



Workshop on Fisheries Subsidies in the Context of LDC Graduation and Way Forward



Organized by
Support to Sustainable Graduation Project (SSGP)
Economic Relations Division
Ministry of Finance
Government of Bangladesh

Outcome Document

Background:

Support to Sustainable Graduation Project (SSGP) of the Economic Relations Division (ERD) organized a workshop on 'Fisheries Subsidies in the Context of LDC Graduation and Way Forward' on 01 August 2023 at the NEC Conference Room. Hon'ble Minister of the Ministry of Fisheries and Livestock Mr. S M Rezaul Karim, MP graced the occasion as chief guest. Secretary of the Ministry of Fisheries and Livestock Dr. Nahid Rashid, President of Dhaka Chamber of Commerce & Industry (DCCI) Barrister Md. Sameer Sattar and President of Bangladesh Frozen Food Exporters Association Kazi Belayet Hossain were present as special guests of the workshop. ERD Secretary Ms. Sharifa Khan chaired the event. Senior officials from ministries, agencies and research institutions, representatives from relevant trade associations and think tanks attended the workshop.



Hon'ble Minister of the Ministry of Fisheries and Livestock Mr. S M Rezaul Karim, MP speaking during the workshop on 'Fisheries Subsidies in the Context of LDC Graduation and Way Forward' organized by SSGP, ERD

Major discussions and recommendations of the event are furnished below:

Welcome Remarks by Mr. Farid Aziz, Additional Secretary & Project Director, SSGP, ERD:

Mr. Farid Aziz, in his welcome remarks, highlighted the significance of fisheries sector in Bangladesh's socio-economic development. He recalled that during the 12th Ministerial Conference (MC-12) of the World Trade Organization (WTO) held in June 2022, the WTO members had adopted the Agreement on Fisheries Subsidies. He observed that the disciplines adopted in the agreement is expected to have important and positive impacts on the sustainability of marine fish stocks and fisheries through curbing subsidies to illegal, unreported and unregulated fishing; prohibiting subsidies to fishing on overfished stocks; and prohibiting subsidies to fishing on unregulated high seas. Mr. Aziz explained that though Bangladesh does not provide substantial subsidies to marine fisheries, the facility of providing partial subsidies to this sector might be limited once Bangladesh becomes a non-LDC

developing country. In this context, the workshop had been organized to identify the next course of actions against the backdrop of the aforementioned WTO Agreement on Fisheries Subsidies.

Keynote Presentation on ‘An Overview of Fisheries Subsidies and the WTO Agreement on Fisheries Subsidies’ by Mr. Md. Hafizur Rahman, Member, Bangladesh Competition Commission

Highlighting the significance of fisheries sector in Bangladesh’s economy, Mr. Rahman, in his presentation, informed that according to the latest government statistics, the annual domestic production of fisheries had risen to 47.59 lac metric tonnes. It was also informed that fisheries sector accounts for 2.43 percent of the country’s GDP while generating employment for 2 crore people. Bangladesh is currently exporting fishes to 52 countries while regularly ranking among the global toppers in terms of inland open catch and inland aquaculture.

Mr. Rahman recalled that although the creation of fisheries subsidies disciplines had been the subject of work in the WTO’s Negotiating Group on Rules since 2001—it was during the 12th Ministerial Conference (MC-12) of the World Trade Organization (WTO) that the members agreed to sign an agreement with two of the four areas of negotiation. These are: illegal, unreported and unregulated (IUU) Fishing and Overfished stock.

He further pointed out that the Agreement covers marine wild capture fishing and fishing related activities at sea—while aquaculture and inland fisheries are excluded from its scope. Afterwards, he highlighted the main features of the above agreement. He noted that the agreement had called for prohibition on providing subsidies contributing to IUU fishing, subsidies regarding overfished stock and subsidies beyond national jurisdiction. It was also pointed out that the agreement contains specific provisions for LDC members which states ‘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.’ It was also highlighted that the agreement had made way for a special fund for its implementation by the developing and least developed country members. Recalling that the agreement had been ratified by 44 WTO members so far—Mr. Rahman mentioned that the agreement had to be ratified by two-third of the WTO members before being enforced.

