



TRADE POLICY BRIEFS

FAO SUPPORT TO THE WTO NEGOTIATIONS AT THE 13TH MINISTERIAL CONFERENCE

THE WTO AGREEMENT ON FISHERIES SUBSIDIES AND THE ROLE OF FAO

KEY MESSAGES

- The Agreement on Fisheries Subsidies of the World Trade Organization (WTO), adopted by WTO Members in June 2022, is the first WTO agreement focussing on the environment and the first legally binding multilateral agreement on ocean sustainability.
- Fisheries management is vital for effectively complying with the rules established by the WTO Agreement on Fisheries Subsidies, particularly the prohibition of fisheries subsidies involving overfished stocks and illegal, unreported and unregulated (IUU) fishing.
- Critical to the sustainability of the sector and compliance with the WTO Agreement on Fisheries Subsidies is the national capacity to collect, manage and process data and information for assessing and reporting on the status of fisheries and fish stocks.
- Combining existing international instruments can be critical to effectively address the problem of IUU fishing, considering the complexity of global value chains.
- For the management and sustainability of stocks in area beyond national jurisdiction (ABNJ), coordination among countries in the form of various arrangements, such as regional fishery body (RFBs), is essential.

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The WTO Agreement on Fisheries Subsidies and the Three Fish Pillars

The WTO Agreement on Fisheries Subsidies, adopted at the 12th WTO Ministerial Conference (MC12) in June 2022, is the first WTO agreement to focus on the environment and the first legally binding multilateral agreement on ocean sustainability. It governs the provision of fisheries subsidies and recognizes that certain types of subsidies might negatively influence the sustainability of marine natural resources.

The Agreement includes three fundamental prohibitions on the use of fisheries subsidies: (1) subsidies granted or maintained by countries to vessels or operators engaged in illegal, unreported and unregulated (IUU) fishing or fishing-related activities in support of IUU fishing; (2) subsidies granted or maintained by countries for fishing or fishing-related activities regarding an overfished stock; (3) subsidies granted or maintained by countries to fishing or fishing-related activities outside of the jurisdiction of a coastal country and outside the competence of a relevant regional fisheries management organization (RFMO/A), including in areas beyond national jurisdiction (ABNJ).

Fisheries management and stocks monitoring

Fisheries management is essential to ensure effective compliance with the WTO Agreement on Fisheries Subsidies rules, particularly the prohibition of subsidies to fisheries that exploit overfished stocks and IUU fishing. Fisheries management is a complex and extensive collection of responsibilities designed to ensure that local users, countries,

and regions realize the best possible benefits from the sustainable use of the living aquatic resources to which they have access.

In this regard, stocks monitoring is crucial, as it allows the assessment of the status of the world's living aquatic resources, which can indicate the failure of fisheries governance. Such information generally supports countries in developing policies and making decisions regarding the long-term sustainability of marine resources, whether at the national level, in collaboration with neighbouring countries, or through cooperative regional processes.

FAO has periodically reviewed and monitored the status of the world's marine fishery resources since its initial publication of the global evaluation of marine fishery stocks in 1971, with results published every two years in the publication *The Status of World Fisheries and Aquaculture (SOFIA)*.

Overfished stocks

According to the SOFIA 2022 publication, the proportion of fishery populations within biologically sustainable levels fell to 64.6 percent in 2019, a 1.2 percent reduction from 2017. In 1974, this proportion was 90 percent (FAO, 2022).

Over the years, as marine fisheries have changed, so have evaluation methodologies and data availability. To continue providing a comprehensive and objective global analysis, FAO is revising the assessment method to reflect the significant changes in the relative dominance of different fisheries resources and to base it on an updated and more exhaustive

list of fishery stocks. The new methodology will update the list of stocks and provide a transparent, tiered approach with updated reporting formats. These modifications are also anticipated to increase transparency by fostering a more direct relationship with the expanding community of assessment and management institutions and experts in countries.

The initial stage revises the list of stocks considered in the analysis in each region, reflecting more precisely the current state of fisheries globally. This is done through regional workshops and new modes of consultation, such as the country-specific questionnaires of the Sustainable Development Goal (SDG) Indicator 14.4.1 (proportion of fish stocks within biologically sustainable levels) and collaboration with local experts.

To the benefit of Members, FAO continues to conduct a number of capacity development programmes that strengthen the capacity of fisheries institutions of Members to collect, manage, and process data and information for assessing and reporting on the status of fisheries and fish stocks, particularly considering this revision process.

Illegal, unreported, and unregulated fishing

IUU fishing refers to fishing activities that violate laws and duties and activities carried out without a governance structure. IUU fishing harms sustainable and responsible fishing, weakening conservation and management efforts in fisheries.

Natural resource loss is the most evident result of IUU fishing. Considering that all forms of IUU fishing occur outside the framework of a legal fisheries management system, the natural capital of fishery stocks is at risk. Thus, IUU fishing risks harming the ecology that supports the stocks.

Due to the omission of unregulated fisheries, most evaluations have only measured illicit and unreported (I&U) catches, thereby underestimating total losses. One of the earliest estimates of global I&U fishing stated that between 2000 and 2003, 11-26 million tonnes of catch were lost annually, worth USD 10 -23.5 billion (Agnew et al., 2009). The employed evaluation technique was recently modified for 2005-2014 to assess the value of the lost I&U catch and the possible losses to lawful linked economic activity such as trading. According to the findings, the I&U catches diverted from the legal market are worth USD 9-17 billion, with additional losses of USD 34 -67 billion due to secondary economic, income, and tax revenue implications (Sumaila et al., 2020).

The part of the WTO Agreement on Fisheries Subsidies that addresses the prohibition of fisheries subsidies that contribute to IUU fishing can be a powerful tool in reducing this harmful and illegal practice, provided that countries also implement additional instruments to combat fish illegality at various nodes of the value chain. These include the FAO Port State

Measures Agreement (PSMA), the FAO Voluntary Guidelines for Transshipment (VGT), and the FAO Voluntary Guidelines on Catch Documentation Schemes (CDS). Countries that implement this minimal set of tools are better equipped to handle product-related information along the supply chain.

Fishing in unregulated ABNJ

ABNJ are high seas areas located more than 200 nautical miles from the coast over which no single government has authority. They are often managed by several instruments and global and regional institutions, each within its mandate and priorities.

Regional fishery bodies (RFBs) are groups of countries or organizations that are parties to an international fishery arrangement and collaborate to conserve and manage fish stocks. Where international cooperation in conservation and management is essential, RFBs can be crucial in supporting long-term sustainable fisheries.

Considering the fundamental role of RFBs in conserving and managing fish stocks in multiple maritime zones, including ABNJ, the WTO Agreement's prohibition on fisheries subsidies linked to unregulated ABNJ reinforces their significance as a pragmatic mechanism for cooperation between countries for ensuring the sustainability of fisheries.

Actions to address key challenges:

- ▶ Develop a solid national fisheries management system that includes collaboration with neighbouring countries, regional fishery bodies (RFBs) and other international organizations.
- ▶ Implement and adopt a minimal set of fish legality instruments to effectively address the problems related to IUU fishing.
- ▶ Cooperate with, and participate in, relevant RFBs to have overall guidance and management assessments in the areas beyond national jurisdiction (ABNJ) at their disposal and support management, control and surveillance actions in these areas.

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