

FISHERIES SUBSIDY AND THE ROLE OF REGIONAL FISHERIES MANAGEMENT ORGANISATIONS: THE CARIBBEAN EXPERIENCE

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Introduction

Caribbean countries, particularly the small island states, are highly dependent upon their marine resources for economic and social development. Fisheries is an important source of livelihood and sustenance for the people of the region, contributing towards food security, poverty alleviation, employment, foreign exchange earnings, development and stability of rural and coastal communities, and culture, recreation and tourism.

The maritime space of the Caribbean ACP (CARIFORUM)² countries is substantially larger than the land space. For example, the land area of Antigua and Barbuda is approximately 440 km² whereas the area of the EEZ is 110,103 km², the land area of Barbados is approximately 430 km² whereas the area of the EEZ is 167,384 km², and the land area of Jamaica is approximately 11,000 km², whereas the EEZ is approximately 300,000 km². The total land area of the Caribbean ACP States is 484,716 km² whereas the total area of the EEZ is 2,205,470 km². Approximately 82 % of the area under our jurisdiction is maritime space, which includes both the seabed and water column with their different ecosystems, and living and non-living resources. Caribbean countries must manage, protect and use these resources in a sustainable manner for human and economic development.

Based on the available statistics, annual nominal production of fish in the Caribbean ACP States have been growing steadily since the 1950s reaching about 195,000 MT valued at about US\$ 700 million in 2000. Entry and investments in the industry is growing as the uncertainty regarding the future of traditional industries such as banana and sugar loom because of pressures to remove existing preferential trade

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² The Caribbean ACP States are Antigua and Barbuda, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, The Bahamas, Trinidad and Tobago, and Suriname

arrangements arising from WTO agreements. Fisheries accounts for up to 8 % of some CARIFORUM States' GDP (CFU, 2002). The true contribution of fisheries to Caribbean economies is however, much higher since the processing and distribution aspects of the industry are not included in the fisheries sub-sector GDP. Furthermore these figures do not include the contribution of the recreational fishery, which is a rapidly growing sub-sector closely linked to tourism. The Bahamas for example estimate that recreational fisheries generate about US\$ 100 million in revenue each year (personal communication).

Exports of fish from the Caribbean region have been growing steadily and in 2000 were estimated at approximately US\$ 150million, up from US\$ 13.8million in 1986. Export products are dominated by high-value commodities such as shrimp, spiny lobster, tunas, queen conch, deep-water snappers and groupers, which command premium prices on the international market. Caribbean fisheries are generally competitive on the export market even with only negligible governmental support and subsidies.

Consumption of fish and seafood in several of the Caribbean ACP States is higher than local production and has to be satisfied by imports. Imports of fish and fishery products stood at approximately 57,000 MT in 1998. Imports are very high in some insular states and account for a large portion of the fish supplied for human consumption, for example Haiti, Dominican Republic and Jamaica normally import 50- 60 % of their needs. The composition of imports is dominated by dried, salted and smoked fish. Generally, marine products with high economic value are exported, whereas products with high nutritive value and lower prices are imported to satisfy basic needs. Fresh, chilled and frozen products are also imported, mainly by the countries with relatively large tourist industries, such as the Dominican Republic, Jamaica, and Barbados.

Fishery resources play a very important role in nutrition and food security within the Caribbean region. Fish is a vital source of animal protein and minerals in the diet of Caribbean people, particularly the poor and vulnerable members of society. Per capita consumption of fish in the region is between 23 kg and 25 kg per year, which is well

above the world average. Per capita consumption of fish is approximately 67 kg in Guyana, the highest in the region.

Perhaps one of the most important roles of fisheries in the Caribbean is the employment opportunities which the sector provides for thousands of people in a region where high levels of unemployment and under-employment continue to be a major concern. The fishery sector provides stable direct and indirect employment for approximately 182,000 persons in the Caribbean ACP states. The fisheries sector creates employment and livelihood opportunities for some of the most socio-economically disadvantaged in our societies, including the least educated, the rural poor, and women.

