

**COMMENTS BY THE EUROPEAN COMMUNITY ON THE DOCUMENT
OF THE SECRETARIAT OF THE COMMITTEE ON TRADE
AND ENVIRONMENT (WT/CTE/W/80) ON SUBSIDIES
AND AIDS GRANTED IN THE FISHING INDUSTRY**

Note by the European Community

I. INTRODUCTION

1. The document of the Secretariat of the Committee on Trade and Environment (CTE) describes the subsidies granted in the fishing industry. The first sections set out the current legal bases and the fourth section contains a non-exhaustive list of notifications. The Annexes include a bibliography and describe the work being carried out in various international foras on the relationship between subsidies and over-fishing.

2. The European Community considers that both the bibliographical references in the Annex and the text of the CTE Secretariat are a good working document for analysing the relationship between subsidies and the fishing industry.

II. THE AGREEMENT ON SUBSIDIES AND THE WTO RULES

3. Like other Members of the WTO, the European Community is bound by the "Agreement on Subsidies", which also applies to fisheries products. The Secretariat document gives a good description of the mechanisms under this Agreement but does not define to what extent the Agreement allows a distinction to be drawn between subsidies that might have a negative impact on the environment and those that have a positive impact on the management and conservation of fisheries resources.

III. NOTIFICATION OF SUBSIDIES

4. The document provides a list of notifications of subsidies, proposing four categories. The list contains a large amount of information on the subsidies granted within the European Community because these have been notified to the WTO, but in our view the list is not exhaustive. It shows very few notifications by countries that are not members of the European Community. This confirms the comment in paragraph 33: the notification requirement in Article 25 of the Agreement on Subsidies is not widely respected.

5. In this connection, the European Community will continue to insist that all Members of the WTO respect their obligations in this respect. It will look closely at notifications (or the absence of notifications) by third countries in relation to the fisheries sector when the notifications required under Article 26 of the WTO Agreement on Subsidies are examined next year.

6. The European Community has notified the subsidies it grants to the fisheries sector. The notification for 1998, which is currently being prepared, should be even more comprehensive than that for the previous years. In accordance with the European Community's structural policy, which promotes the economic and social cohesion of the European Union (Article 130 A of the EU Treaty), the fisheries sector is granted subsidies under the Common Fisheries Policy (CFP). Among the objectives of the CFP is sustainable and rational exploitation of fisheries resources.

7. The Financial Instrument for Fisheries Guidance (FIFG) helps to co-finance investment and action aimed *inter alia* at adjustment of fishing activities, restructuring the fleet, installing coastal marine zones, processing and marketing fisheries and aquaculture products, developing aquaculture, and promoting fisheries products and aquaculture. This investment is of collective interest because it helps to develop fisheries resources.

8. The FIFG supports the implementation of Multiannual Guidance Programmes (MGP). Their purpose is to bring the size of the Community fleet into line with the fisheries resources available while at the same time ensuring that there is a competitive fishing fleet capable of supplying the Community market. The MGP aim to reduce fishing activity by acting on capacity and regular fishing by the fleet at sea.

9. With the same objective of restructuring, the European Community launched the Community initiative PESCA in order to overcome negative socio-economic consequences by helping zones that depend on fishing and are affected by the sector's restructuring.

10. The objective of protecting the environment is one of the accompanying measures taken to promote more selective fishing appliances.

11. The main aim of the various subsidies is therefore to adjust fishing activity and restructure the fisheries sector.

12. In addition, the Community co-finances research programmes, including the FAIR programme under the European Union's Fourth Framework Programme for Research. Projects submitted under FAIR receive Community funding for research in areas such as improving the development of appliances, the biology of species in order to improve aquaculture or the exploitation of fisheries products.

IV. DISCUSSION IN INTERNATIONAL FORAS

13. The European Community is aware of the importance of the debate on subsidies and over-capacity and is currently taking part in the OECD study "Towards sustainable fisheries", as well as participating in the financing of technical working groups within the FAO, one of which is on over-capacity in the fisheries sector.

14. Within these two international organizations, the European Community emphasizes that subsidies do not necessarily exert increased pressure on fisheries resources and, conversely, that the overexploitation of stocks is not due to the subsidies regime. It would be interesting to study whether the absence of subsidies targeted at adjustment of fishing activity could lead to undesirable overexploitation of fisheries resources.
