differential treatment” language - paved the way for a breakthrough agreement at the December 2005 “mid-round” WTO ministerial in Hong Kong.

While diplomats struggled in vain to adopt “modalities” on other key Doha Round issues (such as agricultural subsidies and industrial tariffs), ministers issued a revised negotiating mandate that called for an enforceable ban on fisheries subsidies that contribute to overcapacity and over-fishing (see below).

#### **The Hong Kong mandate:**

*“We [ministers]. . . recall our commitment at Doha to enhancing the mutual supportiveness of trade and environment, note that there is broad agreement that the Group should 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, and call on Participants promptly to undertake further detailed work to, inter alia, establish the nature and extent of those disciplines, including transparency and enforceability. Appropriate and effective special and differential treatment for developing and least-developed Members should be an integral part of the fisheries subsidies negotiations, taking into account the importance of this sector to development priorities, poverty reduction, and livelihood and food security concerns . . . .”*

Hong Kong Declaration, Annex D, § I.9 (emphasis added)

The Hong Kong commitment to a strong environmental outcome on fisheries subsidies made headlines around the world and took the talks to a new level of intensity. Where debate on fisheries subsidies had first centered on the scope and strength of the Doha negotiating mandate, the focus quickly shifted to the scope and strength of an eventual ban on some fisheries subsidies. In the two years following the Hong Kong ministerial, technical proposals on a range of fisheries subsidies topics were submitted by various WTO delegations. These submissions revealed convergence on some points, and conflict on others.

Meanwhile, the Doha Round as a whole experienced a series of difficulties and delays - with continuing divisions among the major players on agriculture and industrial tariffs. The fisheries subsidies talks most likely benefited from the delay in the general negotiations, which allowed continuing formal and informal dialogue on key issues.<sup>6</sup> As a result, at the end of November 2007 the chairman

<sup>6</sup> See, for example, the output of technical workshops co-sponsored by UNEP (link indicated below).

of the Negotiating Group on Rules released a first "chair's draft" of proposed WTO rules governing issues such as fisheries subsidies, anti-dumping and countervailing measures.

#### **The “Chair’s Draft”:**

The first draft of a fisheries subsidies legal text was issued by the Negotiating Group on Rules chairman on 30 November 2007. The draft’s proposals include:

- Prohibiting a broad range of directly capacity- or effort-enhancing fisheries subsidies, as well as any subsidies affecting fishing on “unequivocally overfished stocks”;
- Exempting several specific classes of subsidies from the prohibition (*e.g.*, for vessel safety or reducing fishing capacity);
- Subjecting most permitted fisheries subsidies to the condition that basic fisheries management systems be in place;
- Allowing developing countries to use most prohibited subsidies, subject to fisheries management and other conditionality;
- Creating a mechanism for involving the FAO in the review of measures taken to fulfill fisheries management criteria; and
- Strengthening WTO notification rules for fisheries subsidies.

WTO Document TN/RL/W/213 (30 Nov 2007), Annex VIII

### **3. KEY ISSUES: SUSTAINABILITY, LIVELIHOODS, AND DEVELOPMENT**

The progress achieved in the years following Hong Kong did not, of course, put an end to disagreements over the desired outcomes on fisheries subsidies. Discussions both before and after the issuance of the chair's draft revealed a number of important issues that remain to be resolved. These issues relate to five general questions:

- (a) What should be the scope of an eventual prohibition on certain classes of fisheries subsidies?
- (b) What “sustainability criteria” should be placed as conditions or limits on fisheries subsidies that remain permitted?
- (c) What, if any, new institutional mechanisms should be created for involving specialized intergovernmental organizations, such as the FAO, in the implementation of fisheries subsidies sustainability criteria?

- (d) What should be the scope and nature of “special and differential treatment” (S&DT) for developing countries?
- (e) What rules and mechanisms should be put in place to ensure transparency and enforcement?

Each of these topics is discussed briefly, below.

### **(a) The scope of the prohibition**

The Hong Kong mandate for a WTO prohibition on “certain forms of fisheries subsidies that contribute to overcapacity and over-fishing” means different things to different governments. While there appears to be agreement that the ban will focus only on subsidies affecting “marine wild capture fishing” (rather than inland fisheries or aquaculture), other aspects of the proposed ban are the subject of continuing debate.