Since the 1980s aquaculture has been making a small but increasingly significant contribution to the economies of the countries of the region. Aquaculture has a relatively short history in the Caribbean and is consequently generally poorly developed in most countries. At present, significant aquaculture exist in only two (2) Caribbean ACP countries - Belize and Jamaica. Although aquaculture is a sub-sector with substantial potential for further expansion, at this time it is still in an embryonic stage of development in the Caribbean region.

Fisheries management

Within the Caribbean region most of the traditional commercially important species and species groups are reported to be either fully developed or over-exploited. These include queen conch (*Strombus gigas*), spiny lobster (*Panulirus argus*), shrimp (including *Penaeus subtilis*, *Penaeus schmitti*, *Penaeus brasiliensis*, *Penaeus notialis* and *Xiphopenaeus kroyeri*), shallow shelf reef-fishes (particularly members of the lutjanidae and serranidae families) and some of the large pelagic species which are managed by the International Commission for the Conservation of Atlantic Tunas (ICCAT). There are, however, some species that are under-utilized and are not making optimum contribution to the socio-economic development of the countries. These include some regionally distributed pelagic fishes such as wahoo (*Acanthocybium solandri*), dolphinfish (*Coryphaena hippurus*), and blackfin tuna (*Thunnus atlanticus*); squids such as the

diamondback squid (*Thysanoteuthis rhombus*); deep-slope snappers and groupers, and some small coastal pelagic species including members of the carangidae, clupeidae, and engraulidae families.

Fisheries management systems in the CARICOM³ countries, particularly the legal, regulatory and institutional framework tend to be weak and ineffective and consequently need substantial upgrading to ensure adequate protection of the resource and sustainable fisheries. Inadequate management is recognized as one of the main reasons for illegal, unregulated and unreported (IUU) fishing, over-fishing and degradation of essential habitats and ecosystems. Frequent illegal incursions and unregulated fishing by foreign vessels in the waters under the national jurisdiction of several CARICOM Member and Associate Member States is a major problem. IUU fishing by local fishers operating within the territorial seas and EEZs have also been identified as a major problem. Local fishers frequently disregard regulations regarding licensing and registration of fishers and fishing boats, gear limitations, closed seasons, closed areas, minimum harvest size of fishes, among other measures designed to protect and conserve the fishery resources (Haughton, 2003).

The capacity for effective fisheries management varies significantly between the different countries of the Wider Caribbean region. There are significant institutional and human capacities in some countries for assessing, monitoring and managing fisheries, while in others fisheries are either managed in an elementary manner or unmanaged. However, according to FAO (2003), even among the most developed countries there are problems coping with the large number of species, and from the region as a whole there is little information on the status of the commercially important resources and even less on the hundreds of species of lesser importance to the region's fisheries. Strengthening management, including systems for monitoring, control and surveillance is therefore considered to be one of the major challenges to achieving sustainable fisheries in the

³ CARICOM Members and Associate Members are Antigua and Barbuda, Anguilla, Cayman Islands, Barbados, Belize, British Virgin Islands, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, The Bahamas, Trinidad and Tobago, Turks and Caicos Islands, and Suriname

Caribbean. The root problem is that Caribbean developing states, as a consequence of their small and fragile economies, have very limited financial, institutional and human resources to devote to fisheries management, bearing in mind the other more basic social and economic challenges they face. For these reasons the countries have maintained heavy reliance on external support for sustainable fisheries development and management.

The countries are, nevertheless, committed to sustainable development of their fisheries and aquaculture resources for the benefit of the people of the region, in accordance with international agreements and protocols promoting sustainable utilization and conservation of coastal and marine resources such as UNCLOS, the Code of Conduct on Responsible Fisheries and the UN Agreement on the Management of Highly Migratory Fish Stocks and Straddling Fish Stocks.

