

FISHERIES SUBSIDIES: SMALL-SCALE FISHERIES

Paper from the Republic of Korea

The following communication, dated 16 November 2005, is being circulated at the request of the Delegations of Brazil and the United States.

The submitting delegation has requested that this paper, which was submitted to the Rules Negotiating Group as an informal document (JOB(05)/295), also be circulated as a formal document.

I. INTRODUCTION

1. The negotiations on fisheries subsidies are making progress through contributions by Members on a broad range of topics from the extent of new fisheries subsidies disciplines, to the categorization of red and green subsidies, to the S&D treatment for developing countries. Among the many important topics, the special considerations of small-scale fisheries deserve our attention and intensive discussion.

2. During the Rules negotiating group meeting, several submissions and remarks were made on the need for special consideration for small-scale fisheries or artisanal fisheries in providing a discipline on fisheries subsidies.¹ Korea, in its joint proposal with Japan and Chinese Taipei in February 2005, also noted a need for flexibility for the small-scale fisheries as a means of special consideration for the socially weak² The paper also suggested that the subsidies provided to small-scale fisheries should be categorized as a green subsidy in the context of a social safety net.

3. However, for practical application in the WTO, the difficulties arise from the lack of an authoritative definition for what constitutes a small-scale fishery. Even the FAO cannot provide a specific definition, although it is working on one via a working group. A commonly used definition of a small-scale fishery is a somewhat lengthy listing of their characteristics.³

¹ "Programmes for artisanal fisheries in developing countries are likewise not a focus (of the negotiation)" TN/RL/W/77 (United States); "Green box ... (2) subsidies to small scale fishing and to artisanal fishing, provided that such fisheries are not "patently at risk"." TN/RL/GEN/56 (Brazil); "The following should not be subject to subsidies disciplines: ... (ii) Assistance to artisanal or small-scale fisheries" TN/RL/GEN/57/Rev.2 (Solomon Islands)

² "It would be desirable to allow flexibility for each country's domestic small-scale subsistence fisheries to ensure adequate protection for the vulnerable fisherman. At the same time, devices to prevent loopholes must be put in place." TN/RL/W/172

³ "Small-scale fisheries can be broadly characterized as a dynamic and evolving sector employing labour intensive harvesting, processing and distribution technologies to exploit marine and inland water fishery resources. The activities of this sub-sector, conducted full-time or part-time, or just seasonally, are often targeted on supplying fish and fishery products to local and domestic market, and for subsistence consumption. Export-oriented production, however, has increased in many small-scale fisheries during the last one to two decades

4. Perhaps more to the point is the fact that WTO serves a different purpose than does the FAO, and that it may not be appropriate to simply adopt and apply the FAO definition even though its definition has undoubtedly been useful in the arenas for which it was created. Therefore, a discussion on the definition to be applied in the WTO context would be a useful step in developing concrete rules on fisheries subsidies for the application to the question of special consideration for small-scale fisheries.

II. VARIOUS DEFINITIONS OF SMALL-SCALE FISHERIES

5. As said above, no universal definition of small-scale fisheries exists, and other terms such as traditional or artisanal fisheries are sometimes used synonymously. In trying to define "small-scale", several authors concluded that it can differ according to location and context but there are features in common to most small-scale fisheries.⁴

6. The FAO defines small-scale fisheries as "artisanal" or "traditional" fisheries. From the FAO definitions, traditional fisheries involve households (as distinct from commercial companies) using relatively small amount of inputs in capital and energy, and small boats making short fishing trips close to shore. Also, a part of the FAO definition is the typical disposition of the catch which is mainly for local consumption.⁵ In a regional workshop on social feasibility in small-scale fisheries development, a small-scale fisheries definition is developed based on labour intensity, income level, degree of mechanization, level of production, amount and range of fishing activities, political inclination, employment, social mobility and financial dependency. All of these factors, except for financial dependency, are at low levels and are regarded as affected by the economic decisions and other constraints of the consumers purchasing the products produced by small-scale fisheries.⁶

7. The UNEP, in its workshop and its commissioned paper, provides the elements of being an artisanal fishery as follows:⁷

because of greater market integration and globalization. While typically men are engaged in fishing and women in fishing processing and marketing, women are also known to engage in near shore harvesting activities and men are known to engage in fish marketing and distribution.... Small scale fisheries operate at widely differing organizational level ranging from self-employed single operators through informal micro-enterprises to formal sector businesses. This sub-sector, therefore, is not homogenous within and across countries and regions and attention to this fact is warranted when formulating strategies and policies for enhancing its contribution to food security and poverty alleviation." *Report of the Second Session of the Working Party on Small-scale Fisheries*, FAO Fisheries Report No.753, 2003.

