

# POLICY BRIEF

A summary for decision making of key research findings

## How will WTO Agreement on Fisheries' Subsidies Impact Oman?



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### Summary

*"The new WTO agreement on fisheries aims to promote ocean sustainability by eliminating most forms of fisheries subsidies. In line with UN-SDG 14 "Life Below Water," the agreement mandates that WTO members cease all subsidies to overfished stock. As a coastal country, fishing is an important sector that employs thousands of people in Oman. While the new WTO ruling might have negative implications in the short term for producers, it is expected to benefit Oman's economy in the long run by sustaining the fisheries population"*

In 2015, the United Nations General Assembly established a set of 17 global goals as a part of the 2030 Sustainable Development Agenda. Known as SDGs, these goals call for universal action to ensure that all people enjoy peace and prosperity while protecting the world's natural resources. Marine ecosystems play an integral role in achieving these SDGs, where SDG 14 specifically calls for protecting "Life Below Water."

Oceans cover 70% of the Earth's surface and 99% of the living space. Billions of people live and depend on marine and coastal ecosystems as their primary source of livelihood. However, these ecosystems' biodiversity and quality are declining at alarming rates. That is why the UN proposed that nations need to take precautionary measures to protect life below water. Thus, SDG 14 aims to conserve and sustainably use the oceans, seas, and marine resources for sustainable development.

### Key messages

- SDG 14 focuses on conserving and sustainably using the oceans, seas, and marine resources for sustainable development.
- The WTO has adopted an agreement on regulating Fisheries' Subsidies, which supports SDG 14 by promoting sustainable fishing practices and reducing overfishing.
- Once ratified, the WTO agreement on regulating fisheries subsidies could lead to increased operating costs for Omani fishing companies, leading to higher fish prices for consumers in the short term.
- However, in the long term, compliance with the WTO agreement could lead to a more sustainable fishing industry in Oman, resulting in a more stable supply of fish and potentially lower prices for consumers.
- A more sustainable fishing industry could also benefit Omani producers by enabling them to access new markets that demand sustainably sourced fish products.
- Compliance with the WTO agreement could also improve Oman's reputation as a responsible and sustainable fishing nation, potentially attracting further investment and tourism activities.



# WTO Agreement on Regulating Fishing Subsidies

Specific indicators that measure progress towards achieving SDG 14 include regulating the fishing industry by maintaining the proportion of fish stocks within biologically sustainable levels. There is also a significant emphasis on eliminating illegal, unreported, and unregulated fishing by implementing international instruments to combat such activities. By conserving and sustainably using the ocean and its resources, SDG 14 aims to support the health and well-being of both marine and human life and ensure a sustainable future for future generations.

Uncontrolled and subsidized fishing has caused significant declines in sustainable fish resources. Oceans are common resources where there is very little regulation beyond national borders. As such, in markets with limited resources, there is increased competition to fish as much as possible. Therefore, not only do UN member states need to create and apply laws to regulate fishing activities, but international cooperation is also needed to sustain the fish stock for future generations.

Realizing the need for international cooperation, the World Trade Organization (WTO) has decided to put sustainable development as an integral part of international trade negotiations. After decades of negotiations, a final agreement on regulating Fisheries Subsidies was adopted at the 12th Ministerial Conference in June 2022. The agreement supports SDG 14 by promoting sustainable fishing practices and reducing overfishing by prohibiting or limiting subsidies that contribute to overfishing in the industry. The agreement was adopted after nearly 20 years of negotiations.

The WTO agreement specifically asks member states to remove subsidies that contribute to overfishing, such as fuel, vessel construction, and fishing gear. This first-of-a-kind multilateral WTO agreement on ocean sustainability focuses primarily on protecting commons. To become a legally binding operational agreement, two-thirds of the WTO members shall ratify the agreement. As of April 2023, Seychelles,

Singapore, Switzerland, and the United States have formally accepted the Protocol of the Agreement on Fisheries Subsidies by depositing an “instrument of acceptance.” Adopting the WTO Agreement on Fisheries Subsidies will be important in protecting the world's fish resources for future generations. By removing environmentally concerning subsidies, the agreement can help to ensure the long-term sustainability of the world's fisheries

## Key findings: Impact of the WTO Agreement on Oman's Economy

Fisheries play an important role in Oman's economy, providing employment opportunities and contributing to the country's food security. With a coastline spanning thousands of kilometers, Oman's long-standing commercial fishing industry utilizes traditional and modern fishing methods. In recent years, steps have been taken to regulate and modernize the sector. It is of interest to support these sectors while enduring the long-term sustainability of the fish resources.

