Good morning everyone.

INTRODUCTION

I would like to take this opportunity to thank the organizing committee of IIFET for having asked me to make some comments about challenges associated with

"International Seafood Trade – Rules-Based reform"

and its relationship to this conference.

I would not be truthful if I did not admit to having felt some initial trepidation about this presentation.

I am not a trade expert. Nor am I a fisheries economist or manager by training or career. I was introduced into the world of fisheries almost exactly 3 years ago, after more than 18 years of my career in other government pursuits.

Indeed, the exact anniversary of my introduction to Canada’s fisheries department 3 years ago -- August 16 -- disappeared completely as we crossed the international dateline on my way to New Zealand, and I am still struggling with what might be the symbolic significance of that!

Nevertheless, what a way to spend such an anniversary! With friends that I have met at various international meetings and at home, and while celebrating the contributions from so many on such a diversity of issues facing the sector.

And on the virtual eve of the upcoming World Summit on Sustainable Development, we are reminded of the broader linkages of the issues that we will discuss here in the next few days.

And what a fine setting is New Zealand, for these discussions.

As we know, New Zealand is dependent on open and fair trade. And it has, in recent decades, undertaken courageous structural reforms across the very breadth of the economy -- not just fisheries -- that have set it up for this challenge. And if we just look out our windows, we see the influence of the ocean in all its broad contexts, and as we have heard, the next challenge for management reform.

So as neither an expert in fisheries or trade, what can I offer to the context-setting of these discussions?

I feel blessed that the exposure I have had to fisheries so far has been diverse, and has taken place both at home and in numerous international fora.

I am here as an economist, policy analyst and practitioner, whose career has been devoted to not only appreciating the role of specialist and expert analysis, but as someone whose job it has more often been to integrate these into broader pictures and strategies.

I take a minute to reflect on the kinds of issues I have faced and debated over the years -- as have many others of you as well:

Issues have included those of policy linkages and coherence, and the role of government in the economy and society. Issues have included those of partnerships and citizen engagement, the nexus between economic and social agendas, policy and science, and economics and law. Issues have included the links between structural reform and aggregate outcomes and between policies and outcomes, with the need to identifying issues of underlying domestic and international policies and
outcomes. And the need to identify issues of underlying fundamentals versus public expectations for quick fixes on symptoms. As others here, I have debated issues of strengths and weakness of tools in relation to desired outcomes. And in our reform years I have debated the difference between belief in theoretical comparative static outcomes and the reality of how to manage difficult transitions between them. Policy issues include debates on the reliance on incentives versus the role of regulation. And I have been a player in the interface between policy and politics.

I list these considerations here because this defines the reality of the experience of all policy makers, no matter their domain, and it serves to remind us of the kinds of assumptions -- and the range of issues -- that may need to be faced in holistic policy-making, whether it be trade-related or on other issues.

One thing that has impressed me in the last 3 years is that almost all of the key public policy issues at play in our governments are at play in some way in fisheries.

But with many added complications – including dealing with a common property resource, with community dependence (including often those who are geographically remote), often with resulting resource immobility, and with deep historical and cultural connection, and linkages to food security for many. These types of constraints serve not only to complicate issues, but to raise passions and stakes -- domestically and internationally.

They say that we are all shaped in our views and priorities by our national cultures and experience.

I join those here from Canada, a huge country territorially (terrestrially and marine) but tiny in terms of its domestic markets, a country with the world’s longest coastline, bordered by 3 diverse oceans (if not 4, as some say, if we count our huge freshwater Great Lakes shared with the USA), and fisheries as diverse as in any country (ranging from lucrative industrial fisheries to a dependant in-shore small-boat sector to extremes such as Inuit fishers whose tradition has been fishing from ice floes in the north (but, nevertheless one of whom won Canada’s Governor General’s medal in 2000 for innovation in responsible fishing!). We have a numerous small isolated fish-dependent communities, to balance our large southern metropolitan areas. We can identify with fishing challenges -- and policy challenges -- of many countries.

We celebrate a dizzying cultural diversity in Canada, such that 43% of Canadians have their roots outside of the 3 founding cultures of England, France or our aboriginal peoples. Over half the people in our largest city, Toronto, would count themselves as ethnic minorities.

