

Victoria, British Columbia
31 October, 2005

Conjectural Communiqué
Ussif Rashid Sumaila (r.sumaila@fisheries.ubc.ca)
Fisheries Economic Research Unit, UBC Fisheries Centre
Vancouver, B.C., Canada

Introduction

1. Fisheries are important globally as they supply a significant amount of the world's demand for animal protein, and provide income directly to about 38 million fishers globally. About 150 million people rely on fisheries, aquaculture and related economic activities¹. In many coastal communities, it is the main source of livelihood. An estimated annual export value of fish and fisheries products is US\$ 58 billion in 2002, which is more than the combined value of net exports of rice, coffee, sugar and tea. What is more, half of global fish trade comes from developing countries, implying that fish could be a significant vehicle for tackling one of the globe's greatest problem, namely, reducing the crushing poverty facing citizens of many developing countries.
2. Therefore, international fisheries governance deserves the attention of global leaders. We, the Heads of States of the G20 countries, believe that our group is well positioned to give the world the leadership it needs to ensure responsible international fisheries governance. We, therefore pledge to take it upon ourselves to steer the world towards effective international fisheries governance.
3. We recognize that international fisheries governance is essentially about the sustainable management of high seas fisheries, which remain global commons². But given the interaction of high seas fisheries with fisheries in the Exclusive Economic Zone of countries (that is, national - and licensed foreign - fisheries), we undertake to push for global measures to ensure effective and sustainable management of both national and high seas fisheries.
4. We acknowledge that the problems of overcapacity, fisheries subsidies, illegal fishing, economic and social pressures of the day, currently plaguing national fisheries have spill over effects on high seas fisheries governance.
5. We recognise the inherent difficulty in dealing with international fisheries problems because the issues involved are beyond the enforcement capabilities of any one country or even any single regional or international agency. We will therefore work with world leaders outside of the G20 to develop international consensus and rules to tackle these transboundary and multinational problems.

6. In recognition of points (1) to (5) above, we pledge to be united and committed to elevating international fisheries problems to the highest political levels both nationally and internationally.

Dealing with current overcapacity

7. Overcapacity has been identified as a source of problem to successful fisheries management and governance³.

8. It has been estimated that the world's fishing capacity is at least double what is needed to fish the oceans sustainably⁴. Clearly, this is a major problem from which many other problems facing the world's fisheries stem.

9. We will work with our colleagues from coastal and fishing nations to develop mechanisms that will reduce the world's fishing capacity by at least 50 percent in the shortest feasible time.

10. We will develop different incentive and disincentive schemes such as individual and community based fishing rights, taxes, and ethical and moral sanctions, depending on the situation, to help push for the adjustment of fishing capacity towards the goal of 50 percent reduction in five years.

Fisheries subsidies

11. Countries around the world provide between US\$14 to 20 billion subsidies annually to their fishing sectors⁵. This is between 17 and 25 percent of the industry's total revenue in a year. In the North Atlantic region alone it is estimated that countries give between US 2.0 to \$ 2.5 billion per annum to the fisheries sector as subsidies⁶. It is a well established result from fisheries economics that most subsidies lead to overcapacity and over-fishing⁷. In addition, by giving subsidies, governments forgo the opportunity to use the subsidy amount to carry out other more useful and productive societal activities – such as better monitoring, control and surveillance of fishing activities to ensure sustainability. What is more, by subsidising national fisheries, countries are making it financially possible for fishing companies to venture into the high seas even though the true financial bottom line from their fishing may be negative⁸.

12. We undertake to make the negative effects of fishing subsidies as described under point 11 above known to world leaders outside the G20, and to the general public. This in itself can lead to more informed policies being put in place to discipline fisheries subsidies.

13. We will work through national governments, international organisations such as the World Trade Organisation, the Food and Agricultural Organization of the United Nations, and the World Bank to eliminate or reduce to insignificant levels harmful fisheries subsidies in the next five years.

