NEGOTIATING GROUP ON RULES – FISHERIES SUBSIDIES

REVISED DRAFT CONSOLIDATED CHAIR TEXT

Note: This document is without prejudice to any Members’ positions or views, whether or not reflected herein.

ARTICLE 1: SCOPE

1.1 This [Instrument] applies to subsidies, within the meaning of Article 1.1 of the SCM Agreement that are specific within the meaning of Article 2 of that Agreement, to marine wild capture fishing and fishing related activities at sea.\(^1\)\(^2\)

1.2 [Notwithstanding paragraph 1 of this Article, this [Instrument] also applies to fuel subsidies to fishing and fishing related activities at sea that are not specific within the meaning of Article 2 of the SCM Agreement.]

ARTICLE 2: DEFINITIONS

For the purpose of this [Instrument]:

(a) "fish" means all species of living marine resources, whether processed or not;

(b) "fishing" means searching for, attracting, locating, catching, taking or harvesting fish or any activity which can reasonably be expected to result in the attracting, locating, catching, taking or harvesting of fish;

(c) "fishing related activities" means any operation in support of, or in preparation for, fishing, including the landing, packaging, processing, transshipping or transporting of fish that have not been previously landed at a port, as well as the provisioning of personnel, fuel, gear and other supplies at sea;

(d) "vessel" means any vessel, ship of another type or boat used for, equipped to be used for, or intended to be used for, fishing or fishing related activities;

(e) "operator" means the owner of the vessel, or any person on board, who is in charge of or directs or controls the vessel.

\(^1\) For greater certainty, aquaculture and inland fisheries are excluded from the scope of this [Instrument].

\(^2\) For greater certainty, government-to-government payments under fisheries access agreements shall not be deemed to be subsidies within the meaning of this [Instrument].
ARTICLE 3: PROHIBITION ON SUBSIDIES TO ILLEGAL, UNREPORTED AND UNREGULATED FISHING

3.1 No Member shall grant or maintain any subsidy to a vessel or operator engaged in illegal, unreported and unregulated (IUU) fishing.

3.2 For purposes of Article 3.1, a vessel or operator shall be considered to be engaged in IUU fishing if an affirmative determination thereof is made by any of the following:

(a) a coastal Member, for activities in waters under its jurisdiction; or
(b) a flag State Member, for activities by vessels flying its flag; or
(c) a relevant Regional Fisheries Management Organization or Arrangement (RFMO/A), in accordance with the rules and procedures of the RFMO/A and relevant international law, in areas and for species under its competence.

3.3 (a) An affirmative determination under Article 3.2 refers to the final finding by a Member and/or the final listing by an RFMO/A that a vessel or operator has engaged in IUU fishing.
(b) [The prohibition under Article 3.1 shall apply where the determination under Article 3.2(a) is based on positive evidence and follows due process.]
(c) [For the purpose of subparagraph (b), the coastal Member shall promptly notify the flag State Member and, if known, the subsidizing Member, of the initiation of an IUU fishing investigation, and shall provide an opportunity to the flag State and subsidizing Member to submit information to be taken into account in the determination.]

3.4 The subsidizing Member may take into account the nature, gravity and repetition of IUU fishing committed by a vessel or operator when setting the duration of application of the prohibition in Article 3.1. In any case, the prohibition in Article 3.1 shall apply as long as the sanction resulting from a determination triggering the prohibition remains in force, or as long as the vessel or operator is listed as engaged in IUU fishing, whichever is the longer.

3.5 Where a port State Member notifies a subsidizing Member that it has clear grounds to believe that a vessel in one of its ports has engaged in IUU fishing, the subsidizing Member shall give due regard to the information received and take such actions in respect of its subsidies as it deems appropriate.

3.6 Each Member shall have laws, regulations and/or administrative procedures in place to ensure that subsidies referred to in Article 3.1, including such subsidies existing at the entry into force of this [Instrument], are not granted or maintained.

