

**JAPAN'S BASIC POSITION ON THE FISHERY SUBSIDY ISSUE**

Item 6

Submission by Japan

**I. INTRODUCTION**

1. Japan submitted a paper titled "Comments on the Fisheries Subsidies proposal submitted jointly by Australia, Iceland, New Zealand, Norway, Peru, Philippines and the United States" to the WTO in September last year. Once again, we would like to present our basic position on this issue as well as comments on the US paper (WT/CTE/W/154) tabled at the July 2000 CTE meeting.

**B. BASIC POSITION**

2. The CTE is a forum to discuss broad issues related to trade and environment. In the field of fisheries, it should discuss, in a broad manner, the relationship between sustainable use of fishery resources and trade in fish and fishery products. Possible adverse effects of fishery subsidies on sustainable use could be one of the topics that the CTE can take up.

3. As we pointed out in our paper in September 1999, we are not aware of any specific case in which fishery subsidies were a major cause of stock depletion. Despite our repeated requests, Member countries that advocate negative effects of fishery subsidies have shown no such single case up until now.

4. On the contrary, as in the case of toothfish in the Antarctic Ocean and cod in the Northwest Atlantic Ocean described in our previous paper, it is possible to show fish stocks being depleted due to factors other than fishery subsidies (e.g., lack of adequate fishery management including insufficient measures against illegal, unreported and unregulated (IUU) fishing activities).

5. We have a serious concern about an approach of trying to reach a conclusion without concrete examples of problems since such an approach could become a bad precedent and have a negative influence on discussion not only in the WTO but also other international organizations.

6. Many factors are likely to cause depletion of fishery resources. Examples are inadequate management of fishery resources, IUU activities including those conducted by flag-of-convenience fishing vessels and so on. Just singling out the issue of fishery subsidies and taking measures on the subsidies would not be sufficient. In order to achieve a fundamental solution to over-exploitation of fish stocks, it is essential that FAO, a UN specialized agency for fisheries, will continue to address all the possible negative factors to sustainable use of resources. The fishery subsidy issue should be handled in this process.

7. It would be wise to utilize expertise on fishery management that FAO can provide, given limited amount of human resources available on this subject in the CTE and member countries, especially developing ones at the CTE. It would not be a balanced approach if the CTE should pick

up only the fishery subsidy issue and give an in-depth analysis thereon. The CTE is expected to consider the relationship between fishery resources and trade and to examine in a comprehensive manner what kind of contribution it can make for sustainable use of fishery resources.

C. COMMENTS ON THE U.S. PAPER

**1. General comments**

8. It should be made clear as to why the U.S. paper gives special consideration only to fishery subsidies when the Agreement on Subsidies and Countervailing Measures (SCM) covers all the subsidies basically other than agricultural subsidies. We feel that the reason is that the fishing industry utilizes fishery resources, i.e., renewable but exhaustible natural resources that could be depleted without proper management. We anticipate that the same consideration will be given when discussing fishery trade issues including relationship between trade and sustainable use of fishery resources.

9. The results of the recent OECD study on fishery subsidies should be fully taken into account when dealing with fishery subsidies in terms of over-exploitation aspects. As the study clearly states, possible negative effects of fishery subsidies can be minimized if appropriate management and conservation measures are taken. Therefore, rather than just pointing out which subsidies are good or bad, we should examine, on a case-by-case basis, under what circumstances a certain subsidy actually produces negative impacts on fishery resources.

10. If the US would like to categorize fishery subsidies into those having adverse impacts on resources under inadequate management and those not, Japan does not necessarily object to such work. However, we should not expect the WTO, which focuses its discussion on international trade issues, to provide a good forum to conduct such a technical work related to fishery. This issue should be addressed by experts on fishery and fishery resource management. Therefore, the CTE should request FAO to conduct the work and feed back the results to the CTE. The CTE then would be able to conduct further analysis on fishery subsidies based on the work of FAO.

11. The U.S. paper divides cost- and capital-reducing subsidies into those affecting domestic fisheries and those affecting international fisheries. Subsidies in both categories are considered to cause over-exploitation in the paper. Such subsidies should be discussed under the FAO International Plan of Action for the Management of Fishing Capacity.

12. We recognize that the main driving force for the current fishery subsidy argument is the concern that certain fishery subsidies seem to have negative effects on sustainable use of resources. We agree that this concern is not appropriately addressed by the SCM Agreement. The U.S. paper also covers negative effects of fishery subsidies on fishery trade, but as long as such negative effects fall within the meaning of "adverse effects" stipulated in Article 5 of the SCM Agreement, these subsidies can be dealt with by the SCM Agreement. However, the fishery subsidy argument consists of a variety of factors, and among others, particular attention should be given to resource sustainability aspects at the CTE.

13. In the event that the United States also wishes to discuss adverse impacts of fishery subsidies on fishery trade, we would like to hear an explanation on what type of subsidies, out of fishery subsidies having adverse impacts on fishery trade, cannot be addressed by the SCM Agreement.

## 2. Comments on specific paragraphs

### 14. 3rd paragraph:

The FAO International Plan of Action for the Management of Fishing Capacity requires members to reduce and progressively eliminate not only subsidies that have negative impacts on the environment, but also all factors undermining sustainability of marine resources. It should be noted that in implementing the Plan of Action due regard should be given to the needs of artisanal fisheries (small-scale coastal fisheries).

### 15. 9th paragraph:

It is not clear what regulated open access fisheries mean. If a certain fishery is well regulated in terms of input (capacity limitation on each vessel under a limited entry system) and output (total allowable catch), we would like to know how and what subsidy would negatively impact resources.

### 16. 11th and 12th paragraphs:

The problem of “spillover” is a good example which can show that the core issue is how to use subsidies under what fishery management measures, rather than which subsidy to use. That is, subsidies for vessel reduction, which are normally considered positive, are likely to cause another problem if the vessels which no longer can engage in a certain fishery under the vessel reduction programme move to another fishery (e.g. moving to another fishing area, change to another species, etc.). When implementing vessel reduction programmes, the government should not only stop vessels engaging in the fishery, but also scrap the vessels so that the vessels cannot be converted to fishing vessels for other fisheries.

### 17. From 18th to 26th, and 28th paragraphs:

Fishery subsidy argument cannot be separated from fishery management. The CTE should request FAO to investigate which subsidies could be good or neutral under good management schemes, and which subsidies could be bad under bad management schemes, and to feed back the results of the investigation to the CTE.

### 18. 27th paragraph:

It seems that subsidies listed here virtually mean export subsidies. Export subsidies are explicitly prohibited by the SCM Agreement. There is no need to create a new discipline for such subsidies. We would like to seek explanation about the reason for making this type of subsidies subject for consideration.

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