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GENEVA — The World Trade Organization hosts talks next week aimed at reaching a deal to cap subsidies that contribute to the overfishing of the world’s seas and oceans.

Prospects for a breakthrough appear dim. WTO delegates have been negotiating for 20 years and only last December agreed on the definition of “fish.”

The WTO’s new director general, Ngozi Okonjo-Iweala, has said a deal is a top priority but she has also expressed doubts about a July conclusion.

The portion of fish stocks within biologically sustainable levels has plunged from 90% in 1990 to less than 66% in 2017, according to the U.N. Food and Agriculture Organisation, with some regions like the Mediterranean significantly lower.

Environmentalists say knocking out harmful subsidies is the single most important thing governments can do to help reverse the decline.

WTO delegates in Geneva are negotiating to try to clinch a deal ahead of the July 15 virtual ministerial meeting.

However, negotiators have already missed a 2020 deadline fixed by the United Nations, and the DG herself has expressed doubts about a July conclusion.

WHAT IS THE MAIN PROBLEM?

Governments have been subsidizing their fleets for centuries for reasons ranging from food security to national pride to pressure from industry lobbies.

Since World War II, global marine catches have continued to grow, until they peaked at 86 million tonnes in 1996.

Without government intervention, smaller catches would put some fishermen out of business. But subsidies which reduce their operating costs such as for fuel mean they can continue.

This is creating what fisheries biologist Daniel Pauly at the University of British Columbia describes as a “race to the bottom,” with countries that have depleted stocks in their own waters traveling further to compete for those that remain.

The Pew Charitable Trusts estimates that an ambitious deal at the WTO could boost global fish biomass by 12.5% by 2050, based on a model it shared with negotiators
<https://www1.pewtrusts.org/nb/research-and-analysis/articles/2021/06/07/ending-harmful-subsidies-could-increase-amount-of-fish-in-the-ocean-research-shows>.

However, a more recent draft showed more modest gains of less than 2%. See graphic:
<https://tmsnr.rs/2V49JLS>

WHERE IS THE CRISIS DEEPEST?

Among the biggest losers are developing countries like Senegal whose economies rely heavily on fishing but who do not have resources to develop large industrial fleets to compete with those entering their own waters.

This can deprive locals of both livelihoods and a vital source of protein. Already, falling stocks of predator fish like white groupers have forced a switch to smaller sardinella.

The environmental impact of subsidies is also being felt on the high seas, beyond nations’ territorial waters.

Some activists point to the Indian Ocean as a good example, where 94% of yellowfin tuna stocks are overfished and the biggest single fleet is from the EU, according to the Indian Ocean Tuna Commission.

There are also concerns that hundreds of Chinese squid jiggers that come to fish near the Galapagos Islands each year will deplete stocks and rob other species such as tuna, fur seals and hammerhead sharks of their prey.

WHO ARE THE MAJOR SUBSIDISERS?

Global subsidies are estimated at \$35.4 billion according to a 2019 study published in Marine Policy
<https://www.sciencedirect.com/science/article/pii/S0308597X19303677>.

The top five subsidizers are China, the EU, the United States, South Korea and Japan, it said. However, not all subsidies are “harmful” and within the scope of a WTO agreement.

Without subsidies, much high-seas fishing would not be profitable, including damaging deep-sea bottom trawling, a 2018 article in Science Advances <https://advances.sciencemag.org/content/4/6/eaat2504> said.

HOW CLOSE IS THE WTO TO A DEAL?

Countries have failed before, with talks ending in discord at the last WTO ministerial meeting in Buenos Aires in 2017. But analysts warn that coming away empty-handed would be a major blow to the organization, which has not agreed a multilateral deal in years.

In this round of talks, led by Colombia's Santiago Wills, five draft versions of the agreement have been produced.

However, in a sign that much remains to be decided, the latest draft released last week still had 84 pairs of square brackets, indicating parts of the draft that have not yet been agreed on.

Negotiators say the most vexed outstanding issue is the size of exemptions for developing countries, with countries like India pushing for big carve-outs.

Beijing continues to oppose a high-seas provision which many delegates see as problematic. Some also see proposals such as one by Washington on forced labor in May as unhelpful since they are unlikely to be agreed by all 164 members.

Many negotiators see the virtual format of the July meeting imposed by COVID measures as a handicap.

(Reporting by Emma Farge; Editing by Hugh Lawson)

Link: <https://financialpost.com/pmn/business-pmn/whats-at-stake-in-wto-talks-on-fishing-rules>