

What price subsidies?

One of the most important reasons for overfishing is excessive fishing capacity. This was the main focus of the recent FAO Consultation on the Management of Fishing Capacity, Shark Fisheries and Incidental Catch of Seabirds in Longline Fisheries (see page 36). According to FAO, between 1970 and 1989, total gross registered tonnage (GRT) of the world's fishing fleets increased from 13.6 million to 25.3 million GRT. About three-quarters of this capacity belonged to the large-scale, industrial sector, which accounts for about 75 per cent of total capital investment and global marine fish production. This situation is further complicated by the fact that new fishing vessels have enormously increased their fishing power. A recent study by Greenpeace International shows that the efficiency of fishing vessels has increased over time with advancements in fishing technology. A vessel built in 1990, for example, is no longer comparable, in terms of efficiency, with a vessel of the same tonnage built in the 1970s

The world's fishing capacity grew at an alarming rate of 4.6 per cent in the 1980s, almost double the average rate of growth in fish landings. This growth in fishing capacity, according to FAO, was made possible by the higher levels of subsidies to the fisheries sector. Ever since FAO, in 1993, established the links in fisheries between excess capacity and subsidies, the international community has been focusing more attention on this issue. There is no real agreement yet on which of government financial contributions actually constitute subsidies. The information on subsidies in developing countries is scantier still. In spite of these drawbacks, there is clear indication that the levels of subsidies, at least in OECD countries, are quite high. A recent study by Matteo Milazzo, published by the World Bank, estimates the figure for environmentally harmful global fisheries subsidies at between us\$15 billion and us\$20 billion. According to Milazzo, these subsidies constituted about 20-25 per cent of global fisheries revenues, and are comparable to subsidies provided to producers of competing protein foods.

As we have argued earlier, such subsidies not only help add to excess capacity, they also facilitate fleet migration to the waters of several low-income, food-deficit countries, under the aegis of international fishery access agreements or joint ventures. In the process, the highly efficient and locally beneficial domestic artisanal fleets are often put to disadvantage. Without effective monitoring, control and surveillance systems, and in the absence of competent Flag State control, many of these fishing arrangements—for example, between the European Union and China with other developing countries—have clashed with the livelihood interests of disadvantaged coastal fishing communities.

Distorted economic incentives, in the form of subsidies and concessional credit, have also fuelled the anarchic growth of large-scale, industrial fisheries, even in developing countries. Many of the large-scale, industrial vessels, which depend on destructive and non-selective fishing methods and practices, may not even remain economically viable without such incentives.

Subsidies in the large-scale, industrial sector for indiscriminate expansion of capacity and fleet migration should be replaced with incentives for better fisheries management practices, such as rights-based fisheries and vessel buy-back schemes. Training fishers in the use of selective fishing gear and practices, implementing programmes to relocate fishers into responsible fishing, as well as non-fishing activities, are other avenues that could be explored under an incentive scheme.

However, in the small-scale, labour-intensive sectors of developing countries, a legitimate need to continue with current subsidy regimes, at least in the short run, may exist. This is because of the vital social dimension of current subsidies. In many developing countries, subsidies are often introduced to offset the negative impact of large-scale industrial fishing on artisanal fishers. In these contexts, it would not be meaningful to dismantle subsidies to the artisanal and small-scale sector until a level playing field has been established. The issue of subsidies in the artisanal sector should be taken up only after solving the problems created by subsidies in the large-scale, industrial sector.