3 "Illegal, unreported and unregulated (IUU) fishing" refers to activities set out in paragraph 3 of the International Plan of Action to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing adopted by the UN Food and Agriculture Organization (FAO) in 2001.
4 For the purpose of Article 3, the term "operator" means the operator within the meaning of Article 2(e) at the time of the IUU fishing infraction. For greater certainty, the prohibition on granting or maintaining subsidies to operators engaged in IUU fishing applies to subsidies provided to fishing and fishing related activities at sea.
5 Nothing in this Article shall be interpreted to obligate Members to initiate IUU fishing investigations or make IUU fishing determinations.
6 This Article shall have no legal implications regarding the competence under other international instruments of any of the listed entities to make an IUU fishing determination.
7 Nothing in this Article shall be interpreted to delay, or affect the validity or enforceability of, an IUU fishing determination.
8 Termination of sanctions is as provided for under the laws or procedures of the authority having made the determination referred to in Article 3.2, including by way of, for example: re-issuance of a suspended license; full prosecution of the matter; and delisting, forfeiture, sinking or scrapping of the vessel concerned.
3.7 Each Member shall notify to the [Committee] its laws, regulations and/or administrative procedures referred to in Article 3.6. This notification shall be made no later than the entry into force of this [Instrument]. Each Member shall promptly notify any subsequent amendments to its relevant laws, regulations and/or administrative procedures.

3.8 [For a period of [2] years from the date of entry into force of this [Instrument], subsidies granted or maintained by developing country Members, including least-developed country (LDC) Members, for low income, resource-poor and livelihood fishing or fishing related activities up to 12 nautical miles measured from the baselines shall be exempt from actions based on Articles 3.1 and 10 of this [Instrument].]

**ARTICLE 4: PROHIBITION ON SUBSIDIES CONCERNING OVERFISHED STOCKS**

4.1 No Member shall grant or maintain subsidies for fishing or fishing related activities regarding an overfished stock.

4.2 For the purpose of this Article, a fish stock is overfished if it is recognized as overfished by the coastal Member under whose jurisdiction the fishing is taking place or by a relevant RFMO/A in areas and for species under its competence based on best scientific evidence available to it.

4.3 Notwithstanding Article 4.1, a Member may grant or maintain subsidies referred to in Article 4.1 if such subsidies [and/or measures] are implemented to promote the rebuilding of the stock to a biologically sustainable level.9

4.4 [For a period of [2] years from the date of entry into force of this [Instrument], subsidies granted or maintained by developing country Members, including LDC Members, for low income, resource-poor and livelihood fishing or fishing related activities up to 12 nautical miles measured from the baselines shall be exempt from actions based on Articles 4.1 and 10 of this [Instrument].]

**ARTICLE 5: PROHIBITION ON SUBSIDIES CONCERNING OVERCAPACITY AND OVERFISHING**

5.1 No Member shall grant or maintain subsidies to fishing or fishing related activities that contribute to overcapacity or overfishing. For the purpose of this paragraph, subsidies that contribute to overcapacity or overfishing include:

(a) subsidies to construction, acquisition, modernisation, renovation or upgrading of vessels;

(b) subsidies to the purchase of machines and equipment for vessels (including fishing gear and engine, fish-processing machinery, fish-finding technology, refrigerators, or machinery for sorting or cleaning fish);

(c) subsidies to the purchase/costs of fuel, ice, or bait;

(d) subsidies to costs of personnel, social charges, or insurance;

(e) income support of vessels or operators or the workers they employ;

(f) price support of fish caught;

(g) subsidies to at-sea support; and

(h) subsidies covering operating losses of vessels or fishing or fishing related activities.

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9 For the purpose of this paragraph, a biologically sustainable level is the level determined by a coastal Member having jurisdiction over the area where the fishing or fishing related activity is taking place, using reference points such as maximum sustainable yield (MSY), or other reference points based on indicators such as [level of depletion, or level of or trend in time series data on catch per unit effort, commensurate with the data available for the fishery]; or by a relevant RFMO/A in areas and for species under its competence.
5.1.1 A subsidy is not inconsistent with Article 5.1 if the subsidizing Member demonstrates that measures are implemented to maintain the stock or stocks in the relevant fishery or fisheries at a biologically sustainable level.\(^{10}\)

5.2 (a) No Member shall grant or maintain subsidies contingent upon, or tied to, actual or anticipated fishing or fishing related activities in areas beyond the subsidizing Member’s jurisdiction (whether solely or as one of several other conditions), including subsidies provided to support at-sea fish-processing operations or facilities, such as for refrigerator fish cargo vessels, and subsidies to support tankers that refuel fishing vessels at sea.\(^{11}\)

[(b) Subparagraph (a) shall not apply to the non-collection from operators or vessels of government-to-government payments under agreements and other arrangements with coastal Members for access to the surplus of the total allowable catch of the living resources in waters under their jurisdiction, provided that the requirements under Article 5.1.1 are met.]

