

WTO RULES NEGOTIATIONS: FISHERIES SUBSIDIES

Presented by

ANGGA HANDIAN PUTRA

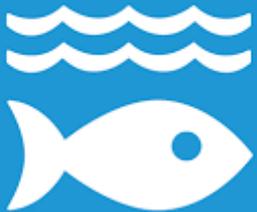
HEAD OF SECTION FOR TRADE DISPUTE SETTLEMENT

DIRECTORATE OF MULTILATERAL NEGOTIATION

Importance of **FISHERIES**

- 🐟 Food Security and Nutrition
- 🐟 Source of Livelihood
- 🐟 Employment
- 🐟 International Trade

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to 'conserve and sustainably use the oceans, seas and marine resources' (UN, 2015)

GLOBAL Situation of Fisheries



- Global fisheries stocks are fully overfished, increased from 75% in 2005 (FAO, 2014) to 90% in 2013 (FAO, 2016)
- Trade: China (US\$19.5 billion) (FAOStat, 2017)
- Global fisheries subsidies is estimated about US\$ 35 billion in 2009 (UNCTAD, 2016)
- US\$ 20 billion were categorized capacity enhancing, therefore contributed to overfishing (UNCTAD, 2016)
- **Fisheries subsidies create distortion**

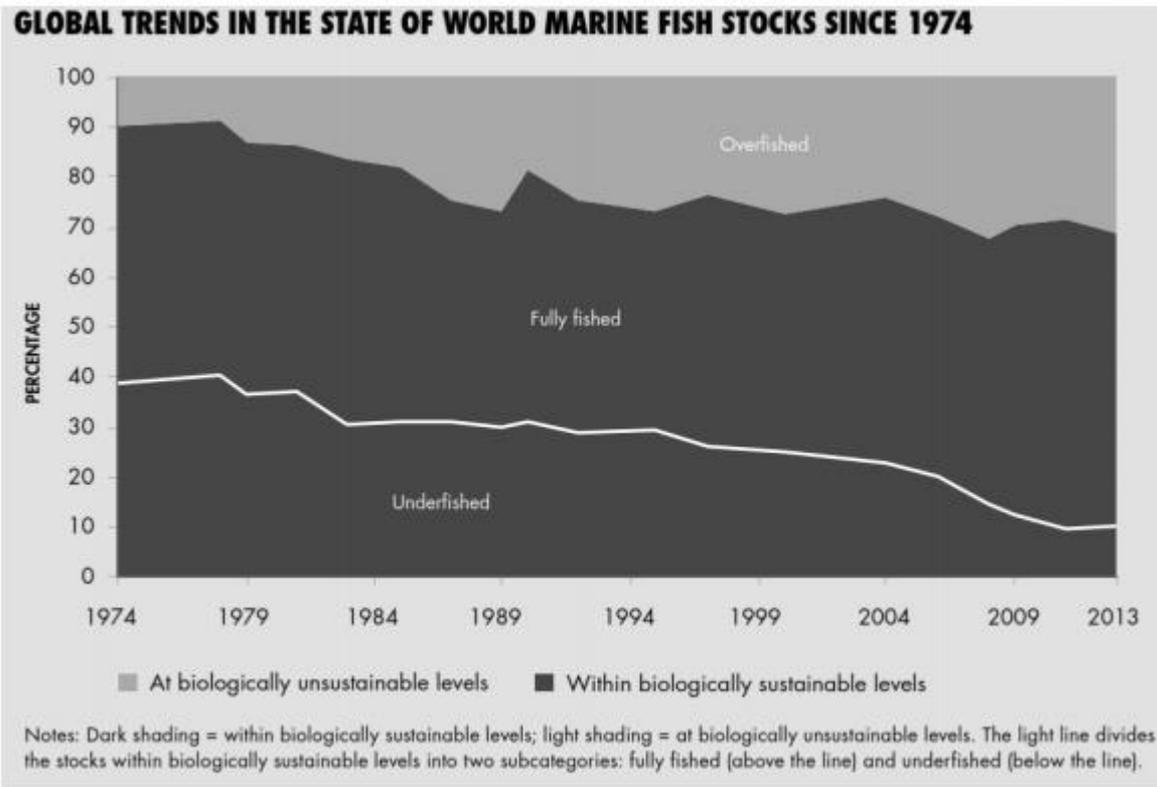
INTERNATIONAL ARRANGEMENT on Fisheries Subsidies?

