



Workshop on the Impacts of Trade-Related Policies on Fisheries and Measures for Sustainable Fisheries Management

ROOM XII, PALAIS DES NATIONS, GENEVA, 15 MARCH 2002

AGENDA

- 8:30 – 9:30 Registration of participants (Villa les Feuillantines)
- 9:30 – 9:45 **Opening Remarks:**
- Hussein Abaza, Chief, UNEP Economics and Trade Branch, Chairman
 - Objectives of the Workshop and Expected Outcomes
 - Brief report on the UNEP Workshop in Feb 2001
 - Ambassador Alejandro Jara, Ambassador and Permanent Representative of the Permanent Mission of Chile to the World Trade Organization
- ANNOTATION I
- 9:45 – 10:45 **Session I:**
National experiences with assessment of the impacts of trade and trade related policies and sustainable fisheries management
- 9 :45 – 9 :55 Presentation by Bangladesh of UNEP-commissioned country study
- 9 :55 – 10 :05 Presentation by Mauritania of UNEP-commissioned country study
- 10 :05 – 10 :15 Presentation by Japan on factors reducing tuna stocks in the Indian Ocean
- 10 :15 – 10 :45 Discussion on national findings and how these impact the international agenda of sustainable fisheries management
- 10:45 –13:00 **Session II:**
Role of international organisations in advancing sustainable fisheries policies through addressing subsidies
- 10 :45 – 10 :55 Presentation by WTO on negotiations of fishery subsidies post-Doha
- 10 :55 – 11 :05 Presentation by OECD on improving data on financial transfers
- 11 :05 – 11 :15 Presentation by FAO on the effect of subsidies on fisheries
- 11 :15 – 11 :25 Presentation by ICTSD on sustainable development perspectives in the changing fisheries and trade interface
- 11 :25 – 11 :35 Presentation by WWF on environmental consequences of fisheries subsidies
- 11 :35 – 12 :30 Discussion on the role and complementarity of international organizations in addressing sustainable fisheries policies and subsidies
- 12:30 – 14:00 **LUNCH**

14:00 – 16:00 Session III: Discussion of Subsidies and Trade-related Issues in Sustainable Fisheries Management

The discussion will focus on ways to achieve better understanding of the following trade-related problems in the fisheries sector and ways to address them:

1. A working definition of the term « subsidy » in the fisheries sector
2. Establishing causal linkages between types of subsidies, conditions of management and the state of fish stocks
3. Special treatment for developing countries in international policy on fisheries subsidy reform
4. Other trade-related issues in sustainable fisheries management

ANNOTATION II

16:00 – 17:15 Session IV: Main Conclusions and Recommendations for Follow-up Work

ANNOTATION III

17:15 Closure of the meeting



Workshop on the Impacts of Trade-Related Policies on Fisheries and Measures for Sustainable Fisheries Management

ANNOTATION I

Background information

Overfishing of the world's marine resources is widely recognized as a growing threat to the sustainable management of the world's fisheries. 25 percent of all fishery resources are in severe danger of depletion and require major interventions to restore sustainable yields. In major fishing states, investment in new capacity (vessels, equipment and labour force) has supported fishing efforts at levels significantly exceeding the reproductive capacity of fishery grounds. Excessive government support policies and especially subsidies to the fishing industry are suspected by many experts to have a direct causal relationship to recent trends in overcapacity and depletion of fish stocks, particularly in the absence of appropriate management regimes.

Further work is required to address the linkages between trade, fisheries subsidies and fisheries resource sustainability to guide progress towards a potential reform of fisheries policies worldwide. Policy reforms should integrate environmental, social, economic and trade objectives to ensure long-term sustainability of entire fisheries resources and marine ecosystems while minimizing negative social and economic impacts. The Fourth WTO Ministerial Conference held in Doha in November 2001 gave new impetus to this by agreeing to clarify and strengthen disciplines on fisheries subsidies in the new round of negotiations.

The workshop organized by UNEP in consultation with the WTO, FAO and OECD Secretariats, has been designed to provide an open forum for participants from governments, intergovernmental and non-governmental organizations to address the impacts of trade-related policies on fisheries and discuss measures for sustainable fisheries management. The objectives of the workshop are to create a better understanding of the economic, environmental and related social effects of trade-related policies, including fisheries subsidies and to explore approaches to reform current policies in order to contribute to the sustainable management of fisheries worldwide.

