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UNEP Intervention to the WTO Committee on Trade and Environment

Mr. Chairman, dear Delegates,

I would like to take this opportunity to brief you on the outcome of our recent roundtable on Promoting Development and Sustainability in Fisheries Subsidies Disciplines. The roundtable held in Geneva last Thursday, the 30 June 2005, was the sixth meeting UNEP has hosted on the subject.

Around 50 participants from national governments, IGOs and NGOs attended, in their personal capacity, this informal meeting which provided an opportunity for open exchange of views on the subject. Background papers were prepared with the generous support from the Government of New Zealand.

The Chair's report will be made available at the UNEP website (www.unep.ch/etb). It will also be submitted to the CTE and the Rules Committee. Nevertheless, I would like to share with you here some of the findings of the workshop:

The focus was on select issues of trade, development, and sustainability in the current WTO fisheries subsidies negotiations. Specifically, this meeting sought to:

- i. Identify options that advance sustainable development of artisanal fisheries while disciplining subsidies;
- ii. Investigate how Special and Differential Treatment in the context of fisheries subsidies can link new trade rules to development, poverty reduction and environmental issues,
- iii. Receive feedback on UNEP-commissioned studies and identify follow-up steps to direct UNEP's future efforts in this area.

The first draft paper presented was entitled "Artisanal and Small-scale Fishing: Promoting Poverty Reduction and Community Development through new WTO Rules on Fisheries Subsidies". The paper addresses the relationship between artisanal fisheries and sustainable development, the challenges of defining artisanal fisheries for the purposes of subsidy disciplines and options for their treatment under new WTO disciplines.

The subsequent open floor discussion emphasized the following points:

- i. Both the "developmental imperative" and the "sustainability challenge" are very real in the artisanal fishery sector, and both must be reflected in any new WTO subsidies disciplines.
- ii. Data limits continue to hamper understanding of subsidies to artisanal fisheries. Further quantification and analysis of these subsidies and their impacts is necessary.
- iii. In the absence of a universally applicable definition of artisanal fisheries, a definition to be elaborated for the WTO could reflect the motives for subsidizing the sector. Poverty reduction, development, "cultural preservation", food security, employment, and improving fisheries management were the main motives discussed. Several participants also felt that further discussion of the distinction between "artisanal" and "small scale" is necessary.

- iv. There is a need for further consideration of how subsidies to the artisanal fishery sector may cause production as well as export market distortions. It would be useful to identify subsidies to artisanal fisheries that pose a particularly “high risk”, such as capacity-enhancing subsidies.
- v. Participants emphasized the scientific and regulatory relevance of ‘fisheries management’ and the role it can play in determining whether a given subsidy programme has positive or negative impacts. Both the need for and the difficulty of including such considerations in WTO subsidy rules was discussed, and a number of options considered.

The second UNEP-commissioned draft paper was entitled “Reflecting Sustainable Development and Special and Differential Treatment for Developing Countries in the Context of New WTO Fisheries Subsidies Rules”. It discusses the importance of fisheries for developing countries, the potential elements of an S&D regime as well as the options for making S&D operational in the fisheries subsidies negotiations.

The discussion brought out the following points:

- i. The issue of eligibility for S&D, including questions of initial distribution of rights to S&D and subsequent “graduation” provisions, need further discussion.
- ii. Technical assistance is essential both for creating and utilizing reliable scientific information and for effectively implementing reforms.
- iii. S&D provisions need to be revised and reviewed over time to reflect changing trade, environmental, and development conditions and needs;
- iv. S&D provisions contributing to trade, development, and environmental goals for developing countries should remain distinguishable from a potential ‘green box’ non-actionable subsidies that will apply for all countries. Some participants emphasised that developing countries are not seeking a ‘blank cheque’ via S&D rules, but rather provisions that enable them to meet their goals;
- v. The question of government-to-government payments in the context of fisheries “access agreements”, although not discussed in detail during this workshop, was seen as an issue critical to developing country concerns, and in need of resolution.
- vi. A number of options for making S&D operational in the fisheries subsidies disciplines were discussed. Some participants suggested combining an approach that would define an allowable level of support under which developing countries could maintain fisheries subsidies programmes with some sustainable development eligibility criteria. Examples of such criteria could include healthy fish stocks or existence of a national fisheries resource management regime.
- vii. However, the discussion of the sustainable development eligibility criteria approach, raised a number of significant questions, including:
 - (a) What would be the baseline for establishing sustainable development-based criteria?
 - (b) What institutions outside the WTO could be tasked with such judgements?
 - (c) How could such an approach deal with the variable availability, reliability, and independence of fisheries data?

In general, most participants agreed that S&D rules must be defined simply and operationally, yet they must be sophisticated enough to encapsulate the complexity of the issues and avoid loopholes. In recognition of the WTO’s core competencies, it is clear that new WTO rules cannot solve all of the problems of overcapacity and overfishing. Negotiations, therefore, need to remain centred on subsidies and on production and trade while tackling sustainability issues.

In terms of follow-up, the two background papers on artisanal fisheries and on S&D treatment will be revised and made available prior to and at the Hong-Kong WTO ministerial meeting. Participants suggested continued technical research by UNEP and facilitating dialogue between stakeholders in particular in the following areas:

- access agreements with particular attention to sustainability, development and trade goals within access agreements;
- options for conditionality criteria and benchmarks; and
- options for institutional mechanisms to implement and monitor such criteria.

UNEP was also encouraged to continue providing assistance through country projects that assess the impact of fisheries subsidies.

With a view to being helpful for the ongoing WTO negotiations, we are looking forward to discussing possible follow-up activities with the WTO Secretariat and member states. Thank you very much, Mr. Chairman, for giving UNEP the opportunity to make this intervention.