



Harmful subsidies that governments pay to commercial fishing operators are one of the key drivers of overfishing. A long-awaited World Trade Organization agreement aims to tackle the problem and help ensure fisheries' sustainability.

Fisheries Subsidies Agreement: What's the Big Deal?

What the WTO's treaty to curb fisheries subsidies could mean for countries, fishers and fish stocks

Overview

The World Trade Organization (WTO) adopted a long-awaited [fisheries subsidies agreement](#) in June of 2022 at the close of its 12th Ministerial Conference. The agreement, a historic step towards ensuring the ocean's sustainability, will tackle one of the key drivers of overfishing by curtailing harmful subsidies—payments made by nations to commercial fishing operators to keep those businesses profitable. Specifically, the deal prohibits giving subsidies that enable (1) illegal, unreported and unregulated (IUU) fishing, (2) fishing of overfished stocks or (3) fishing of unmanaged stocks on the high seas. The agreement also calls for countries' "due restraint" in providing subsidies to vessels that do not fly their flag or those that fish on stocks with unknown status. As part of the agreement, trade ministers committed to both continuing negotiations on outstanding issues and recommending new rules based on those negotiations by the next ministerial conference.

Why does it matter?

The WTO's Agreement on Fisheries Subsidies is the culmination of more than 20 years of negotiations, as the WTO—which works by consensus—finalized a text to which all 164 members could agree. With this deal, WTO members reinvigorated multilateralism, demonstrating that the organization can deliver a meaningful outcome of global importance.

The agreement, which still needs two-thirds of WTO members to formally accept it before it can take effect, marks the WTO's first multilateral binding agreement dealing with environmental issues—perhaps opening the door for the organization to work on other challenges in this field. In fact, more than 70 members are now part of the Informal Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade, which is considering ways to reduce plastic pollution through trade policy. The subsidies agreement could also act as a catalyst for broader fisheries reform at regional and country levels, compelling governments to consider the health of fish populations when granting subsidies to their fleets.

The agreement is a significant step towards meeting one of the targets of the United Nations Sustainable Development Goals (SDGs). In 2001, the U.N. began discussions on how to tackle harmful subsidies, recognizing the damage that subsidies were doing to the ocean. In 2015, by agreeing on U.N. SDG 14.6, global leaders committed themselves to working at the WTO to prohibit certain forms of fisheries subsidies by 2020. Due to the pandemic and other global crises, the WTO missed its original deadline; however, negotiators persisted and ultimately struck a deal.

According to the U.N. Food and Agriculture Organization's [2022 State of World Fisheries and Aquaculture report](#) (also known as the SOFIA report), 35% of fish stocks worldwide are exploited beyond sustainable levels. Outside experts note that governments are paying \$22 billion a year in subsidies that drive overfishing. These subsidies primarily go to industrial fishing fleets to artificially lower fuel and vessel construction costs while enabling them to catch more fish by fishing farther out to sea and for longer periods of time.

What does the agreement do?

The Agreement on Fisheries Subsidies lays out rules for prohibiting certain forms of harmful subsidies while also setting out measures for transparency and accountability in how governments support their fishing sectors.

The agreement does not yet cover all subsidies, such as aquaculture and inland fisheries, but it does apply to any subsidy, including capacity enhancing subsidies, that supports marine wild capture fishing and “fishing-related activities at sea”—such as transshipment (the unloading of goods from one ship to another while at sea) and the provisioning of fuel and personnel—and that falls under the conditions of the core prohibitions established in the agreement.

The agreement contains three main provisions:

- **Article 3: Subsidies Contributing to Illegal, Unreported and Unregulated Fishing** compels members to stop any subsidy to vessels and operators (businesses or individuals) that they know have engaged in IUU fishing. Currently, very few WTO members require such a provision. This article will be an important tool for nations and regional fisheries management organizations (RFMOs) in the fight against illegal fishing by not only deterring future IUU activities but also providing an incentive for countries and RFMOs to improve their IUU monitoring and enforcement. The rule could also encourage countries and RFMOs to establish management measures on unregulated fishing, similar to what has been done with most squid globally and with south-eastern Pacific albacore. Finally, this rule establishes that the prohibition on subsidies to operators that have engaged in illegal fishing is also applicable to “fishing-related activities at sea”—which

would include the provisioning of personnel and use of forced labor.

