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## **AGREEMENT ON FISHERIES SUBSIDIES**

### **DRAFT TEXT**

*Note: This document is without prejudice to any Member's positions or views, whether or not reflected herein.*

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### **ARTICLE 1: SCOPE**

1.1 This Agreement applies to subsidies, within the meaning of Article 1.1 of the Agreement on Subsidies and Countervailing Measures (SCM Agreement) that are specific within the meaning of Article 2 of that Agreement, to marine wild capture fishing and fishing related activities at sea.<sup>1, 2</sup>

[1.2 Notwithstanding paragraph 1 of this Article, this Agreement also applies to fuel subsidies to fishing and fishing related activities at sea that are not specific within the meaning of Article 2 of the SCM Agreement.]

### **ARTICLE 2: DEFINITIONS**

For the purpose of this Agreement:

- (a) "fish" means all species of living marine resources, whether processed or not;
- (b) "fishing" means searching for, attracting, locating, catching, taking or harvesting fish or any activity which can reasonably be expected to result in the attracting, locating, catching, taking or harvesting of fish;
- (c) "fishing related activities" means any operation in support of, or in preparation for, fishing, including the landing, packaging, processing, transshipping or transporting of fish that have not been previously landed at a port, as well as the provisioning of personnel, fuel, gear and other supplies at sea;
- (d) "vessel" means any vessel, ship of another type or boat used for, equipped to be used for, or intended to be used for, fishing or fishing related activities;
- (e) "operator" means the owner of a vessel, or any person, who is in charge of or directs or controls the vessel.

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<sup>1</sup> For greater certainty, aquaculture and inland fisheries are excluded from the scope of this Agreement.

<sup>2</sup> For greater certainty, government-to-government payments under fisheries access agreements shall not be deemed to be subsidies within the meaning of this Agreement.

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**ARTICLE 3: SUBSIDIES CONTRIBUTING TO  
ILLEGAL, UNREPORTED AND UNREGULATED FISHING<sup>3</sup>**

3.1 No Member shall grant or maintain any subsidy to a vessel or operator<sup>4</sup> engaged in illegal, unreported and unregulated (IUU) fishing or fishing related activities in support of IUU fishing.

3.2 For purposes of Article 3.1, a vessel or operator shall be considered to be engaged in IUU fishing if an affirmative determination thereof is made by any of the following<sup>5, 6</sup>:

- (a) a coastal Member, for activities in areas under its jurisdiction; or
- (b) a flag State Member, for activities by vessels flying its flag; or
- (c) a relevant Regional Fisheries Management Organization or Arrangement (RFMO/A), in accordance with the rules and procedures of the RFMO/A and relevant international law, including through the provision of timely notification and relevant information, in areas and for species under its competence.

3.3 (a) An affirmative determination<sup>7</sup> under Article 3.2 refers to the final finding by a Member and/or the final listing by an RFMO/A that a vessel or operator has engaged in IUU fishing.

(b) For purposes of Article 3.2(a), the prohibition under Article 3.1 shall apply where the determination by the coastal Member is based on relevant factual information and the coastal Member has provided to the flag State Member and, if known, the subsidizing Member, the following:

- (i) timely notification, through appropriate channels, that a vessel or operator has been temporarily detained pending further investigation for engagement in, or that the coastal Member has initiated an investigation for, IUU fishing including reference to any relevant factual information, applicable laws, regulations, administrative procedures, or other relevant measures;
- (ii) an opportunity to exchange relevant information<sup>8</sup> prior to a determination, so as to allow such information to be considered in the final determination. The coastal Member may specify the manner and time period in which such information exchange should be carried out; and
- (iii) notification of the final determination, and of any sanctions applied, including, if applicable, their duration.

The coastal Member shall notify an affirmative determination to the Committee.

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<sup>3</sup> "Illegal, unreported and unregulated (IUU) fishing" refers to activities set out in paragraph 3 of the *International Plan of Action to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing* adopted by the UN Food and Agriculture Organization (FAO) in 2001.

<sup>4</sup> For the purpose of Article 3, the term "operator" means the operator within the meaning of Article 2(e) at the time of the IUU fishing infraction. For greater certainty, the prohibition on granting or maintaining subsidies to operators engaged in IUU fishing applies to subsidies provided to fishing and fishing related activities at sea.