And we are a federation, which means serving our citizens by playing to strengths of jurisdictional players across the range of constitutional and shared responsibilities. We have had to develop a sense of proportion in the appeal to power and jurisdiction.

What does all this mean for what I want to say today? As described by our Minister of Trade himself, “the Canadian ethos is influenced by a passion for balance”.

In a practical sense, this means to me: information-based and inclusive analysis, debate and decision making, a respect for a diversity of views, a view to not only efficiency and growth but protection for the vulnerable, a focus on the appropriateness of means as well as ends, and an attention to linkages and spillovers.

Regarding policy, it brings me back to one of my favorite adages – if the way forward seems absolutely clear, be sure that it is because you have brought order to chaos, and not because you have filtered out the hard stuff.

And the issues we are facing in international sustainable development are “hard stuff”, as are broad trade liberalization issues in this context. More than ever, the rules of our trading system intersect with a broad array of other priorities and issues, far removed from the older traditional debates of tariffs and quotas.

We hear these days of “tensions”: between trade and environmental agendas, domestic versus foreign interests, and developed versus developing nations, just to name a few.
I hope that what we are aiming for is to increase the complementarity among these interests, and resist those who would try to maximize prerogatives by trying to enforce some kind of separation among these agendas.

Trade and standards of living are compromised when the sustainability of the environment is compromised.

Without the wealth generated by the exploitation of comparative advantage in international trade and commerce, we cannot sustain the capacity to protect the environment.

Without strong domestic policies and institutional legitimacy, we cannot exploit the benefits of important international frameworks such as UNCLOS and others.

Without policy coherence we cannot accommodate the shift in focus from preservation, to the broader and more inclusive issues of sustainable development.

Understanding linkages and mutual interdependence of issues is one of the challenges for issues such as liberalized and rules-based trade.

We need to find creative ways to clarify and disentangle issues and to raise the quality of the private and public debate, valuing the knowledge and resources of all players and disciplines, and we need creative and effective ways of disseminating those appreciations.

The fragmentation of our international institutions, especially on the environmental side, does not help in this goal. We are better served on the trade side by the existence of the WTO, but we have to remember that it is one specialized player among many in the globalization issue, and cannot bear the weight of resolution of all issues.

Rules-based decision-making and reform offers the hope of transparency, predictability, complementarity and inclusiveness in the overall global economy, while recognizing and protecting national sovereignty.

Rules-based reform is not the impediment to national sovereignty and environmental integrity, but the very opportunity of it.

But we have some work to do, if we are to bring about a broader understanding of this potential.

The failed attempt to launch a new WTO negotiation in Seattle was due to a variety of failures, but it marked a turning point, as we have seen since, in the confidence of civil society in standing up to international leaders and fora, who are perceived to be in favour of suppressing national sovereignty in the face of international greed, and adherence to rules and standards that exclude and exploit. The effects of Seattle will be with us for a long time.

Challenges of globalization

Let’s be more specific as we outline the opportunities and challenges for analysis and debate before us.

The theme of this conference is fisheries in a global context. I recast this as “fisheries in a complex international environment”.

The sources of complexity are easier to sort out, if we think of globalization as a series of globalizations – economic, technological, environmental, and cultural, for instance – which are together having a profound effect on citizens. This has been going on for years, but it is a common view – although not universal – that the modern era is characterized by the speed and depth of these changes.

Our challenge is to harness the strengths of globalization equitably, to manage the deleterious effects and protect the most vulnerable.
But in the face of other priorities (including fiscal responsibility) we also face a decline in available public resources to do this with.

And we face a decline in confidence, in many of our countries, and internationally, in our institutions of governance, and serious doubt about our ability to manage the effects of globalization, which cries out for a new -- or if not new, then clearer -- paradigm.

I know we agree that that no one has the corner on the knowledge, the tools, the jurisdiction or the power to solve the issues of globalization.

So we need to “play to strengths” of all players and institutions, mandates and jurisdictions, who have something to offer.

It takes both active and implicit coordination, and the keys to it are the sharing of expertise and experience, the benefits of rules-based reform and a serious attention to international governance issues.

**Trends in fisheries trade**

Fish production and trade has gone through huge expansion.