Two basic questions are at the centre of this “scope of the ban” debate. First, what are the core subsidies that should be at the heart of the ban? Second, beyond the core elements, what classes of subsidies should be included in the ban?

As for the core elements, most experts - and many governments - agree that direct subsidies to the capital and operating costs of fishing enterprises contribute to

*To what degree should core elements of a ban prohibit subsidies to capital and operating costs of fishing . . .*

*. . . and what about subsidies for port infrastructure, processing, or price supports that can contribute indirectly to overcapacity and overfishing?*

overcapacity and overfishing, and thus that subsidies such as to vessel construction, outfitting, or modification, as well as subsidies to fuel, bait, or labor costs, should be prohibited. Some governments, however, have argued that subsidies to operating costs, such as fuel subsidies, should not be included within the ban. Others felt they should be included, given the contribution of such subsidies to increased fishing pressure and thus to overfishing.

Similarly, some governments have sought a narrow definition of fishing “capacity”, thus effectively restricting the proposed scope of a ban. Arguing in favor of “simplicity”, these governments suggest that capacity be defined only through gross measurements, such as number of vessels, vessel size, or engine power. Here again, however, scientific opinion is essentially unanimous that

these gross measurements cannot adequately describe fishing capacity - which can grow through improved gear and technologies, among other things.

Beyond these debates over the core elements of an eventual ban, a second set of issues surrounds the treatment of subsidies that are less direct in the contribution they may make to overcapacity and overfishing. For example, subsidies to port infrastructure, to initial processing, to marketing or price supports are often considered by economists as having potential impacts on the economic incentives affecting fishing enterprises.

Still, it is widely recognized that the “links to depletion” may be less compelling in such cases. The chair’s draft of 30 November includes such subsidies under specific situations. For example it suggests prohibiting port infrastructure subsidies, but only to the extent that the subsidized infrastructure is “exclusively or predominantly for activities related to marine wild capture fishing”. Similarly, the chair’s draft would ban subsidies to processing of fish products, but only when processing takes place “in or near port”.

#### **Prohibited Subsidies under the “Chair’s Draft” (extracts of Art. I):**

- (a) Subsidies for the acquisition, construction, repair, renewal, renovation, modernization, or any other modification of fishing or service vessels;
- (b) Subsidies for the transfer of fishing or service vessels to third countries, including through the creation of joint enterprises with third country partners;
- (c) Subsidies for operating costs of fishing or service vessels; or of landing, handling or in- or nearport processing activities;
- (d) Subsidies related to port infrastructure or other physical port facilities;
- (e) Income support;
- (f) Price support for products of marine wild capture fishing.
- (g) Subsidies arising from the further transfer, by a payer Member government, of access rights that it has acquired from another Member government to fisheries within the jurisdiction of such other Member (government-to-government payments for access to marine fisheries shall not be deemed to be subsidies within the meaning of this Agreement).

Another question affecting the ultimate scope of a prohibition is the set of exceptions that may accompany it. A general consensus exists that some kinds of subsidies should be excluded from an eventual ban, such as subsidies for improving vessel safety, for relief from natural disasters, and for vessel decommissioning. All of these are included as exceptions in the chair’s draft of

30 November 2007. Other kinds of exceptions, such as for subsidies to “small scale fisheries” in developed countries, have been proposed by some delegations, but have raised more controversy.

The debates over the elements of a ban - and the enumerated exceptions to it - remained in flux as this pamphlet was being prepared in May 2008. How they are eventually settled will have a significant impact on the ultimate impact of the WTO fisheries subsidies rules.

### (b) Sustainability Criteria

The conditions prevailing in a fishery can have a significant impact on the potential for subsidies to do harm.<sup>7</sup> Although even subsidies to perfectly managed fisheries can have negative consequences for competitiveness and sustainability, it is clear that where fish stocks are abundant, fleets are at less than full capacity, and management systems are robust, the potential for fisheries subsidies to cause harm is significantly lower. Recognizing this fact, many WTO members have indicated support for rules that employ sustainability criteria as preconditions on the use of permitted fisheries subsidies.

