

Fisheries Subsidies: Strategies for Reform and Transition

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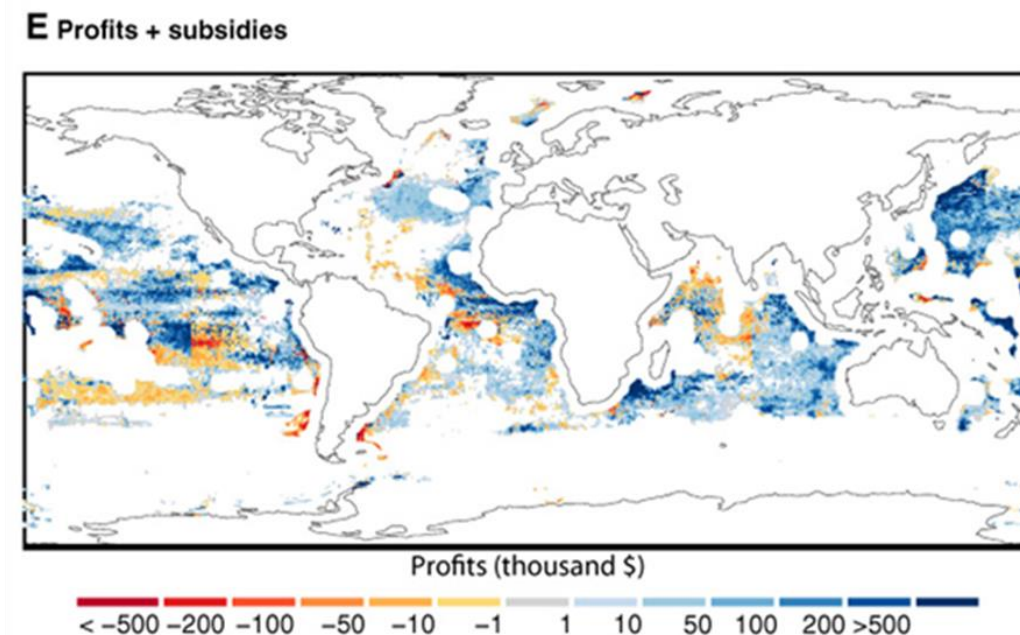
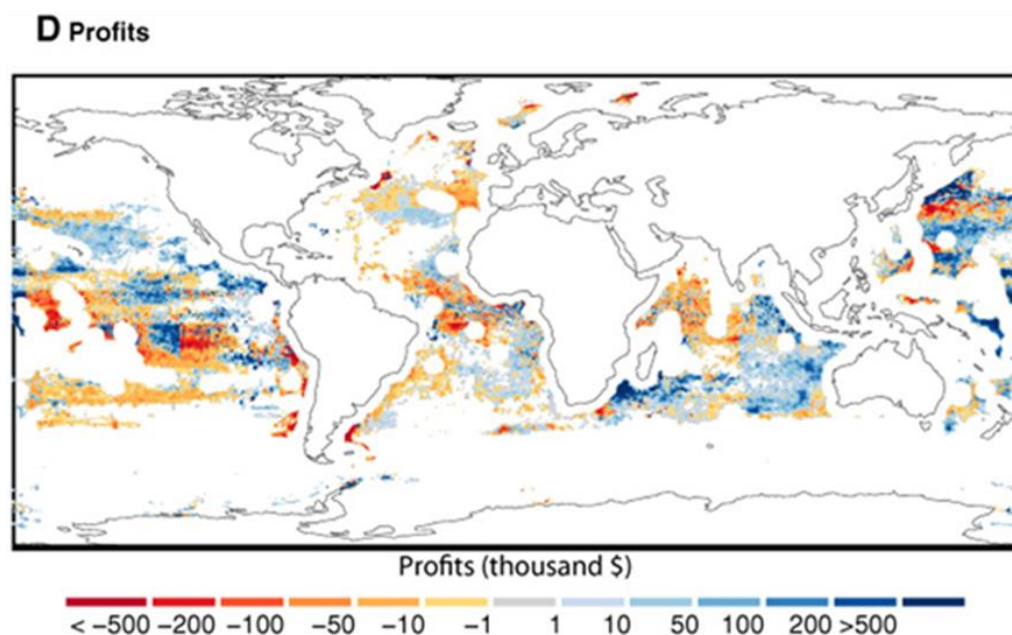
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Changing the narrative of fisheries subsidy reform

Harmful fisheries subsidies are harmful for many reasons

Overcapacity results in \$83 billion/year in lost potential profit.

Over 50% of fisheries on the high seas would not be profitable without capacity-enhancing subsidies.