The FAO reports that in 1950, total world fisheries production (marine, inland and aquaculture) was just less than 20 million tonnes. A scant half century later, this had increased over 6-fold to 130 million tonnes.

This has been accomplished by huge structural change in the fisheries sector, especially the rise of aquaculture over the last quarter century, and which we expect to continue if we are to meet the gap between the desire for fish protein across the world and the potential yield of capture fisheries.

With 30% of the world’s fisheries production, China -- who has now acceded to the WTO -- is now the largest fish-producing nation -- in large part due to aquaculture.

The volume of fish trade has increased dramatically, and faster than capture fisheries, for the same reason.

And the composition of flows has changed. As an example, the contribution of OECD countries, in terms of world exports, has dropped from nearly 62% in 1984 to 50% in 1998.

But OECD countries remain the largest importers of fish products, with primary markets being in the EU, Japan and the US, in that order, which together account for 90% of OECD imports.

**Fisheries resources**

What about the state of fisheries resources?

The FAO has estimated that among the major marine stocks or groups for which information is available, 25-27% are under-exploited or moderately exploited and represent a main potential source of expansion in capture fisheries production.

As well, about half of stocks are fully exploited or are close to maximum limits with no room for further expansion.

Another 15-18% are overexploited and have no potential for further increase, and indeed are in need of remedial action to sustain higher future catches.

And a final 9-10% are depleted or recovering from depletion.

I repeat this not to highlight the crisis state of fisheries (although we cannot dismiss this), but to pose an analytical question -- if further trade liberalization is to lead to further increases in trade flows, then what form will these increased flows take? Where will the real product to come from? What
adjustments will need to be made? And what does it mean for the management of our fisheries and the tool-kit that will help us do so, domestically and globally?

Doha Agenda

We cannot talk of rules-based reform and the trade and sustainable development nexus of which fisheries is a part, without talking of the WTO and the Doha agenda. Let me take a few minutes to describe the main elements of this agenda.

Last November, WTO trade ministers met in Doha, Qatar, for their 4th ministerial conference, and agreed to launch a new round of trade negotiations (to be completed, for the most part, by January 2005). Progress on the various aspects of the agenda will be evaluated a year from now in September 2003, at a 5th ministerial conference.

In addition, Ministers committed to achieving significant progress in both agriculture and services negotiations that had already been in train as part of the ongoing agenda from the Uruguay Round.

In doing so, Ministers recognized the need for the multilateral trading system to keep pace with global economic, social and technological changes, and the Round is intended to spur growth and global prosperity, to promote sustainable development, contribute to poverty reduction and increased security.

Of course, developing and least-developed country issues figure prominently in the Round, called the Doha Development Round, ranging from the need for access to markets, technical assistance and capacity building, as well as an ongoing work program in areas of interest to these nations.

Let’s look at specific issues

Market access

This round includes negotiations on market access -- to move forward to reduce or eliminate tariffs and non-tariff measures, including the removal of tariff peaks and to address tariff escalation, especially on products of interest to developing countries.

This covers the range of industrial goods, which includes fish and fish products.

These discussions may not be easy. Issues of tariff escalation go right to the heart of industrial development and jobs and advantage in processing – issues that I know are part of some papers to be given here at IIFET 2002.

One issue that we hear about increasingly is the so-called “multifunctionality” of fisheries, an issue that we have heard more often in the context of agriculture. Tariffs and other trade restrictions are seen as playing useful roles in issues that are environmental, cultural, and social, and the trading system finds itself bearing the burden of delivering multiple outcomes.

While we all live in economies with sectors that are more sensitive than others, and which governments legitimately wish to assist, we must also share experiences, in appropriate fora, on the broader policy tool-kit to help address these vulnerabilities. Countries that are further along in some aspects of structural reform have advice and experience from their own transitions that can be offered on the inevitable transitions that will need to be managed.

In addition, the issue of IUU (illegal, unregulated and unreported fishing) is also popping up in market access discussions as they arise in international fora, which raises the spectre of “eco-tariffs” as a tool to try to level the playing field in international fisheries against IUU and fishing from flag-of-convenience vessels.

Non-tariff measures

As well, non-tariff measures will be addressed, including quantitative restrictions, tariff rate quotas, import licences, levies and surcharges, taxes on imports and the like.
As we all know, non-tariff measures have their role in the policy toolkit, and are allowed under WTO agreements, as long as they do not unduly inhibit trade. But rules and disciplines need to be clarified and improved in order to improve predictability.

