

Report

Idea of March

A recent workshop of the United Nations Environment Programme focused on trade-related policies and measures for sustainable fisheries management

Four months after the World Trade Organization (WTO) Ministerial Declaration at Doha to, *inter alia*, clarify and improve subsidies in fisheries (see *SAMUDRA Report* 30, December 2001), the United Nations Environment Programme (UNEP) organized a workshop, arguably the first of its kind since Doha, on the impacts of trade-related policies on fisheries and measures for sustainable fisheries management at the Palais des Nations, Geneva, on 15 March 2002.

Participants included representatives of governments, multilateral organizations like WTO, the Organization for Economic Co-operation and Development (OECD) and the Food and Agriculture Organization of the United Nations (FAO), and NGOs like World Wide Fund for Nature (WWF), Greenpeace International, International Centre for Trade and Sustainable Development (ICTSD) and ICSF. The European Parliament was also represented. The main focus of the workshop was on fisheries subsidies.

Opening the workshop, Alejandro Jara, the Chilean representative to the WTO, highlighted the importance of fish trade for developing countries. Fisheries subsidies, he said, were part and parcel of trade negotiations, and not environmental ones. Reflecting the views of 'Friends of Fish', he observed that the WTO Agreement on Subsidies and Countervailing Measures (SCM) was not designed to take into account the specific problems of the fisheries sector. Negotiating fisheries subsidies as a separate agenda item, therefore, was important, he said.

In the introduction to the workshop, the Chief of UNEP's Division of Technology,

Industry and Economics talked of a range of financial transfers (read subsidies) provided by governments that either contributed to enhancing fishing capacity, or provided infrastructure that explicitly benefited the fisheries sector, or contributed to fisheries management. It was suggested that the economic, social and environmental effects of subsidies should be properly categorized, that particular conditions and needs of developing countries, especially those of small-scale fisheries, should be taken into account, and that the role of subsidies in achieving sustainable development ought to be considered.

To address challenges and key concerns, especially to reduce trade distortions and to protect the marine environment, it was proposed that the fisheries impacts on different fish stocks be studied to identify appropriate action on subsidies, especially to understand the links between subsidies, overcapacity and overfishing, on the one hand, and subsidies and fisheries management, on the other.

More workshops

It was further proposed to analyze the effect of trade liberalization on the fisheries sector. Workshops involving different stakeholders were proposed to better define the problem and to build partnerships. The need for greater transparency in fisheries subsidies was also highlighted. UNEP said it would undertake more country studies to better define and categorize subsidies and their effects—for example, the impact of subsidies in open-access, unregulated and overexploited fisheries. It proposed a 'matrix approach' to categorize subsidies, and sought international co-operation to manage fisheries that were believed to be unsustainable.

The workshop had four sessions. The first was on national experiences, assessing the impacts of trade and trade-related policies and sustainable fisheries management. The second was on the role of international organizations in advancing sustainable fisheries policies through addressing subsidies. The third session focused on subsidies and trade-related issues in sustainable fisheries management. And the final one listed the workshop's main conclusions and recommendations for follow-up.

The first case study on Bangladesh showed that subsidies were quite low as a share of the landed value of the country's catch, and the status of marine fisheries was argued to be healthy.

At the current level of marine fish production, which was far below the estimated Maximum Sustainable Yield (MSY), it was proposed that the international community should assist Bangladesh to protect its marine fisheries resources from poaching by neighbouring countries and to further assist it to harvest surplus fisheries resources. There was, however, no disaggregated analysis of the status of fish stocks that catered to the export and domestic markets.

In the discussion that followed, the representative of the European Parliament raised some reservations about the usefulness of MSY as a tool for estimating fisheries resource potential. He highlighted the importance of using a precautionary approach in estimating fisheries resource potential.

Mauritania, the second case study presented, is principally dependent on fisheries resources for employment and foreign exchange. The development of fisheries, which started in the mid-1980s, was synonymous with development of trade opportunities, since most of the fish produced was exported.

The fisheries sector contributed to more than 50 per cent of export earnings and 12 per cent of Gross Domestic Product (GDP). Demersal stocks, especially of octopus, were overexploited, while the large pelagic resources were still underexploited. Fishing capacity was

high for demersal stocks and low for pelagic ones.