Sala et al. 2018

<https://advances.sciencemag.org/content/4/6/eaat2504>

World Bank 2015

<https://www.worldbank.org/content/dam/Worldbank/Topics/Environment/Sunken%20Billions%20Revisited-web-2.pdf>

Changing the narrative of fisheries subsidy reform

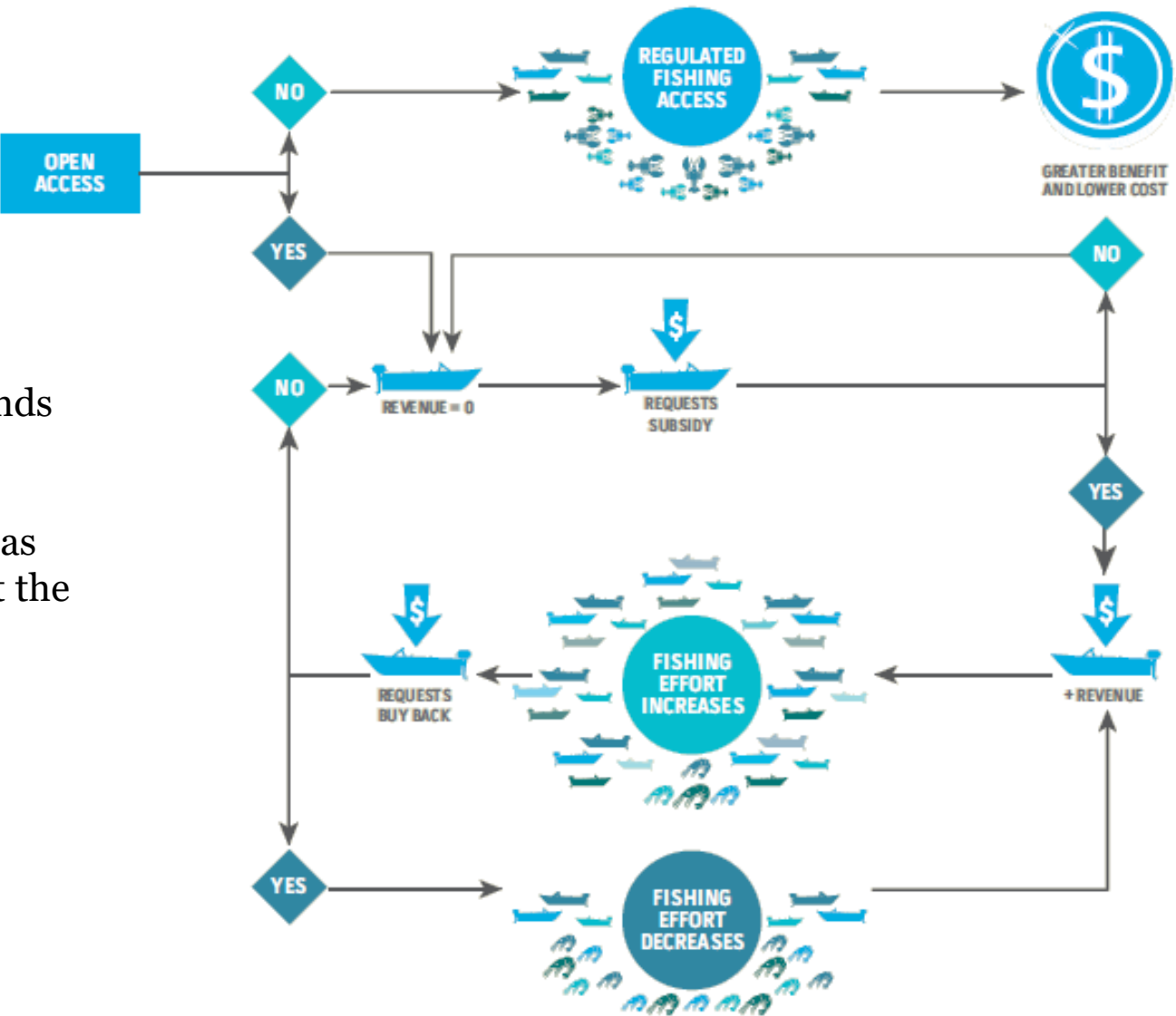
Harmful fisheries subsidies are harmful for many reasons

Inequitable access to capacity-enhancing subsidies hinders fisheries management and cooperation between and within nations.



Changing the narrative of fisheries subsidy reform

Harmful fisheries subsidies are harmful for many reasons



Capacity-enhancing subsidies are an ineffective use of funds and often lead to negative feedback loops.

Fuel subsidies can increase real fisher income by as little as 10% due to increased overfishing and capture throughout the value chain.

Changing the narrative of fisheries subsidy reform

Reforming fisheries subsidies is a proactive policy

Reforming fisheries subsidies is a path toward SGDs;

An agreement at WTO is an essential opportunity to encourage transitions and send a clear signal of shared commitment;

Transitioning to beneficial subsidies is a deep change in our relationship with the ocean, affirming connectivity and challenging the outdated assumption that larger boats are the answer to recovering fisheries.