The commitment of CARICOM countries in improving fisheries conservation and management is further demonstrated by the decision of the Heads of Government when they signed the Inter-governmental Agreement establishing the Caribbean Regional Fisheries Mechanism (CRFM) in 2002. The CRFM is an independent regional fisheries body established to manage and promote sustainable use of the fisheries resources of the members of the CRFM within the Caribbean. The objectives of the CRFM as stated in the Agreement establishing the organization (CARICOM Fisheries Unit, 2002) are:

- the efficient management and sustainable development of marine and other aquatic resources within the jurisdictions of Member States;
- the promotion and establishment of co-operative arrangements among interested States for the efficient management of shared, straddling or highly migratory marine and other aquatic resources;
- the provision of technical advisory and consultative services to fisheries divisions of Member States in the development, management and conservation of their marine and other aquatic resources.

In March 2003, the CRFM formally replaced the CARICOM Fisheries Unit (CFU), which was established in 1991 with funding and technical assistance from the Government of Canada to implement the CARICOM Fisheries Resource Assessment and

Management Program (CFRAMP) that was established to promote sustainable use and conservation of the region's fisheries (Haughton, 2004). At the heart of the CRFM Agreement is a commitment to improve conservation, protection and sustainable use of the fishery resources of the Caribbean through closer cooperation among Caribbean States in accordance with the principles laid down by the 1982 United Nations Convention on the Law of the Sea (UNCLOS) and the UN Code of Conduct for Responsible Fisheries (Haughton *et al.* 2004). It is also a bold attempt to be more self-reliant and to take greater control over the aquatic resources on which so many of our people and communities depend for their livelihood and sustenance.

In addition to the CRFM, the other major fisheries body in the Caribbean is FAO/Western Central Atlantic Fisheries Commission, which plays an important role in promoting sustainable fisheries development and management in the Wider Caribbean by providing technical assistance to member states and a forum for discussion and exchange of information regarding fisheries matters. There are also other international and regional organizations that provide support for various aspects of fisheries management. These include, UNEP RCU, The University of the West Indies, the Organization of Eastern Caribbean States (OECS) and IOCARIBE.

The Convention for the Protection and Development of the Marine Environment of the Wider Caribbean Region (the Cartagena Convention), is a legally binding environmental treaty whose objective is to help the countries of the region to protect, develop and manage their common waters individually or jointly. The Protocol Concerning Specially Protected Areas and Wildlife (SPAW Protocol), which entered into force in 2001, is designed to protect rare and fragile ecosystems and habitats, thereby protecting the endangered and threatened species residing therein. The Regional Coordinating Unit (RCU) of UNEP located in Kingston, Jamaica, pursues this objective by assisting with the establishment and proper management of protected areas, by promoting sustainable use and management of species to prevent their endangerment, and by providing assistance to the governments of the region in conserving their coastal ecosystems (UNEP, 1983).

Within the practical limitations posed by resource and capacity constraints the Caribbean ACP countries are committed to the development and implementation of policies and programs to better utilize and manage the regions' fisheries resources based on the best available scientific information. In this regard, our countries support the current initiatives to clarify and improve understanding of subsidies and their relationship to over-exploitation of fisheries resources and trade distortion, and consequently improved disciplines on subsidies in the fisheries sector within the context of the WTO negotiations, bearing in mind the importance of the sector to our social and economic development.

Fisheries subsidy in the Caribbean

When we consider the topic of subsidy, perhaps the single most important issue in the Caribbean is the lack of data, information and documentation regarding the nature, extent and impact of subsidies on the fisheries of the region. The issue has only recently been placed on the national and regional agenda for debate, discussion and more in-depth study, arising from the 4th WTO Ministerial Conference in Doha, Qatar in November 2001, the UNEP workshop on the “Impacts of Trade-Related Policies on Fisheries and Measures Required for their Sustainable Management” which was held in Geneva in March 2002 and the case studies and consultations among Inter-Governmental Organizations convened by FAO since 2001. It is not possible at this time to determine the magnitude of subsidies and whether or not they are having negative environmental, economic or social impact on the fisheries.