*What elements of responsible fisheries management should be in place before non-prohibited subsidies are permitted?*

Much discussion has taken place alongside the negotiating process - and increasingly within the formal negotiations as well - over the appropriate nature of the sustainability criteria that could be employed in new WTO fisheries subsidies rules.<sup>8</sup> The discussion has focused on criteria related to the management of subsidized fisheries, drawing on international norms and standards emanating from the U.N. Code of Conduct for Responsible Fishing. As discussed in a recent UNEP-WWF publication entitled *Sustainability Criteria for Fisheries Subsidies: Options for the WTO and Beyond*,<sup>9</sup> the Code of Conduct

<sup>7</sup> See, e.g. UNEP, *Analyzing the Resource Impact of Fisheries Subsidies: A Matrix Approach, or Incorporating Resource Impact into Fisheries Subsidies Disciplines: Issues & Options* (both Geneva, 2004).

<sup>8</sup> The chair’s summaries of several UNEP-WWF workshops (2006, 2007, 2008) provide a good overview of this discussion (available on the UNEP Website as indicated below).

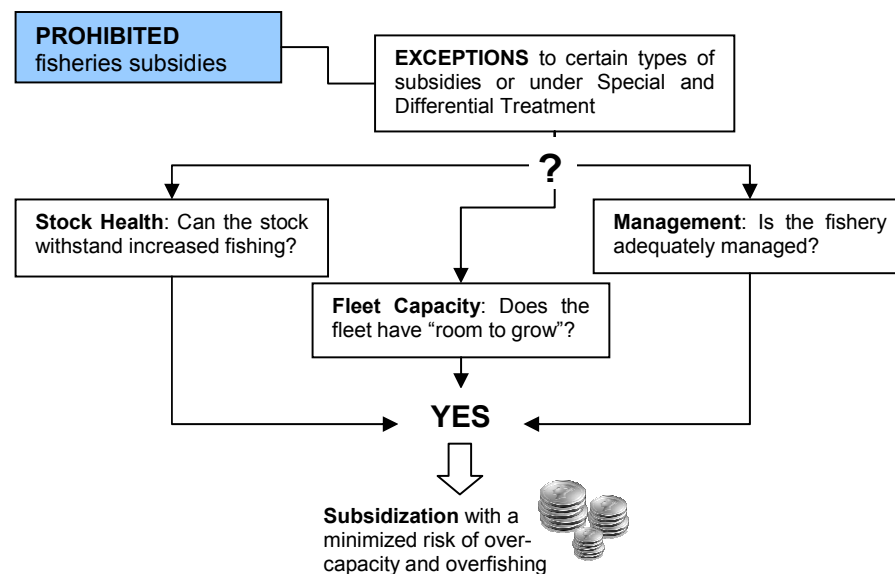
<sup>9</sup> UNEP/WWF, *Sustainability Criteria for Fisheries Subsidies: Options for the WTO and Beyond* (Geneva, 2007, available online). This paper lays out a proposed approach to WTO conditionality as well as recommended best practices for domestic policymakers. It has been developed through a stakeholder process and reviewed at different UNEP Workshops.

requires fisheries to be managed to achieve long term maximum sustainable yields through the application of three fundamental elements of management:

- assessment of fish stocks and fleet capacity;
- limitation of fishing and fishing capacity through regulatory controls; and
- surveillance and enforcement of regulatory limits.

The chair’s draft of 30 November 2007 includes sustainability criteria that touch on all of these elements, while giving greatest weight to the first two.

### Finding the balance: Underlying questions for conditionality of non-prohibited subsidies



In light of the unfortunate fact that many of the world’s fisheries are not yet sustainably managed, the need for sustainability criteria in WTO fisheries subsidies rules has raised difficult questions about the level of rigor that such criteria can reasonably impose. As the discussions move forward, finding an appropriate balance between rules that are too lax and rules that are impossibly burdensome will be critical to the ultimate success of the talks.