Afterwards, the keynote presenter reflected on the textual proposals of LDCs in the ongoing areas of negotiations which include ‘Overcapacity and overfishing’ as well as ‘Special and Differential Treatment for LDCs and Graduating LDCs’. Subsequently, Mr Rahman, in his presentation, highlighted the implications of the Fisheries Subsidies Agreement in terms of IUU fishing, overfished stocks, overcapacity and overfishing, S&D treatment etc. Lastly, he came up with the following recommendations to prepare the country for the aforementioned agreement:

1. Gradually eliminate cash incentives by 2026;
2. Expedite registration of all artisanal fishing boats and operators;
3. Develop reporting system of catch in a systematic way;
4. Report subsidizing Member to take action against vessels and operators fishing illegally into exclusive economic zone (EEZ) of Bangladesh;
5. Assess stocks and Maximum Sustainable Yield of different species in the EEZ;
6. Explore options for using innovative non-actionable subsidies to fisheries sector;

7. Continuation of current program to register fishers, build database and provide ID cards;
8. Introduce a fee paid by the industrial fishing sector to help pay for IUU fishing monitoring and enforcement;
9. Improve data collection;
10. Use best available data to manage for known depleted stocks or multispecies fisheries that include those stocks;
11. Remove subsidies that enhance capacity or effort as a precautionary approach until better data available;
12. Extend general protective actions (such as bans in fish nursery areas) to encompass more species than hilsa;
13. Exclude trawlers from the list of priority export sectors;
14. Provide targeted subsidies for value-adding and support to meet export standards (sanitary and phytosanitary measures; quality control; sustainability certification);
15. Phase out the diesel subsidy and use revenues for targeted assistance;

Continue to improve fisheries regulation and management

16. Ensure all fishers licensed and registered and their catches estimated;
17. Improve enforcement (e.g. trawler fishing depths, MPAs, seasonal bans);
18. Build capacity to detect and stop IUU fishing;
19. Put in place management plans for other severely depleted species;
20. Consider co-management to improve compliance and custodianship of resources;

Support for reform can be increased through consultation, communication and compensation

21. Public support can be increased by using subsidy savings or revenue from levies to deliver targeted assistance;
22. Consultation and communication with relevant stakeholders are vital for better preparation;
23. Household surveys in coastal regions would be useful (ensure gender balance in responses);
and
24. Ensure equal distribution of benefits from sustainably managed stocks.

Remarks from the Panelists:

Dr. Md. Zulfikar Ali, Director, Bangladesh Fisheries Research Institute:

Dr. Md. Zulfikar Ali, in his remarks, called for ensuring further value addition of local fisheries products to prepare the country for the post-graduation scenario. He also observed that the country should negotiate with the WTO for the continuation of LDC related flexibilities for an extended period after LDC graduation.

Sayed Mahmood Belal Haider, Chairman, Bangladesh Fisheries Development Corporation:

Mr. Haider, in his remarks, said that Bangladesh needs to establish strong monitoring and vigilance over its maritime territory and especially over its EEZ. He informed that the vessels coming from other countries are often carrying out unabated IUU fishing within Bangladesh's maritime territory. Pointing out that the Marine Fisheries Act, 2020 had imposed a ban on IUU fishing—he observed that the country, nevertheless, had not been able to enforce this ban due to capacity constraint. In this context, he called for developing necessary capacity for real time monitoring of the country's territorial water. Noting that a large part of Bangladesh's Exclusive Economic Zone (EEZ) remains untapped due to the lack of fishing vessels and equipment—he called for enhancing the domestic capacity for deep-sea fishing. Mr. Haider also observed that the bulk of the fisheries subsidies provided by Bangladesh come in the form of social safety net schemes provided to marginal fishermen during the offseason. In this context, he observed that such marginal fishermen would be affected the most by the withdrawal of such subsidies.

