

**SMALL, VULNERABLE ECONOMIES (SVEs) - STATEMENT ON KEY
ASPECTS OF ARTICLE III OF THE FISHERIES SUBSIDIES ANNEX**

Communication from Barbados, Cuba, El Salvador, Fiji, Honduras,
Mauritius, Papua New Guinea and Tonga

The following communication, dated 19 March 2008, is being circulated at the request of the Delegations of Barbados, Cuba, El Salvador, Fiji, Honduras, Mauritius, Papua New Guinea and Tonga

1. The co-sponsors of this document are all proponents of the WTO Work Programme on Small Economies which has its mandate in Paragraph 35 of the Doha Ministerial Declaration¹ and Paragraph 41 of the Hong Kong Ministerial Mandate.² The Small, Vulnerable Economies (SVEs) have actively participated in the negotiations on disciplines on fisheries subsidies with the aim of contributing to fulfilling the Ministerial mandates on fisheries subsidies negotiations and to ensure that there is an appropriate balance found between sustainability concerns and the development priorities of developing countries, especially for those countries which have little or no impact on over fishing and over capacity. On this point it is worth noting that the total share of global marine capture fisheries for the SVEs is less than 0.72 per cent.³

2. The proponents of this submission have positively engaged in discussions in the Negotiating Group on Rules through the submission of various documents, most recently TN/RL/W/210 in June 2007, and through the numerous interventions by proponents since 14 December 2007 at the time of the formal introduction of the first draft of the Annex on Fisheries Subsidies.

¹ We agree to a work programme, under the auspices of the General Council, to examine issues relating to the trade of small economies. The objective of this work is to frame responses to the trade-related issues identified for the fuller integration of small, vulnerable economies into the multilateral trading system, and not to create a sub-category of WTO Members. The General Council shall review the work programme and make recommendations for action to the Fifth Session of the Ministerial Conference.

² We reaffirm our commitment to the Work Programme on Small Economies and urge Members to adopt specific measures that would facilitate the fuller integration of small, vulnerable economies into the multilateral trading system, without creating a sub-category of WTO Members. We take note of the report of the Committee on Trade and Development in Dedicated Session on the Work Programme on Small Economies to the General Council and agree to the recommendations on future work. We instruct the Committee on Trade and Development, under the overall responsibility of the General Council, to continue the work in the Dedicated Session and to monitor progress of the small economies' proposals in the negotiating and other bodies, with the aim of providing responses to the trade-related issues of small economies as soon as possible but no later than 31 December 2006. We instruct the General Council to report on progress and action taken, together with any further recommendations as appropriate, to our next Session.

³ FAO data. Figure based on the average for 2004-6.

3. Article III on Special and Differential Treatment (S&DT) is a critical element in the balance of rights and obligations in the Annex and although we welcome some elements of Article III we remain concerned that some of the conditionality provisions contained therein effectively prevent SVEs from benefiting from exemptions that are consistent with the realities of their fisheries, the types of subsidies which these economies offer and the developmental path which these countries wish to follow to allow for diversification of their economies.

4. This concern is most pronounced in relation to the need for SVEs to benefit from an exemption from the prohibition of subsidies in Article I.1.c of the Chair's text. These forms of subsidies which include, *inter alia*, operational costs for fuel, ice, bait, license fees, insurance and subsidies for landing, handling or in-or near port processing activities are exactly the forms of government assistance which SVEs could provide to their fishers. These are the specific forms of assistance which the SVEs have consistently stated should be allowed for those economies which have negligible or no impact on over fishing or over capacity. In the experience of the SVEs, these forms of operational subsidies are more affordable and manageable for our economies given our small administrations. Moreover, in terms of sustainability aspects, we are able to better monitor and regulate these forms of government support unlike capital subsidies (e.g. vessel construction) which are far more costly to remove after the fact (e.g. decommissioning schemes). Subsidies for processing activities are also crucial elements of our development trajectories and are consistent with our plans to progress into more diverse, value added components of the fisheries production cycle.

5. In formal and verbal submissions to the negotiating group, the SVEs and other developing countries have expressed the need for additional flexibility regarding the programmes under Article I.1.c. The SVEs have made reference to the need to increase the length of the vessel in Article III.2.b.2 to 25 metres to take into account the size of the small scale fishing vessels used in our maritime space. Requests have also been made by developing countries to benefit from an exemption from Article I.1.c subsidies.

6. Some form of additional flexibility regarding Article I.1.c subsidies is necessary if these fisheries subsidies disciplines are to have real and practical meaning for the developing small island and coastal states of the WTO. These countries rely on fisheries for diversification, food security and livelihoods, and their miniscule share of global trade and marine capture fisheries demonstrates that they do not, either individually or cumulatively, impact on over fishing and over capacity. It is clear to the SVEs that 'one size does not fit all' and that consequently in the context of Article I.1.c subsidies a degree of additional flexibility in S&DT is necessary considering the profound importance of fisheries to their national socio-economic development; noting that the SVEs have not requested a substantial roll-back of the fisheries management principles established in Article V.

7. The SVEs are currently undertaking additional technical work with the aim of proposing, if necessary and at the appropriate time, additional options to take our concerns into account in a revised text. This current document has been tabled in the Negotiating Group to reiterate our needs and to call on the Negotiating Group to look for appropriate solutions to confront these concerns.