The CRFM recently initiated a study to improve understanding of the impact of trade liberalization policies on the fisheries sector in the Caribbean ACP countries. The main areas for examination include trade policies, legislation and regulations, fishery management systems, fish production and the status of fishery resources, trade statistics, and level of participation in the current regional and international trade negotiations, and subsidies. With respect to subsidies, the study will:

- identify and document the nature and extent of subsidies and other forms of economic incentives provided by governments to the fisheries sector,
- identify and document the nature and magnitude of the impact of subsidies on sustainability of the fishery resources, including any relationship that may exist between subsidies and over-capacity and over-fishing, and
- identify and document the nature and magnitude of the impact of subsidies on trade in fish and fish products.

The output of this study, which is the first regional examination of the issue of fisheries subsidy in the Caribbean, is expected during the summer of 2004.

If we use a broad definition of subsidy to include all government interventions – or lack of interventions – that affect the fisheries, and that has an economic value as proposed by FAO, then several CARICOM Member States and Associate Member States are providing subsidies to the fisheries sector. They provide direct or indirect subsidies to the fisheries sector in the form of incentives aimed at stimulating growth and development of fisheries and aquaculture primarily by reducing the cost inputs. These have typically included the provision of subsidized fuel, duty concessions on the purchase of fishing gear and equipment, including fishing boats and engines, and the provision of subsidized loans to fishermen through special credit schemes. The level of incentives and support provided, vary from country to country but is considered negligible overall.

Government subsidies to the fisheries sector have been substantially reduced over the past two decades and are generally considered to be negligible in most Caribbean countries at this time. This is largely due to the structural adjustment policies adopted by the governments and the fact that financial resources are just not available to provide significant support to the fisheries sector, either for administration, regulation or to support the industry.

At the global level, based on the studies that have been done, there is general agreement that some fishing subsidies are trade distorting and contribute to overcapacity and unsustainable levels of fishing, especially in the absence of effective fisheries management systems. Subsidies that are contributing to overcapacity, unsustainable fishing effort, and illegal, unreported and unregulated (IUU) fishing need to be addressed with urgency given the state of world fisheries. However, reforming these harmful subsidies by themselves will not be enough to solve the intractable environmental problems because subsidies represent at best, only a subset of the factors contributing to the problem. Subsidy reforms must be accompanied by concurrent efforts to strengthen the legal and regulatory framework and institutional capacity for improve fisheries management, especially in developing countries where management systems tend to be weak and ineffective. Without minimizing the need to discipline fisheries subsidies, any new international regime should be holistic, integrated and interdisciplinary, addressing not only trade rules but also the related economic, social, environmental and technical dimensions of the problem. This requires significant cooperation among the organizations with competency in the different disciplines that ought to be taken into consideration in arriving at a comprehensive regime. At the national level it requires interdisciplinary approach and coordination among several agencies and at the international level a similar approach is required among the different international organizations with competency in the different areas being addressed.

The special situation of developing countries should be highlighted, in particular the small island developing states of the Caribbean, and their need for special and differential treatment with regard to future fisheries subsidies disciplines. In July 2003 four Caribbean countries joined other SIDs from the Pacific and Indian Oceans in submitting a proposal to the WTO Negotiating Group on Rules (paper TN/RL/W/136, 14 July 2003) seeking “appropriate special and differential treatment” in the current WTO negotiations. Such treatment is justified on the basis of the specificities of the countries including high dependence on fisheries, their vulnerabilities and inherent economic disadvantages owing to their smallness and limited economic base. While this has been recognized at several international fora not much has been done to improve

understanding of the situation and develop concrete strategies to deal with the issue. More needs to be done to provide the small developing Caribbean countries, and the small island developing states in particular, with technical assistance in natural resource conservation and management through the various international environmental organizations working in the fisheries sector. In this connection CARICOM Countries support the initiatives of organizations such as FAO, UNEP, ACP and UNCTAD in conducting studies, disseminating information, promoting discussion and exchanges and building capacity to better understand fisheries subsidies and participate in the on-going debates and negotiations. As a consequence of our limited capacity to carry out the empirical and analytical studies needed, the CARICOM countries are more dependent upon the work of these organizations. The studies and consultations conducted by UNEP and FAO have been very helpful to Caribbean states in understanding the issues and developing suitable research methodologies for further investigating the issue the region. These complement and support our own initiatives.