### **(c) Institutional Mechanisms**

Closely related to the issue of sustainability criteria is the question whether new institutional mechanisms are necessary for involving intergovernmental bodies such as the FAO in the administration of WTO fisheries subsidies rules. These considerations are based on the understanding that precise scientific information relating to fisheries management and health of fish stocks is important for the practical application of fisheries subsidies disciplines. Many delegations have noted that the provision of such information may raise questions that go beyond the competence of the WTO and thus require some structured involvement by an organization with fisheries expertise. As discussed in the UNEP-WWF sustainability criteria paper mentioned above, options for involving outside experts range from simply relying on the existing right of WTO panels to consult experts to the creation of new inter-institutional relationships through memoranda of understanding or other instruments.

The chair's draft opened the door to discussing institutional mechanisms by proposing that the FAO provide a "peer review" of the management systems required by the proposed sustainability criteria. This could take the form of notifications of WTO member states to an FAO body such as the Committee on Fisheries (COFI), providing for enhanced transparency and information exchange. Another model that has been offered is the recently created relationship between the FAO and the United Nations Convention on International Trade in Endangered Species (CITES). In that case, the FAO and CITES have entered into an MOU under which an expert panel convened by the FAO provides CITES members with non-binding advice about the potential for trade to cause particular species to go extinct. Whether such a model is best for the WTO remains to be discussed (see footnote 9).

As the WTO moves into its first effort to craft trade rules aimed specifically at improving the sustainability of commerce in a natural resource, possibilities for structured involvement for the FAO and other relevant intergovernmental bodies merit special deliberation.

*How can institutions such as the FAO or regional fisheries management bodies be involved appropriately in implementing WTO fisheries subsidies rules?*

### **(d) Special and Differential Treatment**

From the outset in Doha, the mandate given to fisheries subsidies negotiators has required that they take into account the importance of the fisheries sector to developing countries. This mandate was substantially strengthened in Hong Kong, when ministers included strong and specific instructions regarding Special and Differential Treatment (S&DT) in new fisheries subsidies disciplines (see Hong Kong mandate text box, above).

These formal ministerial requirements have been mirrored in the negotiating process itself. In response to the S&DT mandate, and perhaps recognizing the potential weight of developing country voices at the fisheries subsidies negotiating table, developing countries indicated their desire for "early and parallel" discussion of S&DT, alongside negotiations of the core fisheries subsidies disciplines. These discussions have taken place in the WTO Rules Group as well as in informal fora, such as those organized by UNEP (see annex).

Throughout the S&DT discussion, many delegations have voiced the need to preserve the "policy space" necessary to encourage development of their domestic fisheries and fish processing sectors. But an underlying theme has been that this policy space should not simply be a "blank cheque" for the use of subsidies without regard to the impacts on sustainability.<sup>10</sup>

*How can S&DT allow developing countries "room to grow" and at the same time ensure that unacceptable risks associated with fisheries subsidies - their contribution to over-capacity and overfishing - are reduced?*

Thus, the nature of the sustainability criteria that should apply continues to be intensively debated. The chair's draft applies the same basic sustainability criteria to subsidies under S&DT as to most subsidies for which general exceptions from the prohibition are granted. This has caused a number of developing countries to raise concerns about the possible burdens of such criteria. It has also been suggested that S&DT could create less burdensome sustainability criteria for developing countries than for developed.

Beyond the question of sustainability criteria, important questions about the scope and content of S&DT for fisheries subsidies remain unsettled as of May 2008. These questions include:

<sup>10</sup> See also UNEP, Issues and Options Papers on *Special and Differential Treatment* and *Artisanal Fishing* in the Context of New WTO Fisheries Subsidies Rules (Geneva, 2005, both available online).

- Should there be territorial limits on the availability of S&DT, such as restricting the application of S&DT to subsidies for fishing within the territorial waters or Exclusive Economic Zone of subsidizing countries?
- Should there be special rules for “artisanal” or “small scale” fisheries?
- How should WTO rules treat subsidies that are related to rights of access given to foreign fleets for fishing in developing country waters?
- What mechanisms should be considered to assist developing countries in enhancing their capacity to put in place and implement effective fisheries management regimes?

The chair’s draft of 30 November 2007 offers preliminary answers to each of these questions, proposing to limit S&DT to Exclusive Economic Zones, to create a carve out for subsistence level fisheries, granting broader S&DT to subsidies reaching vessels under 10 meters, and excluding access fees paid by one government to another from the definition of “fisheries subsidy” (while treating the onward transfer of access rights as a possible subsidy). These proposals have met with a mixed reaction from developing country delegations.



