

FOOD AND AGRICULTURE ORGANIZATION (FAO)

THE IMPACT OF THE AGREEMENT ON FISHERIES SUBSIDIES

Statement by Audun Lem, Deputy Director of the Fisheries and Aquaculture Division

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1. FAO congratulates you on the outcome of the Ministerial Conference and welcomes the WTO Agreement on Fisheries Subsidies. Please rest assured that FAO will support WTO Members in implementing this Agreement on all relevant issues within our mandate, including stock status, monitoring, reporting, and fisheries management.
2. For the “fish topics” of the Agreement, FAO will continue to cooperate closely with the WTO Secretariat, WTO members, and other partners. The FAO Committee on Fisheries (COFI) meeting in Rome last month commended the collaboration between our organizations and provided full support to the technical support envisioned by the new Agreement.
3. FAO also anticipates devoting more resources to capacity building and implementation actions on the fish-related pillars of the Agreement; for this we will seek extrabudgetary funding from Members to support such activities, particularly technical assistance on fisheries management.
4. Personally, I have worked on these issues for most of my active life and with the WTO since the Cancún Ministerial Conference in 2003. I also lead FAO’s work on SDG 14 [*UN Sustainable Development Goal 14 on oceans, seas and marine resources*], so I am incredibly pleased with June’s WTO Ministerial Conference outcome. We particularly appreciate the Agreement’s transparency requirements, and its emphasis on fisheries management, including the role and contribution of RFMOs [*regional fisheries management organisations*].
5. On a conceptual level, the new Agreement will impact several specific situations where ongoing subsidization could be especially harmful: cases of proven illegal fishing, overfished stocks, and high-sea fisheries outside the mandate of RFMOs.
6. In the case of the high sea, the Agreement addressed situations where effective collective management could not be implemented.
7. However, this is not the end of the story, nor is it even the start. As you are well aware, there are still issues to be resolved, such as overfishing and capacity or, more clearly, overcapacity.
8. Before we get into those details, let’s consider the impact of the Agreement. First and foremost, what is the effect? Let us begin with the fishing industry.
9. In recent meetings with representatives of the fishing industry, primarily those in charge of organizing the industrial fleet, the International Coalition of Fishery Associations (ICFA), with members in 25 countries, mainly in the developed world, indicated that the Agreement’s fisheries related provisions largely reflect the range of national and regional, regulations to which their fleets in principle already are subject. So the Agreement will reinforce those provisions on a global scale, by linking them to enforceable subsidies disciplines.
10. One specific provision of the Agreement which will have a substantial impact on the fishing industry is the prohibition of fishing subsidies in areas and in respect of species not covered by an

RFMO. For various reasons, some high seas areas have no RFMOs at all, and others cover only certain species in their covered areas, leaving important species outside their mandate.

11. Of course, the welcome emphasis on IUU [*illegal, unreported and unregulated*] fishing and the prohibition of subsidies where IUU fishing is involved provides us with another tool against this devastating practice. The Agreement will reinforce international efforts against IUU fishing with a long-term positive impact on the state of stocks. It will complement other available tools such as the FAO Port State Measures Agreement, the Global Record of Fishing Vessels, the Guidelines on Catch Documentation Schemes, and the recently endorsed Guidelines on Transshipment, as well as various instruments addressing on-board conditions.

12. In addition to regulatory requirements, let me mention the existence of market-based instruments, such as private certification schemes that certify the sustainability of a growing number of fisheries worldwide, raising awareness about sustainability in the eyes of consumers, but especially processors and retailers.

13. I am trying to emphasize that various tools are available to address sustainability concerns, and no single tool or Agreement will suffice to achieve all of these goals. Rather, they operate in a complementary manner. Similarly, no one-size-fits-all solution exists. Each country must chart its path towards sustainable harvesting of its aquatic resources and select the most appropriate fisheries management policies based on local conditions, history, political, economic, and social contexts.

