First WTO deal on fishing subsidies hailed as historic despite 'big holes'

Environment groups welcome long-awaited deal to curb harmful subsidies but say key measures to curb overfishing were dropped

A trawler off France. 'Harmful' subsidies such as cheaper fuel for the industry, which are one of the main drivers of overfishing, were not included in the agreement. Photograph: Hemis/Alamy

After 20 years of failed negotiations, the World Trade Organization has secured a deal to curb harmful subsidies that contribute to overfishing. Conservationists and campaign groups welcomed last week's agreement as historic, despite criticism of "big holes" in the agreement.

The deal was the first concluded in Geneva for all 164 member states of the WTO with "environmental sustainability" at its core, the organisation's director general, Ngozi Okonjo-Iweala, said in her closing speech.

Fishing subsidies are considered the biggest factor in depleting global fish populations. Without subsidies, much fishing on the high seas would not be profitable, including the most damaging trawling along the seabed, according to a 2008 study.

Pew Charitable Trusts, which has long campaigned with other organisations to end such subsidies, said the new agreement marked a turning point in addressing a key driver of overfishing, despite being pared back from its initial goals.

The agreement creates a global framework that limits subsidies for illegal, unreported and unregulated (IUU) fishing, for fishing over-depleted populations, and for vessels fishing on the unregulated high seas.

Ngozi Okonjo-Iweala, the WTO director general, at the organisation's headquarters in Geneva last week. Photograph: Fabrice Coffrini/AFP/Getty

It includes measures to enhance transparency and accountability for governments on how they subsidise the industry, and put down a marker to include other subsidies at later negotiations.

Closer analysis, however, revealed "big holes" in the agreement, some organisations said. There are also practical problems of enforcement - which critics said would mean that the agreement would have a negligible effect on overfishing, which remained the "elephant in the room".

Crucially, the agreement does not include a single reference to "capacity enhancing" or "harmful subsidies" - the largest ones that lead to exploitation. It does not ban any public money from governments going towards subsidising capital costs, such as modernising fishing fleets and replacing engines, or running costs such as fuel. These artificially reduce the fishing industry's operating costs, tend to favour larger vessels, and lead to overfishing, according to the OECD.

The percentage of fish stocks considered to be within biologically sustainable levels has dropped to 66% in 2017 from 90% in 1990, according to the UN Food and Agriculture Organisation.

Daniel Skerritt, an analyst at Oceana, an observer organisation at the Geneva meeting, said the agreement fell short of the target. "There were too many carve-outs for developed nations," he said. "There are enough ways they can get around continuing subsidies, that is my fear."

At best, Skerritt argued, the move to target overfishing, IUU and the high seas would remove a "trivial" share of harmful subsides, estimated to be worth $22bn (£17bn) globally in 2018.

"The whole agreement was about removing harmful subsidies," said Skerritt. "But it hasn't done that. It doesn't address subsidies directly. Instead, it has removed subsidies from certain activities.

"A lot of people are giving credit because this was so hard politically," he said. "All I'm interested in is, 'Will fish stocks become more sustainable?' In its current form, I don't think it will remove many subsidies from the fishing environment."

A key part of the previous text - references to “capacity-building” and “harmful subsidies” - was left out of the new agreement, due to the difficulties of negotiating exceptions to a ban, which is something normally granted to developing countries.

Alice Tipping, from the International Institute for Sustainable Development, said: “What was lost in the throes of negotiation on Thursday was a specific rule dealing with these subsidies that carry the most risk of encouraging overcapacity and overfishing. That was left till later.”

The result is that subsidies that encourage overfishing remain. Claire Nouvian, founder of Bloom, a French conservation organisation, said: “They closed subsidies for overfished stocks but not for overfishing.

“They left the elephant in the room by not incorporating capacity-enhancing subsidies,” she continued. “These are the subsidies that create incentive to fish too much, too long and too far. It really is unfinished business.”

In 2018, a study estimated that governments spent $35bn globally on fishing subsidies, about 80% of which went to the industrial sector. It estimated that capacity enhancing or harmful subsidies - those that artificially increase profits by reducing the cost of fishing, thus leading to overfishing - amounted to $22bn of the total. Fuel subsidies, including tax exemptions, are the largest subsidy.

Prof Rashid Sumaila, an economist at the University of British Columbia who has been following the negotiations since 2001, said: “It has been 20 years of struggle that has never agreed anything and, of course, we are happy we have something. It is hard to get 164 countries to agree on anything.

“But subsidies that lead to overcapacity and overfishing, that was dropped,” he added. “It’s a big disappointment. It is the largest type of subsidy around the world - that’s a big hole. Our estimate is you could get 35% more catch if you remove all subsidies.”

The top five subsidisers are China, the EU, the US, South Korea and Japan, according to Pew, though not all subsidies are considered harmful and some would not be covered by any WTO agreement.

Karen McVeigh

@karenmcveigh1

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