Kh. Mahbubul Haque, Director General, Department of Fisheries:

Mr. Haque, in his speech, informed that as per the latest official data, there are around 34 thousand fishing boats in the country. He also informed that the government had taken initiatives to register all the fishing boats by this year. He also recalled that the Department of Fisheries had conducted a stock assessment of domestic fisheries which would be published upon the approval of the Ministry of Fisheries and Livestock. He further informed that the stock assessment exercise would be conducted annually. He observed that although the government is putting enhanced emphasis on natural conservation—it is difficult to ensure adequate natural conservation while maintaining the livelihood of the local fishing communities. Noting that fishing is a source of livelihood for the majority of the coastal fishermen in the country—he observed that this could be a major bargaining point with the WTO for the continuation of fisheries subsidies beyond graduation.

Open Discussion:

At this stage, the floor was opened for discussions among the participants. During this session, following observations and recommendations came from them:

- The country herself needs to take the responsibility of enforcing prohibition on IUU fishing through imposing restrictions on the offenders.
- Overseas fishing vessels are not allowed to carry out fishing related activities within the EEZ of Bangladesh without local registration. This regulation should be strictly enforced. Rigorous measures should be initiated against those who flout this law, while their vessels and equipment should be confiscated.
- Bangladesh should negotiate with the international community for providing capacity subsidy for developing the country's capacity for deep sea fishing.
- The definition and criteria of all the key terms used in the aforementioned WTO agreement should be clarified and analysed. Ministry of Fisheries and Livestock should take the lead of this process. It should also prepare the guidelines in light of those definitions and criteria.
- The government earlier had imposed a ban on the use of nets with smaller mesh in a bid to save small sized fishes and fries. However, this ban should be strictly enforced.

- The agreement has made way for a special fund for its implementation by the developing and LDC members. However, Bangladesh needs to identify the priority areas of capacity building to avail such fund.
- A knowledge body or working group should be formed under MoFL to coordinate and follow up the relevant negotiations and to facilitate necessary knowledge sharing.
- BIDA is ready to work in close collaboration with MoFL to attract and facilitate necessary investment in deep sea fishing.
- Some recent legal reforms like the enactment of the Environment Conservation Act, 1995, Conservation Rule and Bangladesh Biological Diversity Act, 2017 would act as a safeguard for Bangladesh during the subsequent negotiations with the WTO regarding the Agreement on Fisheries Subsidies.
- Department of Environment has recently conducted an assessment of coastal and marine biodiversity resources and ecosystem to implement the Blue Economy Action Plan.
- Department of Fisheries has lately developed a policy for Marine Catch Certificate. An in-depth analysis of this policy could be helpful in devising appropriate strategy regarding the fisheries subsidies.
- A thorough analysis should be carried out on the potential non- actionable subsidies that could be provided to fisheries sector after LDC graduation.
- Bangladesh should prepare itself for extensive negotiations on the negotiation areas like 'overcapacity and overfishing' as well as 'Special and Differential Treatment'.
- A focal point should be designated for ensuring necessary and regular updating of relevant data.
- The elements mentioned in the article 5.1 of the Ongoing Negotiations can be included among the Way Forward suggested in the keynote presentation.
- Article 5.2 of the textual proposal of LDCs stated that 'No Member shall grant or maintain subsidies to large-scale industrial fishing or fishing related activities in areas beyond the subsidizing Member's national jurisdiction'. However, it needs to be clarified whether the term 'national jurisdiction' refers to a country's maritime territory or EEZ.
- The government has designed new IUU catch certificate as per the Marine Fisheries Act 2020 and the Marine Fisheries Rule 2023. This is a living document which was designed in line with the requirements of major markets like EU and Japan.

Remarks from Ms. Shahida Sultana, Director General, Prime Minister's Office:

Ms. Shahida Sultana, in her remarks, identified deep sea fishing as a largely untapped area for the fisheries sector of the country. She observed that enhancing the domestic capacity for deep sea fishing would open up new scopes for product diversification and value addition within the fisheries sector. She opined that enhancing the logistical capacity of the country would be crucial for boosting the country's capacity for deep-sea fishing. She informed that initiatives had been taken to carry out a study on enhancing the country's logistical capacity under the guidance of the National Committee on LDC Graduation. Ms. Shahida assured of necessary cooperation and support from PMO regarding the development of fisheries sector.