⁴ Smith, I.R., *A research framework for traditional fisheries*, International Center for Living Aquatic Resources Management, Manila, Philippines. Studies and Reviews No. 2, 1979;

Panayotou, T., *Management concepts for small-scale fisheries: economic and social aspects*, FAO Fisheries Technical Paper 228, 1982;

Berkes, F. and Kislalioglu, M., *A comparative study of yield, investment and energy use in small-scale fisheries*, Fisheries Research, 1989; and

Poggie, J.J. and Pollnac, R.B., *Small-scale fisheries development: sociocultural perspectives*, International Center for Marine Resource Development, University of Rhode Island, Kingston, RI, USA, 1991

⁵ "Traditional fisheries involving fishing households (as opposed to commercial companies), using relatively small amount of capital and energy, relatively small fishing vessels (if any, making short fishing trips, close to shore, mainly for local consumption. In practice, definition varies between countries, e.g. from gleaning or a one-man canoe in poor developing countries, to more than 20 m. trawlers, seiners, or long-liners in developed ones. Artisanal fisheries can be subsistence or commercial fisheries, providing for local consumption or export. Sometimes referred to as small scale fishery", 2005, FAO Online Glossary

⁶ FAO, Report of Workshop on Social Feasibility in Small-scale Fisheries Development, 1979

⁷ UNEP Workshop for Promoting Poverty Reduction and Community Development Through New WTO Rules on Fisheries Subsidies, June 2005

	Definitional Elements	Typical examples (not universal)
Physical Attributes	Vessel type	Canoe, dory
	Physical Attributes Vessel size	Short (e.g.,10m); light
	Physical Attributes Vessel motor	unmotorized or small engine
Pattern of fishing	Fishing gear/technique	manual or small net; passive; low tech
	Pattern of fishing Location of land base	Rural
	Pattern of fishing Location of fishery	In-shore
	Pattern of fishing Target type	Multi-species
Social Structure	Of fishery	Traditional (clan or community)
	Social Structure Of fishing enterprise	Family crew, owner on board
Economic Condition	Market orientation	Direct consumption or local market
	Economic Condition Income level	Subsistence or very poor

8. International organizations such as the FAO, the OECD and the WTO use the terms artisanal fisheries, family fishing, aboriginal fisheries as indicating small-scale fisheries. Despite the relative nature of these definitions and the diversity of definitions, small-scale fisheries can be generally characterized by low input levels, high labour-capital ratios, and usually supporting a subsistence standard of living. To ensure consistency and clarity of application, it is important to harmonize the terminology to be used in the new WTO fisheries subsidies disciplines.

III. POSSIBLE CRITERIA FOR DEFINING SMALL-SCALE FISHERIES

9. We believe that the definition of small-scale fisheries should reflect the traits inherent in the terms mentioned above. Despite the lack of a globally accepted definition of small-scale fisheries, a combination of socio-economic and technical considerations will be useful for explaining what small-scale fisheries are. These factors could serve as possible criteria to be used in defining small-scale fisheries.

Socio-economic criteria

10. There are many aspects that can show the socio-economic characteristics of the small-scale fisheries. Income of the fishermen may constitute the most important criterion, since small-scale fisheries are conducted mostly by the socially-weak. Also, the small-scale fishermen tend to show the inclination of less mobility from their settlement. Just for the purpose of illustration, we may consider such indicators as low income, low production per family, low production per boat, immobility of the dwelling place or short moving distance, and the limited chances for job shift. In applying this criterion, we should also use a relative measurement to reflect the different socio-economic situation and the development status of each country.

Technical criteria

11. Technical traits such as vessel tonnage, length and horse power, distance from coast, fishing gear and techniques can be important factors in deciding whether the fisheries are small-scale or not. Those factors are ultimately combined with the catch per vessel. Either one or more of these combinations may be the deciding criteria for being a small-scale fishery.

12. Each of these two criteria (socioeconomic and technical), has merits and demerits. A socio-economic criterion can better reflect the special circumstances of each country. The weakness of this criterion is the availability of reliable and timely socioeconomic data. The technical criterion reverses these merits and demerits. The technical criterion is relatively easy to develop and apply but it does not reflect differences among countries in the development status. Despite this complexity, it is also important for the WTO criteria to be easy to apply and less liable to dispute. Thus, there is a need for agreement on a simple and feasible standard criterion for small-scale fisheries.

