



FACTSHEET

REFORMING FISHING SUBSIDIES IN THE WTO

FEBRUARY 2009

The worldwide fisheries crisis

- 75% of commercial fisheries are overexploited, fully exploited, significantly depleted, or recovering from overexploitation (FAO SOFIA 2006);
- The amount of fish landed has more than quintupled in the past 50 years;
- The biomass of large and valuable fish at the top of the food chain has dropped by 90% since the onset of industrial fishing (Pauly and Watson 2003);
- Demand for fish protein is continuing to rise sharply, yet global catches leveled off years ago;
- Nearly a billion people depend on fish as their primary source of protein, and at least 120 million people depend on fishing for all or part of their income, with both kinds of dependence highest in the developing world (FAO SOFIA 2002);
- Fish is now the most traded animal commodity on the planet, with a global turnover of more than 100 million tons each year;
- Economic losses in marine fisheries resulting from poor inefficiencies, and overfishing add up to US\$50 billion per year (WB-FAO 2008 report).

Facts about fishing subsidies

- Globally, fishing subsidies total at least USD \$20-30 billion per year, equivalent to roughly 20% of industry revenue (WWF 2001, UBC 2006);
- 90% of officially reported fishing subsidies are granted by Japan, the EU, the United States, Canada, Russia, Korea, and Chinese Taipei;
- Worldwide fishing capacity is far above sustainable levels, yet subsidies are widely recognized to promote larger, more powerful fleets;
- Nearly all fishing subsidy programs lack transparency and accountability; only 10% are administered in compliance with WTO reporting obligations;



WTO fishing subsidies negotiations have reached a critical phase

- In 1998, WWF launched a global initiative to reduce and reform fishing subsidies and called for new WTO rules to play a role.
- In 1999, Australia, Iceland, New Zealand, Norway, Peru, Philippines, and the United States formally called for new WTO rules on fishing subsidies (WT/GC/W/303); opposition to the call was led by the EU, Japan, and Korea.
- In November, 2001, trade ministers meeting in Doha, Qatar, agreed to include fishing subsidies on the current WTO negotiating agenda (WT/MIN (01)/DEC/1);
- Heads of state at the 2002 World Summit on Sustainable Development in Johannesburg included harmful fishing subsidies among the top eight obstacles to sustainable fisheries, and called for completion of the WTO fishing subsidies talks.
- In March 2003, the US proposed a “traffic light” approach to new fisheries subsidies disciplines to include a “red light” prohibition on subsidies that directly promote overcapacity or overfishing and a “dark amber light” category for subsidies that are presumed to cause serious prejudice.
- In April 2003, the EU reversed its opposition to the fishing subsidies talks, and emerged as an active proponent of effective new rules.
- In May 2003, China tabled a paper supporting “traffic light” approach proposed by the US, additionally calling for a “green light” for subsidies that support environment and development (China also reinforced its call for excluding aquaculture from the talks).
- New Zealand led the Friends of Fish proposal to ban all fishing subsidies, except those exempted programme by programme (‘top down’ approach)
- In June 2004, Japan dropped its opposition to curbs on fishing subsidies in the WTO which marks a breakthrough in the negotiations. Japan acknowledges that fishing subsidies can contribute to the depletion of global fish stocks but called for new rules to be justified on a programme-by-programme basis (‘bottom up’ approach)

In early 2005, Brazil tabled the first of a series of major papers proposing special treatment for developing countries to grant more leeway to subsidise their fishing industries and also adopted language suggested by WWF for rules looking to the ‘fisheries management context’ (TN/RL/GEN/79).

- At the Sixth WTO Ministerial Meeting in Hong Kong (December 2006), trade ministers adopted a ministerial text reflecting much of the momentum that had developed at the negotiating table prior to the meeting. The reference to “broad agreement” in favor of a prohibition aimed at subsidies contributing to overcapacity and overfishing was



hailed as a 'breakthrough' agreement by governments to ban certain fishing subsidies. The call for prompt attention to negotiating the details is timely, and the need for transparent and enforceable rules was highlighted.

- Following the Hong Kong ministerial, papers were tabled proposing legal language for new fisheries subsidies rules, including papers from Brazil (TN/RL/GEN/79), the European Communities (TN/RL/GEN/134), Japan, Korea and Chinese Taipei (TN/RL/GEN/114), and New Zealand (TN/RL/GEN/100).
- The crucial first draft of new WTO rules on fisheries was scheduled to be released at the end of July 2006 but Doha Round trade talks were 'suspended' in mid-July. During the suspension, which lasted until November 2006, substantial headway was made during informal fisheries subsidies discussions, including a meeting arranged by the Rules Group chair between Geneva delegations and representatives of the FAO Fisheries and Aquaculture Program.
- Following resumption of formal negotiations, several additional proposals were tabled by active delegations, including papers from Norway (TN/RL/GEN/144), Argentina (TN/RL/GEN138/Rev.1), Indonesia (TN/RL/GEN/150) (subsequently revised two months after, following sharp criticisms from majority of WTO members for proposing to remove the general prohibition on fisheries subsidies), and Brazil and Argentina (TN/RL/GEN/151) (which argued for the rights of developing countries—and not only flexibility—to grant certain subsidies under certain conditions to develop their fisheries resources).
- On November 30, 2007, Ambassador Guillermo Valles Galmes, Chair of the Rules Negotiating Group released the first draft legal text of fisheries subsidies disciplines. These disciplines are contained in a proposed Annex VIII to the Subsidies Agreement.
 - The Chair's text follows a "bottom-up" approach, but proposes a "prohibited" category encompassing most of the main subsidy culprits such as subsidies for vessel construction and outfitting and for operating costs of fishing, including fuel.
 - Certain beneficial subsidies, such as for capacity reduction, are permitted.
 - LDCs are exempted from the new disciplines while other developing countries are given flexibilities—especially for small-scale fishing in their territorial waters—but the use of sustainability criteria ensures no "blank cheque".
- In April 2008 India, Indonesia joined by China tabled a proposal calling for dramatic reductions in the level of sustainability-related conditionality on permitted subsidies proposed by the Chair's draft. In WWF's view, the proposals if adopted would



