



United Nations Environment Programme

برنامج الأمم المتحدة للبيئة • 联合国环境规划署

PROGRAMME DES NATIONS UNIES POUR L'ENVIRONNEMENT • PROGRAMA DE LAS NACIONES UNIDAS PARA EL MEDIO AMBIENTE
ПРОГРАММА ОРГАНИЗАЦИИ ОБЪЕДИНЕННЫХ НАЦИЙ ПО ОКРУЖАЮЩЕЙ СРЕДЕ

Update on DTIE/ETB's ongoing work on fisheries subsidies

Background

Inappropriate subsidies to the fishing industry are a key factor driving the depletion, overcapitalization, and ecosystem degradation associated with fisheries worldwide. In 1997, DTIE's Economics and Trade Branch (ETB) helped galvanize international attention to this problem by hosting a workshop dedicated to the issue. Over the following years, leading IGOs (including World Bank, ADB, FAO, UNCSD, OECD) and NGOs joined in calling for the reduction and reform of fisheries subsidies. In 2001, WTO ministers placed new fisheries subsidies disciplines on the negotiating agenda for the Doha Round. In 2002, the WSSD Plan of Implementation made eliminating harmful subsidies one of the top eight priorities for achieving sustainable fisheries.

The reform of fisheries subsidies has become one of the most concrete and potentially successful international efforts to achieve environmental, economic, and developmental policy coherence at the global level. It sits at the cutting-edge of “globalization and the environment”, and has arguably penetrated more deeply into the policymaking process at the WTO than any other environmental issue. Since 1997, UNEP has played a lead role in generating policy-relevant analysis and in facilitating effective dialogue between the trade and fisheries policymaking communities. Attached as an annex is a list of outputs and events undertaken in this area. Assuming the Doha Round reaches a successful conclusion, UNEP's continued engagement has assured that new fisheries subsidies disciplines will be based on distinct sustainability criteria. With or without such rules, national governments in both developed and developing countries are already giving increased attention to reforming their own fisheries subsidies practices.

DTIE-Economics & Trade Branch current activities

The following activities are ongoing and partly funded by the grant provided by the Norwegian government under the projects entitled “Promoting Sustainable Trade, Consumption and Production Patterns in the Fisheries Sector” and “Establishing sustainable, resource efficient agri-food supply chains”. They are implemented in close cooperation between DTIE-ETB and SCP (Sustainable Consumption and Production Branch).

- 1) **Sustainability criteria in the WTO:** Current and past UNEP studies and many other country experiences have clearly shown the need for rules that specifically limit subsidies in fisheries that are poorly managed or are overexploited. The challenge is to craft such rules without setting the WTO as a judge of fisheries management policies. To respond to the call of many delegations and the Chair of the Rules Committee, DTIE has developed sustainability criteria for granting fisheries subsidies. The suggested criteria have been reviewed at a joint UNEP-WWF Symposium in March 2007 with 120 participants from the fisheries, trade and environment sectors.¹ Based on these discussions and further input by an expert group, a paper on “Sustainability Criteria for Fisheries Subsidies: Options for the WTO and Beyond” has been

¹ The Chair's Conclusions (http://www.unep.ch/etb/events/2007fish_symposium.php) have been formally submitted by New Zealand to the WTO and discussed at the WTO Rules Negotiations Group in its March 2007 meeting.

published and broadly distributed in Sept/Oct 2007. DTIE's current work focuses on the implementation of these criteria at i) the international and ii) the national and regional level.

