

MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS

Korea's view on Fisheries-Related Issues in DDA Negotiations

Addendum

The following communication, dated 9 July 2003, has been received from the Permanent Mission of Korea.

I. INTRODUCTION

1. Korea submitted a document titled "Contribution from Korea on Sectoral Tariff Elimination (TN/MA/W/6/Add.2)" at the negotiating group on market access meeting in May. In that submission, Korea expressed its concerns about the negative impact of tariff elimination on fish and fish products on the sustainable use of fisheries resources. Regarding this submission, some Members argued that Korea's position with respect to the "Market Access for non-agricultural products (hereinafter Market Access)" negotiation is not consistent with its position regarding the "Rules" negotiation. This paper intends to assist WTO Members in clearly understanding Korea's position on fisheries-related issues in the DDA negotiations.

II. ENVIRONMENTAL ASPECTS OF THE FISHERIES INDUSTRY

2. Two fisheries-related issues are being discussed in the DDA negotiations: one is regarding the fisheries subsidies of the negotiating group on "Rules", and the other is regarding market access for fish and fish products of the negotiating group on "Market Access." Although these two issues are being dealt with as a part of the trade negotiations, they are particularly important because they are related to the environment and the sustainable use of exhaustible natural resources.

3. The fisheries industry is distinct from other industries from the standpoint that it is based on fisheries resources, which are exhaustible natural resources. Unlike other industries, fishermen obtain their final products from the natural environment. They do not need to seed nor cultivate (aquaculture being an exception). However, unlike non-exhaustible natural resources such as solar energy, fisheries resources could be depleted if over-exploited. In fact, according to the FAO, 75 percent of major marine fish stocks or species groups are fully exploited, over-exploited, significantly depleted, or recovering from depletion.¹

4. Various measures including resource enhancement, stern management, catch limits, etc., may be considered as solutions for resource depletion. However, as fisheries industries depend on various fisheries resources with different biological characteristics, and since each Member applies different management schemes under the UNCLOS regime, there is no single solution that can be applied to

¹ FAO, *The state of world fisheries and aquaculture 2002*.

every situation. For example, if we assume that the squid stock and cod stock² are in danger of depletion, applying the same measures to both stocks would neither be effective nor contributive to the mitigation of resource depletion in any way. Measures for the sustainable use of each stock should be pursued on a case-by-case basis, taking into consideration related factors including resource status and management schemes. Thus, international organizations with expertise in fisheries, including the FAO and the OECD, are the best fora to address environmental aspects of fisheries.

5. The problem is that the environmental aspects of fisheries are subject to the DDA negotiations either directly or indirectly. Korea believes that it is undesirable to address the environmental aspects of fisheries in the DDA negotiations, which is basically a forum for trade negotiation. However, if it is inevitable that such aspects are discussed, the negotiations should aim for the sustainable use of fisheries resources. In Korea's view, the current discussions do not seem to be headed in this direction. The DDA negotiation is basically a trade negotiation, but the DDA clearly stipulates the need to secure sustainable development. This means that in the fishery sector, Members should pursue the harmonization of "trade liberalization" with the "sustainable use of exhaustible natural resources," one of the world's most urgent matters.

III. INTERNATIONAL EFFORTS FOR SUSTAINABLE USE OF FISHERIES RESOURCES

6. Korea's view is supported by those in the international community who have given special attention to sustainable use of fisheries resources.

7. From the 1970s, most coastal states began to declare Exclusive Economic Zones (EEZ), and regulated foreign fishing vessels from accessing their EEZs in an effort to conserve their resources. Even some extreme measures, such as moratoria on commercial fishing, were also adopted. Regional fisheries organizations including the ICCAT (International Commission for the Conservation of Atlantic Tunas), CCAMLR (Commission for the Conservation of Antarctic Marine Living Resources), and IOTC (Indian Ocean Tuna Commission) have applied various conservation measures including catch document schemes, vessel monitoring systems, and gear restrictions. International efforts for the elimination of IUU (Illegal, Unreported and Unregulated) and FOC (Flag of Convenience) fishing are gaining strength. Input/Output control measures such as TAC (Total Allowable Catch) and fishing permission are also growing in enforcement by coastal states. All of these international efforts are motivated by the threat of resource depletion, and are being pursued for responsible fisheries management.

8. WTO Members should consider deeply whether trade liberalization, including tariff elimination for fish and fish products, will be supportive or offsetting of previous international efforts aimed at the sustainable use of fisheries resources.

IV. KOREA'S POSITION REGARDING THE NEGOTIATING GROUP ON "RULES"

9. The fisheries subsidies issue has been discussed in the negotiating group on "Rules" in the context of clarifying and improving disciplines under the Agreement on Subsidies and Countervailing Measures. Different views on several issues including heterogeneous nature, reference price, shared stock, etc., have been expressed during the previous meetings.