Dealing with the problem of IUU fishing

14. In a report published by the OECD in 2005, it was demonstrated that the incidence of illegal, unreported and unregulated (IUU) fishing is global in its scope⁹. IUU fishing is rampant on the high seas, even in areas where governance arrangements are relatively successful. The OECD report also highlighted the fact that IUU fishing is, first and foremost, an economic activity, especially, in the high seas. The main drivers of IUU fishing include overcapacity in the world fishing fleet, increasing demand for fish, the economic and social

conditions of fishers, the low level of sanctions and the low likelihood of being caught fishing illegally.

15. We will work both within the G20 and the governments of the leading fishing nations of the world to both highlight the negative effects of IUU fishing and raise the political will to implement measures that would target the economic foundation of the activity, and thereby remove the economic incentive to engage in IUU fishing.

16. To reduce the potential economic benefits from IUU fishing, we will (i) work with the Regional Fisheries Management Organisations (RFMOs) to implement technology at strategic points (in terms of IUU activity) around the world that will increase the probability of being detected engaging in IUU fishing; (ii) convince world leaders to impose higher penalties on fishers apprehended engaging in IUU fishing. One study in the OECD report mentioned earlier, estimates that for a 1 in 5 chance of being apprehended, current penalty levels will need to be increased by 25 times for the benefit-cost calculation to turn negative¹⁰.

17. We will push the world community to impose restrictions on trade against irresponsible flag states in order to force them to act to stop IUU fishing under their flag.

18. We will also work to convince the world community to develop rules that would allow port states to use their jurisdiction to detain and sanction IUU vessels when they enter coastal state ports.

Focus on the long term

19. Short term needs and pressures have the tendency to over-run long term goals and objectives¹¹. This is clearly the case in fisheries and many other natural and environmental resource use and management¹². The economic and social pressures of HERE and NOW explain why scientific recommendations on total allowable catches, for instance, are sometimes ignored by fisheries managers - to the detriment of sustainability.

20. We recognise that to solve fisheries problems, we need long term thinking and planning. We need to find ways to mitigate the tendency to focus on the problems of HERE and NOW, and allow long term planning and action for responsible exploitation of high seas fisheries.

21. We acknowledge that to keep thinking short term with regards to fisheries governance means that we increase the likelihood of facing, in the long term, more fisheries collapses.

22. We will work to inform our colleagues in governments of fishing nations to always be aware of the dangers of this tendency to focus on the short term when designing fisheries management and governance plans.

23. To take pressure off fishing, we will work through a number of global initiatives such as the Millennium Development Goal, the World Bank's Profish project, the Global Environmental Facility and the New Partnership for African Development (NEPAD) to reduce poverty in fishing and agricultural communities, especially, in developing countries. A key way to reduce poverty is through education, we will work to double global efforts to expand educational opportunities in fishing and agricultural communities throughout the world.

More specifically on international fisheries governance

24. We will work to secure consensus on criteria that might be used to determine, at a global level, whether RFMOs are equipped to tackle the task that has been set for them. To

pursue this goal, we will use as starting points (i) the suggestion by the FAO that RFMOs should apply international fishery instruments as checklists to help them determine whether they are fulfilling the goals set for them, and (ii) the independent review framework currently being developed by the High Seas Task Force, for the review of existing RFMO mandates, institutional structures and conservation and management measures.

25. We will work to establish a mechanism for global oversight of RFMOs to promote a more systematic approach to the implementation of United Nations Fish Stocks Agreement (UNFSA) and related international fishery instruments. This will require a formal institutional link between UNFSA and the RFMOs that serve as the vehicles through which UNFSA Parties implement its provisions.

26. We will support research programmes that identify 'hotspots' in the high seas that are essential habitat for the sustenance of marine life in the high seas. Once these are identified. We will work with the global community to declare these areas marine protected areas¹³.