The issues surrounding S&DT are among the most charged of the entire fisheries subsidies debate. It is generally understood that S&DT will allow developing countries at least some ability to employ capacity- or effort-enhancing subsidies that will be prohibited to developed countries precisely because they are so closely associated with promoting overcapacity and overfishing. This will call for a careful balance between the need to allow subsidies to be used as an instrument of development and the closely related need to ensure that they do not end up contributing to the depletion of the resources on which the fisheries sector depends.

Moreover, in light of the very wide differences in development and economic power among developing country fishing industries, S&DT for fisheries subsidies also raises the politically volatile question of whether rules for S&DT can differentiate between developing countries that have different levels of development in particular industries.

### **(e) Transparency and Enforcement**

The Hong Kong mandate specifically calls for WTO fisheries subsidies rules to address issues of transparency and enforcement. These issues, sometimes

treated as a technical afterthought, are fundamental to the ultimate effectiveness of new WTO fisheries subsidies rules, particularly as very poor transparency is endemic to fisheries subsidies programs.

Proposals to address this problem have focused on two dimensions of the issue. First, it has been observed that current WTO rules governing subsidies notification have no “teeth” - i.e., there are no legal consequences when governments fail to notify. Some governments have proposed - and the chair’s draft accepts - that subsidies should be presumed to be prohibited in case they are not notified.

Second, given the importance of sustainability criteria for permitted subsidies, the question has arisen whether WTO rules should require fisheries subsidies notifications to include information about management conditions of subsidized fisheries. The chair’s draft of 30 November 2007 proposes that fisheries subsidies notifications be required to include information sufficient to allow an evaluation of whether sustainability criteria have been met.

*If a government fails to notify a fisheries subsidy, what should be the consequences? . . .*

The need for improved transparency in fisheries subsidies is universally acknowledged. It is less clear,

*. . . and what information - especially about fisheries management conditions - should notification rules require?*

however, if governments are prepared to impose on themselves WTO rules that are significantly strengthened in this regard.

Finally, beyond the transparency issue, there remain some questions about how new WTO fisheries subsidies rules are to be made enforceable. One important part of this question, already discussed in subsection 3(c) above, is the extent to which the WTO will be assisted in rendering appropriate decisions about the fulfillment of sustainability criteria. Other issues include the nature of the remedy in the event a fisheries subsidy is successfully challenged, whether a system will be set up for the review of the operation of new fisheries subsidies rules, and whether fisheries subsidies administrations will be included in such mechanisms as routine WTO trade policy reviews.<sup>11</sup>

<sup>11</sup> For information on the WTO Trade Policy Review Mechanism, see “Overseeing national trade policies: the TPRM” on the WTO’s website: [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp\\_int\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp_int_e.htm).

## 4. THE WAY AHEAD

There are many questions that remain for governments to resolve in order to deliver a successful outcome to the fisheries subsidies talks. They are neither trivial nor insurmountable – but require urgent solutions. The threat facing the world's marine resources is not an environmental challenge only, it has crucial bearings for food security, employment and livelihoods, especially in small and vulnerable economies. A substantial body of information about the issue is available in the secondary literature produced by UNEP and others in parallel with the formal negotiating process. Based on needs and requests, UNEP intends to remain engaged in helping delegations and other stakeholders understand the technical issues underlying these important negotiations. Amongst other activities, UNEP offers to:

- Provide **technical information and advise**, particularly to developing countries' delegations, related to the impacts of fisheries subsidies and possibilities for reform;
- Arrange **informal consultations** between trade negotiators and outside experts;
- Organize **national and regional workshops** to build capacity on the issue of fisheries subsidies reform.

Please do not hesitate to contact UNEP's Economics and Trade Branch for further information or assistance.