5.3 No Member shall grant or maintain subsidies provided to fishing or fishing related activities outside of the jurisdiction of a coastal Member and outside the competence of a relevant RFMO/A.

5.4 [No Member shall grant or maintain subsidies for a vessel not flying the flag of the subsidizing Member.]

[ALT 1]

5.5 (a) The prohibition under Article 5.1 shall not apply to subsidies granted or maintained by LDC Members for fishing or fishing related activities.

(b) The prohibition under Article 5.1 shall not apply to subsidies granted or maintained by developing country Members for fishing or fishing related activities within their territorial sea.

(c) The prohibition under Article 5.1 shall apply to subsidies granted or maintained by developing country Members, including LDC Members, for fishing or fishing related activities within their EEZ and the area of competence of RFMO/A if all the following criteria are met:

i. the Member’s GNI per capita exceeds US$5,000\(^{12}\) (based on constant 2010 US dollars) for three consecutive years;

ii. the Member’s share of the annual global marine capture fish production exceeds 2% as per the most recent published FAO data;

iii. the Member engages in distant water fishing\(^{13}\); and

iv. the contribution from Agriculture, Forestry and Fishing to the Member’s annual national GDP\(^{14}\) is less than 10% for the most recent three consecutive years.]

\(^{10}\) For the purpose of this paragraph, a biologically sustainable level is the level determined by a coastal Member having jurisdiction over the area where the fishing or fishing related activity is taking place, using reference points such as MSY, or other reference points based on indicators such as [level of depletion, or level of or trend in time series data on catch per unit effort, commensurate with the data available for the fishery]; or by a relevant RFMO/A in areas and for species under its competence.

\(^{11}\) With respect to Article 5.2(a), the mere fact that a subsidy is granted or maintained to vessels or operators that may be engaged in fishing or fishing related activities in areas beyond the subsidizing Member’s jurisdiction shall not for that reason alone be considered a prohibited subsidy within the meaning of Article 5.2(a).

\(^{12}\) US$5,000 (based on constant 2010 US dollars) as per published data of the World Bank.

\(^{13}\) A Member is deemed not to be engaged in distant water fishing if its operators or vessels normally fish in FAO Major Fishing Area(s) that is(are) adjacent to the natural coastline of the flag State.

\(^{14}\) Based on the latest published data of the World Bank.
5.5 (a) The prohibition under Article 5.1 shall not apply to subsidies granted or maintained by LDC Members for fishing or fishing related activities.

(b) The prohibition under Article 5.1 shall not apply to subsidies granted or maintained by developing country Members for low income, resource-poor and livelihood fishing or fishing related activities up to 12 nautical miles measured from the baselines.

(c) For subsidies other than those referred to in subparagraph (b), a developing country Member may grant or maintain the subsidies referred to in Article 5.1 for fishing and fishing related activities within its EEZ and the area of competence of a relevant RFMO/A for a maximum of [5] years after the entry into force of this [Instrument]. A developing country Member intending to invoke this provision shall inform the [Committee] in writing before the date of entry into force of this [Instrument].

(d) If a developing country Member whose:
   
i. share of the annual global volume marine capture fish production does not exceed [0.7%] as per the most recent published FAO data; and
   
ii. subsidies to fishing or fishing related activities at sea do not exceed US$[25 million] annually

deems it necessary to apply subsidies referred to in subparagraph (c) beyond the [5] years provided for in that subparagraph, it shall not later than one year before the expiry of the applicable period enter into consultation with the [Committee], which will determine whether an extension of this period is justified, after examining all the relevant needs of the developing country Member in question. If the [Committee] determines that the extension is justified, the developing country Member concerned shall hold annual consultations with the [Committee] to determine the necessity of maintaining the subsidies. If no such determination is made by the [Committee], the developing country Member shall phase out the remaining subsidies prohibited under Article 5.1 within two years from the end of the last authorized period.

