Stock Take of APEC Economies’ Existing Measures on Withdrawal of Subsidies in Cases Where There Has Been a Determination of IUU Fishing

APEC Committee on Trade and Investment

July 2020
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## List of Acronyms

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<th>Definition</th>
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<tr>
<td>APEC</td>
<td>Asia-Pacific Economic Cooperation</td>
</tr>
<tr>
<td>CTPP</td>
<td>Comprehensive and Progressive Agreement for Trans-Pacific Partnership</td>
</tr>
<tr>
<td>EMFF</td>
<td>European Maritime and Fisheries Fund</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>FAO</td>
<td>Food and Agriculture Organization of the United Nations</td>
</tr>
<tr>
<td>FFP</td>
<td>Fisheries Finance Program</td>
</tr>
<tr>
<td>IUU</td>
<td>illegal, unreported and unregulated</td>
</tr>
<tr>
<td>RFMO</td>
<td>regional fisheries management organisation</td>
</tr>
<tr>
<td>RFMO/A</td>
<td>regional fisheries management organisation or arrangement</td>
</tr>
<tr>
<td>SCM Agreement</td>
<td>Agreement on Subsidies and Countervailing Measures</td>
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<tr>
<td>WTO</td>
<td>World Trade Organization</td>
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<td>VMS</td>
<td>vessel monitoring system</td>
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Introduction

Illegal, unreported and unregulated (IUU) fishing poses a significant challenge for global fisheries and sustainable development. Illegal and unreported fishing has been estimated to result in global losses of up to USD 23 billion per year. It also undermines legal fishing and domestic and regional efforts to manage marine resources sustainably. The 2001 Food and Agriculture Organization of the United Nations (FAO) International Plan of Action to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing (IPOA-IUU) provides the basis of the international policy response to the problem. It describes the nature and scope of IUU fishing and sets objectives, principles and measures to prevent, deter and eliminate IUU fishing. The framework covers general state responsibilities, flag state responsibilities, measures taken by coastal states and port states, and internationally agreed market-related measures.

Government support for fishing is an important factor in the fight against IUU fishing, as there are documented cases of subsidies directly associated with IUU fishing activities. The issue is a priority for sustainable development at the global level: Target 14.6 of the United Nations Sustainable Development Goals calls for the elimination, by 2020, of subsidies that contribute to IUU fishing. At the last World Trade Organization (WTO) Ministerial Conference in Buenos Aires, Argentina, members (including all Asia-Pacific Economic Cooperation [APEC] economies) committed to eliminating subsidies that contribute to IUU fishing through the WTO’s fisheries subsidies negotiations. To help APEC economies implement these commitments, New Zealand proposed taking stock of measures APEC economies currently have in place to withdraw subsidies in cases where IUU fishing is found to have occurred. The proposal was co-sponsored by Chile; the United States; Peru; the Philippines; and Canada, and endorsed by all APEC economies.

This report provides a summary and analysis of responses by APEC economies to requests for information on measures in place for the withdrawal of subsidies in cases where there has been a determination of IUU fishing. However, this report is without prejudice to economies’ positions in other negotiations. The responses received from economies are set out in Annex 1. The report is structured in two broad parts. The first part begins by setting out the measures required of some economies under regional integration schemes, including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the United States-Mexico-Canada Agreement (USMCA), the implementation of which appears to motivate some of the measures reported by economies. This first part of the section also includes, for reference, the example of the European Union’s (EU) requirements for the withdrawal of subsidies in cases of IUU fishing. The report then goes on to describe existing measures in place, as reflected in economies’ responses to the stock-taking. The analysis draws almost exclusively on information provided by economies, supplemented in a few limited cases with information from the same economies’ WTO notifications of subsidies, where this aided in understanding the subsidies provided.

The second part of the report provides an analysis of the responses provided by APEC economies, starting with a table that identifies key features of their design. It is important to note that the responses provided did not always contain much detail regarding the design of the measures, the processes by which subsidies would be removed or links to sources where further detail might be found, limiting the analysis possible. The report reviews the different key elements of measures and discusses possible elements of “good practice.”
1 Overview of Existing Measures

1.1 Measures Required Under Regional Integration Schemes
This section provides a short overview of existing obligations under different regional integration schemes to prohibit subsidies in cases of IUU fishing. They are presented here as part of the context in which domestic measures are crafted and implemented in APEC economies. In particular, these regional agreements provide the overall framework for several APEC member economies’ responses to subsidisation in cases of IUU fishing, as discussed under Section 1.2 below.

