

KOREA'S VIEWS ON THE SUGGESTED CATEGORIZATION OF FISHERY SUBSIDIES

The following communication, dated 17 March 2003, has been received from the Permanent Mission of Korea.

INTRODUCTION

1. In the February session of the rules negotiation, a group of Members made a submission on the possible categorization of fishery subsidies¹. The submission shows in summary form the categorization of fishery subsidies that various organizations have developed so far for certain purposes pursued by those organizations.

2. The submission, other than presenting the various different types of categorization, seems to suggest that the rules group should embark on its own categorization of fishery subsidies.

3. In the rules group negotiation on fishery subsidy issues during the year 2002, Korea consistently stated that the rules group should not base its discussions on unproven assumptions and prejudgements.² This should guide any discussion on fishery subsidies in view of the wide-ranging and deep impact that the WTO rules have on international trade.

4. With respect to the February submission by a group of Members, Korea is of the view that there are important preliminary questions that have not been sufficiently addressed in the submission. Korea wishes to raise some of those preliminary questions in the following pages.

WHY FOR THE CATEGORIZATION OF FISHERY SUBSIDIES

5. The submission asserts in several different places that the categorization of fishery subsidies is necessary. It begins with an assertion that some sort of breakdown of subsidy programmes by type is to be needed.³ In the conclusion part, the submission again asserts that "it is difficult to see how specific proposals for clarification and improvement of fishery subsidies disciplines can simply address "fishery subsidies" in an undifferentiated way."⁴ The submission, however, does not provide sufficient reasoning why such a categorization is necessary.

¹ TN/RL/W/58

² TN/RL/W/17

³ TN/RL/W/58, p.1

⁴ Id. P.4

6. Specific proposals for clarification and improvement of subsidies disciplines are in fact being made without categorization of subsidies. Thus, a logical question is why it cannot be done only for fishery subsidies.

7. In the rules negotiation of 2002, Korea stated that it was not convinced of the arguments that the peculiarity of the fisheries subsidies and products justify the sectoral treatment of fisheries subsidies. In the same vein, the first preliminary question that should be sufficiently answered by the group of Members is why it is difficult to address the subsidies disciplines without categorization only for the fishery subsidies.

OBJECTIVE OF THE CATEGORIZATION

8. As the February submission by the group of Members admits, categorization is meaningful only on the basis of the clearly identified objective for the categorization.⁵ In fact, the different types of categorization, presented in the submission, were developed by different institutions to pursue different objectives and purposes.

9. If the objective of categorization is to assess the trade effect of various subsidies, the SCM Agreement already provides a scheme of categorization, which is the “traffic light” categories of prohibited, actionable and non-actionable subsidies. If the submission is proposing a categorization of fishery subsidies according to a scheme different from the traffic light approach, the objective of such a new categorization should be identified as a preliminary point.

FORUM FOR THE CATEGORIZATION

10. The submission, while asserting that categorization is necessary, does not suggest where such a categorization should be conducted. As the submission shows, categorization is already taking place in various forums, with far longer and deeper institutional experiences in the study of fishery subsidy issues in comparison with the rules negotiation group.

11. In fact, the FAO held the 2nd expert consultation on fishery subsidies in December, 2002. In the consultations, the experts discussed on a “draft guide for identifying, assessing and reporting on subsidies in the fisheries sector”. According to the guide, the first step would be the identification of different categories of fisheries subsidies and their size. The second step would be assessment on the changes in the behaviour of recipients of the subsidies and their impact on trade and environment.

12. The Fisheries Committee of the OECD is to launch a comprehensive study on government financial transfers in 2003 in the wake of the fisheries market liberalization project undertaken in 2000-2002. An important element of the study would be the clarification and improvement of the existing GFT(government financial transfers) classification system. The OECD had found that the classification system as previously used was insufficient to allow for adequate analysis.⁶

13. These studies by the FAO and the Fisheries Committee of the OECD, institutions with well-established expertise on fishery related issues, would enable the rules negotiation group to conduct rules related discussions on the basis of scientifically and objectively identified facts, rather than assumptions and prejudgements.

14. Therefore, if the group of Members present clear views on the necessity and the objective of the categorization to the satisfaction of all Members of the rules negotiation, then the rules group might decide to look into the possibility of cooperating with those institutions.

⁵ Id. P.5

⁶ AGR/FI(2003)4, f.2

15. In a submission⁷ made to the rules negotiation group, a group of Members stated that “addressing the harmful effects of fish subsidies requires action in a number of different policy areas and international forums”. The submission went on to state the comparative advantage of such institutions as, among others, FAO, OECD and WTO.

16. Korea agrees that the issue should be approached in a flexible manner, utilizing the comparative advantages of the institutions involved. When it comes to the categorization of fishery subsidies, the FAO and the OECD would be better prepared for the task, because they have far longer and deeper institutional experiences in the study of fishery subsidy issues in comparison with the rules negotiation group.

⁷ TN/RL/W/3, para 5