While Mauritania did not subsidize its domestic fishing fleet, the European Union (EU) fleet in Mauritanian waters was subsidized, and posed unhealthy competition to the domestic fleet, caused overfishing of demersal stocks and distorted trade. It was, however, pointed out that there was room for fishing capacity in pelagic fisheries, especially for the EU fishing fleets. In addition to the EU, foreign fleet in Mauritanian waters came from China and Eastern Europe. To protect demersal stocks and biodiversity, and to develop artisanal fisheries, Mauritania was planning to forbid bottom-trawling within the 20-m isobath. The domestic market could absorb only one-sixth of the potential for pelagic fish production. Although Mauritania had many fish processing plants, access to markets for processed fish, which generates local employment, was not as good as that for raw fish.

The Japanese presentation highlighted how price incentives in the Japanese market has acted as an incentive for heightened fishing pressure and overfishing of bigeye tuna in the Indian Ocean, from non-member countries of the Indian Ocean Tuna Commission (IOTC). Since 1998, the catch of non-members exceeded that of member countries. The importance of adopting and implementing tangible management measures to prevent overfishing at the regional level was highlighted.

Participating in the discussion, the representative of Greenpeace International drew attention to the trade-related measures adopted by the International Commission for the Conservation of Atlantic Tunas (ICCAT) to close the markets of its member countries to Atlantic bigeye tuna caught by illegal, unreported, and unregulated (IUU) fishing vessels, and asked for similar measures to be adopted by the IOTC.

Japan's position

Japan stressed the importance of capacity-building at the national level for fisheries management and advocated stringent management measures for both member and non-member countries of

IOTC. The Japanese presentation further stressed the need for a case-by-case approach, arguing that each fishery has a different background and that an a priori approach (read: fisheries subsidies as the main cause of overcapacity and overfishing) cannot work in the fisheries sector.

In the second session on the role of international organizations in advancing sustainable fisheries policies through addressing subsidies, WTO, OECD, FAO and WWF participated. The WTO representative said fisheries was already part of the natural resources group during the Uruguay Round negotiations and that various groups of countries have various approaches, and that “nothing is agreed until everything is agreed”.

Instead of the term ‘subsidies’, OECD uses ‘government financial transfers’. The extent of congruence of the OECD definition of government financial transfers with the definition of subsidies under the SCM Agreement was yet not clear. The WTO definition is more legal, while the OECD definition is more economic. OECD gathers information on government financial transfers of its 30 member countries.

Seventy per cent of such transfers were for general services, which included expenditure on infrastructure; fisheries

management costs; and fisheries research costs. The most significant were the financial transfers that went for enforcement and surveillance—several member countries cannot recall how much was spent on enforcement and surveillance because these items fell under their defence budgets—followed by fisheries research. Some of the missing data on government financial transfers, according to OECD, included regional and local transfers, non-budget transfers (through provisions in tax laws), market price support, and uneven coverage across countries.

Acknowledging ambiguities in the definition of fisheries subsidies, the third session of the workshop focused on subsidies and trade-related issues in sustainable fisheries management and whether or not to have a working definition of subsidies. Four options were proposed:

- the adequacy of existing definitions under SCM Agreement;
- making sector-specific clarifications on the SCM definition by including indirect, but explicit, subsidies like provision of fisheries infrastructure projects;
- whether or not to include the costs of fisheries management services; and

- whether or not failure by government to enforce adequately sustainable fishing practices should be treated as a subsidy.

Categorization of subsidies as harmful or otherwise, and impact of subsidy removal on fish stocks were also raised for discussion. Jamaica was concerned that only the impact of subsidies on fisheries, and not on fishers, was being discussed and wondered if WTO indeed was the place to discuss issues other than international trade.

Canada was not happy with the proposed working definition. Giving the example of ecosystem-based approach to fisheries management, Canada said such management measures would benefit the ocean in general, not just fisheries in particular, and wondered which part of the subsidies on such fisheries management would go to the fisheries and which part to the oceans

Japan said no concrete examples were provided for subsidies in the case studies conducted by UNEP. There was no clear definition that partially explained why only a few countries, that too from the industrialized countries, notified subsidies to WTO. Japan, for example, does not notify its subsidies to WTO for lack of clear definition. It did not like the idea of treating fishing ports as subsidies because the SCM Agreement has excluded infrastructure from the purview of subsidies. It also agreed with the Canadian position that fisheries management costs should not be treated as subsidies. What was more important, from the Japanese point of view, were trade distortions caused by non-binding behaviour of fishing nations. Japan further observed that financial assistance given to developing countries do not figure as subsidies under the SCM Agreement, and argued that if fisheries resources were not well managed, fishing vessels should not be given to developing countries as donor assistance.