- i) At the international level, DTIE convenes workshops and informal consultations with the WTO and the trade community to ensure that these criteria will be included in new trade rules on fisheries subsidies. The latest draft of new rules, proposed by the Chair of the negotiations, is clearly based on the UNEP proposal with the basic idea of making the exceptional granting of fisheries subsidies dependent on stock-, capacity- and management-related criteria. The most recent UNEP informal consultations for WTO negotiators on 1 April 2009 provided an overview of the environmental aspects of the negotiations and shed further light on the technicalities of the sustainability criteria.
 - ii) At the national and regional level, DTIE works with policy makers to apply the sustainability criteria to their subsidization policies. Given the growing governmental interest in improving the economic and environmental management of the fisheries sector, a number of developing country governments have requested UNEP to conduct regional capacity building workshops for capital-based trade and fisheries officials. The first one, to take place for the Latin American Region in July in Ecuador, will be supported by the Commission Permanent de Pacifico del Sur (CPPS), WWF and the Ecuadorian government. A UNEP study on the environmental and economic impacts of subsidies on Ecuadorian tuna will be released at this meeting and will inform the consultations.
- 2) **Capacity Building Activities²**: DTIE is currently implementing three country studies - each dealing with different aspects of sustainable fisheries. The focus in Ecuador is on the impact of subsidies to the Tuna industry; in South Africa the challenges and opportunities of eco-labelling for Southern African fisheries are analyzed; in Vietnam, fisheries subsidies policies, the challenges and opportunities of certification, and fisheries supply chains are studied. The aim of these studies is to assist and strengthen the capacities of governments and stakeholders to promote the sustainable management of fisheries and to contribute to poverty reduction.
- 3) **Green Economy Initiative (GEI)**: Launched in October 2008, the GEI is an effort involving a broad range of stakeholders to make the economic case that an integral response to the economic, financing, food, climate and energy crises can generate both economic and ecological gains for the world of today and future generations. Work on fisheries under the GEI examines the fisheries sector from the perspective of its contribution to economic growth, employment and food security and explains the economic rationale for a reform that would ensure long-term sustainability of the sector. According to the World Bank, the difference between the potential and actual net economic benefits from global marine fisheries is in the order of USD 50 billion per annum. This is due to massive fleet overcapacity and depleted fish stocks. The GEI will provide further analysis of the economic and environmental gains of keeping the global fishing industry (small scale and industrial fishing) within the limits of the marine resources, or for a re-building of the resource, and demonstrate the opportunities of value addition versus uncontrolled expansion of fishing effort, and the opportunity costs of developing non-marine fisheries. The Green Economy Report is due to be finalized by mid 2010.

² To date, UNEP ETB has undertaken 11 Country Projects in the fisheries sector. These projects have confirmed the negative effects of poorly managed subsidies, particularly their contribution to resource and environmental depletion, food insecurity and unemployment and have developed recommendations for more coherent and transparent policy-making.

- 4) **Fisheries Certification and Ecolabelling as market-based incentives:** DTIE plays a lead role in promoting new market-based approaches and incentives to improve the sustainability of industrial and small-scale fisheries, such as the implementation of sustainability certification schemes. These schemes are important tools to improve fisheries management and combat illegal fishing, to enhance traceability and consumer awareness and to provide new market access opportunities. As a first step, a review of different fisheries labelling schemes and an assessment of the costs and benefits of eco-labelling for different stakeholders has been carried out.

A stakeholder workshop in South Africa in November 2008 identified ways to overcome some of the challenges of certification for developing countries and paved the way towards better collaboration between different actors.

In addition to creating local capacity for enhancing certification in the country-project areas, DTIE works closely with industry representatives along the supply chain to advance certification (including fishermen, wholesalers, traders, processors, retailers). DTIE is currently following up on recommendations from the UNEP private sector round table in Paris in Sept 2008 related to future activities on the proliferation of labels, the environmental, development and trade impacts of certification, and the role of governments and public-private partnerships to establish more sustainable fisheries supply chains. In the future, DTIE is particularly interested in working on best-practice for certification, based on the need for an integrated approach to improving supply-chains that respond to new challenges, such as carbon footprinting.