1.1.1 The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)
The CPTPP is a free trade agreement among Australia; Brunei Darussalam; Canada; Chile; Japan; Malaysia; Mexico; New Zealand; Peru; Singapore; and Viet Nam. Together, these economies account for nearly 14% of the world fisheries and aquaculture production, and 7 out of the 11 CPTPP signatories rank among the top 20 producers of fish by marine capture. The agreement, which was signed in March 2018 in Chile, entered into force on 30 December 2018. Currently, 7 of the 11 signatories are parties: Australia; Canada; Japan; Mexico; New Zealand; Singapore; and Viet Nam. The CPTPP is the first international instrument to establish binding and enforceable disciplines on fisheries subsidies. It also contains a series of new commitments to eliminate IUU fishing and rebuild stocks under its environmental chapter.

With respect to IUU fishing, Chapter 20 highlights the importance of concerted action, making specific references to several key FAO instruments. Parties commit to supporting monitoring, control, surveillance, compliance and enforcement systems; deterring IUU fishing activities; addressing the transshipment at sea of fish or fish products caught through IUU fishing; implementing port state measures; and striving to act consistently with management measures adopted by regional fisheries management organisations (RFMOs) of which they are not a member.

Regarding subsidies, Article 20.16(5) imposes a binding prohibition of subsidies “within the meaning of Article 1.1 of the [Agreement on Subsidies and Countervailing Measures (SCM Agreement)] that are specific within the meaning of Article 2 of the SCM Agreement” provided to any fishing vessel “while listed by the flag State or a relevant Regional Fisheries Management Organization or Arrangement for IUU fishing.” A first point to note is that the prohibition is limited to the incriminated vessel, not the owner or operator. Second, the prohibition is limited to the vessels that have been listed by the flag state or a relevant RFMO. This excludes IUU fishing determinations made by coastal states regarding foreign vessels fishing in the water under its jurisdiction or by the port state or the market state when those are different from the subsidising party. Finally, IUU fishing determinations must be made “in accordance with the rules and procedures of that organization and in conformity with international law.”

1.1.2 The United States-Mexico-Canada Agreement (USMCA)
The USMCA, which entered into force on 1 July 2020, replaces the North American Free Trade Agreement (NAFTA) between Canada, Mexico and the United States. Chapter 24 on the environment builds heavily on CPTPP chapter 20, including through disciplines on fisheries subsidies that expand on the ones contained in the CPTPP. USMCA Article 24.20 on fisheries subsidies largely replicates CPTPP Article 20.16 (5) – (12), using the same language with only limited differences. In particular, the IUU fishing prohibition refers not only to vessels but also operators, which could broaden the impact of the subsidy prohibition for operators whose vessels are found to engage in IUU fishing. The prohibition also covers
vessels or operators listed for IUU fishing by the subsidising member itself and not only the flag state or an RFMO/A (regional fisheries management organisation or arrangement). Finally, the text calls for annual notifications of any list of vessels and operators identified as having engaged in IUU fishing.

### 1.1.3 The European Union

Article 40.3 of the Council Regulation (EC) No 1005/2008 “establishing a Community system to prevent, deter and eliminate IUU fishing” provides that “Member States shall not grant any public aid under domestic aid regimes or under Community funds to operators involved in the operation, management or ownership of fishing vessels included in the Community IUU vessel list.”

This prohibition is mirrored in the European Maritime and Fisheries Fund (EMFF), which regulates the granting of subsidies under the EU’s maritime and fisheries policies for the period 2014–2020. Overall, access to funds is conditional upon compliance by member states and operators with the objectives, rules and targets of the Common Fisheries Policy. Article 10.1 of the EMFF Regulation specifically states that an application for support is inadmissible for a certain period of time if the competent authority determines that the operator concerned has committed a “serious infringement” or has been involved in the ownership or management or operation of fishing vessels included in the EU’s IUU vessel list or of vessels flagged to “non-cooperating third countries.”

The IUU vessel list includes vessels listed by RFMO/As and any other vessel identified as having engaged in IUU fishing by the EU. The European Commission is responsible for setting the period of inadmissibility for subsidies, which lasts at least one year, based on the nature, gravity, duration and repetition of the serious infringement (Art. 10.4). Member states must require that operators submitting an application for funding under the EMFF provide a signed statement confirming that they respect the conditions listed and are also obliged to verify the veracity of that statement, using the information available in the register of infringements or any other available data before disbursing funds (Art. 10.5). After submitting an application for funding, operators must continue to comply with the conditions established throughout the period of the support and for a period of five years after the final payment is received (Art. 10.2).

If the Commission considers that the funds have not been used in accordance with the conditions laid down in the EMFF regulation or any other applicable Union legal act, it shall “reduce or cancel the financial contribution granted or suspend the payments. Any amount unduly paid shall be repaid to the general budget of the Union” (Art. 123). Finally, member states are required to publish, on a single website or portal, a list of operations supported under the EMFF along with the total financial support. These lists must be updated at least every six months (Art. 119).