Changing the narrative of fisheries subsidy reform

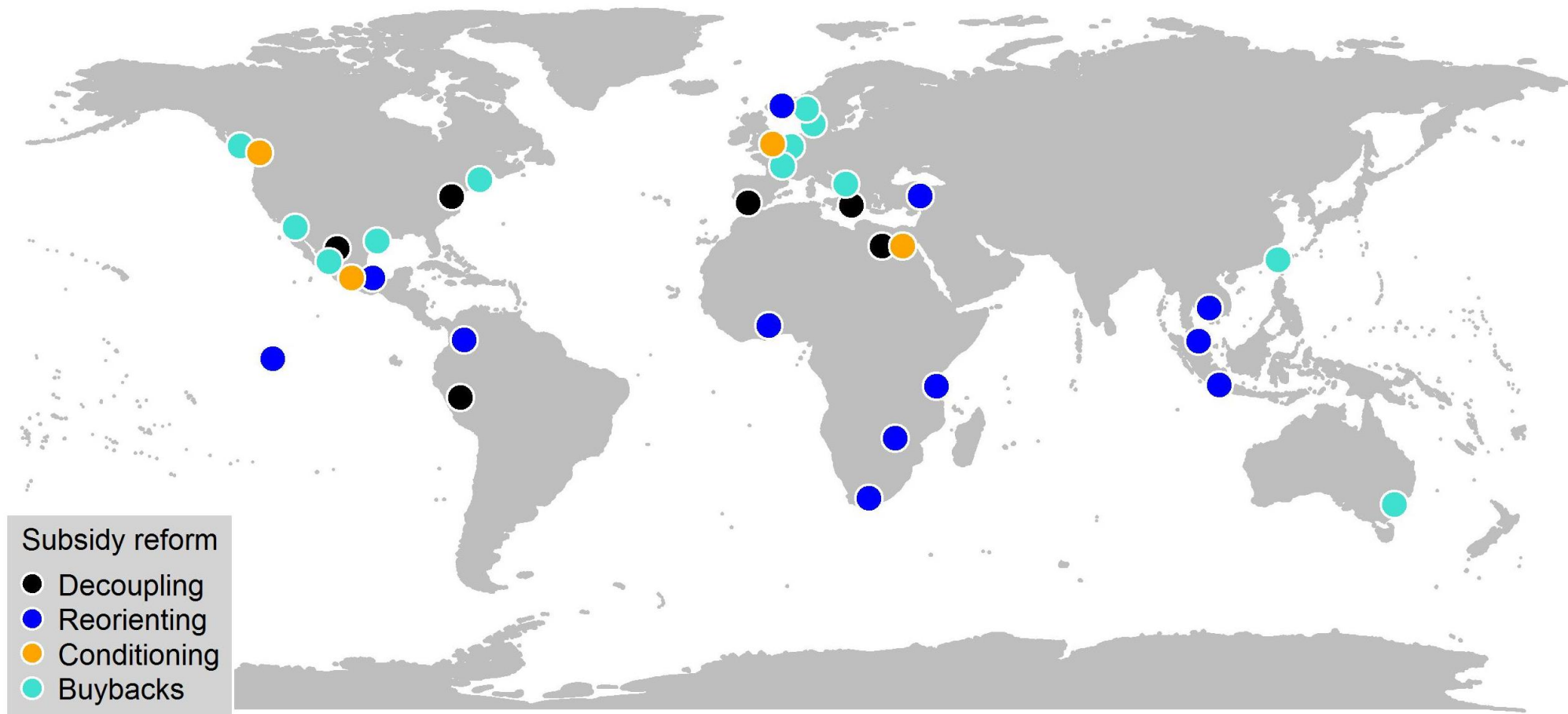
Supporting fishers (not fishing) does not require harmful subsidies

Specific support programs depend on local contexts, but subsidies must aim to support fishing communities and not only fishing itself.



Strategies for subsidy reform

We can learn from past experiences of subsidy reform: **decoupling**, **reorienting**, **conditioning** and **buybacks**.