**Subsidies**

The Round will clarify and improve disciplines on subsidies, antidumping and countervail measures, while preserving the basic principles and effectiveness of the WTO agreement on subsidies and countervail measures. Fisheries subsidies are specifically mentioned in this context of these negotiations, as are special developing country needs.

Anti-dumping and countervail actions affect the predictability of market access. Canada is most familiar with the trade remedy actions of the USA, but there are some 65 countries with such regimes in place, including developing countries and they are actively used. Understanding market trends is important to understanding these incentives for such actions, and there is work that will be presented here at IIFET on those issues.

But for fisheries, one of the more interesting and controversial issues is that of fisheries subsidies. Subsidies are, of course, linked to over-capacity and over-fishing, as well as to trade distortions, although from international debate we know countries are divided on the role this has played in depletion of fish stocks.

There are issues in the application of the rules established under the Agreement on subsidies and countervailing measures. I will mention but 2. The first is an inequity whereby a similar subsidy in two countries can be see as a domestic subsidy if there is a large domestic market, but a banned export subsidy if most product is exported due to small domestic market. And it has been said that the current subsidy disciplines are not sufficient in the manner of their application to enforce a reduction in fisheries subsidies. There are numerous issues to be analyzed in the context of these issues.

Nevertheless, we will not see separate fisheries subsidy negotiations – discussion will be broad-based and in the context of current disciplines.

There is no doubt that certain subsidies can lead to a risk of over-capacity -- and in many cases -- actual over-fishing, and an impairment of trade. The resource issue is of course complicated by supports to ship-building.

The issue is to ensure that we make progress and focus on those subsidies that are potentially harmful, and that if we are discussing these in WTO, we reaffirm an enduring organizing framework for these impacts which focus on trade distortions. If these transfers also are of a nature to affect national and global resource sustainability, then the win-win-win agenda attributed to the removal of fisheries subsidies in the context of sustainable development, can be realized.

Meanwhile broader issues of the specific link between government transfers and fisheries resource sustainability can find their home in other fora. This debate is critical in a sector where the government often plays an important role in both regulating and managing the resource, and overcoming what would otherwise be exploitation of a common property resource with its own set of incentives and distortions in resource allocation.

Governments and other players are far from unanimous on the analysis of the direct effect of government transfers on fisheries resources, or even the size of harmful fisheries subsidies. This issue is being looked at in the context of the FAO and OECD, and efforts have been taken in APEC to try to describe the types of assistance in APEC member economies as a guide to their potential impacts. I will come back to this point later.

The issue of whether a transfer is a harmful subsidy comes down to clarifying the role of different types of assistance, and diverse views on whether they are for public and private benefit. The issue of private and public benefit is even more complicated when we consider fisheries management as part of an integrated oceans agenda with more diffuse benefits, as we have heard and will hear further in sessions on eco-system management here at IIFET.
A related issue is whether, and how, to allow for non-general application of subsidies disciplines (for instance to developing countries). On one hand is the desire for such nations to integrate over a period of time with the rules-based reform, while we know at the same time that the negative effects of subsidies on resource sustainability are greatest in fisheries with weak fisheries management, such as is often the case in less-developed countries.

**Regional trade arrangements**

Another aspect of this round is the clarification and improvement of disciplines on regional trade arrangements, to make sure that they complement multilateral trade liberalization. This issue is less critical in fisheries area than perhaps others, but we certainly live the effects of regional arrangements, as I will describe in relation to tariff preferences, for instance.

**Dispute Resolution undertakings**

The Doha agenda includes an examination of dispute resolution understandings, including rules that relate to their implementation, retaliation, and non-member participation and implications for transparency and inclusiveness.

If we are to be able to predict, and/or adapt proactively to new trade rules, including how they relate to other issues such as MEAs, then we must be able to learn from the deliberations of dispute panels, and how interpretations of issues are evolving over time.

**Trade and environment**

Regarding trade and environment, Doha has 3 mandated objectives:

1) those related specifically to trade rules, and the clarification of WTO rules and those of MEAs, which will also be discussed at this conference.