14. That being said, there are, of course, best practices and several good examples of how countries have transitioned from situations of ineffective management, low profitability, and the use of subsidies to a situation of healthy stocks and profitable fisheries. Such transitions, however, are not easy and frequently result in societal costs as effort and capacity are reduced. Effective management also anticipates the public sector playing a significant role in stock assessment and research, enforcement, monitoring and reporting, and institutional capacity development. Donor assistance and support will undoubtedly be required for developing countries, particularly Sidespin making this transition as they implement the Agreement and more effective management.

15. This leads me to the topic of fishing capacity. I believe we can all agree that the long-term goal must be to align fishing capacity with what the resources can sustain. In the words of the FAO International Plan of Action for the Management of Fishing Capacity: "States should take measures to prevent or eliminate excess fishing capacity and should ensure that levels of fishing effort are commensurate with sustainable levels of fishing effort." This text is also present in the 1995 FAO Code of Conduct for Responsible Fisheries, adopted in the same year the WTO was created.

16. The IPOA Capacity also includes relevant text on subsidies, national plans on capacity, and fisheries management.

17. In our experience, overcapacity not only causes economic waste but also has the potential to cause overfishing. And in the absence of effective fisheries management, or with weak or ineffective management, it will almost certainly result in a decrease in stocks, poor profitability, and a strong request for financial assistance.

18. As a result, we advocate for greater government involvement in fisheries management and policies based on sound science. You may be aware that FAO Members agreed last month at COFI's Session in Rome to establish a new Sub-Committee on Fisheries Management. This new subsidiary body of COFI will allow more focused discussions and recommendations from Members

on this critical topic. This important and timely decision will strengthen FAO's capacity in this area and provide a wider platform for its collaboration with the WTO.

19. It is not my place to advocate for specific positions, but I will say that investments in institutional capacity, stock assessment, and enforcement are necessary for effective fisheries management. Given the financial support already provided to the sector, what is often required will be to change budget lines rather than find new funding. Ongoing work at the OECD on financial support to fisheries, with a growing coverage of economies and global fishing, may help to inform the debate in this respect.

20. Multilaterally enforceable rules could help guide governments away from excessive fishing support and encourage them to invest in fisheries more sustainably. A particular opportunity here is to design future rules in the continued negotiations that would enable governments to redirect subsidies toward better fisheries management.

21. It is clear that many countries will require assistance to improve their fisheries management systems and, where needed, reduce capacity. Any capacity reduction must be accompanied by policies that benefit the resource, the operators, and those who leave the industry by choice or of necessity.

22. Even when fisheries are not yet overfished, subsidies can often incentivize excessive fishing. They can create or maintain more capacity than the resource can support. This eventually threatens fishing communities' livelihoods. This year we celebrate the International Year of Artisanal Fisheries and Aquaculture, so let us also remember the importance of the work you are doing for the artisanal sector and the most vulnerable.

23. I have already mentioned the need to address the issue of overcapacity and overfishing. There is also a need to fill any remaining gaps in management, such as fishing areas not covered by RFMOs or where RFMOs exist but do not include all important commercial species.

24. Finally, let me close with a quote from the most recent issue of SOFIA [*the State of World Fisheries and Aquaculture report*], which was released in June this year at the UN Ocean Conference in Lisbon.

25. SOFIA published the most recent data on the world's fish stocks. As measured by the Maximum Sustainable Yield, or MSY, the trend is discouraging, as the number of sustainable stocks in the world fell by 1.2 percent in 2019, to 64.6 percent, continuing the decline that has been observed for decades. And I am aware that some other estimates put the number of sustainable stocks lower, so this trend needs to be a continuing cause for concern and focused policy attention. One encouraging finding of SOFIA in this regard is that catches from sustainable stocks are increasing, accounting for 82.5 percent of total catches, up a remarkable 3.8 percent since the previous report. These are typically the better-managed stocks, demonstrating that fisheries management effectively adds value to society, operators, and to the hundreds of millions of livelihoods that depend on fishing.

26. Please be assured that FAO is ready to assist you in implementing the Agreement and in the transition to more sustainable fisheries.