27. Similarly, we will support research that identifies special deep sea ecosystems (e.g., seamounts, cold water corals) that are sensitive to bottom gear, with the objective of putting in place a ban on bottom trawling in these areas.

28. We will work with the fisheries research community to identify high seas species that are particularly at risk of depletion and place them under special management rules, which may include a ban on targeting them.

29. In recognition of the importance of scientific information and data, we will establish a couple of multidisciplinary Centres of Excellence on the study of high seas fisheries that will focus sharply on researching the ecological, economic, social and institutional aspects of high seas fisheries exploitation. These Centres will be tasked with the job of providing scientific results for ensuring that we derive social and economic benefits from the high seas without facing the tragedy of the commons¹⁴.

In conclusion

30. We recognize that the biggest challenge we face is getting a critical mass of the global political leadership to commit enough effort and resources on international fisheries governance. We will work with our colleagues outside of the G20 to ensure that the political will to put into place internationally agreed targets and plans of action needed to solve (i) the overcapacity, (ii) the fisheries subsidies, (iii) the IUU fishing, (iv) the short term focus, and (v) the more specific international fisheries problems as itemized in point 1 – 29 above, are given the attention they deserve both in terms of time and resources.

¹ See

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTARD/0,,contentMDK:20451222~menuPK:1308455~pagePK:148956~piPK:216618~theSitePK:336682,00.html>

² Lodge, M.W. (2004). Improving international governance in the deep sea, *Int'l Journal of Marine and Coastal Law*, 19, No. 3.

³ Pauly, D., V. Christensen, S. Guénette, T. J. Pitcher, U. R. Sumaila, C. J. Walters, R. Watson and D. Zeller (2002). Towards sustainability in world fisheries. *Nature*, 418:689-695.

⁴ Mace, P. M. (1997). Developing and sustaining world fisheries resources: The state of the science and management. In *Developing and Sustaining World Fisheries Resources (Proc. 2nd World Fish. Congr.)* (eds Hancock, D. H., Smith, D. C. & Beumer, J.), 1-20 (CSIRO Publishing, Collingwood, VIC.

⁵ Milazzo (1998). Subsidies in World Fisheries: a Reexamination. World Bank Technical Paper No 406. World Bank, Washington, 86pp.

⁶ Munro, G. and U.R. Sumaila (2002). The impact of subsidies upon fisheries management and sustainability: The case of the North Atlantic. *Fish and Fisheries*, 3, 233-290.

⁷ Clark, C.W., G. Munro and U.R. Sumaila (2005). Subsidies, buybacks, and sustainable fisheries. *Journal of Environmental Economics and Management*, 50, 47-58.

⁸ Cox, A. (2004). Subsidies and deep sea fisheries management: Policy issues and challenges, OECD, Paris.

⁹ OECD (2005). *Fish Piracy: The economics of illegal, unreported and unregulated fishing* (Synthesis Report).

¹⁰ Sumaila, U.R, J. Alder and K. Heather (2004). The cost of being apprehended for fishing illegally: Empirical evidence and policy implications. Pages 201-230 *In Fish Piracy: Combating illegal, unreported and unregulated fishing*. Organisation for Economic Co-operation and Development (OECD), Paris.

¹¹ Sumaila, U. R. and Walters, C. (2005). Intergenerational discounting: a new intuitive approach. *Ecological Economics*, 52: 135-142.

¹² Weitzman, M. (2001). Gamma discounting. *American Economic Review*, 91, 260-71.

¹³ Roberts C. M., C. J. McClean, J. E. N. Veron, J. P. Hawkins, G. R. Allen, D. E. McAllister, C. G. Mittermeier, F. W. Schueler, M. Spalding, F. Wells, C. Vynne, T. B. Werner (2002). Marine biodiversity hotspots and conservation priorities for tropical reefs. *Science*, 295,1280-1284.

¹⁴ Hardin, G. (1968): Tragedy of the commons. *Science*, 162, 1243-1248.