Remarks from Special Guest: Kazi Belayet Hossain, President, Bangladesh Frozen Food Exporters Association:

Mr. Kazi Belayet Hossain, in his speech, provided some specific suggestions for facilitating the growth of the export-oriented shrimp sector. These include-- providing tax rebate to shrimp exporters, reducing corporate tax rate to 10 percent, promoting shrimp cultivation following the semi-intensive method, development of necessary infrastructure, designating some specific areas as Shrimps Culture Zones, providing loans to shrimp farmers from Equity Entrepreneurship Fund at a lower interest rate, introduction of shrimp insurance and providing low interest loan to shrimp feed manufacturers. He also called for duty waiver on the import of fisheries instruments. At the same time, he also highlighted the need for further value addition and skill enhancement in the fisheries arena while emphasizing the need for providing bonded warehouse facilities for this sector.

Remarks from Special Guest: Barrister Md. Sameer Sattar, President, Dhaka Chamber of Commerce & Industry:

Barrister Sattar, in his speech, said that since fishing is one of the major sources of livelihood and a promising export sector for Bangladesh—the country deserves relaxation of the WTO fishery subsidies agreement for a certain period until this sector becomes well-equipped. He also put forward the following recommendations in light of the main theme of the event:

- A comprehensive study needs to be carried out on the impact of withdrawing fishery subsidies on Bangladesh's fisheries sector. The country also needs to actively participate in the subsequent negotiations of the WTO and can raise this issue at the Thirteenth Ministerial Conference of WTO based on the findings of the study.
- Lessons learnt from Japan, Thailand, the Netherlands and the Maldives in terms of technology adoption and capacity building can be replicated in deep-sea fishing and investment in the fisheries sector.
- The government needs to prioritize entire supply chain transportation, logistics and infrastructure development for fishing, storage and processing for growth of this sector.
- Bangladesh is primarily dependent on internal aquaculture and near- shore catch. For deep-sea fishing, we need to develop both soft and hard infrastructure as well as long-term financing support to adopt advanced technology and logistical facilities.
- Bangladesh does not have any example of overfishing. However, we need proper reporting based on scientific evidence so that the WTO can give us this immunity.
- Some non-fiscal incentives such as low-cost borrowing facility, low-cost housing and fishing technologies can be given to the stakeholders to offset the subsidies to some extent.
- We need proper landscape designing, reforms of relevant regulations and a framework of reporting policy for utilizing fisheries resources efficiently to add value to seafood export basket.
- Targets of "Delta Plan-2100" and the "Blue economy" need to be synchronized for mapping right strategies to facilitate the fishing sector of Bangladesh in the long-run.
- Marine Fisheries Harvest Policy 2022 has provision to regulate IUU. However, necessary reforms for effective regulations of IUU may be considered.

Remarks from Special Guest: Dr. Nahid Rashid, Secretary, Ministry of Fisheries and Livestock:

Dr. Nahid Rashid, in her speech, observed that though Bangladesh does not provide substantial subsidies to marine fisheries, the facility of providing partial subsidies to this sector might be limited once Bangladesh becomes a non-LDC developing country. However, she observed that the withdrawal of such subsidies is unlikely to have any major impact on the fisheries sector of the country. Noting that there are huge untapped opportunities in the blue economy arena of the country-- she called for increased public and private investments. She also informed that the government had initiated a pilot project for showcasing the potentials of deep-sea fishing among the potential investors.