Strategies for subsidy reform

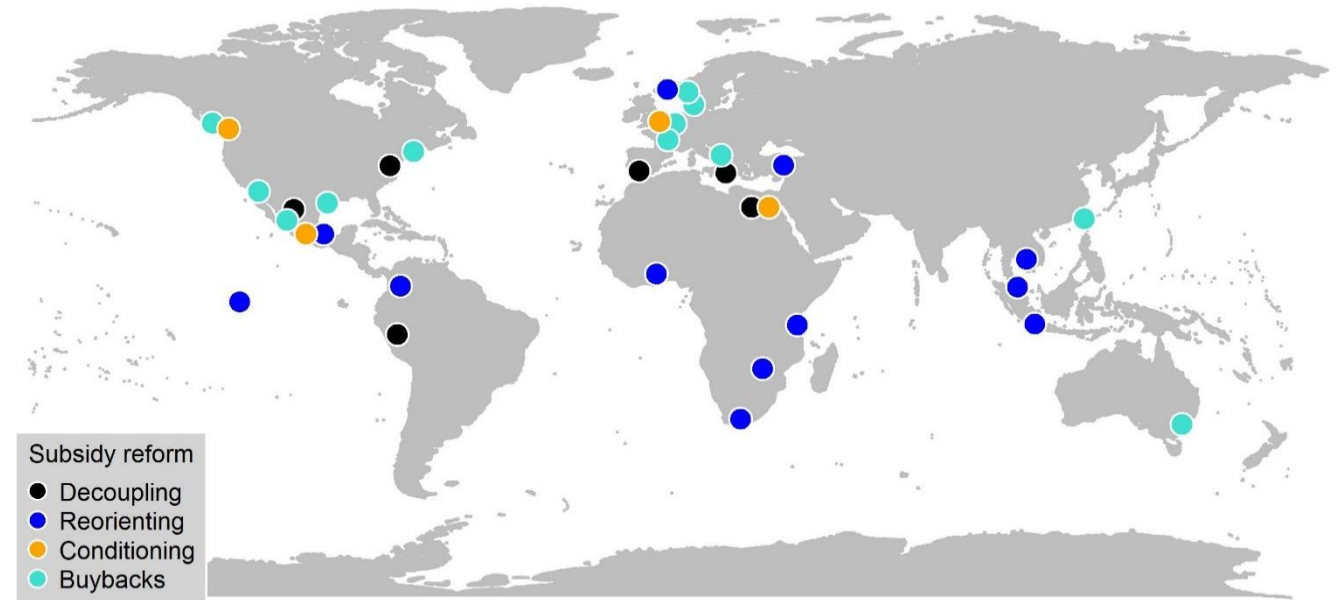
Decoupling

A **decoupled** subsidy is an income transfer without conditions or specific intended uses, or for goods and services that are not related to production.

Benefits | Targets social needs

Challenges | Incentives for system gaming;
Difficult to segregate target population

Key requirements | Creative design; Joint
long-term policies



Strategies for subsidy reform

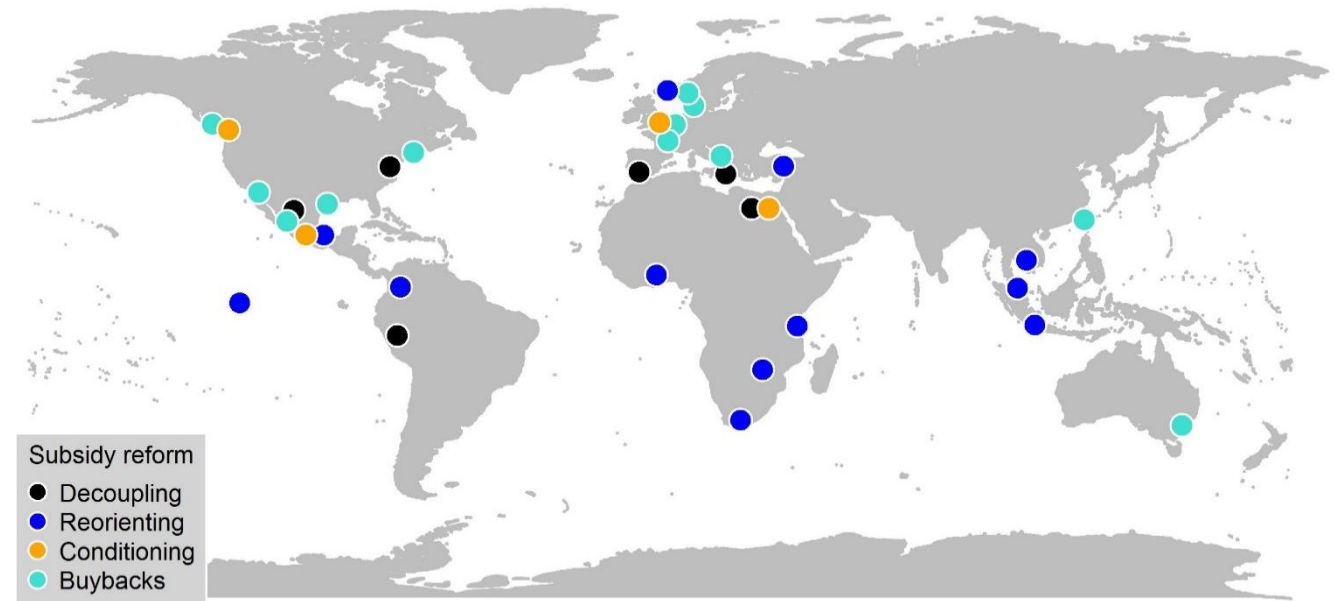
Reorienting

Subsidies can be **reoriented** toward investments in transitions to economically and ecologically sustainable fisheries; these investments include applied research, monitoring, and implementation of management policies, instead of fishing capacity.

Benefits | Directly addresses conservation;
Incentivizes stakeholder cooperation

Challenges | Benefits can take time to
materialize

Key requirements | Clear objectives; Detailed
evaluation plan; Incentive for industry to
engage