### 1.2 Domestic Measures in APEC Economies

The following section covers measures that were self-identified by APEC economies as part of this stock-taking. The responses received from economies can be found in Annex 1.

#### 1.2.1 Australia

As a party to the CPTPP, Australia is bound by Article 20.16(5), which prohibits subsidies provided to any fishing vessel while listed by the flag state or a relevant RFMO/A for IUU fishing. Australia did not provide a formal response to the stock-taking exercise identifying measures in place to withdraw subsidies in cases of IUU fishing, but it did provide references to websites describing its fisheries management system and addressing IUU fishing. This
information does not specifically address subsidies to IUU fishing but provides relevant context to understand domestic practices in the fight against IUU fishing.

At the domestic level, Australia “manage(s) fisheries in consultation with the fishing industry, scientists, economists and other user groups […]. These management processes are used to implement controls, such as limits on catch or effort levels, and regulations of fishing methods in order to manage Australia’s fisheries in a sustainable way.” Australia uses a range of approaches to protect fisheries, including monitoring vessels, tracking catch and cooperating with other economies to protect shared fish stocks. Perhaps most relevantly for this report, fishers and fish buyers caught breaking the rules can be fined on the spot, their licence to fish can be suspended or, for the more serious cases, they may be prosecuted or have their catch seized.

1.2.2 Brunei Darussalam
In its response to this stock-taking, Brunei Darussalam indicated that it does not provide any subsidies to any fishing vessels, be they commercial or artisanal, owned locally or by foreign direct investment-related companies. It also presented some of the provisions of the Fisheries Order (2009), which provides for the management and conservation of fisheries resources in Brunei Darussalam. The order sets out requirements for the application of licences. Licences are necessary to operate or possess fishing appliances, operate or establish marine culture systems, use fishing vessels, hold or organise sports fishing events, or use foreign fishing vessels for fishing. According to Section 15 of the Fisheries Order, “any person who operates or allows to be operated any fishing vessel for the purpose of fishing (a) without a licence; (b) in contravention of any condition of such a licence; or (c) in contravention of any direction is guilty of an offence.” Section 17 specifies the conditions under which foreign fishing vessels can fish in Brunei Darussalam’s waters, with the owner, master and crew members being guilty of an offence in case of non-compliance. The order provides for a range of different penalties for these and other offences, including the cancellation of licences, fines and imprisonment. Brunei Darussalam also shared its view that, in order to reduce the adverse effects of IUU fishing in a wider and more effective manner, subsidies that are deemed to be in any way supporting IUU fishing, either directly or indirectly, should be prohibited.

1.2.3 Chile
As a party to the CPTPP, Chile will be bound after ratification by Article 20.16(5), which prohibits subsidies provided to any fishing vessel while listed by the flag state or a relevant RFMO/A for IUU fishing. Chile also noted in its response to the stock-taking that it pursues as an ongoing objective the establishment of multilateral rules in the WTO aimed at eliminating subsidies that contribute to IUU fishing, in accordance with target 14.6 of the Sustainable Development Goals.

At the domestic level, Chile noted in its response to the stock-taking that the 2019 law No. 21.132 of the Ministerio de Economía, Fomento y Turismo, aimed at strengthening the Servicio Nacional de Pesca y Acuicultura (SERNAPESCA)—the Chilean agency in charge of monitoring, control and surveillance of fisheries and aquaculture activities—introduces modifications to the General Law on Fisheries and Aquaculture (Ley No. 18.892 General de Pesca y Acuicultura). These modifications provide new tools to combat IUU fishing, including sanctioning illegal activities post-capture, such as processing, manufacturing, storage and trade. In addition, some activities associated with IUU fishing are now considered a crime. These elements are a useful context for understanding its approach to addressing IUU fishing.

Provisions dealing with subsidies and IUU fishing are found under Law 21.069, which creates the National Institute for the Sustainable Development of Artisanal Fishing and Small
Scale Aquaculture (INDESPA) to boost and promote the development of small-scale and artisanal fisheries. Its beneficiaries are exclusively artisanal fishermen with current registration in the Artisanal Fisheries Registry. Article 13 establishes that no subsidy programme will be given to vessels and/or operators who have been sanctioned by a final judicial or administrative decision for violating the General Law on Fisheries and Aquaculture, which includes IUU fishing activities. The same article indicates that the regulation implementing the law shall establish that the prohibition shall last up to two years from the date of decision. Article 13 nonetheless exempts infringements referred to in Article 116 of the General Law on Fisheries and Aquaculture (i.e., minor infringements on the law, its regulations or administrative measures taken by the authority, for which no special penalties are provided elsewhere in the law) unless they are committed in overexploited or collapsed fisheries. These infringements are, in any case, sanctioned with fines.