IV. EXAMPLES IN THE LEGISLATIONS OF KOREA

13. In Korea, there is no clear definition for small-scale fisheries, but the definition for small-scale fisheries can be inferred from specific provisions of several laws. From the Fisheries Act, the provincial governments of the vessel registration issue “coastal fishery licences” for vessels under 8 GT⁸ which operate near shore, and for vessels under 10 GT for certain types of fisheries.

14. Among vessels with coastal fishery licenses, the Fisheries Resources Promotion Act stipulates that operators of vessels under 5GT are exempt from fisheries resource re-stocking fees. The Korean government imposes fisheries resources re-stocking fees for all vessels with fishing licenses and uses the fee as a financial resource for the stock replenishing projects. However, vessels under 5GT are exempt from such fees because of their small-scale and subsistence nature, that is, because the fishing intensity by such vessels is not substantial and the impact on the resources is negligible.

15. In the same context, the Fishing Vessels Act and its Enforcement Regulation stipulate that every fishing vessel should receive a permit for modification of vessels. However, vessels under 2 GT are exempt from such a permit for modification. This kind of exemption is a form of special consideration for small-scale fisheries even though it may not constitute the financial contribution by the government in the meaning of Article 1 of the SCM Agreement in the first place.

16. Although the above is only a limited example of one country, we believe that collective efforts in sharing each Member’s system and experience will contribute to the development of a definition for small-scale fisheries in the WTO fisheries subsidies disciplines.

V. IMPORTANCE OF SMALL-SCALE FISHERIES SUBSIDIES

17. Small-scale fisheries have traditionally been subsistence in nature, rather than commercial. Most small-scale fishermen find it difficult to make new investments in their vessels and gear. As a result, they tend to operate with technology which is labour intensive and has low productivity.

⁸ The length of vessel may vary by vessel types, but normally in Korea, vessels of 10 GT are approximately 13 meters, 8 GT are 12 meters, 5 GT are 10meters.

18. Even so, it is not easy for them to leave the coastal areas and find new vocations. In most cases, fisheries are family business of many generations and fishing techniques are handed down from generation to generation. Often times, there are close ties among local people which come from the collective nature of the fishing operation. As a result, this creates settlements of fishermen in an area, which are similar to agriculture villages.

19. Therefore, support for them by the government to ensure a minimum standard of living is a consideration for the socially weak as a means of a social safety net. Any restriction on the government's role in that aspect may cause serious social problems. For instance, if a large number of small-scale fishermen leave the coastal areas and the fishing communities, it is not only an aggravation of the urban concentration problem, but also a threat to the conservation of traditional culture. The unique culture of the coastal areas and the fishing communities are the sources of the local lives, culture and vitality unique to the region. These have precious value and should be passed on to future generations.

20. In addition, most vessels engaged in small-scale fisheries fall short of various safety requirements and it is difficult for them to make investments for operational safety because of their financial status. This increases the probability of maritime accidents for those small-scale vessels. Therefore, it should be the responsibility of government to enable them to meet the minimum safety requirements.

21. For developing countries, small-scale fisheries will mean more than they do for developed countries. Despite the disassociation of small-scale fisheries from income generation, it is frequently stated that they contribute to poverty reduction and the food supply of developing countries. Small-scale fisheries are also directly related to food security issues in some developing countries.

22. A nation's pursuit of social, cultural and economic objectives suggests special consideration for small-scale fisheries. Social and cultural objectives are often beyond the reach of market-oriented economy theory. Each government has a responsibility to care for its people, especially the socially-weak, and to conserve its cultural heritage.

VI. CONCLUSIONS

23. For the above reasons, we believe that subsidies to small-scale fisheries are good candidates for green subsidies. However, it is advisable that Members take sufficient caution to avoid an adverse impact of such special considerations on fisheries resources. The government should not neglect to monitor the level of small-scale fisheries activities, because adverse impacts of subsidies to small-scales fisheries will fall upon its own country before it proliferates to another country. As a final note, although not specific to small-scale fisheries, it is also important that the rules for the special considerations be clear, definite and accompanied by a transparency scheme in order to guarantee fair and effective functioning of the disciplines and to prevent circumvention.