ARTICLE 6: SPECIFIC PROVISIONS FOR LDC MEMBERS

6.1 [Provisions relating to LDC Members shall continue to apply for a transitional period of [X] years after the entry into force of a decision of the UN General Assembly to exclude a Member from the "Least Developed Countries" category.]

6.2 A Member shall exercise due restraint in raising matters involving an LDC Member and solutions explored shall take into consideration the specific situation of the LDC Member involved, if any.

ARTICLE 7: TECHNICAL ASSISTANCE AND CAPACITY BUILDING

[Targeted technical assistance and capacity building assistance to developing country Members, including LDC Members and land-locked developing country Members shall be provided for the purpose of implementation of the disciplines under this [Instrument]. In support of this assistance, a voluntary WTO funding mechanism shall be established in cooperation with relevant international organizations such as the Food and Agriculture Organization of the United Nations (FAO) and International Fund For Agricultural Development.]
ARTICLE 8: NOTIFICATION AND TRANSPARENCY

8.1 Without prejudice to Article 25 of the SCM Agreement and in order to strengthen and enhance notifications of fisheries subsidies, and to enable more effective surveillance of the implementation of fisheries subsidies commitments, each Member shall

(a) provide the following information as part of its regular notification of fisheries subsidies under Article 25 of the SCM Agreement:\(^{15,16}\):
   
   i. type or kind of fishing activity for which the subsidy is provided; and
   
   ii. catch data by species in the fishery for which the subsidy is provided; and

(b) [to the extent possible,] provide the following information as part of its regular notification of fisheries subsidies under Article 25 of the SCM Agreement:\(^{17}\):

   i. status of the fish stocks in the fishery for which the subsidy is provided (e.g. overfished, maximally sustainably fished, or underfished) and whether such stocks are shared with any other Member\(^{18}\) or are managed by an RFMO/A;
   
   ii. conservation and management measures in place for the relevant fish stock;
   
   iii. name and identification number of the fishing vessel or vessels benefitting from the subsidy; and
   
   iv. fleet capacity in the fishery for which the subsidy is provided.

8.2 Each Member shall notify the [Committee] in writing on an annual basis of:

(a) any list of vessels and operators that it has determined as having been engaged in IUU fishing; and

(b) a list of any fisheries access agreements in force with another government or governmental authority, and such notification shall consist of the titles of the agreements and a list of their parties.

8.3 A Member may request additional information from the notifying Member regarding the notifications and information provided under paragraphs 1 and 2. The notifying Member shall respond to that request as quickly as possible in writing and in a comprehensive manner. If a Member considers that a notification or information under paragraphs 1 and 2 has not been provided, the Member may bring the matter to the attention of such other Member or to the [Committee].

8.4 (a) A Member may only invoke Article 4.3, Article 5.1.1, or Article 5.5 in respect of subsidies which it has notified to the [Committee] under Article 25 of the SCM Agreement and Article 8.1 of this [Instrument].

(b) In addition, a Member may only invoke Article 4.3 or Article 5.1.1 if the Member has provided information called for in Articles 8.1(b)(i) and 8.1(b)(ii).

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\(^{15}\) For the purpose of Article 8.1, Members shall provide this information in addition to all the information required under Article 25 of the SCM Agreement and as stipulated in any questionnaire utilized by the SCM Committee, for example G/SCM/6/Rev.1.

\(^{16}\) For developing country Members, including LDC Members, the notification of the additional information in this subparagraph may be made every four years.

\(^{17}\) For developing country Members, including LDC Members, the notification of the additional information in this subparagraph may be made every four years.