Speech by the Chief Guest - Mr. S M Rezaul Karim, MP, Hon'ble Minister, Ministry of Fisheries and Livestock

Hon'ble Minister Mr. S M Rezaul Karim, MP in his speech, said that the government is willing to set up a separate economic zone for the fish processing if there is strong demand from the stakeholders. Hon'ble Minister ensured that the government would provide all kinds of necessary support including land acquisition in setting up the zone. However, he observed that the success of such economic zones would depend on spontaneous investment from the private entrepreneurs. He also informed that the government is taking stringent measures to discourage overfishing. Hon'ble Minister recalled that the government had set up tracking equipment in all vessels for increased and better monitoring. An international standard facility had been set up for artificial breeding of various fish species. The government had granted permissions for piloting various species of shrimps in the country. Hon'ble Minister observed that apart from direct subsidies, the government is also providing indirect subsidies to fisheries in various forms. He suggested that the recommendations of the workshop should be compiled and validated in a workshop and then forwarded to the National Committee on LDC graduation for their consideration.

Concluding Remarks by the Chair - Ms. Sharifa Khan, Secretary, Economic Relations Division, Ministry of Finance:

Ms. Sharifa Khan, in her speech, observed that Bangladesh would have to withdraw cash subsidies on exports following LDC graduation. She informed that the government is already working on identifying the subsidies which would have to be withdrawn after graduation as well as the alternative incentives which could be provided instead. She suggested that Bangladesh would have to devise its strategies regarding fisheries subsidies in the context of LDC graduation by analysing and combining the features of WTO's 'Agreement on Agriculture' as well as 'Agreement on Fisheries Subsidies'. She opined that the fisheries subsidies provided to the fishing communities during the offseason is unlikely to be affected by the Agreement on Fisheries Subsidies. She also affirmed that the government is exploring options for providing innovative non-actionable subsidies for fisheries after LDC graduation. She also affirmed that Bangladesh should actively participate in the subsequent negotiations on the Agreement on Fisheries Subsidies to be held during the 13th Ministerial Conference of WTO. Lastly, she concluded the workshop by thanking all the participants.

Way Forward:

- Bangladesh should devise its strategies regarding fisheries subsidies in the context of LDC graduation by analysing and combining the features of WTO's 'Agreement on Agriculture' as well as 'Agreement on Fisheries Subsidies'.
- A comprehensive study needs to be carried out on the impact of withdrawing fishery subsidies on Bangladesh's fisheries sector. The country also needs to actively participate in the subsequent negotiations of the WTO and can raise this issue at the Thirteenth Ministerial Conference of WTO based on the findings of the study.
- A thorough analysis should be carried out on the potential non- actionable subsidies that could be provided to fisheries sector after LDC graduation.
- Some non-fiscal incentives such as low-cost borrowing facility, low-cost housing and fishing technologies can be given to the stakeholders to offset the subsidies to some extent.
- Bangladesh needs to establish strong monitoring and vigilance over its maritime territory and especially over its EEZ.
- Overseas fishing vessels are not allowed to carry out fishing related activities within the EEZ of Bangladesh without local registration. This regulation should be strictly enforced.
- Bangladesh should negotiate with the international community for providing capacity subsidy for developing the country's capacity for deep sea fishing.
- Bangladesh is primarily dependent on internal aquaculture and near- shore catch. For deep-sea fishing, we need to develop both soft and hard infrastructure as well as long-term financing support to adopt advanced technology and logistical facilities.
- Lessons learnt from Japan, Thailand, the Netherlands and the Maldives in terms of technology adoption and capacity building can be replicated in deep-sea fishing and investment in the fisheries sector.
- The Agreement on Fisheries Subsidies has made way for a special fund for its implementation by the developing and LDC members. However, Bangladesh needs to identify the priority areas of capacity building to avail such fund.
- Bangladesh does not have any example of overfishing. However, we need proper reporting based on scientific evidence so that the WTO can give us this immunity.
- We need proper landscape designing, reforms of relevant regulations and a framework of reporting policy for utilizing fisheries resources efficiently to add value to seafood export basket.
- Ministries, agencies, associations or individuals those are willing to provide further suggestions/recommendations in writing would forward those to ERD within couple of days.
- SSGP, ERD would compile those suggestions/recommendations and organize a workshop with relevant stakeholders to validate the same.
- ERD would send the validated recommendations to National Committee on LDC Graduation (NCG) for their consideration.
- Respective Ministries, Agencies and Associations would take appropriate actions as suggested by the NCG.