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

Ulrich Kleih
Natural Resources Institute (NRI), University of Greenwich

Workshop on Policy Coherence for Development in Fisheries
OECD, Paris, 24 & 25 April 2006
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

- 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)
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
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

Impact of foreign investments

(Hannesson, in OECD, 2003)
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?
References

Thank you for your attention!

www.nri.org/projects/fishtrade/index.htm
www.sia-trade.org