

**FISHERIES SUBSIDIES AND THE ENVIRONMENT**

Communication from Iceland

1. Members may recall that, during the last year, an extensive discussion took place in the Committee on Trade and Environment and the General Council on the issue of fisheries subsidies.
2. During the CTE meeting in February 1999, Iceland introduced a paper *The Icelandic Fisheries Management System: A Market Driven Sustainable Fisheries Regime* (WT/CTE/W/103), where the Icelandic subsidy free fisheries management system was outlined.
3. At the WTO High Level Symposium on Trade and Environment on 15-16 March 1999, Australia, Iceland, New Zealand, the Philippines and the United States submitted a joint declaration calling for elimination of environmentally damaging and trade distorting subsidization of fisheries.
4. Three papers on fisheries subsidies were introduced at the CTE meeting in June 1999. Iceland introduced the paper *On the Environmental Impacts of Fisheries Subsidies* (WT/CTE/W/111), New Zealand introduced the paper *Benefits of Eliminating Trade Distorting and Environmentally Damaging Subsidies in the Fisheries Sector* (WT/CTE/W/121) and finally FAO introduced its *International Plan of Action for the Management of Fishing Capacity*. A very extensive discussion took place at this meeting on these papers and around fifteen delegations declared support for elimination of trade damaging and environmentally harmful fisheries subsidies.
5. During the special session of the General Council, on 7 July 1999, on the preparation for the Ministerial Conference in Seattle, Iceland submitted the following proposal, (WT/GC/W/229):

"That as part of the upcoming WTO negotiations, Members agree to eliminate subsidies that contribute to fisheries overcapacity, in view of the fact that they distort trade, seriously undermine sustainable utilization of fish stocks and hamper sustainable development."
6. This proposal gained support from close to twenty Members at this meeting. The following Fall, when the General Council resumed after the summer break, an identical proposal was submitted by Australia, Iceland, New Zealand, Norway, Peru, the Philippines and the United States (WT/GC/W/303).
7. New Zealand submitted the following proposal at the special session of the General Council in September 1999:

"That, as part of the upcoming negotiations, a work programme should be initiated to develop WTO commitments and disciplines directed at the elimination of subsidies that distort trade in fish products and impact adversely on the conservation and sustainability of global fish stocks. Action in this regard would have important trade, environment and broader sustainable development benefits" (WT/GC/W/292).

8. These efforts and the widespread support for them turned out to be fruitful. In the first draft for the Ministerial Declaration of Seattle, dated 7 October 1999 (JOB(99)5868), the following paragraph appeared:

"We agree to establish a Working Group in the area of fisheries subsidies. The Group shall examine such subsidies, in order to identify any subsidies which may have adverse effects on trade, environment and sustainable development, as well as any subsidies which may have positive effects in these areas. The work of the Group shall proceed in two phases. The Group shall complete its identification and examination phase by the Fourth Session of the Ministerial Conference, drawing on relevant work under way within intergovernmental multilateral bodies, including the FAO. The group shall complete its work by developing and elaborating WTO commitments and disciplines with respect to fisheries subsidies."

9. In the light of this, Iceland therefore proposes that the Committee on Trade and Environment give the WTO Secretariat the task of reviewing and updating chapter IV on fisheries of the document *Environmental Benefits of Removing Trade Restrictions and Distortions* (WT/CTE/W/67) dated 7 November 1997. As part of the revision, the Secretariat should conduct a factual study on the impacts of subsidies on fisheries. The Secretariat study could, *inter alia*, focus on the effects of subsidies on:

- (a) Trade and trade distortions in the fishing sector;
- (b) fisheries management;
- (c) overcapacity and overfishing; and
- (d) environmental impacts of fisheries.

10. When conducting its work, the Secretariat should cooperate closely with FAO, regional fisheries management organizations and other organizations that can submit information and other relevant material necessary for conducting the study. The study should basically contain the compilation of the obtained information. In its study the Secretariat should also take into account the importance of the fisheries sector to the interests of the developing and the least-developed countries.

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