The workshop consists of four sessions: **Session I** will address national experiences with assessment of the impact of trade and trade-related policies on sustainable fisheries management. Presentations of on-going UNEP-commissioned country studies by research institutions from Bangladesh and Mauritania will be followed by a discussion of workshop participants to provide feed-back and input to the further elaboration of these studies. Japan will then present its findings on factors reducing tuna stocks in the Indian Ocean. The subsequent discussion should highlight how national findings can impact the international agenda of sustainable fisheries management. **Session II** will focus on the role of international organisations in advancing sustainable fisheries policies through addressing subsidies. Presentations by WTO, OECD, FAO, ICTSD and WWF on fisheries negotiations post-Doha, on improving data on financial transfers and on the effects of subsidies will be followed by a discussion on the role and complementarity of work undertaken by international organisations in addressing subsidy reform and sustainable fisheries management. **Session III** will, through an open plenary discussion, focus on the main issues identified in the UNEP workshop on fisheries in February 2001 as gaps in understanding and suggest ways to address them. The main challenges to be addressed are 1. a working definition of the term "subsidy" in the fisheries sector; 2. the causal linkages between types of subsidies, conditions of management and the state of fish stocks; 3. special treatment of developing countries in international policy on fisheries subsidy reform; and 4. other trade-related issues in sustainable fisheries management. **Session IV** will then provide an opportunity for participants to make recommendations on ways to take concrete action on subsidy reform and sustainable management of fisheries.

ANNOTATION II

Session III: Discussion of Subsidies and Trade-Related Issues in Sustainable Fisheries Management: Options for addressing the gaps

1. A working definition of the term “subsidy” in the fisheries sector

- An important aspect of sustainable fisheries management is the issue of fisheries subsidies. Reaching agreement on a working definition of “subsidies” is a necessary step toward bringing them under a discipline for both environmental and trade purposes.
- In the context of a new fisheries subsidies regime, four broad options appear to be open to the international community:
 - a. to use the existing definition of “subsidy” in the SCM Agreement without clarification¹;
 - b. to make sector-specific clarifications on this definition, for instance by including indirect but explicit subsidies;
 - c. to include also the failure to charge the costs of fisheries management services to the fishing industry;
 - d. to expand the definition by including also the failure by government to enforce adequately sustainable fishing practices.
- A major issue in defining a subsidy in the fisheries sector is whether the provision of fisheries infrastructure projects, or government fisheries management services without charge to the industry, should be included within the scope of the definition of a subsidy.²
- Explicit but indirect subsidies are often embedded in international fishing access agreements through an agreed level of compensation for an agreed level of access for distant water fishing fleets. Analysis of such foreign access payments has suggested that they could encourage and facilitate overfishing in the fishing zones of developing countries.
- Agreement on a working definition would improve transparency of subsidies by clarifying what categories of subsidies must be reported on by governments.
- Much information about fisheries subsidies remains obscure. It is necessary to identify ways in which governments can cooperate more effectively through appropriate international fora to provide more transparent information on the financial transfers they provide to the fisheries sector.³

2. Establishing causal linkages between types of subsidies and conditions of management, on one hand, and the state of fish stocks, on the other.

- Appropriate criteria and methodologies for establishing linkages between subsidies, overcapacity and over-fishing are necessary to determine which subsidies are harmful to fisheries resources and which are not.

¹ This agreement defines a subsidy in specific terms as a "financial contribution provided by, or at the direction of, a government" that confers a "benefit" (WTO, 1995). It further specifies that, in order to be considered a subsidy, such a contribution has to involve one of the following: (i) direct transfer of funds or potential direct transfer of funds or liabilities; (ii) forgone or uncollected revenues that would otherwise be owed the government; (iii) provision of a good or service to a firm or industry other than general infrastructure; (iv) any type of income or price support.

² The issue of fisheries infrastructure deserves special attention in this regard. The SCM Agreement exempts "general infrastructure" programs from the scope of that element of its definition of subsidy covering a "service to a firm or industry". In general, that term is understood to encompass the basic infrastructure, such as highways and ports, which benefit both a specific industry and the general public. If the infrastructure project funded by a state is more specific to a particular industry, it could be considered a subsidy, however.

³ Notification of fisheries subsidies under the WTO Subsidies and Countervailing Measures (SCM) Agreement can be one important source of data on fisheries subsidies, and will enhance transparency and government accountability on their provision of subsidies to the sector.

