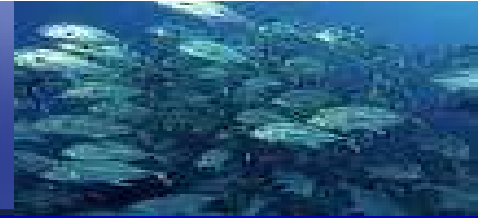




Division of Technology, Industry,
and Economics
Economics and Trade Branch



Fisheries Subsidies and the WTO

UPDATE AND INTRODUCTORY
BRIEFING FOR NEW DELEGATES

1 April 2009

Anja von Moltke, UNEP



United Nations Environment Programme (UNEP)

“To provide leadership and encourage partnership in caring for the environment by inspiring, informing, and enabling nations and peoples to improve their quality of life without compromising that of future generations.”

UNEP Geneva



UNEP Nairobi



UNEP Economics and Trade Branch

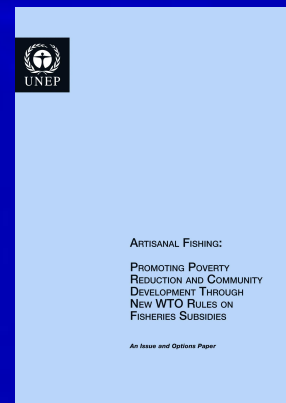
ETB- Mission

Enhance capacities of countries to integrate environmental considerations into economic, trade and financial policies and practices.



UNEP Activities on Fisheries Subsidies

- Country Projects to Assess and Reform Subsidies
- Analytical Work to Support International Negotiations
- Stakeholder Consultations (national and international level)



Importance of Fisheries

- 40% of world fish production enter trade, half of it originating from developing countries
- 30 million people derive income from fishing & fishing related activities
- 95% of this employment is located in the developing world



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Trends in the Fisheries Sector

Most of commercial fish stocks are overexploited and threatened (80%):

- 19% overexploited
- 52% fully exploited
- 8% significantly depleted
 - 1% recovering

FAO (2008)

Trends in the Fisheries Sector

„Most of the stocks of the top ten species, which together account for about 30 percent of world marine capture fisheries production in terms of quantity, are fully exploited or overexploited.“

FAO (2008)

Trends in the Fisheries Sector

The loss of potential economic benefits in the global fishery, due to fish stock depletion and over-capacity, is estimated at *US\$ 50 billion p.a.*

World Bank, FAO, 2008: "The Sunken Billions"

Fisheries Subsidies

Fisheries Subsidies

-15-34 billion USD annually

-25% industry revenue

Trade Effects

Environment
Effects

Which Fisheries Subsidies Are Harmful?

Potentially Harmful Subsidies

	Effective Management			Catch Controls			Open Access		
	Over Capacity	Full Capacity	Less than Full	Over Capacity	Full Capacity	Less than Full	Over Capacity	Full Capacity	Less than Full
Fisheries Infrastructure	NH	NH	NH	H	H	NH	H	H	NH
Management Services	NH	NH	NH	NH	NH	NH	NH	NH	NH
Access to Foreign Waters	NH	NH	NH	H	H	NH	H	H	NH
Decommissioning	NH	NH	/	PH	PH	/	H	PH	/
Capital Costs	NH	NH	NH	H	H	H	H	H	H
Variable Costs	NH	NH	NH	H	PH	PH	H	H	PH
Income Supports	NH	NH	NH	PH	PH	PH	H	H	PH
Price Supports	NH	NH	NH	H	H	PH	H	H	H

NH = Not Harmful
PH = Possibly or Probably Harmful
H = Harmful
/ = Not Applicable

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

WTO Negotiations on Fisheries Subsidies

1990s:

Studies by FAO, UNEP, WWF, World Bank, and others:

- > significant level of subsidization in the fisheries sector
- > strong links to fisheries depletion

WTO Negotiations on Fisheries Subsidies

The Doha Ministerial Conference (2001) :

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

WTO Negotiations on Fisheries Subsidies

World Summit on Sustainable Development (2002) :

“...eliminate subsidies that contribute to illegal, unreported and unregulated fishing and to over-capacity...”

WTO Negotiations on Fisheries Subsidies

Ministerial Declaration after Hong Kong 2005:

