

**STATEMENT ON THE NEGOTIATIONS ON FISHERIES SUBSIDIES**

Communication from Argentina, Chile, Colombia,  
Ecuador, Mexico and Peru

The following communication, dated 7 July 2008, is being circulated at the request of the delegations of Argentina, Chile, Colombia, Ecuador, Mexico and Peru.

1. The delegations of Argentina, Chile, Colombia, Ecuador, Mexico and Peru wish to refer to certain aspects which they believe are central to the negotiations on fisheries subsidies, without prejudice to their positions on specific aspects of those negotiations or other areas of the negotiations on Rules.

2. We recall the negotiating mandates, particularly Annex D of the Ministerial Declaration of Hong Kong, where it is recognized that the achievement of substantial results on all aspects of the Rules mandate is important, among other reasons, for the overall balance of results in the Doha Development Agenda. Furthermore, the Ministerial Declaration notes that there is broad agreement in the Negotiating Group on the need to strengthen disciplines, including through the prohibition of certain forms of fisheries subsidies that contribute to overcapacity and over-fishing. It is also pointed out that appropriate and effective special and differential treatment for developing and least-developed countries should be an integral part of the negotiations on fisheries subsidies.

3. In November 2007, the Chairman of the Negotiating Group on Rules submitted a draft text which, on the issue of fisheries subsidies, proposes a new Annex VIII to the Agreement on Subsidies and Countervailing Measures as well as some amendments to the Agreement itself.<sup>1</sup> This draft text was used as the basis for an intense and technical debate, as reflected by the Chairman in the working document circulated on 28 May 2008.<sup>2</sup> During the discussions, new proposals were presented.

4. The signatories to this statement, all developing countries in which the fisheries sector has a special economic, social and cultural importance and the sustainable management of resources is a priority line of action, together account for a significant percentage of world fisheries catches and production and have the same commitment to the disciplines. Likewise, on the basis of their experience, they recognize the importance of proper management to ensure the sustainability of those resources and of the sector in general. Accordingly, they wish to underline the following aspects of the negotiations in general and of the Chairman's draft text in particular.<sup>3</sup>

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<sup>1</sup> TN/RL/W/213.

<sup>2</sup> TN/RL/W/232.

<sup>3</sup> The order of the aspects does not imply any prioritization.

***Need to preserve the architecture and ambition***

5. The draft text follows the structure of the SCM Agreement, i.e. its concepts, basic principles, efficiency, instruments and objectives, albeit with the necessary flexibility and due consideration of the reality of fisheries, which was not a feature of the Agreement. We support this structural layout because it reflects the objectives of the negotiation and ensures a level of ambition consistent with those objectives. The main focus is and must continue to be a prohibition of subsidies that is sufficiently broad to achieve the substantial results we envisaged in Doha and Hong Kong, but, at the same time, accompanied by limited general exceptions and adequate flexibilities for developing countries. The general exceptions and flexibilities must necessarily be subject to appropriate management requirements to ensure that the objectives are met.

6. From that perspective, the draft text is not only a sound basis for negotiation, but has also enabled us to make progress in a necessary exchange of ideas to ensure a substantial outcome with effective disciplines. Any final outcome of these negotiations must respect the architecture of the SCM Agreement and must have a level of ambition consistent with the Ministerial mandates.

***Special and Differential Treatment***

7. In Hong Kong, our Ministers recognized the importance of the fisheries sector for development priorities, poverty reduction, and livelihood and food security concerns. If well managed, fishing can continue to be a significant source of food and income for a large part of the population in developing countries, as well as an instrument for reorientation from less productive activities. That is why a central element of future disciplines will be the flexibilities given to developing countries to support fishing activities. However, scientific information on the status of marine resources and countries' own experiences in the exploitation of fishery resources show that such flexibility cannot be a blank cheque.

8. Under Special and Differential Treatment, article III.2.a of the Chair's draft text presents an interesting effort to identify elements that can be used to classify vulnerable fisheries in the absence of accurate definitions. It is not our aim to draw a definition from that text, but we deem it necessary to mention that the elements for distinguishing one or another category should be consistent with the management requirements to which each is subject. Special and differentiated treatment must include flexibilities for the more sensitive sectors, including artisanal fishing.

9. Our common experience confirms that the growth and expansion of the fisheries sector is sustainable only if it is accompanied by adequate management measures to ensure the sustainability of resources. Failure to recognize this means a failure of responsibility vis-à-vis future generations who will also depend on fishing for their subsistence and sustainable development. The Chairman's draft text establishes the necessary link between management and subsidies.

***Fisheries management is a necessity and a challenge***

10. A vital element of the architecture and, hence, of any final outcome is the sustainability of fisheries resources as reflected in adequate management. The Ministers in Hong Kong reaffirmed the commitment undertaken at Doha to enhance the mutual supportiveness of trade and environment.

11. Article V of the draft text is a cornerstone of the management disciplines and provides a basis for building a model of adequate fisheries management requirements for those Members that use the flexibilities and exceptions to grant subsidies. Although Article V needs more technical work, it contains many of the elements that should form part of the final disciplines, which might provide for a combination of mandatory elements and good practice guidelines.

12. We recognize, as regional experience has shown, that fisheries management is costly and difficult, consuming not only time but also human and scientific resources. But that should be no excuse for not requiring such management. On the contrary, the differences in the nature of subsidy programmes and their impact on fisheries resources would make it possible to establish a progressive approach to management on the basis of certain criteria such as the type of subsidy programme, the state of the fisheries concerned, the fishing effort, the level of exploitation or the geographical area of coverage, always measured in relation to sustainability. In other words, the greater the impact on resources, the greater the management requirement. Thus, we would expect a subsidy for artisanal fishing to be subject to fewer management requirements than one for industrial fishing. Moreover, the defined requirement could be implemented progressively in time, taking as a minimum starting point the management efforts already being deployed by a Member.

### ***Technical Assistance***

13. The challenges involved in fisheries management and the difficulty of achieving a "gold standard" for the sustainable utilization of fisheries resources, necessarily lead to a reaffirmation of the importance of Technical Assistance in all of its aspects. If the sustainability targets of a fisheries management system are to be achieved, they will require economic resources, scientific and technical capacity and experience, which in many cases will only be obtained through appropriate Technical Assistance. This is a tool enabling all developing countries to participate effectively in the new disciplines, and it is also a necessary instrument to support the gradual establishment of fisheries management structures.

14. Nevertheless, fisheries management and the binding nature of the disciplines to be agreed cannot be made conditional on the granting of such technical assistance, precisely because of the need to ensure the sustainability of resources.

15. An important element in training and technical assistance will be the notifications Members will have to submit to the WTO and their further revision, as well as the exchange of experiences and cooperation arising therefrom. They then become an important source of information on how other Members are managing their systems, what measures they are applying, the degree of success they are achieving, the adjustments they have had to make, etc.

16. To sum up, when the negotiations resume in September, we must not lose our way and always remember that they depend on the recognition that fisheries subsidies not only distort trade but can contribute significantly to an excess of capacity and overexploitation of resources – which is what has happened in practice. The WTO can provide us with instruments to resolve this problem, recognizing the importance that the fisheries sector has in developing countries. The final outcome of this process must take the form of substantial and ambitious disciplines in accordance with the objectives established and reflected in the mandates, with adequate flexibilities for developing countries to promote the sustainable development of fishing activities, particularly for the most vulnerable sectors, but subject to management that will ensure the sustainability of marine resources.

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