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U.S. Proposes Ban on Fishing Subsidies in Global Trade Talks

By Mark Drajem

March 21 (Bloomberg) -- The U.S., seeking to slow depletion of world fishing grounds, proposed a global ban on government subsidies for fishing, a move outside groups said is the first time an environmental concern has driven trade negotiations.

The U.S. trade representative called for a World Trade Organization prohibition on aid such as low-cost fuel or loan guarantees. The Bush administration and environmental groups say such payments keep fishing enterprises in business and leads to over-fishing of fragile ocean stocks.

"The WTO faces an historic opportunity to resolve a serious problem that distorts trade and damages the environment," U.S. Trade Representative Susan Schwab said in a statement today. "Our proposal will help level the playing field for U.S. and other fishing communities that are disadvantaged by large subsidy programs."

The U.S. move raises the stakes in the Doha Round of WTO trade negotiations, which already have been stalled by differences over farm subsidies.

A WTO accord in fishing subsidies would "be the largest single action you could take to help the world's oceans," said Courtney Sakai, a campaign director at Washington-D.C.-based Oceana, a group that advocates on behalf of oceans and fish. The Doha Round "is the best option," she said.

Global fishery subsidies total as much as \$34 billion a year, with Japan and the European Union together accounting for more than one-fifth of that amount, according to a study last year by the Fisheries Centre at the University of British Columbia. The subsidies keep too many people in the fishing industry and hurts efforts to maintain fish stocks, the study concluded.

Disclose Payments

The 13-page U.S. proposal would allow countries to make payments that restrict fishing, such as those for the decommissioning of boats. All new payments would have to be disclosed to the Geneva-based trade arbiter, the U.S. said. Negotiators are scheduled to discuss the proposal at a meeting in Geneva next week.

Attempts to end the fishing aid are pitting environmental groups against fishing companies in Sweden, Denmark, Spain and Portugal. Europe has 746,000 people working in the industry, and subsidies provide one-sixth of the total value of its catch, according to the United Nations.

The 30 nations of the Organization for Economic Cooperation and Development spent \$5.5 billion in 2001 on rebates, loan guarantees, payments and other government benefits for fishing, that group estimated in a January 2006 report. While that amount is dwarfed by the \$112 billion spent on farm subsidies, fisheries have taken on greater importance because of warnings by the UN and environmental groups about over-fishing.

The WTO negotiation "is historic in that it's the first time environmental concerns led to the instigation of negotiations" in the WTO, Sakai said. With these talks, "They have the opportunity to show the WTO can accommodate issues such as the environment," she said.

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