Strategies for subsidy reform

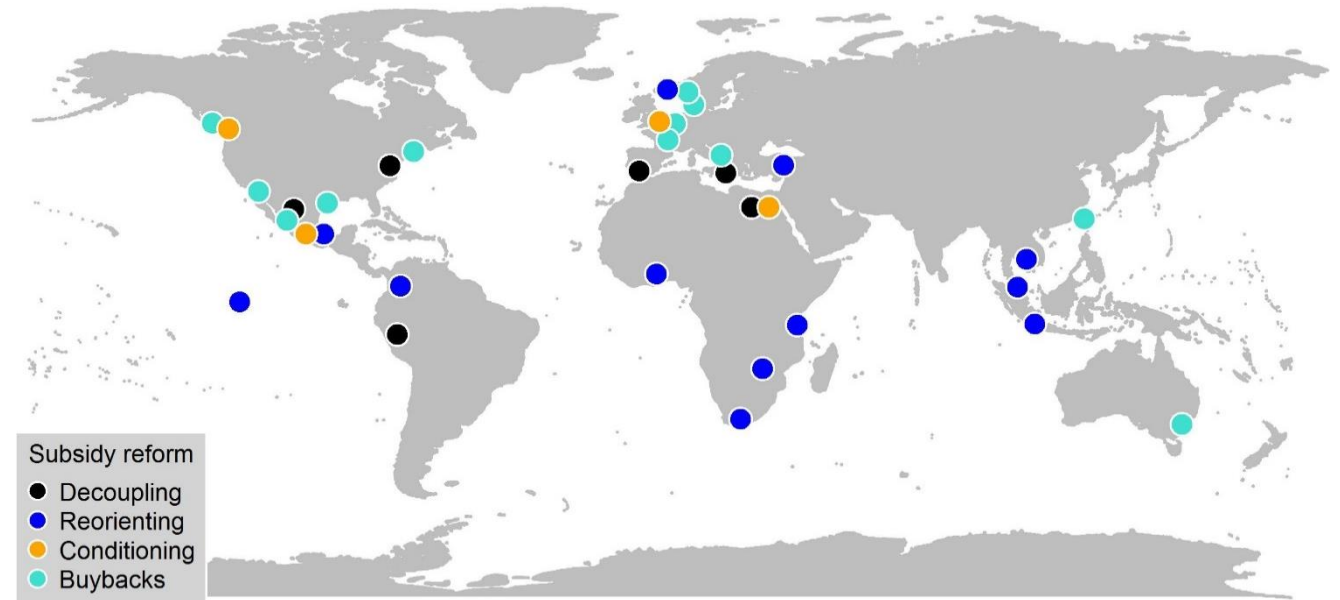
Conditioning

Under **conditioning**, fishers or firms would access subsidy types and amounts depending on specific performance criteria designed to incentivize good management.

Benefits | Directly creates positive incentives

Challenges | Complicated to define and evaluate progress

Key requirements | Strict and transparent implementation



Strategies for subsidy reform

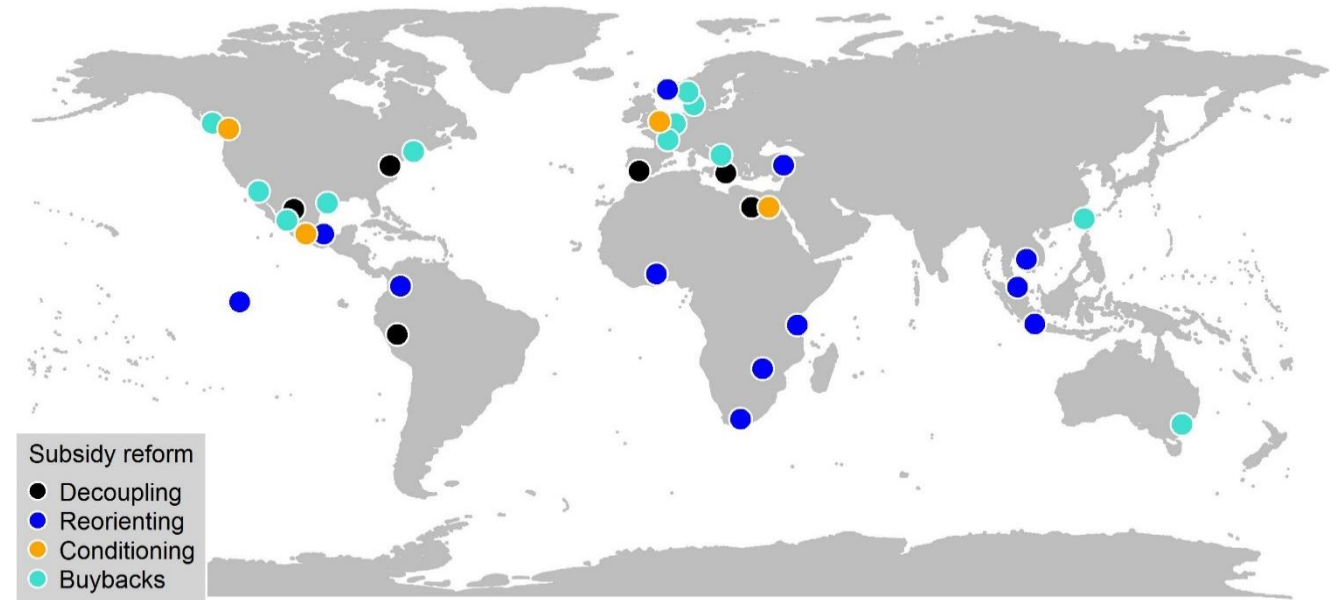
Buybacks

Buybacks of vessels (and/or fishing licenses) use public funds to compensate fishers and directly reduce excess fishing capacity.