2) information exchanges between MEA and WTO secretariats.

3) Elimination or reduction of tariffs on environmental goods.

The first two issues are critical to increasing the coherence of international governance, reduced uncertainty, and to capture the complementarity and mutual support in global governance for both economic and environmental outcomes.

**Related work program**

What of the related work program?

First, the Doha round has not yet launched negotiations on investment, competition policy or government procurement, or trade facilitation (issues of transparency, consistency for traders in the application of border-related customs and trade procedures). Instead, members will embark on a work program that would support future negotiations.

**Developing country issues**

As well, there are issues that will be investigated around the urgent need for integration of developing economies into the global trading system.

This is not without controversy, as it relates, on one hand, to the inclusiveness of the global trading system that holds some of the keys to the legitimacy of the rules-based reform, while on the other hand, it raises the risk of legitimizing -- or even codifying -- a two-tier trading system.

**Trade and environment**

There is a further work program that is being launched on the trade and environment agenda, led by the CTE, which includes issues such as the effects of environmental measures on trade, the issue of...
labeling for environmental purposes, to name two. We know that there is an important session here on eco-labeling that is directly relevant to this debate.

Discussions will also include the lessons learned from environmental assessments of negotiations (which Canada is undertaking during the Round).

Finally, an issue to be addressed is capacity building on both trade and environmental issues, an issue that I will address further.

So in sum, out of Doha, we see a varied and integrated agenda, that provides more than enough food for thought for practitioners of all kinds.

It lays out an increasingly holistic agenda for governments and others, even in such a specific sector such as fisheries.

But the timelines are short, information and analysis needs are great, and the need for a sharing of views is even greater. I hope that we can make enough progress on some of these difficult issues for a credible outcome, as expectations have been raised, and the stakes are high.

Non-WTO trade issues

Before I move onto conclude with remarks regarding these issues as they link to analysis undertaken in the OECD Fisheries Committee, let’s remind ourselves that the issues of rules-based reform in fisheries do not begin and end at the WTO.

For instance, a key issue debated at the FAO Trade Sub-committee meetings in Bremen, Germany this year concerned the implications of having commercially exploited species included in CITES listings that would limit or prohibit their trade. (CITES: relating to Convention on International Trade in Endangered Species). While we have not the time here to run through the key issues involved in this interesting and important debate, and they are many, suffice it to say that the potential spillovers of having commercial species on CITES listings has grabbed the attention of fisheries scientists, who now need to get implicated into CITES processes that were not designed to include fisheries interests. This issue should also capture the attention of fisheries managers.

As for trade rules and fisheries managers, it is clear that trade measures, including at the very least catch and perhaps trade information systems, are becoming part of national and RFMO tool kits, and while controversial for some, found their way also into the recent FAO International Plan of Action on IUU fishing.

And issues of fisheries sustainability and trade are -- and will increasingly be -- being playing through the role of eco-labels, although this may not include governments but more private arrangements, such as those between industry interests and the MSC, for instance. Eco-labels are an issue for developed countries, mainly for fears that criteria will compete with those used by fisheries managers, and concerns that they be built from agreed principles of responsible fishing – an issue where we look to the FAO for assistance.

But they are seen as a greater risk by developing nations, as evidenced by their strong reactions when such issues are discussed in international fora. Fisheries management is often weaker than elsewhere for reasons of capacity and governance, and developing countries see risks in being unable to exploit improved market access that may be won in negotiations, if unachievable eco-labels figure start to figure prominently – either naturally or by promotion -- in consumer tastes and buyer behaviour.

These risks are real, and the issue of eco-labeling and its relation to trade cannot be ducked, as we are seeing in the Canadian experience. A key Canadian fishery has agreed to pursue an MSC certification in order to maintain market access through a key international buyer that has announced its intention to buy only labeled products in the future, and our largest competitor has already achieved such status. More recently, we have learned of voluntary agreements between particular European retailers and their clients to sell only eco-labelled fish, which has already impeded some shipments of Canadian fish.
We add these issues to the burdens on developing countries of meeting not only increasingly stringent requirements motivated by health and safety concerns of importers and their consumers, as well as complying with ever increasing standards of traceability of their products, and we need to be empathetic to the fears of developing nations that they will not have the means to find their place in the global trading system, even if there have enabling legal frameworks such as in the WTO.