- 5) **Improving the Management of Fisheries Supply Chains:** A forthcoming UNEP study illustrates the main sustainability concerns along the supply-chain and identifies first steps to overcome those. To build further capacity in this area, DTIE is currently implementing a Norway-funded project on “Establishing sustainable, resource-efficient agri-food supply chains”. The focus of the project is on improving resource efficiency, including ecosystem services underpinning agricultural and fisheries production, as well as energy and water consumed in production, processing and trade. For the selected supply-chain, assessment tools, guidelines, better management practices, investment recommendations and private-public partnerships will be developed to improve resource efficiency.
- 6) **Outreach activities:** DTIE is increasing its outreach on the need for fisheries subsidies reform through a variety of communication channels, including a new book and a film on fisheries subsidies, a CD ROM with all UNEP publications, a UNEP brochure on the WTO negotiations, contributions to newsletters and publications and speeches at international conferences.

Publications (all available at: <http://www.unep.ch/etb/publications/FishTechnPolicyPapers.php>):

- Towards Sustainable Fisheries Access Agreements: Issues and Options at the World Trade Organization (2008)
- Sustainability Criteria for Fisheries Subsidies – Options for the WTO and Beyond (2007)
- Reflecting Sustainable Development and Special and Differential Treatment for Developing Countries in the Context of New WTO Fisheries Subsidies Rules (2005)
- Artisanal Fishing: Promoting Poverty Reduction and Community Development Through New WTO Rules on Fisheries Subsidies (2005)
- Incorporating Resource Impact into Fisheries Subsidies disciplines: Issues and Options – A Discussion (2004)
- Analyzing the Resource Impact of Fisheries Subsidies: A Matrix Approach (2004)

- Fisheries Subsidies and Overfishing: Towards a Structured Discussion (2001)
- Fisheries Subsidies, Overfishing and Trade (1998)

Events (http://www.unep.ch/etb/events/Fish_events.php):

2004-09: Sponsored a series of symposia, roundtables, and workshops aimed at (i) feeding “issues and options” analyses into the WTO fisheries subsidies negotiations, (ii) building capacity of governments to engage in the WTO negotiations, and (iii) facilitating informal discussions among WTO delegations and between trade officials, fisheries officials, and non-governmental experts and stakeholders. Events included:

- *The WTO Fisheries Subsidies Negotiations: Update and Introductory Briefing for New Delegates*, 1 April 2009 (with WWF)
- *Alliances Workshop at IUCN World Conservation Congress: "Fishing for Sustainability: Maintaining Momentum for Fisheries Subsidies Reform"*, 6 October 2008
- *Technical and Informal Workshop on WTO Disciplines on Fisheries Subsidies: Elements of the Chair's Draft Text*, 29 January 2008
- *Launching event of the UNEP-WWF publication: "Sustainability Criteria for Fisheries Subsidies – Options for the WTO and Beyond"*, 26 September 2007 (with WWF)
- *Symposium on Disciplining Fisheries Subsidies: Incorporating Sustainability at the WTO & Beyond*, 1-2 March 2007 (with WWF)
- *Workshop on Development and Sustainability in the WTO Fisheries Subsidies Negotiations: Issues and Alternatives*, 11 May 2006 (with WWF)
- *Briefing on the WTO Negotiations on Fisheries Subsidies: Issues and Options for Developing Countries*, 27 April 2006 (with WWF and ICTSD)
- *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 (with WWF)
- *Roundtable: Promoting Development and Sustainability in Fishery Subsidies Disciplines*, 30 June 2005
- *Workshop on Fisheries Subsidies and Sustainable Fisheries Management*, 26-27 April 2004

1998-2003: Bi-annual expert group meetings

1997: UNEP-WWF symposium on *Subsidies and the Depletion of World Fisheries*

Country projects (<http://www.unep.ch/etb/publications/FishCountryStudies.php>):

2003-09: Conducted 14 country projects confirming the negative impacts of subsidies on fisheries resources, food security, and livelihoods