eviscerate the Chair's proposed rules, and would lead to rules too weak to provide meaningful disciplines.

- In July, 2008 ministers and trade officials from 30 key trading countries gathered in Geneva hoping to agree on "modalities" for the Doha deal; the meeting collapsed after what appeared to be a near break-through set of compromises tabled by DG Lamy.
- Despite the July collapse, Doha talks have not been formally suspended, and on 19 December 2008, following close consultations with members, the Rules Group Chair tabled a roadmap (WTO TN/RL/W/236) to solicit further input for an eventual second draft text. The roadmap identifies key questions that WTO members need to address in order to reconcile divergent approaches and advance the work on fisheries subsidies reform in the WTO. The questions posed in the conceptual roadmap will help shape the agendas for upcoming negotiating sessions scheduled for the end of March and May.

The Parallel Process

Throughout the negotiations, workshops hosted by WWF, UNEP, ICTSD, and Oceana have been an important part of the process, providing expert information as well as opportunities for informal discussion and debate among delegations outside of the negotiating context. The materials prepared for these workshops, and the reports emanating from them, reflect key aspects of how the negotiations have developed, and are a useful resource for interested delegations and stakeholders. Materials from these workshops can be found at <http://www.unep.ch/etb/areas/subsidies.php> A partial list of these parallel events includes:

UNEP Fisheries Subsidies Workshop, 12 February 2001, Geneva

UNEP Workshop on the Impacts of Trade-Related Policies on Fisheries and Measures Required for their Sustainable Management, 15 March 2002, Geneva

UNEP Informal Expert Consultations on Fisheries Subsidies, 16 July 2003, Geneva

UNEP Workshop on Fisheries Subsidies and Sustainable Fisheries Management, 26-27 April 2004, Geneva

UNEP Roundtable: Promoting Development and Sustainability in Fishery Subsidies Disciplines, Geneva, 30 June 2005

UNEP-WWF High-Level Event and Panel Discussion at the Sixth WTO Ministerial Conference - Fisheries Subsidies Disciplines in the WTO: Opportunities and Challenges, Hong Kong, Japan, 14-15 December 2005

UNEP-WWF-ICTSD Briefing on the WTO Negotiations on Fisheries Subsidies: Issues and Options for Developing Countries, Geneva, Switzerland, 27 April 2006



UNEP-WWF-ICTSD Workshop on Development and Sustainability in the WTO Fisheries Subsidies Negotiations: Issues and Alternatives , Geneva, Switzerland, 11 May 2006

UNEP-WWF Symposium on "Disciplining Fisheries Subsidies: Incorporating Sustainability at the WTO & Beyond", Switzerland, Geneva, 1-2 March 2007

UNEP-WWF publication launch: "Sustainability Criteria for Fisheries Subsidies – Options for the WTO and Beyond, Geneva, Switzerland, 26 September 2007

UNEP-WWF-ICTSD-Oceana Technical and Informal Workshop on WTO Disciplines on Fisheries Subsidies: Elements of Chair's Draft Text, Geneva, Switzerland, 29 January 2008

UNEP-WWF-Oceana-ICTSD Aliances Workshop at IUCN World Conservation Congress: "Fishing for Sustainability: Maintaining Momentum for Fisheries Subsidies Reform", Barcelona, Spain, 6 October 2008

WWF's basic position on reforming fishing subsidies in the WTO

WWF's position on fish subsidies is detailed in numerous publications, including a technical reaction to the Chair's proposed text of November 2007 (see http://assets.panda.org/downloads/wwf_stmnt_on_fish_subs_text_111207.pdf). In brief, WWF is calling for rules that:

- model new fishing subsidies disciplines on the traditional rules of the WTO Agreement on Subsidies and Countervailing Measures:
- ban the most harmful fishing subsidies (especially those that directly encourage overcapacity and overfishing, or that contribute to illegal or unregulated fishing)
- allow certain kinds of beneficial fishing subsidies, such as those for adopting cleaner fishing techniques or for reducing oversized fishing fleets
- give developing countries special treatment to support the sustainable development of their fishing industries, and to create a more level playing field in the global market for fish products
- subject all allowable fishing subsidies to stringent new disciplines based on "sustainability criteria"
- increase the public transparency of fishing subsidy programmes through significantly strengthened WTO reporting requirements
- create mechanisms to involve intergovernmental bodies with responsibility for fisheries policy in the administration of new WTO fishing subsidies rules

For further information:

Aimee T. Gonzales,
Fisheries and Trade Manager
Global Marine Programme, WWF
tel: +41 22 364 9002
email: agonzales@wwfint.org