

Perspectives on Technical Barriers to Trade, Subsidies and Barriers to Investment

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Overview of presentation

- **Technical barriers to trade (TBTs)**
 - WTO Agreement, types of requirements, issues
- **Subsidies**
 - Definition, extent, impact, WTO
- **Barriers to investment**
 - Issues and situation
- **Two NRI projects:**
 - Implications of fish trade liberalisation for developing countries;
 - Sustainability Impact Assessment (SIA) of proposed WTO Negotiations – Fisheries sector study.



Technical Barriers to Trade (TBT)

- **WTO Agreements on SPS and TBT**
 - Not currently negotiated as part of Doha Round
- **SPS covers only food safety and health issues**
- **Other technical measures come under TBT**
- **SPS and TBT are mutually reinforcing**



WTO Agreement on TBTs seeks to ensure:

- **Technical standards and regulations do not create unnecessary obstacles to trade**
- **Code of good practice is used**
- **Procedures for testing should be fair and equitable**
- **No unfair advantage for domestic products as a result of standards**
- **Transparency (i.e. notifications)**



Examples of technical import requirements

- **Restrictions on the fish (e.g. size, presentation)**
- **The catch method (e.g. use of turtle excluder devices in shrimp fisheries; dolphin-safe tuna fishing)**
 - **India case study: SPS measures introduced in the 1990s had far more impact than TBT measures related to the turtle/shrimp dispute with the US**
- **Labelling (origin of the catch, generic marketing names, etc)**



Fisheries Subsidies - Issues

- **Definition of subsidies**
- **Budgeted and unbudgeted subsidies**
- **Direct and indirect subsidies**
- **Lack of transparency**
- **Terminology (government support, subsidies, governmental financial transfers)**



Types of fisheries subsidy (UNEP, 2004)

- Subsidies to fishing infrastructure
- Management services
- Subsidies to securing fishing access
- Subsidies to decommissioning of vessels
- Subsidies to capital costs
- Subsidies to variable costs
- Income supports
- Price supports



Extent of fisheries subsidies

- **WWF estimates: at least US\$ 15 billion p.a.**
- **World Bank (Milazzo, 1998): US\$ 14 – 20 billion per annum**
- **OECD: around US\$ 6.7 billion in government financial transfers (GFTs) in 2003 in OECD countries; i.e. 21% of the value of landings**



Impact of fisheries subsidies

- **Impact depends on:**
 - **fleet capacity, i.e. overcapacity, full capacity, and less than full capacity**
 - **type of management regime, i.e. open access, catch control, and effective management**
- **Impact touches on a range of issues: e.g. economic, social, environmental, governance.**



Fisheries subsidies and the WTO

- There is agreement that disciplines on fisheries subsidies require strengthening – highlighted in the Declarations of the fourth and sixth WTO Ministerial Conferences
- Negotiating Group on Rules - mainly three different negotiating positions (top-down, bottom-up, middle ground)
- The issue of Special & Differential Treatment (SDT) of developing countries fisheries, e.g. small-scale fisheries
- Anti-dumping measures (ADMs)



Barriers to Investment

- **Participation in fisheries by wholly or partly foreign owned vessels is governed by laws and regulations related to:**
 - **Foreign investment rules**
 - **Registration of vessels in a country's ship register**
 - **Regulations on the participation in fishing activities**
 - **Rules for quota allocations**



Impact of foreign investments

(Hannesson, in OECD, 2003)

- **Effects of foreign investments depend on the fisheries management regime**
- **Under open access regimes, the additional foreign investment may add capacity and reduce stocks**
- **Under catch control regimes there will be no resource or trade effects as catch is limited**
- **Under effective management involving some property rights scheme there will be competition for quotas while overall catch and hence traded quantities remain unchanged**



Situation in OECD countries

- **Countries that, subject to registration, allow foreign investment and participation in the fishing fleet (e.g. Spain, Netherlands)**
- **Countries that permit foreign investment but with caps, i.e. mostly minority holdings of less than 50% (e.g. Australia, Canada)**
- **Countries that restrict foreign investments to “much” less than a minority holding, i.e. less than 25% (e.g. USA, New Zealand)**



Situation and issues in developing countries

- **General barriers such as: legislation, administrative and infrastructure barriers; lack of transparency; lack of economies of scale; rules of origin related to preferential access to markets (e.g. fish processing industries)**
- **Registration of foreign vessels can lead to overcapacity in host country / flag state waters**
- **Many flag states fail to live up to their international responsibilities, which can lead to IUU fishing**
- **Assessment of performance of flag states and capacity building is required**



Policy coherence issues

- **Trade related – Progress required at WTO on**
 - Fisheries subsidies disciplines
 - Harmonisation (e.g. SPS, TBT)
 - Internationally agreed investment rules
- **Environment related**
 - Effective fisheries management is required for sustainable trade. This requires measures at both national and international levels.
- **Question: to what extent can and should WTO deal with environmental matters?**



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Thank you for your attention!

www.nri.org/projects/fishtrade/index.htm

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