

FISHERIES SUBSIDIES

The following communication, dated 12 July 2003, has been received from the Delegations of Antigua and Barbuda, Belize, Fiji Islands, Guyana, the Maldives, Papua New Guinea, Solomon Islands, St Kitts and Nevis.

This paper sets out some proposals to address certain specific concerns of Small Vulnerable Coastal States as it relates to the negotiation on Fisheries Subsidies in the Agreement on Subsidies and Countervailing Measures. The multilateral trading system needs to identify and implement responses to the issues identified in this submission to overcome the inherent economic disadvantages faced by Small Vulnerable Coastal States.

Introduction

This paper addresses the concerns of small vulnerable coastal states in the Pacific and Indian Oceans and in the Caribbean Sea. These states are all small and vulnerable and their populations have a relatively high dependence upon both domestic and export fisheries which will be affected by the present negotiations.

For several years a group of large marine product exporting countries have pursued the issue of fisheries subsidies in the Committee on Trade and Environment and, following the Ministerial Conference in Doha, in the Rules Negotiating Group. The argument has been advanced though it has not been universally supported is that fisheries subsidies have had deleterious effects upon sustainable fish catches. It is the view of small vulnerable coastal states that fisheries management issues are not an appropriate subject matter for the WTO and are best addressed in other, more appropriate forums such as the FAO.

This paper seeks to address the sustainable development concerns of small vulnerable coastal states and seeks to operationalize some of the proposals with regard to Special and Differential Treatment for developing coastal states in general and small vulnerable coastal states in particular. In this regard this paper endorses the proposal of China for Special and Differential Treatment in Fisheries Subsidies negotiations (TN/RL/W/9).

Fisheries Issues of Concern to Small Vulnerable Coastal States

Fisheries activities in small vulnerable coastal states come under three separate categories:

- (1) Revenue generation from access fees for distant water fleets;
- (2) Domestic and foreign fishers operating for export in the EEZ and territorial sea to supply canneries, loining facilities and domestic processing facilities;

- (3) Artisan fisheries within the territorial sea and the EEZ for the domestic and export market.

In the fisheries sector of many small vulnerable coastal states, governments have been attempting to localise the distant water fisheries as well as develop linkages between in-shore fishery in the territorial sea and other sectors of their economies which include tourism, a substantial consumer of both domestic and imported marine products in coastal states.

1. Revenue Generation from Access Fees

It is widely, though incorrectly assumed, that fish stocks are in decline in all marine environments. This is not the case, and in those coastal states which have a substantial surplus fish stock within their maritime space and which have practiced prudent fisheries management policies, there are stocks in excess of the existing sustainable catch capacity of the domestic fleets. In these countries, many of which are least developed countries, significant government revenue has been generated from access fees from developed and developing country distant water fishing fleets.

The access fees that small vulnerable coastal states generate are almost invariably negotiated through state to state agreements where the distant water fishing nation also provides invaluable development assistance. A recent submission to the Negotiating Group on Rules (TN/RL/W/3, para 14): has served to heighten concerns amongst small vulnerable states that the intention of negotiations in this area, may be to design or by default, result in disciplines on fisheries access fees. This submission argues that:

"..the fisheries sector is distinctive in that, in addition to the standard market addressed in the SCM rules, fisheries sector subsidies can also distort access to productive resources, and can have negative effects from an environmental or developmental perspective."

2. Domestic and foreign fishers operating for export in the EEZ and territorial sea to supply canneries, loining facilities and domestic processing facilities

Access fees, while significant to some marine resource rich small vulnerable coastal states, has generally only been significant to the least developed and the most vulnerable. A far more common concern pertaining to the current negotiations on fisheries subsidies is the potential impact that new disciplines may have upon fisheries activities geared towards domestic processing and subsequent export. This is a far more widespread concern as many of the small vulnerable coastal states that do not offer access to distant water fishing nations have nevertheless sought to develop domestic capacity to use their own marine resource for development purposes. Many of these domestic facilities have formed strategic partnerships with distant water fishing nations to develop and land catches from the EEZ of small vulnerable coastal states.

In order to attract local and foreign investment in the fisheries, many developing and least developed small vulnerable coastal states have offered incentives to both local and foreign fishers to supply domestic processing facilities. These incentives are vital if small vulnerable coastal states are to develop their fisheries sector. The right of small vulnerable coastal states to domesticate their fisheries sector is assured under UNCLOS and any possible WTO disciplines should not undermine the fundamental principles of the Law of the Sea.

There has been some early discussion of the methodology to be employed in any possible fisheries subsidies negotiations. While the ASCM has considerable weakness as it pertains to special and differential treatment for developing countries, the need for departure from its methodology is as

yet to be demonstrated. The sponsors of this paper will maintain an open position with regard to proposals regarding the fisheries subsidies architecture but will oppose any new disciplines that, either directly or indirectly, undermine their development efforts in the fisheries sector.

3. Artisanal Fisheries for Export and Domestic Markets

Any new fisheries subsidy disciplines on distant water and local fleets as suggested by the proponents of such disciplines would impact on a large number of coastal small vulnerable coastal states. However, heightened subsidies disciplines, if crafted without sufficient understanding or consideration of the particular circumstances of artisan fishers, could affect the development efforts of all small vulnerable coastal states in the fisheries sector. The artisanal fisheries sector remains central to the subsistence and monetized livelihood of coastal populations throughout the developing world in general and in particular in small vulnerable coastal states. Those involved in artisan fisheries are normally low-income groups. Moreover, in many coastal developing states, women disproportionately dominate or play an increasingly important role in the artisanal sector.

In many small vulnerable coastal states governments have specific programmes to assist these groups which often include direct assistance for the purchase of monetized inputs. This type of government assistance to low income, low technology fishers to raise income levels by expanding into monetized activities for the domestic and speciality export market are vital to the development efforts of small vulnerable coastal states and raising the standard of living of what are often very low income groups. As a result any disciplines that may be developed on fisheries subsidies must be crafted so that they exempt government programmes to raise income levels of artisanal fishers.

Relevant WTO Provisions

Agreement on Subsidies and Countervailing Measures, including Article XVI GATT 1994, GATT Agreement on Subsidies and Countervailing Measures Article 1, Article 3.1, Article 27, Article 6, Annex VII, GATT

Proposals

Small vulnerable coastal states therefore seek appropriate special and differential treatment in the current negotiations on fisheries subsidies disciplines. Article 1 of the ASCM shall be clarified to explicitly exclude the following from definition of subsidy:

- (1) **Access Fees and Development Assistance** - any development assistance granted to small vulnerable coastal states by developed or more advanced developing countries to facilitate sustainable management.
- (2) **Fiscal Incentives to Domestication and Fisheries Development** - incentives applied by small vulnerable coastal states for the development and domestication of their fisheries.
- (3) **Artisanal Fisheries** - those measures undertaken by governments of small vulnerable coastal states to assist their artisanal fisheries sector.

Final Remark

This proposal is without prejudice to individual country positions and to the rights of small economies to submit additional proposals in future Dedicated Sessions or, otherwise, in other WTO Bodies on any issues contained in this Paper and/or on any other issues not included here.