The United States (US) proposed a consultation of economists and legal experts to ascertain whether or not SCM covers fisheries subsidies. The OECD said trade and resource impacts should be put together, and observed that different

subsidies can have different outcomes, depending on the status of fisheries. It asked for greater clarity on the objective of looking at subsidies regimes. Korea was also concerned about the third and fourth options discussed above, observing that (a) fisheries management services were generally regarded as environmentally friendly and contributing to sustainability; and (b) it was not practicable to identify failures by governments to enforce sustainable fishing practices.

New Zealand wanted to look at the trade and environment impacts of the first to fourth options mentioned above. France said subsidies that contributed to fishers' security are important. Jamaica supported the position of Japan, Canada and Korea in relation to the third and fourth options, and said it was also important to look at political and social structures in developing countries, as well as to take into account cultural aspects.

The European Commission (EC) said the SCM Agreement applied to fish and fish products, and it disagreed with New Zealand. The EC argued that instead of having visions of 'green' vs 'red', the best approach to subsidies issues in fisheries would be to adopt a holistic approach to fisheries that addressed both trade and sustainable development.

All development aid should be considered as subsidies, said EC, adding that aid should be for sustainability and development. Referring to the European Development Fund (EDF), the EC said the development of artisanal fisheries and fisheries management is part of the assistance that Europe provides to developing countries. It further said that it helps, *inter alia*, infrastructure development of fishing communities, and monitoring, control and surveillance (MCS) of fishing fleet in developing countries.

Methodologies

The third session of the workshop then discussed establishing causal linkages between types of subsidies, conditions of management and the state of fish stocks. How to disentangle the impact of subsidies from the impact of open access was asked, and it was proposed that there

are methodologies to achieve this goal. Spain was not happy with the proposition from UNEP, arguing that it was difficult to imagine a totally open-access fisheries or a totally impregnable property regime.


Jamaica was worried that looking at causal linkages between types of subsidies, conditions of management and the state of fish stocks would erode certain types of assistance to fisheries of developing countries from the industrialized countries. Countries like Canada and EC, however, did not want to look at fisheries subsidies in isolation. The US, on the other hand, felt it might be useful, considering that the SCM Agreement was limited in scope as far as fisheries subsidies were concerned. It further observed that, in WTO, the members were getting closer to a 'red' list of fisheries subsidies. New Zealand said a multistrand approach to fisheries subsidies issues would not be a productive approach.

The discussion moved to special treatment for developing countries in international policy on fisheries subsidy reform. The priorities of developing countries—whether to develop underexploited fisheries resources or to replace foreign fishing fleet with their own domestic fishing fleet or to build up fisheries that were overexploited—were raised.

ICSF stressed the importance of giving special emphasis to small-scale fisheries. It highlighted the need to use subsidies regimes not only in relation to fishery-dependent priorities, but also to help fishers to move from one fishery to another, or from fishing to non-fishing activities as a result of fishery-independent factors like El Nino or habitat degradation. It also raised the importance of lowering tariffs in the EU and US markets for processed fish and fish products, arguing that facilitating such access would not only create employment opportunities in developing countries, but also contribute to better conservation of fisheries resources because, as domestic processing can contribute to greater efficiency in the conversion of live-weight to product-weight.

Venezuela asked if industrialized countries could promote fisheries in developing countries that would contribute to exports from developing countries. The US said the World Bank should collaborate with developing countries to implement the FAO Code of Conduct for Responsible Fisheries.

The fourth, and final, session was rather short. UNEP said it would continue case studies and organize workshops that will be linked closely with the WTO events of relevance to fisheries. It observed that there is a need to move from national to regional levels, and to look at the international dimension of fisheries debates. UNEP considered it important to develop a positive agenda for least developed countries (LDCs) and developing countries to enable them to reflect on the social and economic impact of the Doha Round.

The debate at the workshop clearly revealed divisions, and gave clear indications of how polarized this debate could become in future, even leading to a situation with no tangible outcome. One lesson that LDCs and developing countries should keep in mind is that, in future, international aid programmes in fisheries would be increasingly linked to governance issues that, in turn, are linked to better management of water bodies and fisheries resources. 

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