OECD trade liberalization project

Even though I have nearly exhausted my time, I would close with some comments on work on trade issues being undertaken in the OECD Fisheries Committee.

In 1999, the Fisheries Committee (which I have had the privilege of chairing for 2 years) launched a 3-year workplan on 3 major projects. First was a study on fisheries trade liberalization. The second was a comparative study on fisheries management costs across OECD members (some aspects discussed here yesterday), and the third was a project on economic and social sustainable development indicators for fisheries. The latter issue relates specifically to the “triple-bottom-line accounting” that we have been hearing of at this conference.

Launching the liberalization project was not easy, as even among OECD fishing countries, generally like-minded (in a global context), could not easily agree on the priority of issues to be looked at, and sensitivities ran high. Issues related to the breadth of the work, as well as whether we ought to be interested in the trade impacts only of liberalization, or the resource impacts of liberalization, or both.

And it was difficult to sort out and disentangle the issues in order to make such a project digestible, productive and to ensure value added to the global debate on fisheries trade liberalization and subsidies reform.

The role of the committee’s work, as is the case for most OECD work, is to provide an information and analytical foundation to the issues and pending negotiations such as those that we have been describing.

While respecting OECD rules, I cannot go into details until the project is adopted by the committee and subsequently published (which we hope for this fall), but I can tell you the broad sweep of the approach and results.

The step-wise work started with analysis of market trends and outlooks for major traded species and by geographical area, to provide context as to the state of the resource and observed trade flows.

A further first step was to build a broad-based inventory of trade measures in place across OECD members and across the range of instruments, including: tariff and non-tariff measures (the latter of which include quantitative restrictions, trade measures for environmental reasons, countervailing measures, price mechanisms, licensing and trade information systems), government financial transfers, sanitary and hygiene requirements, technical import requirements, access to ports, joint ventures and direct landings and investment and services.

A key achievement, in this respect, is a complete tariff data base across all members and commodity lines, which was compiled with the help of members and other organizations such as the WTO Secretariat. What makes the data base unique is that it includes information on bound MFN rates (which are obliged to be notified to the WTO), but also, for each commodity, the trade-weighted applied tariff rates. This transparency will be of immense use to member governments, but as well to industry and other players as well as analysts. While the data base is available currently only to Committee members and their governments, the Committee has agreed that it be publicly available from the OECD when the overall project is adopted.

The existence of such a data base on the wide range of instruments has allowed for some preliminary assessment to be made of the use of various trade measures across the OECD, as well as a delineation of issues arising from their application.

I highlight some of the most interesting analysis done on tariffs, and on government financial transfers.
Tariffs

The analysis has revealed a generally low level of actual tariff protection across the OECD, but does demonstrate clear tariff peaks, including against products exported by developing countries, and there is widespread evidence of tariff escalation (or different rates applied to products with higher degrees of processing). And it has revealed some interesting issues within the harmonized system of tariffs itself (which I think will be pursued further in a paper to be presented further in a paper under this theme later today).

The data gathered has allowed for analysis of a critical issue for liberalization -- the sometimes large gaps between applied and bound tariffs (most but not all members have bound their tariffs in the WTO), bound rates being the subject of market access negotiations.

The existence of a huge differential in earned revenues between applied rates and that which would be earned from higher bound rates shows that in some cases it will take dramatic liberalization of bound rates to catch up to those already applied, thus causing real liberalization and an increase in trade. (As an example, if MFN rates in one area covered by the study were lowered by some 75%, then tariff revenue would drop only 2%)

As well, most OECD countries already have preferential treatment of imports from least developed nations -- preferences against imports from other nations that might narrow if large reductions in other rates are negotiated.

Subsidies

Another key contribution from the work in this and the previous work program is the clarity that has been brought to the use of government financial transfers in the OECD fisheries sector.

The committee came face to face with the issue of an organizing framework for understanding the impacts of these transfers when trying to make the link between the total value of transfers as a share of the capture fishery (15% in 1999), and what it might mean for fishing overcapacity and resource sustainability.

The committee found that, of $5 billion in transfers in 1999, 74% were used for general services (comprising spending on management, enforcement, surveillance, port infrastructure, regional development grants and expenditures to promote international fisheries management cooperation -- and which was not recovered from the industry -- and hence deemed a “financial transfer”).

