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## COMMITTEE ON FISHERIES

### Twenty-sixth Session

Rome, Italy, 7-11 March 2005

### FISHERIES SUBSIDIES: A SHORT TERM AND A LONG TERM WORK PROGRAMME FOR FAO

#### DETAILED OUTLINE

1. The FAO Technical Consultation on the use of subsidies in the fisheries sector took place at FAO Headquarters 30 June – 2 July 2004. The consultation recommended that the Fisheries Department continue to work on issues related to fisheries subsidies. It concluded that two work programmes, one short term and one long term, should be developed and that detailed outlines of these should be presented to the 26<sup>th</sup> Session of the Committee of Fisheries in March 2005. Given the nature of the work the consultation recommended that it be funded from the regular programme.
2. In general terms the FAO work programme should provide pertinent and comprehensive information on fisheries subsidies for members. Pertinent information would include data on both the magnitude and on the impact of subsidies. To be comprehensive and inclusive, such information should be complemented with information on the various effects caused by modifications of ongoing subsidy programmes.
3. The work programme will necessarily include: model selection/model building, data collection and analysis. However, as common experience from subsidy studies shows, data collection may be expected to be the most burdensome part of this work programme.
4. Detailed outlines for the short term and the long term work programmes are provided below.

#### The Short Term Work Programme

5. The proposed content of a Short Term Work Programme (STWP) is provided in paragraph 25 of the report of the Consultation<sup>1</sup>. It reads as follows:

<sup>1</sup> FAO fisheries report no FIPP F752.

*“The consultation agreed that FAO should prioritize its programme of work with some activities to be carried out in the short term and others in the long term. In the short term, FAO should broadly examine the relationship between subsidies and overcapacity and IUU fishing. The examination should also, as part of the short-term work programme, consider the situation in developed and developing countries, high seas and EEZs, and the artisanal and industrial sectors. In addition, FAO should examine the role and impact of subsidies in fisheries development, particularly in the artisanal sector and with respect to food security and livelihoods and consider the effects and role of other economic instruments. This applies particularly to the situation of developing countries and their special needs. In this context, reference to the directions given in paragraphs 45 and 47 of document TC SUB/2004/2 was made.”*

6. It is suggested that the STWP should be thought of as the work to be undertaken and completed in the course of the next three calendar years: 2005, 2006 and 2007. Given that this work programme should be funded by the regular programme, it is modest in nature and would play only the role of a catalyst.

7. As considerable work has already been conducted on the issue of the link between subsidies and overcapacity and IUU fishing in general terms, it is suggested that the initial focus of the STWP be upon: (i) the link between subsidies and development – and on the comparison of subsidies and other economic instruments intended to spur fisheries development; and, (ii) a comparison of subsidy impacts on the industrial and artisanal fisheries.

8. ***Subsidies as an economic instrument to spur development.*** This subject would be tackled through a number of fishery specific country studies. They would aim to study recent history in this field. The operative question will be: What fisheries in the 1990’s were the object of public policies that used subsidies as an instrument aiming to develop/expand these fisheries and what were/are the results to date? It would seem essential to get a relatively large number of studies done (10 – 15) in order that reliable conclusions of general relevance can be drawn. A two year period would be needed from start to end and a budgetary commitment of about US \$ 60.000<sup>2</sup>. The budget would cover 10 – 15 national consultants covering as many fisheries, plus a synthesis report. The study would be managed by FIPP.

9. ***Subsidies in industrial and artisanal fisheries - are the push towards overcapacity and IUU the same?*** The first part of this component of the work programme will be a conceptual study. It will discuss the likely mechanisms that lead from subsidies to overcapacity and to IUU fishing. It would do so for a set of four situations that can be described in a two by two matrix: industrial and artisanal fisheries on the one hand; and rich (post-industrial) economy versus a poor, developing country on the other. This conceptual study would need a budget of about US\$ 10 000.

10. The second part of this component of the STWP will make a first attempt to verify/disprove the results of the conceptual study through the conduct of a few empirical studies of the same issue. They could start in year two (2006) and be concluded at the end of year three (2007). Three studies would need a budget of about US \$ 30 000.

11. ***Expert consultation on the use of subsidies to promote sustainable artisanal fisheries in poor economies.*** This expert consultation would draw on the results of the two preceding parts of this STWP. It would be global in nature and need a budget of about US \$ 30 000 (one language). It could be held at the very end of 2007 or early in 2008.

#### The Long Term Work Programme

12. The proposed content of a Long Term Work Programme (LTWP) is provided in paragraph 28 of the report of the consultation. It reads as follows:

<sup>2</sup> Not including cost of regular programme staff time.

*It was recognized that the impact of subsidies on sustainable fisheries was dependent among other factors on the management regime in place and the state of the stocks. The long term work was thus identified as evaluating the impact of fisheries subsidies on the various fisheries management regimes. The Consultation also agreed that FAO should work on indicators, consistent with existing international agreements that could be used to identify resources that are under-exploited, moderately exploited and overexploited. It was noted that this was a continuing part of the FAO mandate.*

13. During the 2005- 2007 period, the LTWP will be executed in parallel with the STWP. It will then continue beyond that period for another 3 to 5 years, the exact duration of which depending *inter alia* on the budget being made available to it.

14. ***The impact of subsidies on fisheries management regimes.*** Subsidies impact unfavourably or favourably on fisheries management regimes. These impacts are of different strength, develop with different speed, and may change in intensity and nature over time. They also differ depending on the nature of the fisheries management regime. The first task under the LTWP will be to tentatively identify those subsidies that cause the most harm under the most common management regimes. The second step will be to study those subsidies in depth.