

FISHERIES SUBSIDIES FOR SOCIAL SECURITY AND WELFARE

Communication from the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu

The following communication, dated 3 March 2006 is being circulated at the request of the Delegation of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.

Introduction

1. In Doha, Ministers agreed to aim to clarify and improve WTO disciplines on fisheries subsidies with a view to enhancing the mutual supportiveness of trade and the environment. This goal was reaffirmed in Hong Kong in December 2005, with greater detail, in the Ministerial Declaration calling for the strengthening of the disciplines including through the prohibition of fisheries subsidies that contribute to over-capacity and over-fishing. To this end, the Ministers called on Members to undertake promptly further substantive work on the details of the disciplines.

2. Much useful work on fisheries subsidies has already been done in the Negotiating Group on Rules. Members have presented numerous proposals on what should be permitted and what should be prohibited subsidies, including one submitted jointly by Japan, Korea, and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, (TN/RL/W/172). In this paper, the co-sponsors suggest that fisheries subsidies that have positive effects on fish stock recovery, social security, welfare, and research and development, should be classified as non-actionable subsidies. These areas, as well as other specific subsidy areas, require further elaboration and discussion. This paper, in an effort to enhance progress in the negotiations, aims to pick up on the area of social security and welfare for additional consideration of the type of fisheries subsidies that should be treated as non-actionable. We reserve the right to make further contributions on this topic and other areas related to fisheries subsidies in the course of negotiations.

Fisheries Subsidies for Social Security and Welfare

3. At the outset, we wish to reaffirm our commitment to the sustainable development of the fisheries sector through proper management measures. We have always supported, and will continue to support, the strengthening of the disciplines on fisheries subsidies within the current framework of the SCM Agreement by prohibiting subsidies that directly contribute to over-capacity and over-fishing, while allowing measures that contribute to proper resource management.

4. However, as we engage in the discussion about fisheries subsidies, it would be unrealistic and improper to disregard the socio-economic considerations for many of these subsidies. The fisheries industry is an inherently high-risk industry, which is at the mercy of uncontrollable natural forces. It is also, in many countries, one of the traditional industries that are essential to rural development, and to the preservation of culture and the traditional lifestyle. In addition, for many developing country Members, fisheries is an important factor in their economic development. For these reasons,

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governments have maintained for many years policies of providing assistance to the fisheries sector for socio-economic reasons. The measures taken pursuant to these legitimate social policies aimed specifically at the fisheries sector, on condition they have no, or at most minimal, trade- or production-distorting effects, should be categorized as non-actionable.

5. In addition, in recent years, government attempts to ease environmental concerns associated with fishing and to comply with various international fisheries management schemes have been encroaching on the livelihoods of many of these fishing communities, thus directly impacting rural welfare and social stability. Any social security and welfare measures taken to alleviate the effects of such impact, to our mind, work in tandem with resource management measures and contribute to proper resource management. Therefore, social security and welfare payments should also be categorized as non-actionable.

6. In this respect, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu proposes that subsidies for the following types of social security and welfare programmes be categorized as non-actionable. Please note that the following are examples only; this list is not exhaustive and we are open to suggestions for further additions.

- (i) Subsidies for the Relief of Natural Disasters at Sea: e.g. payments to cover in whole or in part the premiums for insuring fishermen and fishing vessels in case of natural disasters at sea.
- (ii) Subsidies for Off-Season: e.g. sustainable livelihood payments to fishermen during their off-season undertaken for fish stock recovery.
- (iii) Unemployment Relief and Early Retirement Fund: e.g. payments to fishermen who become unemployed or retire early as a result of government policies or measures taken pursuant to the proper management of fisheries resources, structural adjustment for the sustainability of fishing stock, or the implementation of reduction in TAC pursuant to the regulation of RFMOs, which leads to the suspension of fishing activity.
- (iv) Subsidies for Fishermen Re-education, Re-training, or Alternative Employment Assistance: e.g. vocational re-training for fishermen adopting new, environmentally-safe equipment or transferring out of catching unsustainable fisheries; educational training or low-interest loan to assist fishermen in finding alternative employment, including in sustainable fisheries and non-fishery sectors.

Conclusion

7. The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu proposes in this paper a way to balance trade, environment, and social security and welfare concerns. In our view, the above-mentioned types of fisheries subsidies offer governments some flexibility in addressing social security and welfare concerns inherent in the fishing communities, as well as those that result from government policies for environmental and sustainable fisheries management. These subsidies also have no, or at most minimal, trade- or production-distorting effects. They should therefore be categorized as non-actionable subsidies. We welcome any suggestions or comments from WTO Members to further our discussion on this issue.