Just less than 14% were considered cost-reducing transfers to industry.

And about 11% were direct payments to harvesters, but which also included payments for retirement of licenses and capacity, and adjustment to out of the fishery.

Thus one needs to be careful when looking at large spending in aggregate on govt. financial transfers, and making loose correlations between such figures and the state of world fisheries.

That is not to say however, that there aren’t transfers that exist that likely do encourage over-capacity, over-fishing and a distortion in production and trade. (And, in another direction, I think we at least see the potential room for cost recovery where it is deemed to be appropriate, which has been discussed at this conference...).

The jury is still out on what might be considered a harmful subsidy in the context of the fisheries resource.

The OECD Fishery Committee’s related study on a Comparison of Fisheries Management Costs -- aspects of which were discussed here yesterday -- helps to understand how governments spend their resources on fisheries management, and the basis of their decisions on whether or not to charge back these costs through cost recovery. Or, even if they are willing, where they have yet done the cost attributions that are necessary to do so.
Resource impacts

In addition to understanding the trade impacts of measures in place in the OECD, the committee wanted to, at least, open the debate on a qualitative paradigm for organizing thoughts on the impact of trade liberalization on fisheries resources, in order to raise the quality of the international debate on the issue.

Through work done by Professor Rognvaldur Hanneson of the Norwegian School of Economic and Business Administration, through two papers (first available as working paper on the OECD website), we see the critical interaction between trade regimes, fisheries management and the state of stock exploitation in determining resource effects from liberalization. Indeed, a paper is to be presented here at HFET, which builds on this work in the European context.

Hanneson’s work focuses on the full range of trade instruments we have discussed. He normalizes their impacts on markets through their assumed price effects on imports and exports. Supply responses to these price changes are then examined, assuming a variety of stylized management regimes (ranging from open access to the other extreme of fully managed property-rights like regimes), and assuming different states of stock health.

This paradigm is only a first step to starting the debate on the conditions on when we could expect a supply response to liberalization and thus resource impacts. The analysis points to a need for further work in some key areas where such responses might be most likely – aquaculture (although this depends on linkages to the wild fishery through feedstocks – the topic of another paper being given here), unmanaged or poorly managed fisheries, emerging and underdeveloped fisheries, high seas fisheries not governed by fisheries management arrangements, bilateral access agreements, and shared and multi-species fisheries, for instance.

And results show how liberalization goes hand in hand with the need for technical assistance in fisheries management if we are to exploit its benefits in sustainable development.

These results, and the need for further understanding, shows that further modeling and analysis is needed to better understand the supply responses to liberalization. We do not even know the share of fish trade that is covered by these areas, nor how current fisheries management really compares to Hanneson’s stylized models.

Again we are confronted with the issue of linkages between fish supply and demand, fisheries management and governance, technological change, and the effects of trade liberalization – the holistic agenda, which is where I started.

I would close with a final observation: a lesson we have learned in our OECD deliberations in keeping this work alive and keeping collegial and cooperative debate open:

the debate and trust can only move as fast as analytical work proceeds and understanding builds.

Analysis is what helps keep debates neutral, even among -- in a global context -- more like-minded players, much less among those with more divergent agendas.

While we face tight timelines for deliverables in the Doha round, these issues will necessarily take time to find consensus.

Finally, as part of this work and the implications as a distributed agenda, the OECD Secretariat has been leading a cooperative effort with other international institutions engaged in trade and environment issues to share views and results of work programmes, and start to bring a synergy to the work underway.

In essence, they are playing to strengths, organizing to avoid overlap and duplication and institutional competition.

The interaction of issues under the competence of different organizations and authorities suggests that we cannot solve issues by trying to crowd all the trade and environment issues into the WTO, but
rather we are looking for cooperation, integration and information sharing among analysts, institutions and governments, informed and measured progress on reform that is supported by analysis and shared understanding.

The most difficult issues will likely relate to the integration of developing countries into many of these issues and disciplines, but the ingredient that squares the circle is technical assistance and capacity building, not just on trade issues and capacity for negotiations as the WTO focuses on, but in fisheries management, trade facilitation, standards harmonization and the like.