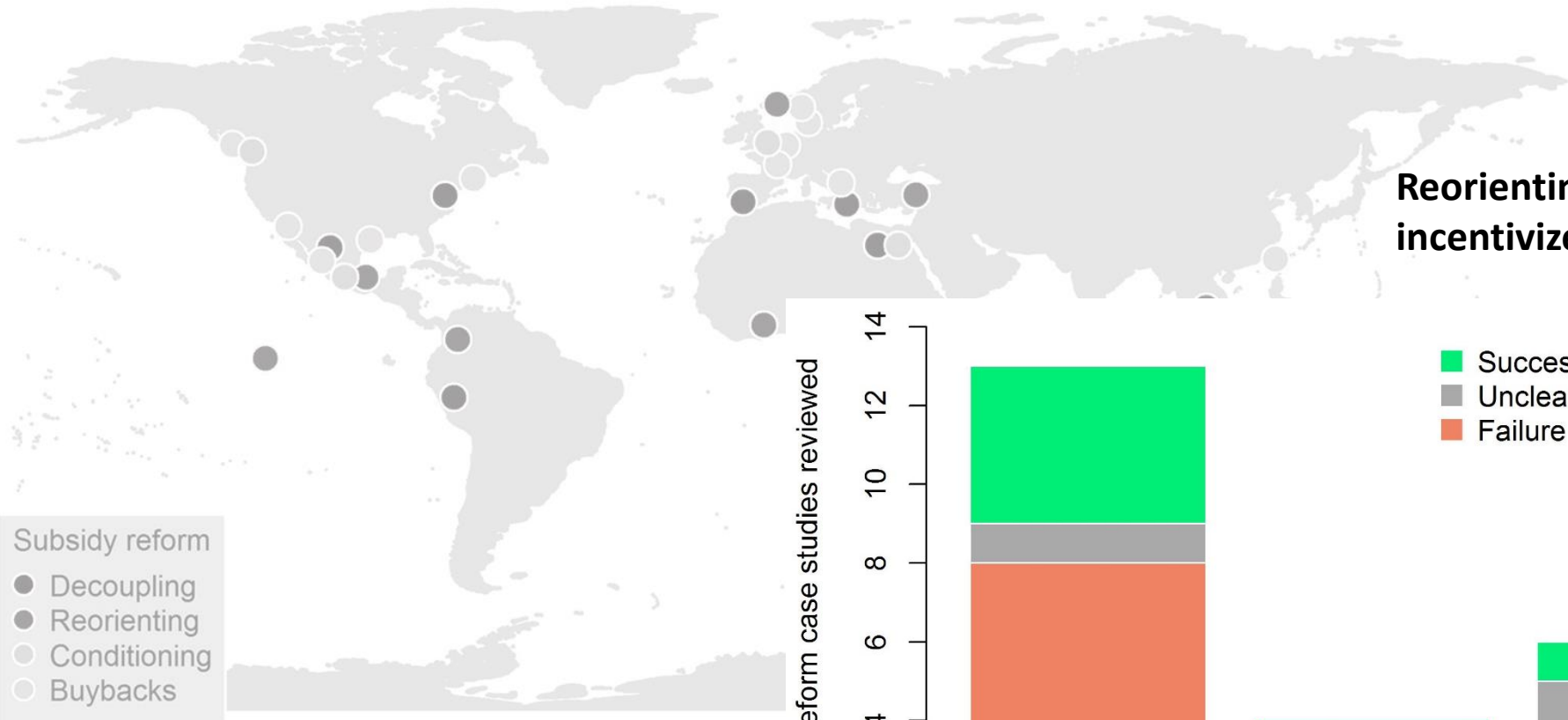
Benefits | Socially and politically accepted