1. UN Convention on the Law of the Sea (UNCLOS)?
2. FAO International Plan of Action for the Management of Fishing Capacities (IPOA)?
3. WTO Agreement on Subsidies and Countervailing Measures (ASCM)?
4. UN Sustainable Development Goals (SDGs)?

*SDGs 14.6 of the SDGs:
"By 2020, prohibit certain forms of fisheries subsidies which contribute to overcapacity and overfishing, eliminate subsidies that contribute to illegal, unreported and unregulated fishing and refrain from introducing new such subsidies, recognizing that appropriate and effective special and differential treatment for developing and least developed countries should be an integral part of the World Trade Organization fisheries subsidies negotiation."*

TIMELINE Fisheries Subsidies Negotiation Under **WTO**

1. Pre – Doha (prior to 2001)



Source: *FAO State of the World Fisheries and Aquaculture (SOFIA) 2016, figure 13, page 39*

1990s, focused on the need to improve fisheries management
1997, IPOA questions subsidies and its relation to excess fishing capacity
Trade and environment debate: Tuna – dolphin dispute
1999, Seattle Ministerial Meeting: Proponent vs Opponents

2. DOHA Round

- Doha Mandate:
“...*participants shall also aim to clarify and improve WTO disciplines on fisheries subsidies, taking into account the importance of this sector to developing countries*” (Paragraph 28)
- Negotiating Group on Rules
- The Friends of Fish
- Japan, EU, Rep. Korea and Chinese Taipei



2. HONG KONG Ministerial

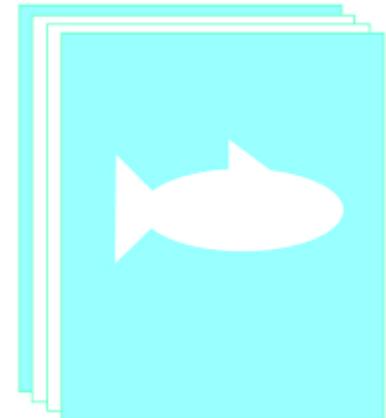
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*[We ministers] recall our commitment at Doha to enhancing the mutual supportiveness of trade and environment, note that there is broad agreement that the Group should strengthen disciplines on subsidies in the fisheries sector, including through the 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.*



3. WTO Rules Chair Draft of 2007

- Prohibition subsidies:
 - a) Essel construction, modification or repair
 - b) Support on operating costs (like fuel and license fees)
 - c) transfer of vessels
 - d) Port infrastructure predominantly for fishing and related activities
 - e) Income and price supports
 - f) Landing and 'in or near' port processing activities
 - g) IUU fishing
 - h) subsidies affecting fish stocks that are in 'unequivocally in overfished condition
- Special and Differential Treatment (Bottom Tier)
- General Exception to the prohibitions: aid for natural disaster relief, improvements for crew safety, re-education of fishers towards alternate livelihoods, improvements for sustainable fishing techniques, environmental improvements
- LDCs are exempted from any fisheries subsidies disciplines
- "Roadmap" 2008



4. WTO Rules Chair Summary of 2011

'All countries have the right to a share of fisheries resources in international waters, but the cost advantages of developed Members' fishing fleets are too great for them (developing countries) to overcome without subsidies. They consider that, including through the use of subsidization, developed countries are responsible for the overfishing of high seas stocks and now are denying developing countries the use of subsidies, and thus are attempting to impose a standstill on high seas fishing, which would be unfair to developing countries'

5. 10th WTO Ministerial Conference (2015)

- NO outcome on fisheries subsidies disciplines at MC10
- Ministerial Statement of 28 Members

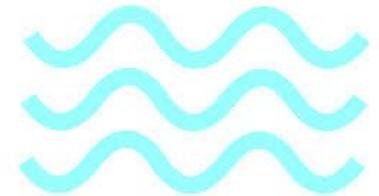
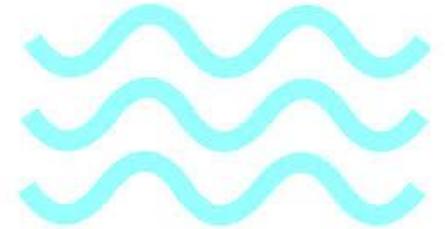
6. SDGs 14

The most important one in relation to the WTO negotiations is sub-goal 14.6: to prohibit subsidies that contribute to overcapacity and overfishing. Sub-goal 14.b about providing market access and access to marine resources to small-scale artisanal fishers and sub-goal 14.4 about ending illegal, unreported and unregulated (IUU) fishing are also relevant.