### Selected Fisheries Subsidies Events (co-)organized by UNEP

- Technical and Informal Workshop on WTO Disciplines on Fisheries Subsidies: Elements of the Chair's Draft Text, Geneva, 29 January 2008 (with WWF, ICTSD and Oceana)
- Symposium on Disciplining Fisheries Subsidies: Incorporating Sustainability at the WTO & Beyond, Geneva, 1-2 March 2007 (with WWF)
- Workshop on Development and Sustainability in the WTO Fisheries Subsidies Negotiations: Issues and Alternatives, Geneva, 11 May 2006 (with WWF)
- Briefing on the WTO Negotiations on Fisheries Subsidies: Issues and Options for Developing Countries, Geneva, 27 April 2006 (with WWF and ICTSD)
- High-Level Event at the Sixth WTO Ministerial Conference - Fisheries Subsidies Disciplines in the WTO: Opportunities and Challenges, Hong Kong, 14-15 December 2005 (with WWF)
- Roundtable: Promoting Development and Sustainability in Fishery Subsidies Disciplines, Geneva, 30 June 2005
- Workshop on Fisheries Subsidies and Sustainable Fisheries Management, 26-27 April 2004
- Biannual expert group meetings on fisheries subsidies between 1998 and 2003
- UNEP-WWF Symposium on Subsidies and the Depletion of World Fisheries, 1997

## UNEP'S RECENT RESOURCES ON FISHERIES SUBSIDIES REFORM

**Sustainability Criteria for Fisheries Subsidies: Options for the WTO and Beyond, UNEP/WWF (2007)**

Appendix 1 – Summary

**Stock- and Capacity-related**

**Example of Possible Criteria**

**Stock-related Criteria:**

- Stocks to never contribute with confidence on the basis of assessment scientific criteria
- Stocks to significantly above normal precautionary threshold reference point when additional limits on fishing exist and
- Stocks to stable or rising

**Capacity-related Criteria:**

- Capacity to never contribute with confidence on the basis of assessment scientific criteria related to local fishing practices, and stock conditions
- Capacity to never fall below full capacity or to fall below full capacity in any area
- Capacity to never fall or decline in very underdeveloped fisheries, has to be developed as a pre-condition for the 50 per cent threshold would not be breached during the economic life of the subsidies.

Appendix 3

**Model WTO Language**

The following model language is a provision that, at a review language illustrates one possible use of otherwise prohibited language. It illustrates how some of the options for criteria discussed in those set forth in Annex are not therefore required to be institutional mechanisms. The experts and authorities in the

greenwood

1. The subsidies referred to from a source proportion shall be maintained or granted a. All fish stocks affected by subsidized fishing shall

**Appendix 3**

**Model WTO Language**

**Overall Evaluations**

To evaluate the state of management and sustainability of fisheries, a table on comparison to UNFPA and WWF are provided for purposes of this information, and a table for further information.

Criteria	UNFPA	WWF	Other
Stock-related Criteria			
Capacity-related Criteria			

**Reflecting Sustainable Development and S&DT for Developing Countries in the Context of New WTO Fisheries Subsidies Rules**

An Issues and Options Paper, 2005

**Artisanal Fishing: Promoting Poverty Reduction and Community Development Through New WTO Rules on Fisheries Subsidies**

An Issues and Options Paper, 2005

**Analyzing the Resource Impact of Fisheries Subsidies: A Matrix Approach, UNEP (2004)**

Table 11: Impact of Eight Categories of Fisheries Subsidies on Fish Stocks

	Effective Management <sup>a</sup>			Catch Control	
	Over-capacity	Full capacity	Less than full	Over-capacity	Full capacity
Fisheries Infrastructure	NH	NH	NH	H	H
Management Services	NH	NH	NH	NH	NH
Access to Foreign Waters	NH	NH	NH	H	H
Decommissioning	NH	NH	---	PH	PH
Capital Costs	NH	NH	NH	H	H
Variable Costs	NH	NH	NH	PH	PH
Subsidies to Income	NH	NH	NH	PH	PH
Price Support Subsidies	NH	NH	NH	H	H

**Analyzing the Resource Impact of Fisheries Subsidies: A Matrix Approach**

All Chair's summaries and meeting reports as well as further resources are available under: <http://www.unep.ch/etb/areas/fisherySub.php>

**UNEP Economics and Trade Branch**  
**Division of Trade, Industry & Economics**  
**International Environment House**  
**11 - 13 Chemin des Anémones**  
**CH-1219 Geneva, Switzerland**  
**Tel: +41.22.917. 8137 or 8243**  
**Email: [Anja.Moltke@unep.ch](mailto:Anja.Moltke@unep.ch)**