



## Fisheries Subsidies and the World Trade Organization

*The world's fisheries are facing an unprecedented crisis. Fish populations, as well as many ocean species, have declined to a fraction of their historic natural levels. The commercial productivity of the oceans is at an all-time low, with at least 75 percent of the world's fish populations overexploited, fully exploited, or recovering from depletion. According to leading fishery scientists, if these trends continue our fisheries will be beyond recovery within the next two decades.*

*Global fishing fleets are estimated to be up to 250 percent greater than needed to catch what the ocean can sustainably produce. Harmful subsidies – those that support the overcapacity of the world's fishing fleets – are a major root cause of overfishing and other destructive fishing practices.*

### Background

For years, numerous governmental, intergovernmental, and other authorities have concluded that fisheries subsidies can and often do contribute to fishing overcapacity, overfishing, and resource depletion. In the mid-1990s, a number of international agreements were produced to address the problems in the world's fisheries. Yet, from 1994 to 1999, the quantities of fish products traded actually decreased despite continued growth in the size of the global fishing fleet.

Since its establishment in 1995, there has been discussion in the World Trade Organization (WTO) of including fisheries subsidies on the international trade agenda, because of its importance as an issue of efficiency and equity in commerce but also as an issue of protecting natural resources.

### The Doha "Round"

In 2001, the WTO embarked on an ambitious new round of trade negotiations – the Doha Development Agenda. The Doha mandate placed the interests of developing countries, which now comprise more than two-thirds of the WTO's membership, at the center of the new negotiations. Trade ministers included fisheries subsidies in the Doha agenda, calling in the Doha Ministerial Declaration for WTO members to "clarify and improve WTO disciplines on fisheries subsidies, taking into account the importance of this sector to developing countries." The consideration of fisheries subsidies by the WTO is the first time that environmental concerns, in addition to trade priorities, led to the launch of a trade negotiation.

The trade ministers also provided direction on how these negotiations would be organized. The Doha Declaration created the Trade Negotiations Committee to supervise the overall conduct of the negotiations. Early in 2002, WTO members established the various negotiating bodies and designated chairs to lead the groups and manage the agenda. One of these groups – WTO Rules – was formed to address anti-dumping, subsidies, and regional trade agreements. Fisheries subsidies are included in this negotiating group.

In the first stages of the negotiations, WTO members identified the principal issues concerning fisheries subsidies and discussed conceptual approaches to new rules. In addition, members held discussions about the general types of subsidy programs and sought to identify the most harmful programs from a trade, conservation, and development perspective.

In December 2005, trade ministers convened in Hong Kong for the 6th WTO Ministerial Conference and issued the following language on fisheries subsidies, reasserting their dedication to the issue and calling for expedient action in the negotiations.

*Recall our commitment at Doha to enhancing the mutual supportiveness of trade and environment, note that there is broad agreement that the [Rules] Group should strengthen disciplines on subsidies in the fisheries sector, including through the prohibition of certain forms of fisheries subsidies that contribute to overcapacity and over-fishing, and call on Participants promptly to undertake further detailed work to, inter alia, establish the nature and extent of those disciplines, including transparency and enforceability. Appropriate and effective special and differential treatment for developing and least-developed Members should be an integral part of the fisheries subsidies negotiations, taking into account the importance of this sector to development priorities, poverty reduction, and livelihood and food security concerns (Doha Work Programme Ministerial Declaration, 18 Dec 2005, para 9, Annex D)*

### Status of the Fisheries Subsidies Negotiations

In March 2006, the first legal text proposals were introduced by countries in the fisheries subsidies negotiations. Until now, the debate on fisheries subsidies had focused on ideas, approaches, and concepts, but not actual legal language. These submissions represent the most concrete step forward in these discussions to date and signal the beginning of serious negotiations on this topic. The fisheries subsidies negotiations are scheduled to continue through the year.

The overall Doha trade round is expected to be completed by January 2007. When a new trade agreement is produced, it will be brought to Congress for approval, most likely in early to mid-2007.

### What is the World Trade Organization?

The WTO is the international organization responsible for global rules governing trade among nations. Its main function is to ensure that trade flows as smoothly, predictably, and freely as possible. The WTO also serves as a forum for governments to negotiate trade agreements and a place for them to settle trade disputes. At the organization's core are a set of agreements that provide the legal "ground rules" for international commerce. These agreements are essentially contracts, binding governments to keep their trade policies within agreed limits.

The WTO is run by its member governments. All major decisions are made by the membership as a whole, either by ministers (who meet at least once every two years) or by their ambassadors or delegates (who meet regularly in Geneva). Decisions are normally taken by consensus. The WTO currently has 149 member countries.

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