Challenges | Incentives for corruption and system gaming

Key requirements | Primary policies;
Transparent and strict implementation

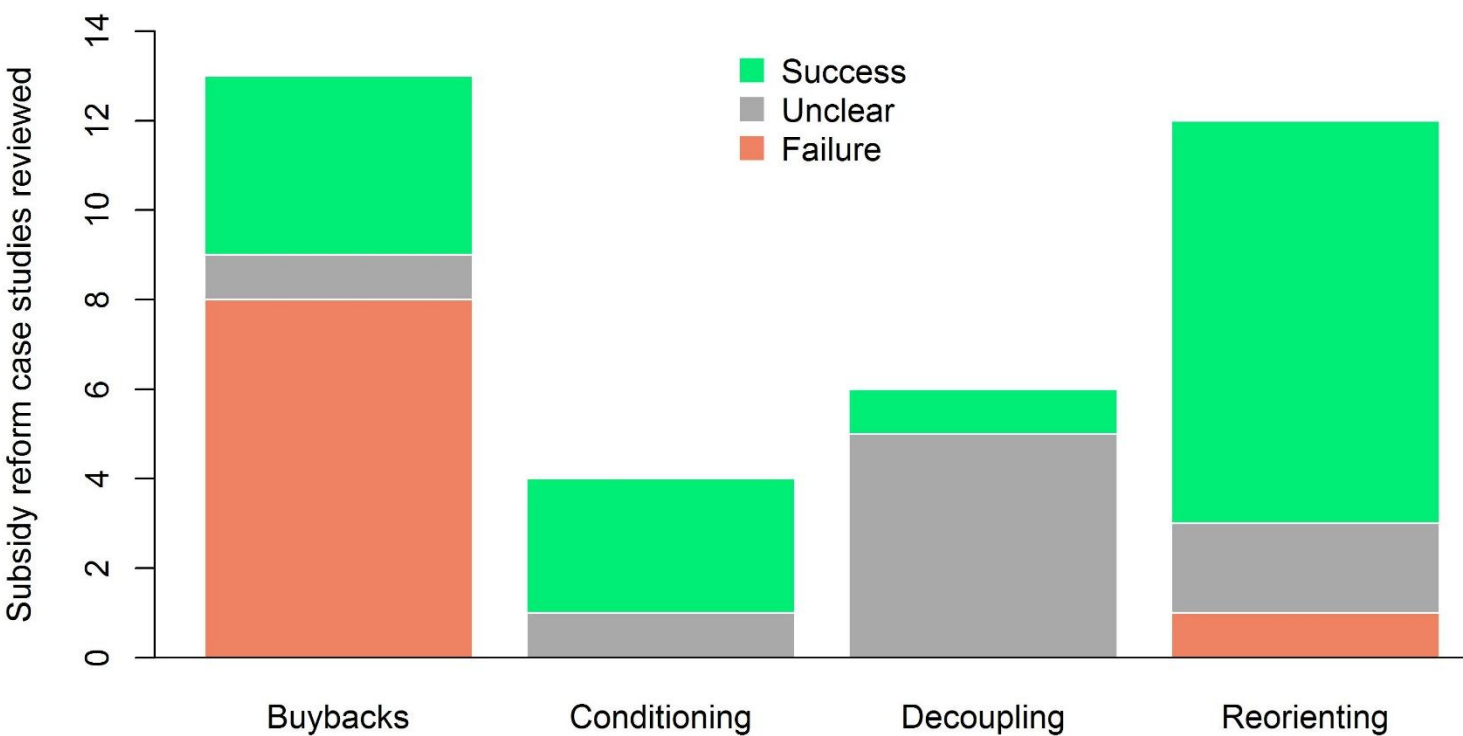


Strategies for subsidy reform



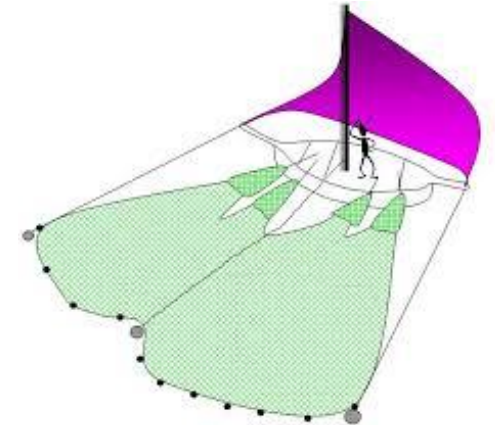
Reorienting has the best success rate and incentivizes stakeholder cooperation