The impact of the new WTO agreement on curbing fishing subsidies will likely have diverging impacts on the fishing industry. The impact will depend on the extent to which the fishing industry relies on subsidies. In addition, the short-term and long-term impacts will likely be very different.

In the short term, eliminating the subsidies on fisheries could lead to higher operating costs for Omani fishing companies. With the removal of subsidies for, let's say, diesel used by fishing vessels, operating these vessels would be costlier, particularly for those using larger vessels. This, in turn, might likely result in higher consumer prices as there will be a lower amount of fish catch.

In the long term, removing these subsidies could help address the problem of overfishing and promote more sustainable fishing practices by the fisherman. This could lead to increased fish stock in the long term, resulting in a more sustainable supply of fish catch coming to the market. Therefore not only will the prices be more stable in the long term. Consumers might also prefer sustainable fishing practices over



subsidized fishing practices. Thus, in the long term, compliance with the WTO agreement could also improve Oman's reputation as a sustainable fishing nation, which can further benefit exports in markets where the law requires sustainable fishing.

The transition from the initial implementation stage to long-term stabilization will require additional support in lieu of the existing subsidies. Besides the economic benefits, implementing the WTO rule on fisheries subsidies will also help Oman achieve its sustainable development goals. Oman Vision 2040 emphasizes environmental sustainability, where the country aims to be among the top 20 countries as measured by the environmental performance index.

## Conclusions

Oman's coastal zone is home to various coastal and marine ecosystems, providing immense ecological and economic benefits. There has been a rapid growth of the population and development in the region in recent years, placing a lot of pressure on the sustainability of the marine environment. The new WTO agreement on eliminating harmful subsidies will help to alleviate this pressure on fisheries by sustaining the fish stock for future generations. The ministerial agreement by the WTO is not binding yet. It must be signed by two-thirds of the member states to become a legally binding agreement. So far, only a few selected countries have approved this legislation. Still, more countries are likely to join the group, and possibly, in a few years, removing fisheries subsidies for understock fish will become a global norm.

Once Oman implements this agreement, there will be short-term negative effects on the fishing sector, which will likely be reflected in the market prices as well. However, long-term regulation of this sector and elimination of harmful subsidies will benefit the economy with possible positive effects on tourism. Therefore, ensuring that the short-term impacts do not outweigh the long-term benefits is essential. If managed carefully and environmentally responsibly, agriculture can be an important tool for sustainable food production and environmental conservation

## Acknowledgment

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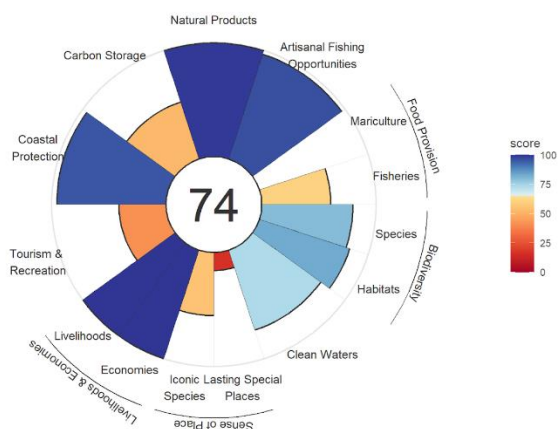


Figure1. Flower Plot of Oman Ocean Health Index Score

Figure 1 above shows the current state of Oman's Ocean Health Index Score based on our research. The overall score is 74, which aligns with the average score in GCC countries. However, there is an obvious need for better tourism, recreational infrastructure, and food provision. Relocating resources to support mariculture and coastal ecosystem conservation will help improve Oman's future score.

Preserving and improving the environment and natural resources are among the national priorities. Implementing the new WTO agreement will help with the optimal use and sustainability of natural fish resources, which will support the economy and stimulate production in the long term.