<sup>5</sup> Nothing in this Article shall be interpreted to obligate Members to initiate IUU fishing investigations or make IUU fishing determinations.

<sup>6</sup> Nothing in this Article shall be interpreted as affecting the competence of the listed entities under relevant international instruments or granting new rights to the listed entities in making IUU fishing determinations.

<sup>7</sup> Nothing in this Article shall be interpreted to delay, or affect the validity or enforceability of, an IUU fishing determination.

<sup>8</sup> For example, this may include an opportunity to dialogue or for written exchange of information if requested by the flag State or subsidizing Member.

3.4 The subsidizing Member shall take into account the nature, gravity, and repetition of IUU fishing committed by a vessel or operator when setting the duration of application of the prohibition in Article 3.1. The prohibition in Article 3.1 shall apply at least as long as the sanction<sup>9</sup> resulting from the determination triggering the prohibition remains in force, or at least as long as the vessel or operator is listed by an RFMO/A, whichever is the longer.

3.5 The subsidizing Member shall notify the measures taken pursuant to Article 3.1 to the Committee in accordance with Article 8.3.

3.6 Where a port State Member notifies a subsidizing Member that it has clear grounds to believe that a vessel in one of its ports has engaged in IUU fishing, the subsidizing Member shall give due regard to the information received and take such actions in respect of its subsidies as it deems appropriate.

3.7 Each Member shall have laws, regulations and/or administrative procedures in place to ensure that subsidies referred to in Article 3.1, including such subsidies existing at the entry into force of this Agreement, are not granted or maintained.

[3.8 For a period of [2] years from the date of entry into force of this Agreement, subsidies granted or maintained by developing country Members, including least-developed country (LDC) Members, for low income, resource-poor and livelihood fishing or fishing related activities, up to [12] nautical miles measured from the baselines shall be exempt from actions based on Articles 3.1 and 10 of this Agreement.]

#### **ARTICLE 4: SUBSIDIES REGARDING OVERFISHED STOCKS**

4.1 No Member shall grant or maintain subsidies for fishing or fishing related activities regarding an overfished stock.

4.2 For the purpose of this Article, a fish stock is overfished if it is recognized as overfished by the coastal Member under whose jurisdiction the fishing is taking place or by a relevant RFMO/A in areas and for species under its competence, based on best scientific evidence available to it.

4.3 Notwithstanding Article 4.1, a Member may grant or maintain subsidies referred to in Article 4.1 if such subsidies or other measures are implemented to rebuild the stock to a biologically sustainable level.<sup>10</sup>

[4.4 For a period of [2] years from the date of entry into force of this Agreement, subsidies granted or maintained by developing country Members, including LDC Members, for low income, resource-poor and livelihood fishing or fishing related activities, up to [12] nautical miles measured from the baselines shall be exempt from actions based on Articles 4.1 and 10 of this Agreement.]

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<sup>9</sup> Termination of sanctions is as provided for under the laws or procedures of the authority having made the determination referred to in Article 3.2.

<sup>10</sup> For the purpose of this paragraph, a biologically sustainable level is the level determined by a coastal Member having jurisdiction over the area where the fishing or fishing related activity is taking place, using reference points such as maximum sustainable yield (MSY) or other reference points, commensurate with the data available for the fishery; or by a relevant RFMO/A in areas and for species under its competence.

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**ARTICLE 5: SUBSIDIES CONTRIBUTING TO OVERCAPACITY AND OVERFISHING**

5.1 No Member shall grant or maintain subsidies to fishing or fishing related activities that contribute to overcapacity or overfishing. For the purpose of this paragraph, subsidies that contribute to overcapacity or overfishing include:

- (a) subsidies to construction, acquisition, modernisation, renovation or upgrading of vessels;
- (b) subsidies to the purchase of machines and equipment for vessels (including fishing gear and engine, fish-processing machinery, fish-finding technology, refrigerators, or machinery for sorting or cleaning fish);
- (c) subsidies to the purchase/costs of fuel, ice, or bait;
- (d) subsidies to costs of personnel, social charges, or insurance;
- (e) income support of vessels or operators or the workers they employ;
- (f) price support of fish caught;
- (g) subsidies to at-sea support;
- (h) subsidies covering operating losses of vessels or fishing or fishing related activities; and
- (i) subsidies contingent upon, or tied to, actual or anticipated fishing or fishing related activities in areas beyond the subsidizing Member's jurisdiction (whether solely or as one of several other conditions).<sup>11</sup>

5.1.1 A subsidy is not inconsistent with Article 5.1 if the subsidizing Member demonstrates that measures are implemented to maintain the stock or stocks in the relevant fishery or fisheries at a biologically sustainable level.<sup>10</sup>

5.2 No Member shall grant or maintain subsidies provided to fishing or fishing related activities outside of the jurisdiction of a coastal Member or a coastal non-Member and outside the competence of a relevant RFMO/A.