Buybacks have been used the most but have the highest failure rate



Strategies for subsidy reform

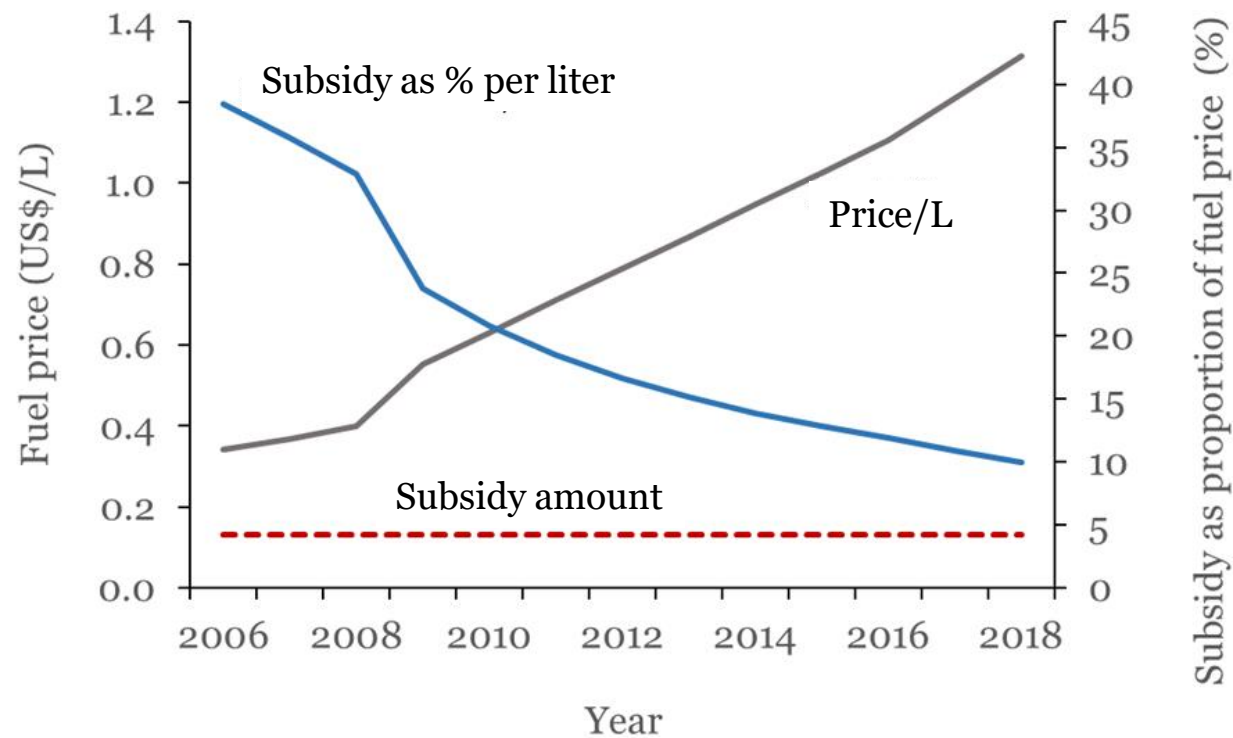
Investment in sustainable fishing gears



*Objectives, monitoring, and transparency are fundamental!

Strategies for subsidy reform

Transition away from harmful subsidies



Programs can ease transition through a gradual decrease of harmful subsidies.

México recently announced an end to fuel subsidies and start of cash transfer program in response to Covid-19 effects.

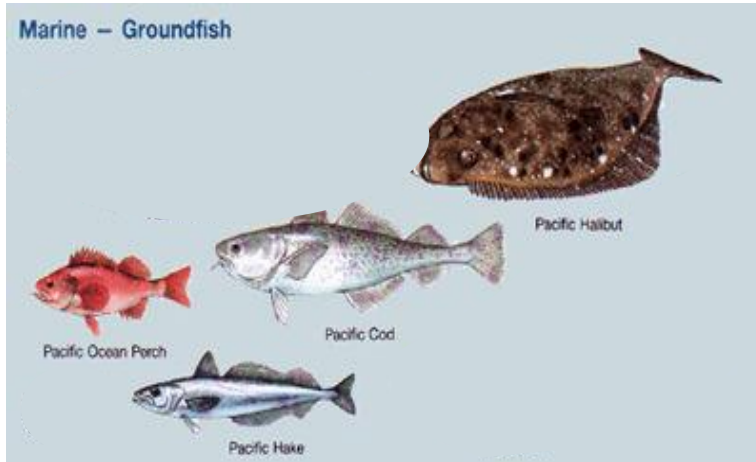
Uncertainty in fisher responses and planning highlight lack of monitoring, processing, and market access capacity; this is where beneficial programs can act.

Adapted from WWF-México 2019

https://wwf.panda.org/knowledge_hub/all_publications/?346651/Reforma-a-la-subsidios-pesqueros---caso-Mexico---ingles

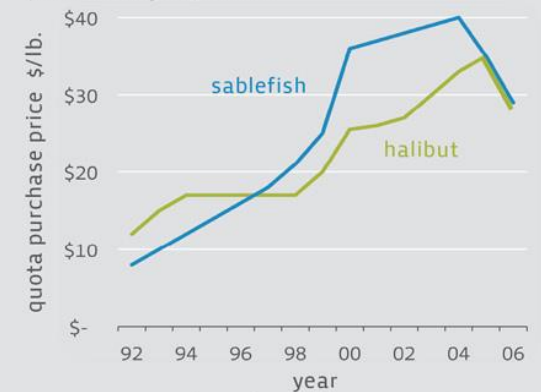
Strategies for subsidy reform

Buybacks conditioned on access rights



High cost of ownership

Buying sablefish and halibut quota has grown prohibitively expensive.



SOURCE / NELSON (2006), ECOTRUST CANADA (2005)

Strategies for subsidy reform

Capacity transfer to support social equity goals

Objective to increase resource access and economic opportunities, e.g., for Indigenous communities.

Support for purchasing existing capacity and for training in safety and business administration.

Requirement to work within science-based co-management regulations.

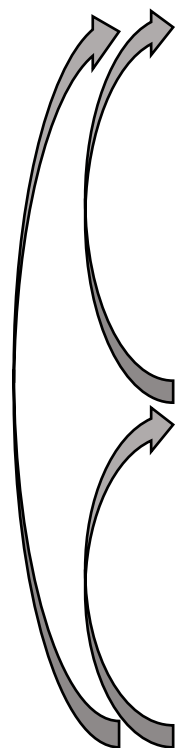


Pathways for subsidy reform

Developing incremental policies from known effects

Cooperative management has generally good results for sustainability and profits.

Can help transition but needs transparency and clear goals to avoid counterproductive outcomes.



Beneficial

- Access rights (fishing areas, quota, etc.)
- Bycatch avoidance (trawl gear)
- Bycatch avoidance through gear switching (even better)
- Investment in alternative livelihoods

Ambiguous

- Gear replacement to improve cost-efficiency
- Buybacks
- Added value programs absent output controls

Harmful

- Fuel
- Gear and vessel replacement

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