

# Five Things the WTO Must Include in Its Fisheries Subsidies Agreement

## As deadline for a deal approaches, conservation should drive negotiations

Article October 30, 2020

By: [Isabel Jarrett](#) & [Ernesto Fernandez Monge](#)



The agreement must prohibit capacity-enhancing subsidies to distant-water fishing boats.

For nearly two decades, member governments of the World Trade Organization have been working on a deal to end harmful fisheries subsidies, one of the main drivers of overfishing. Fisheries subsidies are payments that governments make to fishing fleets to help cover costs such as fuel and vessel construction. But these subsidies damage the environment by incentivizing more fishing than the ocean can handle.

In 2015, world leaders signed on to the United Nations' Sustainable Development Goals (SDGs), including SDG 14, which calls for conserving and sustainably using the ocean and marine resources. Target 6 of that goal recognizes the harm that some subsidies cause to fish populations—when they allow boats to fish for longer periods and farther out to sea than they typically would—and tasked the WTO with delivering an agreement by 2020 to end those types of destructive subsidies.

With that deadline fast approaching—and despite delays caused by the outbreak of COVID-19—governments resumed negotiating in mid-September.

The Pew Charitable Trusts believes that conservation must drive these discussions. Below are five components that the WTO agreement must include to fulfill SDG 14.6 and have a lasting positive impact on ocean health and coastal communities where small-scale fishers are struggling to make a living, in part because of subsidy-driven overfishing.

## **1. Every country must take on responsibilities under the agreement.**

Developing and developed countries alike are contributing to the depletion of fish resources. This is a worldwide problem and requires a global solution: a multilateral agreement under which all WTO member countries commit to changing the way they allocate public funding. Such a deal would benefit fishers around the world. Eliminating all harmful subsidies for fishing in all countries' exclusive economic zones and beyond their waters would reduce global fishing capacity. This would allow depleted fish populations to rebound and ultimately lead to more fish in the sea, which would help small-scale fisheries in particular.

## **2. The agreement must prohibit fuel subsidies.**

Experts widely recognize fuel subsidies as the most damaging of harmful subsidies—and the least effective form of support for fishers. There are two types of fuel subsidies: direct support for purchase of fuel and indirect support, such as removal of fuel taxes. When combined, direct and indirect fuel subsidies account for \$7.7 billion of the \$22 billion provided in harmful subsidies each year—the largest percentage of these destructive payments. Governments must ensure that fuel subsidies are prohibited under the agreement.

## **3. The deal must protect overfished stocks.**

Countries must agree to ban capacity-enhancing subsidies for fishing of stocks that are considered overfished in their exclusive economic zones and in areas beyond national jurisdiction. Fish populations are classified as overfished when they have been exploited to levels below what experts say will support maximum sustainable yield—defined as the largest average catch that can be taken, sustainably and over time, from a stock under existing environmental conditions. Given that the U.N. Food and Agriculture Organization estimates that 34% of all fish stocks are fished beyond sustainable limits, banning harmful subsidies on these overfished populations would demonstrate governments' commitment to ending overfishing, another target under SDG 14.

## 4. The agreement must prohibit capacity-enhancing subsidies to distant-water fishing boats.

In addition to prohibitions on fishing within countries' exclusive economic zones, the WTO must bar harmful subsidies that allow boats to fish outside the waters of their country of registration (called the flag state). Subsidizing such distant-water fishing puts unneeded stress on fisheries and is particularly wasteful on the high seas: A [2018 study](#) found that, without subsidies, less than half of high seas fishing activity would be profitable.

## 5. Flexibilities for developing countries must not undermine sustainability.

One component of the SDG 14.6 mandate is the provision of flexibilities—known as special and differential treatment—for developing countries. Any special rights given to developing countries to help them implement the WTO agreement should not undermine sustainability objectives. If flexibility is needed, it must be targeted and limited, addressing the specific concerns of some developing countries, such as capacity constraints or the needs of subsistence and artisanal fishers. And instead of asking for permanent exceptions, developing countries should ask for assistance and flexibilities only for finite transition periods.

As pressure increases on the WTO to meet the 2020 deadline, so does the temptation to settle for an agreement that avoids politically difficult subsidy reform decisions. WTO members must avoid this trap and adopt robust rules that minimize loopholes and seize this opportunity to set ocean policies on a course to better sustainability.

Ultimately, instead of providing harmful subsidies to support fishing activity, governments must redirect support toward [fishers and fishing communities](#). If done right, this deal could improve the health of fish populations, the global ocean, and communities and economies around the world.

*Isabel Jarrett is a manager and Ernesto Fernandez Monge is an officer program to end harmful fisheries subsidies.*

### AUTHORS



[Isabel Jarrett](#) Manager

Reducing Harmful Fisheries



[Ernesto Fernandez Monge](#) Officer  
Reducing Harmful Fishing