5.3

[**ALT 1** No Member shall grant or maintain subsidies for a vessel not flying the flag of the subsidizing Member.]

[**ALT 2** No Member shall grant or maintain subsidies under Article 5.1 for a vessel over which it cannot exercise jurisdiction or control or cannot otherwise ensure that the vessel to which the subsidy is granted is not engaging in activities which contribute to overfishing or overcapacity.]

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<sup>11</sup> The mere fact that a subsidy is granted or maintained to vessels or operators that may be engaged in fishing or fishing related activities in areas beyond the subsidizing Member's jurisdiction shall not for that reason alone be considered to be contingent upon, or tied to, such fishing or fishing related activities.

- [5.4<sup>[12]</sup> (a) A developing country Member may grant or maintain the subsidies referred to in Article 5.1 to fishing and fishing related activities within its EEZ and the area of competence of a relevant RFMO/A for a maximum of [X] years after the entry into force of this Agreement. A developing country Member intending to invoke this provision shall inform the Committee in writing before the date of entry into force of this Agreement.
- (b) In addition, a developing country Member may grant or maintain the subsidies referred to in Article 5.1 to fishing and fishing related activities:
- (i) if its annual share of the global volume of marine capture production does not exceed [0.7 per cent] as per the most recent published FAO data<sup>13</sup>;
  - (ii) for low income, resource-poor and livelihood fishing or fishing related activities, up to [12] nautical miles measured from the baselines.
- (c) While applying Article 5.4, a Member shall endeavour to ensure that its subsidies do not contribute to overcapacity or overfishing.]

#### **ARTICLE 6: SPECIFIC PROVISIONS FOR LDC MEMBERS**

6.1 The prohibition under Article 5.1 shall not apply to LDC Members.

[6.2 An LDC Member may grant or maintain the subsidies referred to in Article 5.1 to fishing and fishing related activities within its EEZ and the area of competence of a relevant RFMO/A for a maximum of [X] years after the entry into force of a decision of the UN General Assembly to exclude that Member from the "Least Developed Countries" category.

6.3 A Member shall exercise due restraint in raising matters involving an LDC Member and solutions explored shall take into consideration the specific situation of the LDC Member involved, if any. In addition, a Member applying Article 6.1 or Article 6.2 shall endeavour to ensure that its subsidies do not contribute to overcapacity or overfishing.]

#### **ARTICLE 7: TECHNICAL ASSISTANCE AND CAPACITY BUILDING**

[Targeted technical assistance and capacity building assistance to developing country Members, including LDC Members, shall be provided for the purpose of implementation of the disciplines under this Agreement. In support of this assistance, a voluntary WTO funding mechanism shall be established in cooperation with relevant international organizations such as the Food and Agriculture Organization of the United Nations (FAO) and International Fund for Agricultural Development. The contributions of WTO Members to the mechanism shall be exclusively on a voluntary basis and shall not utilize regular budget resources.]

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<sup>[12]</sup> This provision shall not apply to Members whose annual share of the global volume of marine capture production is at or above 10 per cent as per the most recent published FAO data.]

<sup>13</sup> A Member remains exempted until its share exceeds the threshold for three consecutive years. It shall be re-included in 5.4(b)(i) when its share of the global volume of marine capture production falls back below the threshold for three consecutive years.