- There is general agreement on the importance of establishing a categorization of subsidies that reflect differences in their impact. A common set of categories could be regarded as a point of departure for further discussion of definitional and analytical issues.⁴
- Different approaches have been suggested for using a categorization scheme as the basis for international policy making on fisheries subsidies. They aim to distinguish between those subsidies that support and those that undermine sustainable management of fisheries.
 - a. One approach would be to categorize each type of subsidy as either (i) contributing to overcapacity and over-fishing or as (ii) contributing to the sustainability of the resource. This would require defining a list of sustainability criteria, applicable to fisheries subsidy programmes, so as to create a “red list” of subsidies that should be prohibited.
 - b. Alternatively, a “matrix approach” would identify combinations of subsidies and management system parameters that would either contribute to over-fishing, help reduce over-fishing or be neutral in effect. It would thus provide the basis for deciding under which general management conditions a given subsidy type would be acceptable, unacceptable or acceptable under certain conditions only.⁵
- At the February 2001 UNEP workshop on fisheries subsidies, there was general agreement on the usefulness of the “matrix approach” to such an analysis. How can a «matrix approach» to analyzing the environmental impacts of fisheries subsidies be further developed to provide the basis for international policy?
- How can the process already underway to identify the most effective methodologies for measuring the impacts of fisheries subsidies on the fishing industry economic decisions and on fish stocks be translated into international consensus on policy implications? Would an analysis of impacts on fish stocks of different combinations of subsidy types, management conditions and levels of exploitation by a panel of experts or by a mediated intergovernmental process of fact-finding, contribute to such an international consensus?
- Could more country-level factual studies, such as those commissioned by UNEP, help with the analysis of subsidies and their effects? At the last workshop it was suggested that studies in the fisheries sector should prioritise subsidies that are applied to open-access, unregulated and/or over-exploited fish stocks, which are considered to be more susceptible to negative effects from fisheries subsidies.

3. Special treatment for developing countries in international policy on fisheries subsidy reform

- The particular conditions, needs and priorities of developing countries, and small-scale fisheries within them, must be taken into account in policy development.
- Furthermore, subsidies oriented towards health, safety, food security and environmental objectives of local communities in developing countries, can make important contributions to their attaining social objectives, and sustainable development more generally.

⁴ A simplified categorization (based on categorization schemes proposed by the US, OECD, APEC and FAO) to be used to further analyze the impacts of subsidies on fisheries resources could be as follows:

- a. fisheries management services;
- b. subsidies to capital costs, including infrastructure;
- c. decommissioning and license retirement;
- d. subsidies to access to foreign fisheries;
- e. subsidies to incomes;
- f. subsidies to intermediate inputs.

⁵ Along with the six basic subsidy types mentioned above, it could present the following parameters: whether the fishery is open access, whether property rights have been allocated to fishers and whether effort and output controls are weak or strong.

- Whether and how to give developing countries special treatment with regard to subsidy reduction or elimination is being extensively discussed. The WTO SCM Agreement has a number of provisions for “special and differential treatment”.⁶
- Three possible options are:
 - a. to parallel the SCM and Agriculture agreements by allowing a multi-year phase out period for developing countries and a complete exemption from a prohibition on certain types of fisheries subsidies.
 - b. to distinguish between those fisheries and sectors that already suffer from overcapacity and those that are still underdeveloped. Developing countries’ fishing zones that are still under-exploited could be exempt from prohibitions on fisheries subsidies that contribute to overcapacity.
 - c. to exempt only certain types of subsidies in developing countries, such as those going to small-scale, inshore or artisanal fishing fleets.
- Would an international forum or workshop focusing on formulating international policy for fisheries subsidy reform in developing countries be helpful?
- Could further case studies of trade-related fisheries policies in developing countries contribute to a shift in employment away from fisheries that contribute to over-fishing?

