

# Addressing harmful subsidies at the WTO

Fossil fuel and fisheries subsidies

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# The WTO Agreement on Fisheries Subsidies



# From Doha mandate to MC11 decision



**Doha Mandate**  
to “clarify and improve” existing (ASCM) rules, with link to environment, and developing Members’ LDCs’ concerns



2001



2005

## Hong Kong

**elaborated mandate:** “Prohibit [...] certain forms of fisheries subsidies that contribute to **overcapacity and overfishing**” + **SDT**



2015

## SDGs

**Target 14.6:** “by 2020, prohibit certain forms of fisheries subsidies which contribute to **overcapacity and overfishing**, and eliminate subsidies that contribute to **IUU fishing**” + **SDT** integral



2017

## MC11 Ministerial Decision

conclude negotiations by 2019 (MC12) – same goals as Target 14.6

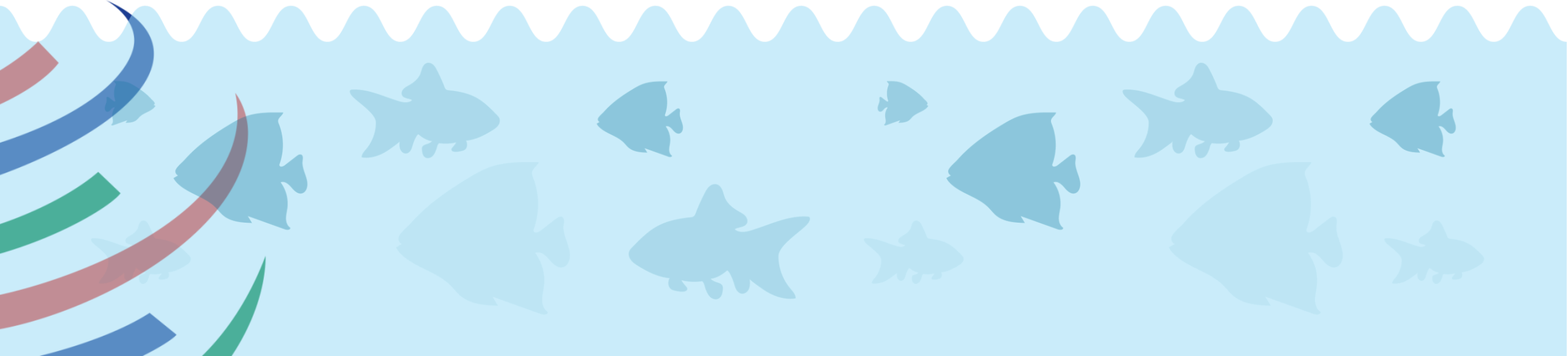
# MC12 Outcome on Fisheries Subsidies



- ❖ 17 June 2022, **MC12 Decision** (MIN(22)/W/33) to:
  - Open for acceptance a protocol to amend the Marrakesh Agreement by the insertion of **the Agreement on Fisheries Subsidies**; and
  - Continue negotiations on outstanding issues

## Historic achievement

- ❖ The Agreement represents a historic achievement because it is:
  - The first **WTO agreement** to focus on **the environment**; and
  - Only **the second agreement reached** at the WTO since its inception.





# SCOPE



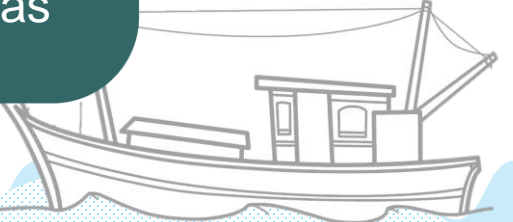
## Prohibitions



Subsidies to IUU fishing

Subsidies to overfished stocks

Fishing in the unregulated high seas



Enforceable through the WTO dispute settlement system



**Other disciplines**  
 To take special care and exercise due restraint when subsidizing:

- › **Vessels not flying that Member's flag**
- › **Fishing on unassessed stock**

*...except for disaster relief*



Subject to termination clause

### CROSS-CUTTING RULES

Institutional arrangements

Notification and Transparency

Technical Assistance



## SCOPE



### Within the scope:

- Subsidies (as defined in the ASCM)
- That are specific (also as defined in the ASCM)
- To wild marine capture fishing and fishing related activities taking place at sea



### Outside the scope:

- Aquaculture
- Inland fishing
- Onshore activities



## Special and Differential Treatment in the Agreement

ADE  
TION

### ❖ Flexibilities for developing and LDC Members



#### **Peace clause**

- ❖ Dispute settlement will not apply for two years
- For disciplines on IUU fishing and overfished stocks
- Within exclusive economic zones (EEZ)



#### **Notification of fisheries-related information**

- ❖ Every four years instead of every two years
- If a developing Member a share of the volume of global fish catch is not more than 0.8%



#### **Technical assistance and capacity building**

- ❖ Targeted technical assistance and capacity building assistance for the purpose of implementation of the disciplines under this Agreement.
- ❖ Establishment of a voluntary WTO funding mechanism (Fish Fund)

### ❖ Flexibilities for LDC Members only



#### **Due restraint**

- ❖ Members must exercise due restraint in raising matters involving an LDC Member