7. RECENT Development (2016 - 2017)

- **VERTICAL TEXT** prepared by SEVEN proponents (Iceland, NZ, Pakistan); Indonesia; Norway; the EU; ACP Group; (Argentina, Colombia, Costa Rica, Panama, Peru and Uruguay)
- **SCOPE:**
 - Specific Subsidies
 - Focus on wild marine capture
 - Definition of fishing/fishing vessel
 - Differentiation between maritime zone
 - Exclusion of certain subsidies (“Green Box”)
 - Types of subsidies to prohibit: *Subsidies related to overcapacity, Subsidies related to overfishing, Subsidies related to IUU*
 - Special and Differential Treatment (S&D)
 - Standstill
 - Transparency
- Ministerial decision or stand alone agreement as Annex to ASCM or Plurilateral agreement?



Negotiation During the MC11, BUENOS AIRES



BUENOS AIRES
10-13 DECEMBER 2017

1. Participant Activities:

- Formal meetings
- Side events: ICTSD, UNCTAD
- Indonesia's delegates bilateral meeting

2. Structure Meetings on FS Negotiation:

- Facilitator meeting: Minister Kamina Johnson Smith (Jamaica) as meeting facilitator
- Consultation with facilitator
- Working Group meeting
- Plenary meeting

3. **NO** Discussion on Vertical Text

4. **Draft Ministerial DECISION** (WT/MIN(17)/W/4, 6 Dec 2017)

- Preamble
- **DECISIONS:**
 1. Future Work
 2. 5 Alternatives on interim solution and overfished stocks
 3. Standstill commitment on new subsidies
 4. Re-commit to transparency commitment Article 25.3 ASCM
 5. This decision is not subject to DSU



MC11
BUENOS AIRES
2017

INDONESIA's

- 54,716 KM of coastline (2nd longest, after CANADA), CIA World Factbook
- Importance of fisheries sector to Economic: 3% GDP, source of export earning (US\$ 3,8 billion, 2013), source of livelihood (95% fishery production from artisanal fishermen), food security and nutrition, employment (6 million involved)
- IUU fishing harmful
- Ensuring livelihood of artisanal fishermen and Indonesian people live in coastal

Participation

- Indonesia agreed to establish global fisheries subsidies discipline
- Proposal 2007
- Proposal 2008 with China and India
- Post Bali Work Program
- Proposal 2017
- Proponent of Vertical Text 2017

INDONESIA'S position

1. Absence of definition of 'fishing'
2. Exclusion of certain subsidies from proposed fisheries subsidies disciplines
 - Subsidies for the installation of equipment for safety or for control and enforcement purposes
 - Subsidies for equipment fitted for the purpose of reducing environmentally harmful emissions
3. Subsidies related to overcapacity: Subsidies for the purpose of modernization, renovation, repair or upgrading or existing fishing vessels (..) or any significant capital inputs to fishing
4. No contain specific prohibitions for subsidies related to overfishing
5. IUU fishing
6. IUU vessel lists
7. Flags of Convenience
8. Proposed definition of artisanal/small-scale fisheries
9. S&D linked to fisheries management
10. Transparency



Outcome of the MC11, BUENOS AIRES and its Meaning for Indonesia

- It is not only about **FUTURE WORK**
- **THREE** elements in **SDGs 14.6: PROHIBIT, ELIMINATE AND REFRAIN**
- **NO REFRAIN** commitment is **GOOD**
- **Eliminate subsidies that contribute to IUU Fishing is **IN LINE** with national policy**
- **Transparency**



WTO Sepakati Usulan RI Basmi Maling Ikan dan Subsidi Nelayan



Achmad Dwi Atiyadi
16 Des 2017, 10:23 WIB



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WTO Setuju Pertahankan Subsidi bagi Nelayan Kecil

Sementara kapal berkapasitas industri besar dilarang menerima subsidi, termasuk untuk bahan bakarnya.



Menteri Perdagangan RI, Enggartiasto Lukita memberikan pernyataan posisi Indonesia tentang perdagangan multilateral dan isu terkait pertanian pada Sesi Paripurna Konferensi Tingkat Menteri World Trade Organization (KTM WTO) ke-11, di Buenos Aires, Argentin

KEMENDAG

Beyond 2018: **RECOMMENDATIONS**

Support the **Future Work**



Focus on





TERIMA KASIH

E-mail: sengketa.wto@kemendag.go.id