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**ARTICLE 8: NOTIFICATION AND TRANSPARENCY**

8.1 Without prejudice to Article 25 of the SCM Agreement and in order to strengthen and enhance notifications of fisheries subsidies, and to enable more effective surveillance of the implementation of fisheries subsidies commitments, each Member shall

- (a) provide the following information as part of its regular notification of fisheries subsidies under Article 25 of the SCM Agreement<sup>14, [15]</sup>:
  - (i) type or kind of fishing activity for which the subsidy is provided; and
  - (ii) catch data by species or group of species in the fishery for which the subsidy is provided<sup>16</sup>; and
- (b) to the extent possible, provide the following information as part of its regular notification of fisheries subsidies under Article 25 of the SCM Agreement<sup>14, [15]</sup>:
  - (i) status of the fish stocks in the fishery for which the subsidy is provided (e.g. overfished, maximally sustainably fished, or underfished) and the reference points used, and whether such stocks are shared<sup>17</sup> with any other Member or are managed by an RFMO/A;
  - (ii) conservation and management measures in place for the relevant fish stock;
  - (iii) name and identification number of the fishing vessel or vessels benefitting from the subsidy; and
  - (iv) fleet capacity in the fishery for which the subsidy is provided.

[8.1**bis** Fuel subsidies, that are not specific within the meaning of Article 2 of the SCM Agreement, granted or maintained by a Member to fishing and fishing related activities at sea and/or availed by such a Member's fishing vessels;<sup>18</sup>]

8.2 Each Member shall notify the Committee in writing on an annual basis of:

- (a) a list of vessels and operators that it has affirmatively determined as having been engaged in IUU fishing;
- (b) [any vessels and operators for which the Member has information that reasonably indicates the use of forced labour, along with relevant information to the extent possible; and]
- (c) a list of any agreements in force, or existing arrangements, for obtaining access to fisheries of another coastal Member or non-Member, and such notification shall consist of:
  - (i) the titles of the agreements or arrangements;
  - (ii) a list of their parties;

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<sup>14</sup> For the purpose of Article 8.1, Members shall provide this information in addition to all the information required under Article 25 of the SCM Agreement and as stipulated in any questionnaire utilized by the SCM Committee, for example G/SCM/6/Rev.1.

<sup>15</sup> [For LDC Members, and developing country Members with an annual share of the global volume of marine capture production not exceeding [0.7 per cent] as per the most recent published FAO data, the notification of the additional information in this subparagraph may be made every four years.]

<sup>16</sup> For multispecies fisheries, a Member instead may provide other relevant and available catch data.

<sup>17</sup> The term "shared stocks" refers to stocks that occur within the exclusive economic zones (EEZ) of two or more coastal Members, or both within the EEZ and in an area beyond and adjacent to it.

<sup>18</sup> [Notwithstanding paragraph 2 of Article 25 of the SCM Agreement.]

(iii) to the extent possible, the full text of the agreements or arrangements;

A Member may meet this obligation by providing an up-to-date electronic link to the Member's or other appropriate official web page that sets out this information.

8.3 Each Member shall, within one year of the date of entry into force of this Agreement, inform the Committee of measures in existence or taken to ensure the implementation and administration of this Agreement, including the steps taken to implement prohibitions set out in Articles 3, 4 and 5. Each Member shall also promptly inform the Committee of any changes to such measures thereafter, and new measures taken to implement the prohibitions set out in Article 3.

8.4 Each Member shall, within one year of the date of entry into force of this Agreement, provide to the Committee a description of its fisheries regime with references to its laws, regulations and administrative procedures relevant to this Agreement, and promptly inform the Committee of any modifications thereafter. A Member may meet this obligation by providing to the Committee an up-to-date electronic link to the Member's or other appropriate official web page that sets out this information.

8.5 A Member may request additional information from the notifying Member regarding the notifications and information provided under this Article. The notifying Member shall respond to that request as quickly as possible in writing and in a comprehensive manner. If a Member considers that a notification or information under this Article has not been provided, the Member may bring the matter to the attention of such other Member or to the Committee.

8.6 (a) A Member may only invoke Article 4.3, Article 5.1.1, Article 5.4, or Article 6 in respect of subsidies which it has notified to the Committee under Article 25 of the SCM Agreement and Article 8.1 of this Agreement.

(b) In addition, a Member may only invoke Article 4.3 or Article 5.1.1 if the Member has provided the information called for in Articles 8.1(b)(i) and 8.1(b)(ii).

8.7 Members shall notify to the Committee in writing, upon entry into force of this Agreement, any RFMO/A to which they are parties. This notification shall consist of, at least, the text of the legal instrument instituting the RFMO/A, the area and species under its competence, the information on the status of the managed fish stocks, a description of its conservation and management measures, the rules and procedures governing its IUU fishing determinations, and the updated lists of vessels and/or operators that it has determined as having been engaged in IUU fishing. This notification may be presented either individually or by a group of Members.<sup>19</sup> Any changes to this information shall be notified promptly to the Committee. The Secretariat to the Committee shall maintain a list of RFMO/As notified pursuant to this Article.