# Establish a Fish Fund



WORLD TRADE  
ORGANIZATION

- ❖ Upon entry into force, the Agreement envisages the creation of a voluntary WTO funding mechanism

- ❖ **The Fund will assist with:**

Integrating fisheries sustainability elements into fisheries subsidies policies and practices

Strengthening sustainable fisheries management systems

Complying with notification and transparency obligations, particularly on fisheries related information policies and practices

- ❖ To operate in cooperation with other relevant international organizations – including FAO and IFAD
- ❖ Aims at integrating and creating coherence between subsidy policies and fisheries sustainability within the beneficiary governments



## Next steps



WORLD TRADE  
ORGANIZATION

- ❖ Once two-thirds of WTO Members deposit their “instruments of acceptance” in the WTO, **the Agreement enters into force**
- ❖ In the MC12 decision, Members agreed to **continue negotiations** on outstanding issues, with a view to making recommendations by MC13 for additional provisions that would further enhance the disciplines of the Agreement
- ❖ This includes further disciplines on certain forms of fisheries subsidies that contribute to **overcapacity and overfishing**, recognizing the appropriate SDT
- ❖ **“Termination clause”**  
Termination of the Agreement if comprehensive disciplines are not adopted **within four years** after the entry into force, unless agreed otherwise

# The Fossil Fuel Subsidy Reform Initiative

# ENVIRONMENTAL INITIATIVES



## Trade and Environmental Sustainability Structured Discussions (**TESSD**)

- Topics: trade and climate change, trade and environmental goods and services, circular economy, and sustainable supply chains



## Informal Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade (**DPP**)

- Topics: improve transparency of supply chains; strengthen regulatory cooperation; identify env. sustainable trade policies and mechanisms; strengthen trade-related technical assistance for vulnerable economies



## Fossil Fuel Subsidy Reform (**FFSR**)

- Seeks to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption by sharing information and experiences, while taking into account the specific needs and conditions of developing countries

## ENVIRONMENTAL INITIATIVES

Official launch at **joint event** of three environmental initiatives on 15 December 2021

Intended to **complement** the work of the CTE and other relevant WTO bodies

Share the **objective** of making trade part of solutions to addressing global environmental challenges

**Inclusive approach:** open to all Members, actively seek the engagement of stakeholders from the private sector, civil society, IOs and academia



# FFSR



- Launched in December 2017
- **Coordinators:** New Zealand
- **Objectives:**
  - Seeks the rationalization and phase out or elimination of harmful fossil fuel subsidies through use of existing mechanisms or the development of new pathways to reform
  - Recognizes that reform needs to take fully into account the specific needs and conditions of developing countries and minimize the possible adverse impacts on their development
  - Importance of the WTO as a forum to advance discussions to achieve ambitious and effective disciplines on fossil fuel subsidies
- **48 co-sponsors**
- **Webpage:**  
[https://www.wto.org/english/tratop\\_e/envir\\_e/fossil\\_fuel\\_e.htm](https://www.wto.org/english/tratop_e/envir_e/fossil_fuel_e.htm)

# MC13 OUTCOMES ([WT/MIN\(24\)/19](#))

An updated Ministerial Statement by the FFSR co-sponsors, accompanied by two annexes setting out

- A detailed programme of work outlining concrete options under the three pillars to guide the work of the Initiative in the period to the 14th WTO Ministerial Conference.
- A non-exhaustive list of sample questions on fossil fuel subsidies and fossil fuel subsidy reform for regular use by co-sponsors and other WTO Members in Trade Policy Reviews.



# PILLAR 1: ENHANCED TRANSPARENCY

## **Enhancing transparency of fossil fuel subsidies and fossil fuel subsidy reform, including through the use of existing WTO mechanisms**

- Advocate the regular incorporation of information on fossil fuel subsidies and their reform in a dedicated section of Members' Trade Policy Review reports and use the list of sample questions to engage with other Members on these issues.
- Extend the transparency analysis to other WTO processes and review information from other international processes (UNFCCC, UNEP and OECD).
- Advocate as part of current efforts to revitalise the work of the WTO Committee on Trade and Environment.

# PILLAR 2: CRISIS SUPPORT MEASURES

**Ensuring that support measures adopted in response to the global energy crisis remain targeted, transparent and temporary**

- Compile information on Members' experience with the design, review, adjustment and roll-back of temporary fossil fuel support measures to address energy crises.
- Develop guidelines to help make any future such measures targeted, transparent and temporary.
- Undertake periodic reviews of Members' temporary crisis support measures and efforts to reform, reduce and remove these measures.



# PILLAR 3: MOST HARMFUL FOSSIL FUEL SUBSIDIES



**Identifying the types of fossil fuel subsidies that are most problematic from a trade and environment perspective and considering pathways to address them**

- Develop a grid of key types of fossil fuel subsidies, including situations and sectors in which they are used, and their harm to the environment and trade.
- Build broader recognition and support for the development of pathways to reform, reduce and eliminate those fossil fuel subsidies (via workshops, experience-sharing sessions, compilation of success stories, etc.).
- Map out phased reduction pathways, including a timetable, for these most harmful types of subsidies, taking fully into account social and development concerns.