Fisheries Subsidies: Strategies for Reform and Transition

Andrés Cisneros-Montemayor
Deputy Director, Nippon Foundation Ocean Nexus Program
Research Associate, Institute for the Oceans and Fisheries, UBC
a.cisneros@oceans.ubc.ca
@AndresMCisneros
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.
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

Causa Natura 2020 https://pescandodatos.org/recurrencia
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.
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to beneficial subsidies is a deep change in our relationship with the ocean, affirming connectivity and challenging the outdated assumption that larger boats are the answer to recovering fisheries.

Specific support programs depend on local contexts, but subsidies must aim to support fishing communities and not only fishing itself.
We can learn from past experiences of subsidy reform: **decoupling, reorienting, conditioning and buybacks.**
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
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
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

Cisneros-Montemayor et al. 2016 [https://doi.org/10.1016/j.marpol.2015.10.001](https://doi.org/10.1016/j.marpol.2015.10.001)
**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

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[Cisneros-Montemayor et al. 2016](https://doi.org/10.1016/j.marpol.2015.10.001)
Buybacks have been used the most but have the highest failure rate

Reorienting has the best success rate and incentivizes stakeholder cooperation

Cisneros-Montemayor et al. 2016 https://doi.org/10.1016/j.marpol.2015.10.001
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.
Strategies for subsidy reform
Buybacks conditioned on access rights

http://ecotrust.ca/project/study-a-cautionary-tale-about-itq-fisheries/
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

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

Cooperative management has generally good results for sustainability and profits. Can help transition but needs transparency and clear goals to avoid counterproductive outcomes.
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