4. Other trade-related issues in sustainable fisheries management

- Trade liberalization in the fisheries sector through tariff reductions, which increases the level of trade in fish and fish products, could be harmful to fish stocks in many fisheries. This is particularly the case if it occurs without compensating reforms in fisheries management systems to remove the perverse incentive of open access, common pool fisheries and without strengthening systems of monitoring and enforcement aimed at conserving fish stocks.
- UNEP has conducted numerous country studies assessing the effects of trade and trade related policies on specific sectors. Recent studies focused on the fisheries sector in Argentina and Senegal. They found that developing countries which open up their water to foreign fishing fleets may lose more than they gain. Country research indicated clearly that the eventual costs, in terms of loss of income for local fishermen, environmental damage and the depletion of native fish stock can substantially outweigh the short-term financial gains generated from foreign governments and fleets.
- Two recently commissioned country projects focus on the economic, environmental and related social effects of trade liberalization and trade-related policies, including fisheries subsidies, in Bangladesh and Mauritania. The objective of these projects is to help design reforms of current policies and develop policy response packages that contribute to the sustainable management of fisheries.
- Would it be useful to develop a special programme in support of conservation measures in developing countries, such as a fund for improved monitoring, enforcement and fisheries conservation, using a portion of the tariff revenues foregone in trade liberalization agreements affecting fish and fish projects?

⁶ LDCs are exempt from the prohibition on export subsidies; other developing countries have eight years in which to phase-out such subsidies (two years if they have achieved “export competitiveness”); subsidies granted by developing countries can only be challenged on the basis of positive evidence that they impair benefits of the 1994 Uruguay Round Agreement.

ANNOTATION III

Session IV: Follow-up work: Possible procedures and modalities

Some aspects of the issues raised in this workshop can best be dealt with through the existing international processes. Some may benefit from the employment of modalities for consensus-building beyond the existing international processes. This concluding discussion is aimed at eliciting recommendations in regard to the best ways to move forward.

Future activities in advancing toward international agreement on policy to reform trade-related aspects of fisheries management policies should be based on enhanced collaboration between relevant international institutions such as the FAO, OECD, WTO, UNEP and the regional fisheries management organizations. This would build an institutional framework encompassing their relevant mandates, ongoing work programmes and expertise.⁷

In regard to trade-related issues in sustainable fisheries management, including fisheries subsidies, the need for further country studies and guidance or best-practice documents for impact assessments and development of policy packages could be addressed. Regarding the definition of subsidies and special consideration for developing countries, possible recommendations could focus on international workshops, case studies or additional ways of developing innovative international programmes and policies.

If the international community finds that international agreement on policy measures to reform subsidies to the fisheries sector is blocked by continuing international disagreement over the impacts of various types of subsidies on fish stocks, two options for an international process aimed at achieving greater consensus could be discussed.

- A study by an independent expert panel:

A working group of leading specialists on fisheries economics and resource sustainability issues could undertake fact finding on the impacts of subsidies on fisheries resources, using an agreed framework and methodological approach for the study. Drawing on existing work to identify and test the most effective methodologies for measuring the impacts of subsidies on fish stocks, such a working group could undertake a systematic analysis of the full range of subsidy types, conditions of management and levels of exploitation in regard to their impact on fish stocks. The results of the study could then be regarded an authoritative and internationally-agreed basis for policy.

- A mediated intergovernmental fact-finding process:

The option of a mediated intergovernmental process of fact-finding has been used to build or maintain consensus on basic scientific or technical issues associated with various global environmental problems.⁸ Such a mediated process for government representatives to try to reach common understanding would require internationally-sponsored research on the impacts of subsidies on fish stocks, using the best available methodologies. It would involve a series of meetings or workshops in which research specialists on measuring the impact of fisheries subsidies share their research findings with government representatives on an ongoing basis. Informal discussions of government representatives on the policy implications of these findings could be facilitated and mediated by representatives of inter-governmental organizations. Through such a process of consensus building, government representatives could reach a common understanding of the impacts of fisheries subsidies.

⁷ In this regard, it has been suggested by the 24th FAO Committee on Fisheries (COFI) that interagency cooperation should be promoted between FAO and other relevant organizations. Accordingly, a meeting was organized in May 2001 by the FAO for intergovernmental organizations working on fisheries. Challenges and possible ways forward through further collaboration were identified as follows: conducting country specific studies; holding a workshop on fisheries subsidies; establishing a data bank on information on subsidies; and preparing the second expert consultation on subsidies in fisheries.

⁸ In the case of the global climate regime, the function of fact-finding has been carried out since 1988 by the Intergovernmental Panel on Climate Change, which is a body combining government officials and independent scientists. A 1986 conference of government experts on alternative regulatory strategies for ozone protection, which was convened and facilitated by UNEP, helped build consensus on the need for international regulation of CFCs by establishing a common understanding of the consequences of various regulatory schemes.