



Environmental Fiscal Reform: Insights from Fisheries Subsidies Discussions at the WTO

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Presentation Overview

- Environmental Fiscal Reform and Environmentally Harmful Subsidies
- Importance of the Fisheries Sector
- Impacts of Fisheries Subsidies
- Role of the WTO
- Conclusions

Environmental Fiscal Reform

- MDGs (2005)
 - Halving absolute poverty by 2015
 - Reversing the loss of environmental resources by 2015
- Addressing MDGs through EFR:
 - Generate revenues that help finance poverty reduction
 - Encouraging more sustainable use of natural resources
 - Stimulating the use of innovative technology
- EFR instruments
 - Taxation and pricing instruments
 - Perverse subsidies removal

Overview of the Fisheries Sector

- **Critical to national economies, esp. developing countries**

- Net fish exports from DCs around USD 18 bill

- **Employment**

- 38 million people derive income from fishing & fishing related activities

- 95% of this employment is located in the developing world

- **Food security**

- 1 bill people depend on fish as primary source of protein

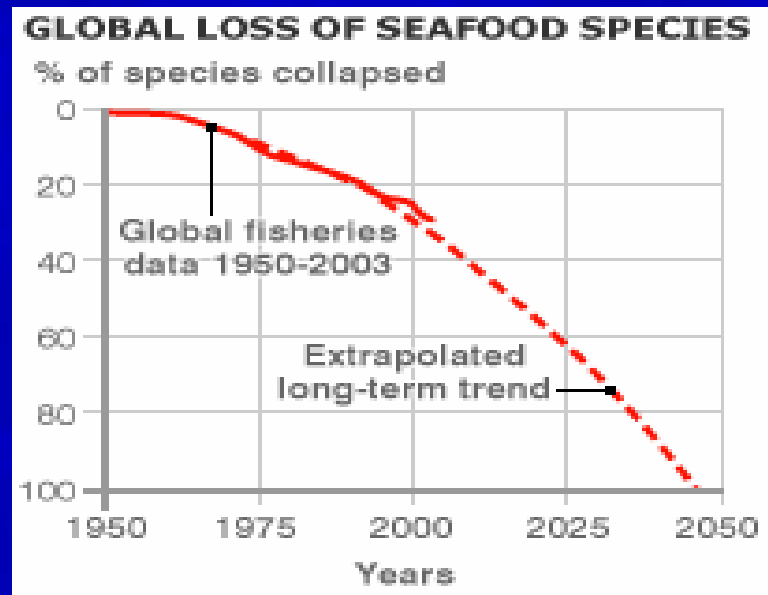


Overview of the Fisheries Sector

Most of commercial fish stocks are overexploited and threatened (75%):

- 55% overexploited
- 17% fully exploited
- 7% significantly depleted
- 1% recovering

FAO (2004)



Science Article Nov 2006:

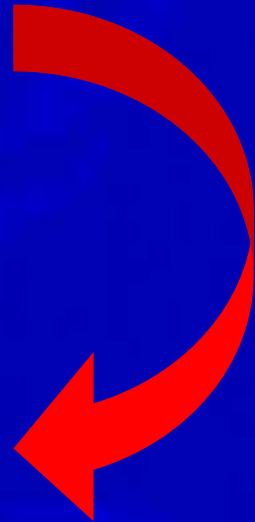
Threat of Collapse by 2048

Overview of the Fisheries Sector

- Main contributors to overfishing:
 - open access resource
 - overcapacity
 - illegal unreported and unregulated (IUU) fishing



Enhanced by
SUBSIDIES



Fisheries Subsidies

Fisheries Subsidies

-30-34 billion USD annually

-25% industry revenue

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graph TD; A[Fisheries Subsidies] --> B[Trade]; A --> C[Environment];
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Trade

Environment

Which Fisheries Subsidies are Harmful?

	Effective Management			Catch Controls			Open Access		
	Over-capacity	Full capacity	Less than full	Over-capacity	Full capacity	Less than full	Over-capacity	Full capacity	Less than full
Fisheries Infrastructure	NH	NH	NH	H	H	NH	H	H	NH
Management Services	NH	NH	NH	NH	NH	NH	NH	NH	NH
Access to Foreign Waters	NH	NH	NH	H	H	NH	H	H	NH
Decommissioning	NH	NH	—	PH	PH	—	H	PH	—
Capital Costs	NH	NH	NH	H	H	H	H	H	H
Variable Costs	NH	NH	NH	H	PH	PH	H	H	PH
Income Supports	NH	NH	NH	NH	NH	NH	NH	NH	NH
Price Supports	NH	NH	NH	H	H	PH	H	H	PH

NH = Not Harmful
 PH = Possibly or Probably Harmful
 H = Harmful
 — = Not Applicable

Source: UNEP (2004), *Analyzing the Resource Impact of Fisheries Subsidies: A Matrix Approach*, Geneva

Role of the WTO

- Production and trade-distorting impact of subsidies
 - = a role for the WTO
 - The Doha Ministerial Conference (2001)
 - World Summit on Sustainable Development (2002)
 - Hong Kong Ministerial Conference (2005)
- Key issues for remaining negotiations
 - Categories of subsidies to fall within the ban
 - Conditions on those that do not
 - Special and differential treatment
 - Artisanal fisheries
 - Transparency

Guiding Fisheries Subsidies Reform

- Criteria for sustainability
 - Biological, Industrial and Regulatory
- The Challenge for the WTO
 1. Articulate criteria for
 1. **health of fisheries**
 2. **minimum management**
 3. **maximum capacity**
 2. Adjust criteria for “artisanal fisheries”
 3. Special Differential Treatment
- Caveats
 - Can the WTO do this?
 - Is this sufficient?

Conclusions

- Importance of fisheries subsidies reform
- Transitioning must be managed
- Subsidy reform: important element of EFR to level the playing field

- Role for WTO in Reforming Environmentally Harmful Subsidies
- National level responsibility



Thank You

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