8.8 Nothing in this Article requires the provision of confidential information.

## **ARTICLE 9: INSTITUTIONAL ARRANGEMENTS**

9.1 There is hereby established a Committee composed of representatives from each of the Members. The Committee shall elect its own Chair and shall meet not less than twice a year and otherwise as envisaged by relevant provisions of this Agreement at the request of any Member. The Committee shall carry out responsibilities as assigned to it under this Agreement or by the Members and it shall afford Members the opportunity of consulting on any matter relating to the operation of this Agreement or the furtherance of its objectives. The WTO Secretariat shall act as the secretariat to the Committee.

9.2 The Committee shall examine all information provided pursuant to Articles 3 and 8 and this Article not less than every two years.

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<sup>19</sup> This obligation can be met by providing an up-to-date electronic link to the notifying Member's or other appropriate official web page that sets out this information.

9.3 The Committee shall review annually the implementation and operation of this Agreement, taking into account the objectives thereof. The Committee shall inform annually the Council for Trade in Goods of developments during the period covered by such reviews.

9.4 Not later than five years after the date of entry into force of this Agreement and every three years thereafter, the Committee shall review the operation of this Agreement with a view to identifying all necessary modifications to improve the operation of this Agreement, taking into account the objectives thereof. Where appropriate, the Committee may submit to the Council for Trade in Goods proposals to amend the text of this Agreement having regard, inter alia, to the experience gained in its implementation.

9.5 The Committee shall maintain close contact with the FAO and with other relevant international organizations in the field of the fisheries management, including relevant RFMO/As.

#### **ARTICLE 10: DISPUTE SETTLEMENT**

10.1 The provisions of Articles XXII and XXIII of the GATT 1994 as elaborated and applied by the Dispute Settlement Understanding (DSU) shall apply to consultations and the settlement of disputes under this Agreement, except as otherwise specifically provided herein.<sup>20</sup>

10.2 Without prejudice to paragraph 1, the provisions of Article 4 of the SCM Agreement<sup>21</sup> shall apply to consultations and the settlement of disputes under Articles 3, 4 and 5 of this Agreement.

#### **ARTICLE 11: FINAL PROVISIONS**

11.1 Members shall take special care and exercise due restraint when granting subsidies to fishing or fishing related activities regarding stocks the status of which is unknown.

11.2 Except as provided in Articles 3 and 4, nothing in this Agreement shall prevent a Member from granting a subsidy for disaster<sup>22</sup> relief, provided that the subsidy is:

- (a) limited to the relief of a particular disaster;
- (b) limited to the affected geographic area;
- (c) time-limited; and
- (d) in the case of reconstruction subsidies, limited to restoring the affected fishery, and/or the affected fleet to its pre-disaster level.

- 【11.3 (a) This Agreement, including any findings, recommendations, and awards with respect to this Agreement, shall have no legal implications regarding territorial claims or delimitation of maritime boundaries.
- (b) A panel established pursuant to Article 10 of this Agreement shall not entertain any claim that would require it to address any issues of territorial claims or delimitation of maritime boundaries that is contested by a party or a third party.】

11.4 Nothing in this Agreement shall be construed or applied in a manner which will prejudice the jurisdiction, rights and obligations of Members, arising under international law, including the law of the sea<sup>23</sup>.

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<sup>20</sup> Subparagraphs 1(b) and 1(c) of Article XXIII of the GATT 1994 and Article 26 of the DSU shall not apply to the settlement of disputes under this Agreement.

<sup>21</sup> For purposes of this Article, the term "prohibited subsidy" in Article 4 of the SCM Agreement refers to subsidies subject to prohibition in Article 3, Article 4 or Article 5 of this Agreement.

<sup>22</sup> For greater certainty, this provision does not apply to economic or financial crises.

<sup>23</sup> Including rules and procedures of RFMO/As.



11.5 Except as otherwise provided, nothing in this Agreement shall imply that a Member is bound by measures or decisions of, or recognizes, any RFMO/As of which it is not a party or a cooperating non-party.

11.6 This Agreement does not modify or nullify the rights and obligations as provided by the SCM Agreement.

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