In light of the above, the rules on fisheries subsidies should be clear, simple and easy to implement. Fishing subsidies should not be allowed to contribute to overcapacity or overfishing and so the use of capacity enhancing subsidies should not be permitted in fisheries that are either fully developed or over-exploited. Certain fishing subsidies could be actionable if they cause negative effects. Other subsidies that can have beneficial and positive impacts on the resources could potentially be placed in a category that would allow them, if certain safeguards and disciplines were in place.

Recognizing the special importance of the fisheries sector for small-island developing countries and the need for special and differential treatment, consideration should be given to exempting fisheries that are under-exploited and fisheries/aquaculture operations that are conducted either for subsistence or as a social safety net to alleviate poverty and provide gainful employment especially for marginalized and isolated coastal communities. In the case of under-exploited fisheries, a fishery management system and stock assessment studies should be undertaken to monitor the fishery and remove the

subsidies once certain reference points are reached indicating that the fishery is moving towards full exploitation.

The subsidy debate is a difficult one for many Small Island and Small Developing States in the Caribbean. While subsidies are generally not considered a major issue affecting our fisheries, nevertheless, new WTO rules that could have significant negative impact on the fisheries sector, which is important to the social and economic well-being of so many coastal communities are possible, if the importance of the fisheries are not adequately taken into consideration in formulating the new rules.

The capacity and practical demands of preparing for and sustaining negotiations in multiple fora at the same time while continuing meaningful work at home is not an insignificant challenge for the small Caribbean states. In the face of such challenges, countries might only be able to monitor the process and make occasional interventions rather than fully take part in the debates and negotiation.

In light of the above, the CRFM, an indigenous regional fisheries body, would seem to be in a position to play a vital role in advancing the work on fisheries subsidies. Given the vital role of regional fisheries management organizations such as the CRFM in promoting the orderly development, conservation and management of the fisheries resources, it is important that such organizations also participate in the debates, discussions, negotiations and research work on fisheries subsidies. Work on fisheries subsidies should be linked to and integrated into on-going efforts to improve fisheries conservation and management, as well as to facilitate trade and improved market access for fish and fishery products from Caribbean states. In the Caribbean the CRFM has in place an institutional arrangement through which stakeholders, including policy makers, researchers, and resource users are able to participate in the discussions and decision-making process regarding fisheries issues and through which relevant information can be easily disseminated to all stakeholders.

Conclusion

Caribbean societies will remain dependent on their fisheries resources for food security and socio-economic development. Long-term sustainable benefits will only be possible if there is improved management based on improved knowledge and understanding of the fisheries resource systems, the needs and perspectives of the stakeholders and the economic factors influencing the state of the resource including the nature, extent and impact of subsidies. Caribbean states are committed to working with interested parties in improving understanding of the environmental, economic and social impacts of subsidies and improving WTO disciplines on fisheries subsidies that are trade distorting and/or environmentally damaging. Eliminating harmful subsidies without also implementing effective fisheries management systems capable of regulating and controlling fishing effort will not produce the desired results. Both must be done together.

The CRFM and other RFMOs appear to be strategically positioned to coordinate and support efforts to improve understanding of subsidies and assist with the development of new rules that are necessary, especially in the Caribbean and in other developing countries with limited capacity. Such bodies would also have an important role in facilitating the implementation of any new rules agreed upon to discipline fisheries subsidies. Attention should also be given to supporting and strengthening the capacity of RFMOs to carry out their responsibilities.

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