Reforming fisheries subsidies in the World Trade Organization (WTO)
An example of leadership and innovation

His Excellency Guillermo Valles Galmés, Permanent Representative of the Mission of the Oriental Republic of Uruguay to the WTO, has made a substantial contribution to reforming the economics of unsustainable fisheries and to the improvement of the multilateral trading system. As Chair of the WTO Negotiating Group on Rules from 2004-2010, Ambassador Valles showed leadership and innovative approach in advancing trade rules that contribute to the responsible management of marine resources by combating inappropriate subsidies to the world’s fishing fleets. Sustainable and fair rules on fisheries subsidies underpin responsible management of marine resources that are on the brink of collapse: fish is now the most traded animal commodity on the planet, with a global turnover of more than 90 million tonnes each year; and economic losses in marine fisheries resulting from inefficiencies, and overfishing add up to US$50 billion per year (WB-FAO 2008 report).

Working with 153 WTO member states, Ambassador Valles’ leadership heralded a number of key wins towards the pursuit of innovative trade rules that serves the long-term interests of both the environment and human society:

- In 2005, a breakthrough agreement was taken to establish the first international rules to ban harmful subsidies with WTO member states formally committed to negotiate enforceable new international law to ban fisheries subsidies that contribute to overcapacity and over-fishing.
- In 2007, Ambassador Valles presented a first draft set of rules on fisheries subsidies that WWF welcomes as a highly ambitious text capable of delivering the WTO’s first authentic triple win for trade, environment, and development. Since 2007, despite the delays in the progress of the Doha Round, Ambassador Valles laboured to maintain forward momentum in the fisheries subsidies talks, constantly mindful of the need for urgency in the race against fisheries depletion.
- Throughout his term as Chair, he initiated innovative processes that allowed for an increased participation of other international bodies (such as the FAO and UNEP) and civil society to provide expert input and advice in charting a new way forward on fisheries subsidies rules and implementation.

The leadership of Ambassador Valles in the fisheries subsidies negotiations has had a singular and outstanding quality—a dedication to the pursuit of innovative trade rules that make sustainability and equitable development genuine priorities. As such, he has helped the WTO and its Members make real strides towards a multilateral system that is better able to meet its responsibilities, as enshrined in the WTO charter.

The history of the Doha Round—beset by unrelated troubles and delays—has unfortunately prevented the completion of the fisheries subsidies talks during the tenure of Ambassador Valles in Geneva. Whatever the eventual outcome of these talks, however, Ambassador Valles has brought energy, innovation, and vision to an important global process. For his work to help achieve sustainable fisheries, and for the example he has set as pioneer towards a mature and environmentally responsible multilateral trading system, Ambassador Valles deserves recognition as a Leader for a Living Planet.

H.E. Guillermo Valles Galmés. © WTO/Jay Louvion and Didier Casagrande
The crisis confronting the world’s fisheries and marine ecosystems has reached unprecedented proportions. More than 70 per cent of the world’s commercial marine fish stocks are either fully exploited, overfished, or recovering from overfishing. Nearly a billion people depend on fish as their primary source of protein, and at least 43.5 million people depend on fishing for all or part of their income, with both kinds of dependence highest in the developing world (FAO SOFIA 2008). In addition to faltering fisheries, widespread damage to critical marine habitats and their services from recreation to temperature regulation are also at stake.

Inappropriate subsidies are widely recognized as an important factor contributing to the overfishing crisis. The best data available suggests that government supports to the fishing industry range between US $15–34 billion per year—i.e., nearly 20% of the revenue earned by commercial fishing operations worldwide. In the past decade, a strong consensus has emerged among academic, intergovernmental, and governmental experts that many of these subsidies directly encourage overfishing and the maintenance of unsustainably large fishing fleets. Moreover, despite the significant sums involved, there is very little tracking and reporting undertaken on fisheries subsidy programmes, such that the majority of these payments remain hidden from public view and disconnected from rational fisheries management policies. In human terms, the harms caused by these subsidies are most deeply felt in developing countries, where poorer communities dependent on fish for food and for livelihoods find themselves in lopsided competition with subsidized industrial fleets in the race for dwindling fish stocks.

Subsidy reform is a key element of the World Trade Organization’s (WTO) mandate. After years of discussion starting in the late nineties, trade ministers worldwide agreed to include the reform of fisheries subsidies in the Doha Round negotiations, launched in 2001. A year later, world leaders at the World Summit on Sustainable Development recognised the urgency of the fisheries subsidies problem when they included the elimination of harmful fisheries subsidies among the top eight global priorities for achieving sustainable fisheries.

Today, however—and against significant odds—we are on the cusp of achieving enforceable international disciplines on fisheries subsidies under the aegis of the WTO, supported by relevant intergovernmental organizations dealing with fisheries management. Negotiations at the WTO continue to focus on a

WWF has been working with fishing communities in Hubei province encouraging them to adopt sustainable fishing practies e.g. moving away from contained fish farms which were polluting the lake from the concentrated use of fish feed to traditional fishing on the Lake. Lake Hong, Hubei Province, China. ©Brent Stirton / Getty Images / WWF-UK

“high ambition” draft text that, if adopted, would ban the most harmful fishery subsidy programmes, whilst also providing constructive legal and institutional pressures towards improved fisheries management and more coherent sectoral policies.

There are three fundamental elements of success for crafting WTO rules on fisheries subsidies:

- To implement a broad and enforceable ban on most directly capacity- and effort-enhancing subsidies granted by developed countries to their fishing fleets;
- To ensure that all fisheries subsidies falling outside the ban—including subsidies allowed under effective “special and differential treatment” for developing countries—are linked to responsible fisheries policies through the application of sustainability criteria; and
- To make fisheries subsidies programmes accountable through fundamental improvements in transparency and public reporting.

Achieving these goals will require, among other things, integrating the need for subsidies reform with the need for appropriate subsidies to support coastal livelihoods and development in developing countries. This implies the adoption of balanced and plausible sustainability criteria. In the case of the most underdeveloped fisheries communities—where centralized, data-intensive fisheries management remains impossible—further flexibilities in those criteria will be needed, along with the provision of technical and financial assistance.

The policy solutions and processes needed to address fisheries subsidies have been thoroughly explored. At the WTO, an integrated trade- environment-development agenda has emerged and has made real headway. At the national level, there are first signs of real attention to the need for policy subsidy reform, despite the delay in achieving WTO rules. Whilst there are considerable political and technical challenges in securing the goal, fisheries subsidies illustrates more clearly than any other topic the potential for the WTO to grow institutionally as the world’s economy becomes ever more subject to environmental limits and effective demands for equitable development.