- **Article 4: Subsidies Regarding Overfished Stocks** obligates members to determine whether they have measures in place to rebuild stocks that they know are overfished if they continue to subsidize fishing of the stocks—an important improvement in fisheries management, because not all WTO members require rebuilding of overfished stocks. The rule requires coastal states and RFMOs to use maximum sustainable yield, which is the largest catch that can be harvested without reducing the stock population, to measure when a stock is overfished. This sustainability test links fisheries subsidies to management—a new and important standard in WTO’s legal framework.
- **Article 5: Other Subsidies** prohibits subsidies to fishing on the unregulated high seas—the international waters beyond national jurisdiction. Although RFMOs oversee fishing in much of the high seas, gaps in jurisdiction leave portions of these areas and the fishing of many species there completely unmanaged (such as most of the squid and other mesopelagic species—those that live 200-1000 meters below the surface). This provision will be particularly significant for operators engaged in distant water fishing (fishing on the high seas or in waters of another country) and could provide an impetus towards establishing management measures for unregulated high seas fishing. In addition, Article 5 requires nations to “take special care” and “exercise due restraint” when giving subsidies to reflagged vessels (ships that have changed their registration from one country to another, often to bypass fisheries laws) or those that are fishing on unassessed stocks. Although these two rules are less strict than an outright subsidy prohibition, they establish an obligation for subsidizing members to be cautious when granting subsidies in those situations; however, the rules don’t specify what actions would need to be taken to comply.

The agreement is a living document that allows members to review and possibly amend the agreement after they gain experience from its implementation.

Are there other important commitments?

In addition to the provisions that prohibit harmful subsidies, the Agreement on Fisheries Subsidies includes several measures that enhance transparency and enable more effective tracking of the implementation of fisheries subsidies rules. Countries will need to provide the WTO with detailed information about their subsidy programs (such as the subsidy’s policy objective, form, duration and amount) and will have to detail the kind of fishing being subsidized—including information on the status of the fish stock, any conservation or management measures in place, catch data for the fishery being targeted and more general information about the country’s fisheries oversight structure.

The agreement allows members to use the WTO dispute settlement mechanism, one of the cornerstones of the organization, to force members to comply with their obligations. Members also agreed to include special consideration for countries defined as “developing” and “least developed,” providing them with a two-year grace period before they need to comply with WTO dispute settlement proceedings under Articles 3 and 4. A provision is included to provide technical assistance and capacity building to these countries to ensure that they can implement the agreement.

What’s next?

For the agreement to realize its full potential, a few important steps must take place:

- **Ratification.** The agreement can only enter into force once it has been formally accepted by 109 members, or two-thirds of the WTO’s membership. Some WTO members, including Canada, Seychelles, Singapore, Switzerland, and the United States have already completed this process.
- **Negotiations.** WTO members decided that negotiations will continue on outstanding issues not yet

included in the agreement, in particular those related to overfishing and overcapacity—a fleet’s ability to harvest more fish than is sustainable. As part of these discussions, members can address some of the most harmful effects of fisheries subsidies: those that support fishing activities in a country’s waters—whether by domestic or foreign fleets. Fishing activity that takes place in other nations’ waters offloads environmental pressures to countries that lack the means to monitor and enforce basic fisheries protection, which can exacerbate [global inequities](#); foreign fishing vessels often enter the waters of developing countries, landing high levels of fish stocks with little regard for local food security or the long-term health of the exploited nation’s ecosystems.

All stakeholders—from government, industry and civil society—must maintain the positive momentum from the agreement’s adoption and work to strengthen and implement it as soon as possible. Those actions are key to ending overfishing and improving ocean health.

For further information, please visit: pewtrusts.org/fisheriessubsidies

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