² The squid are an annual species; they mature spawn and die within a year. The economic value of them is lost when we do not harvest them before their natural mortality. They are usually caught by angling, a less intensive fishing method compared to others. In contrast, cod are a perennial species (up to 14 years), which need at least 3 to 4 years to mature. They are usually caught by trawl, one of the most intensive fishing methods. It also should be noted that the possibility of a same-year-class of cod stock to be caught by fishermen is much higher than that of a squid stock due to the difference in life span.

10. Korea's position regarding the negotiating group on "Rules" can be summarized as follows:

11. First of all, Korea is prepared to participate in international efforts aimed at creating effective disciplines against harmful fisheries subsidies for the purpose of enhancing the sustainable use of fisheries resources, if it is deemed necessary. However, our argument is that effective regulation should come only after some preliminary questions³ have been answered in such a way that establish that such harmful subsidies in fact exist. The unproven assumption of many Members is that any and all subsidies are a cause of resource depletion. These Members have been seeking to advance the negotiation without providing sufficient empirical evidence that the existing subsidies they are trying to regulate are indeed a cause of the stated problem. Korea has serious concerns about this fundamental issue. The DDA negotiations can be a prime opportunity to contribute to the sustainable use of fisheries resources if properly developed. However, it may cause undesirable results, including undermining the international efforts for the sustainable use of fisheries resources and destroying vulnerable fisheries communities through inappropriate disciplines, if it is pursued only for the increased commercial interest of a few Members.

12. To reiterate, the Korean government does not object to the goal of making effective disciplines against harmful subsidies. Rather, Korea is raising objections to regulating before a problem is established, especially when those calling for such regulation have a commercial interest in doing so, and thus their stated concern for the environment is a bit suspect.

V. KOREA'S POSITION REGARDING THE NEGOTIATING GROUP ON "MARKET ACCESS"

13. The argument for tariff elimination on fish and fish products resulted from approaching the fisheries issue without taking into consideration the sustainable use of exhaustible natural resources. As Korea already pointed out in its previous submission (TN/MA/W/6/Add.2), tariff elimination for fish and fish products would bring about undesirable results for both fish exporting and importing countries in terms of resource depletion.

14. For fish exporting countries without proper management schemes, it is clear that tariff elimination would cause over-fishing and resource depletion due to the pressure to meet the increased demand. For fish importing countries, it is argued, resources would be recovered as the fishermen would likely give up their fishing activities because they would not be able to compete with cheaper imports. But this is unrealistic when we consider the realities of the fisheries situation of many Members.

15. For example, small-scale fisheries make up the majority of the Korean fisheries, with vessels under 10 meters in length comprising 94% of the total. It is unrealistic to surmise that these fishermen would quit fishing and change their profession when there is a large amount of imports from foreign countries. They not only have little capital, but are also too advanced in their ages to learn and acquire new skills to change occupations. As fishing is the only means to sustain their livelihoods, they would have no choice but to engage in more fishing than before in an effort to compensate for the income lost from the cheaper imports. This would cause social and political problems as well as resource depletion from the collapsing of local fishing communities.

³ These questions include:

- What kinds of subsidies are harmful to resources ?
- Are there any negative side effects from the regulations?

Other questions are listed in Korea's previous submission(TN/RL/W/97)

16. There appears to be an inherent contradiction in the arguments of those who advocate the elimination of fisheries subsidies on the grounds of conservation of fish stocks while simultaneously supporting the inclusion of fisheries in the sectoral elimination of tariffs. Some Members regard fisheries resources as a classic example of the tragedy of the commons. If we need to prohibit fisheries subsidies so as to remove the incentive for owners of fishing vessels to catch additional fish to contribute to the conservation of fish stocks, then why should we be endeavouring at the same time to facilitate fisheries trade? Doing so would provide a powerful incentive to increase the exploitation of fish stocks, far more than the current subsidies accusedly do. Certainly the increase in global demand for fish that would follow the elimination of tariffs would far outstrip the questionable effects of a few relatively minor, and indeed local, subsidies.

VI. CONCLUSION

17. The position of the Korean government regarding the DDA fisheries negotiations is consistent - they should be discussed bearing in mind the "sustainable use of fisheries resources." Judging from this perspective, Korea believes that the fisheries subsidies negotiation has been driven in an inadequate manner, and that the proposal for including fish and fish products in the sectoral tariff elimination holds little relevance. WTO Members should keep in mind that the WTO could be either praised or blamed from an environmental point of view, depending on how we deal with the fisheries-related issues in the DDA negotiations.