\(^{18}\) The term "shared stocks" refers to stocks that occur within the exclusive economic zones (EEZ) of two or more coastal Members, or both within the EEZ and in an area beyond and adjacent to it.
8.5 Members shall notify to the Committee in writing, on an annual basis, of any RFMO/A to which they are parties. This notification shall consist of at least, the text of the legal instrument instituting that RFMO/A, the area and species under their competence, the information on the status of the managed fish stocks, a description of the conservation and management measures, the regime governing the adoption of IUU fishing determinations, and the updated lists of vessels and/or operators that it has determined as having been engaged in IUU fishing. The [Secretariat to the Committee] shall maintain a list of RFMO/A notified pursuant to this Article.

ARTICLE 9: [INSTITUTIONAL ARRANGEMENTS]

[9.1 There is hereby established a Committee composed of representatives from each of the Members. The Committee shall elect its own Chair and shall meet not less than twice a year and otherwise as envisaged by relevant provisions of this [Instrument] at the request of any Member. The Committee shall carry out responsibilities as assigned to it under this [Instrument] or by the Members and it shall afford Members the opportunity of consulting on any matter relating to the operation of this [Instrument] or the furtherance of its objectives. The WTO Secretariat shall act as the secretariat to the Committee.]

9.2 Each Member shall, within one year of the date of entry into force of this [Instrument], inform the Committee of measures in existence or taken to ensure the implementation and administration of this [Instrument], including the steps taken to implement prohibitions set out in Articles 3, 4 and 5. Each Member shall also inform the Committee of any changes to such measures thereafter. The Committee shall review annually the implementation and operation of this [Instrument], taking into account the objectives thereof.

9.3 Each Member shall, within one year of the date of entry into force of this [Instrument], provide to the Committee a description of its fisheries regime with references to its laws, regulations and administrative procedures relevant to this [Instrument], and promptly inform the Committee of any modifications thereafter. A Member may meet this obligation by providing to the Committee an up-to-date electronic link to the Member’s or other appropriate official web page that sets out this information.

9.4 The Committee shall examine all information provided pursuant to Articles 3 and 8 and this Article not less than every two years.

9.5 The Committee shall maintain close contact with the relevant international organizations in the field of fisheries management, especially with FAO and relevant RFMOs [with the objective of exchanging best practices and providing for a better understanding about the procedures for adopting IUU fishing determinations and evaluating the status of the fish stocks or fisheries pursuant to the implementation and administration of this [Instrument]].

9.6 Not later than [X] after the date of entry into force of this [Instrument] and periodically thereafter, the Committee shall review the operation of this [Instrument] with a view to making all necessary modifications to improve the operation of this [Instrument], taking into account the objectives thereof.

ARTICLE 10: DISPUTE SETTLEMENT

The provisions of Articles XXII and XXIII of the GATT 1994 as elaborated and applied by the Dispute Settlement Understanding, and Article 4 of the Agreement on Subsidies and Countervailing Measures shall apply to consultations, the settlement of disputes, and remedies under this [Instrument], except as otherwise specifically provided herein.

ARTICLE 11: FINAL PROVISIONS

11.1 [Nothing in this [Instrument] shall be construed or applied in a manner which will affect the rights of land-locked country Members under public international law.]

11.2 Members shall take special care and exercise due restraint when granting subsidies to fishing or fishing related activities regarding stocks the status of which is unknown.
11.3 Except as provided in Articles 3 and 4, nothing in this [Instrument] shall prevent a Member from granting a subsidy for disaster\(^{19}\) relief, provided that the subsidy is:

(a) limited to the relief of a particular disaster;

(b) limited to the affected geographic area;

(c) time-limited; and

(d) in the case of reconstruction subsidies, limited to restoring the affected area, the affected fishery, and/or the affected fleet up to [a sustainable level of fishing and/or fishing capacity as established through a scientific-based assessment of the status of the fishery and in no case beyond] its pre-disaster level.

11.4 (a) This [Instrument], including any findings, recommendations, and awards with respect to this [Instrument], shall have no legal implications regarding territorial claims or delimitation of maritime boundaries.

(b) A panel established pursuant to [Article 10 of this Instrument] shall not entertain any claim that would require it to address any issues of territorial claims or delimitation of maritime boundaries that is contested by a party or a third party.

\(^{19}\) For greater certainty, this provision does not apply to economic or financial crises.