“[...] 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**“

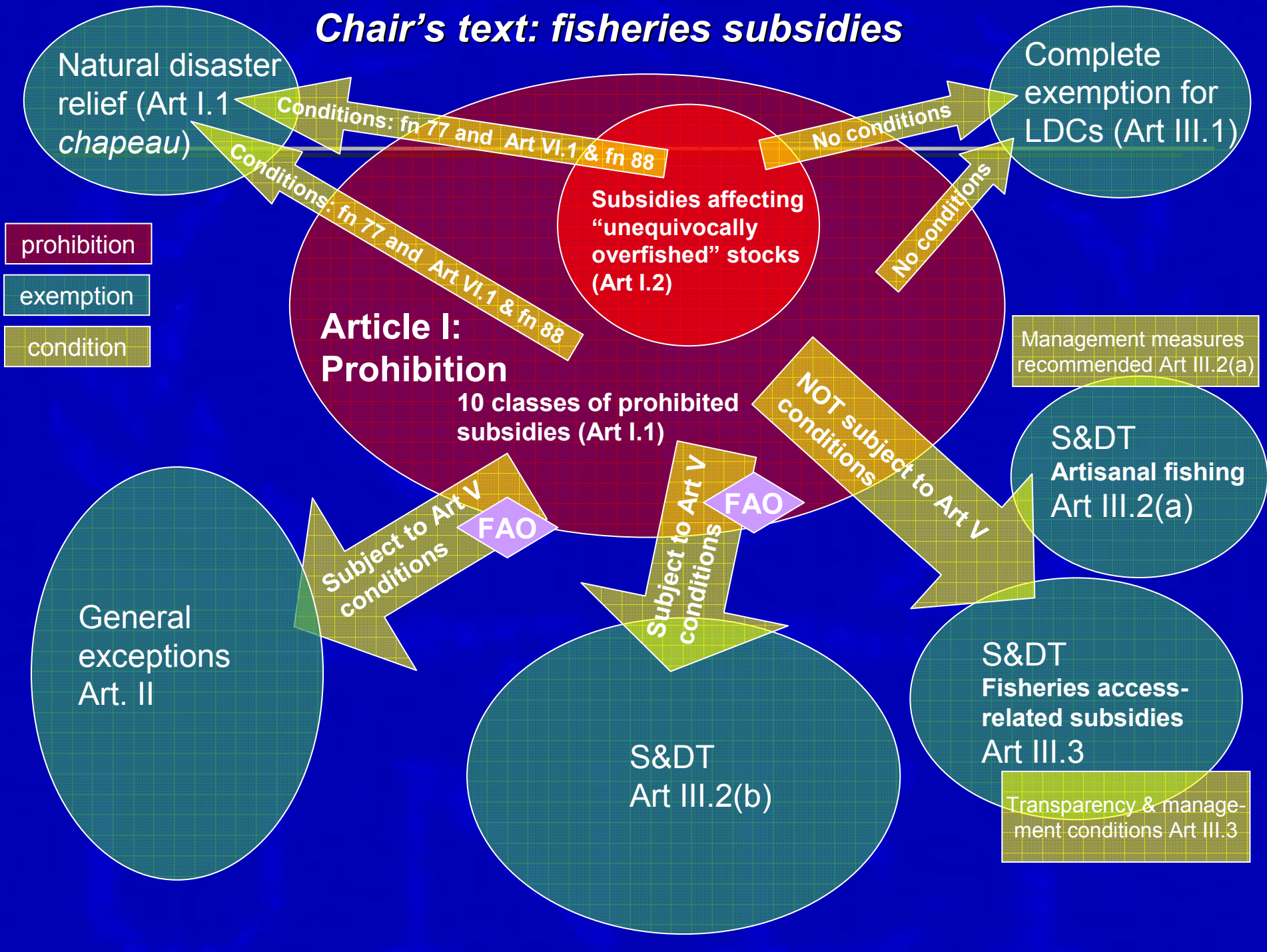
„Appropriate and effective **special and differential treatment** for developing and least-developed Members“

“Importance of this sector to **development priorities, poverty reduction, and livelihood and food security concerns**“

The Chairs Draft Text (November 2007)

- **Prohibition of directly capacity- or effort enhancing subsidies**
- **Exemption of several classes of subsidies (e.g. vessel safety)**
- **Subjecting permitted subsidies to certain management and fisheries condition**
- **Allowing DCs to use prohibited subsidies subject to certain conditions**
- **Review mechanism for management criteria**
- **Strengthened WTO notification rules on subsidies**

Chair's text: fisheries subsidies



WTO Negotiations on Fisheries Subsidies

December 2008:

Fisheries Subsidies – The Chair's Roadmap for Discussion

1. Prohibition
2. General Exceptions
3. Special and Differential Treatment
4. General Discipline/Actionability
5. Fisheries Management Conditionality
6. Transparency
7. Dispute Settlement
8. Implementation
9. Transition Rules

Key Issues for Remaining Negotiations

1. **Scope of the Prohibition**

- Direct subsidies to capital contributing to overcapacity and overfishing!
- Subsidies to operating costs?
- Subsidies to infrastructure, processing, marketing, price supports?
- Set of exceptions?

Key Issues for Remaining Negotiations

2. Special and Differential Treatment

How can S&DT allow developing countries «room to grow» without raising risks of subsidies contributing to overcapacity or overfishing?

Key Issues for Remaining Negotiations

3. Institutional Mechanisms

How can institutions like the FAO or RFMOs be involved appropriately in implementing fisheries subsidies rules?

Key Issues for Remaining Negotiations

4. Transparency and Enforcement

What information should notification rules require?

What should be the consequence of non-notification?



Thank You

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