1.2.4 China

Several recent Chinese regulations relate to the withdrawal of subsidies in cases of IUU fishing, as described in its response to the stock-taking. The 2015 Notice on the Issuance of the Measures for the Administration of Subsidy Funds for Fishing Vessels Demolition and Dismantlement and Vessel Type Standardization regulates, among other things, the management of subsidies to encourage the demolition, dismantlement, upgrade and transformation of fishing vessels and the construction of fishery equipment and facilities. In practice, the subsidies are implemented and cleared on a yearly basis. In 2016, Supplementary Notice No. 418 clarified the application procedure and incorporated subsidies for distant-water fishing into this instrument. Finally, Notice No. 878, implemented since 1 January 2017 as an administrative interpretation of the 2015 regulation, covers the liability of ship owners and government officials for false or fake applications and the consequences, including the withdrawal of subsidies.

Among the different measures applied to combat IUU fishing, Chapter 4 of the 2015 regulation requires a commitment from fishermen not to engage in illegal fishing as a condition of applying to the fund. In case of demolition and dismantlement, the owner of the vessel needs to provide a letter of guarantee to promise not to build new vessels and not to engage in any illegal fishing. In case of renovation, the owner of the vessel needs to provide a similar letter promising not to engage in any illegal fishing. Only fishing vessels that have no involvement in illegal activities are eligible for subsidies. Chapter 10, Article 62 states furthermore that “for regions and units with untrue declarations, the central government will deduct or recover subsidy funds accordingly.” Finally, Article 63 provides that “the distribution of subsidy funds shall be disclosed to the public in a timely manner and subject to the supervision of the masses and society.”

On 1 April 2020, China’s Regulation on Distant Water Fisheries came into force. This regulation defines the conditions to be fulfilled for enterprises to engage in distant-water fisheries and to carry out distant-water fishery projects. To receive state support, an enterprise needs a Certification of Distant Water Fisheries Enterprise from the Ministry of Agriculture and Rural Affairs, which is reviewed every year and requires careful observation of relevant laws and regulations, without serious violations. More specifically, Article 33 provides that “distant water fishery enterprises, fishing vessels and crews are prohibited from engaging in, supporting or assisting illegal, unreported and unregulated fishing activities.” Regarding RFMO/A, Article 20 states that “fishing vessels engaged in illegal, unreported and unregulated fishery activities announced by the relevant regional fisheries management organizations shall not be used for the production of distant-water fisheries.” Article 39 sets out punishments in cases of violations. It identifies 13 kinds of illegal behaviours, including IUU fishing or deliberately shutting down the vessel monitoring system (VMS). Vessels, operators or enterprises involved are subject either to suspension or disqualification from fishing,
depending on the seriousness of the case. China has additionally noted that illegal behaviours make it impossible to receive subsidies.

Under Article 34, managers, project leaders and captains of enterprises that have committed serious violations of laws and regulations or that have triggered foreign-related violations of distant-water fisheries rules are included in the “blacklist” of distant-water fishing actors. Once a manager or project operator is on the blacklist, they are prohibited from acting as the manager or project operator in any company involved in distant-water fisheries for three years. In addition, the licences of captains of the vessels involved in IUU fishing can be revoked, and those captains can be prohibited from applying for new registration for five years.

In practice, position information reports based on VMSs are an important part of the annual review of activities under the project and represent the main source of information for decisions on subsidies and supervision of the implementation of relevant policies. In this respect, Article 27 of the Notice of the Ministry of Agriculture and Rural Affairs on Printing and Distributing the Management Measures of Monitoring the Position of Distant Water Fishing Vessels provides, for example, that subsidies for the current year would be removed for any vessel that, without authorisation, moves, dismantles, closes or damages the position monitoring equipment or intentionally falsely reports and changes the registration information of the fishing vessel.

Overall, since 2016, the Ministry of Agriculture has “issued penalties to 264 vessels owned by 78 distant water fishing companies, deducting state financial subsidies of about 7 million, disqualifying 3 enterprises from engaging in the industry, and listing 15 people on the ‘black list.’”

1.2.5 Hong Kong, China

Hong Kong, China mainly provides support to the fisheries sector through the Fisheries Development Loan Fund, the Fish Marketing Organization Loan Fund and the Sustainable Fisheries Development Fund. In its response to the stock-taking, Hong Kong, China advised that vessels that are the subject of a fisheries loan shall not be used in any activities that are in breach of the laws of the economy in which the fishing operation is conducted (including IUU fishing), in accordance with the loan agreements. If there is any breach of any provisions of the loan agreement, the loan borrower is required to repay their loan in full immediately. Similarly, if the grantee of a project supported by the Sustainable Fisheries Development Fund fails to comply with the laws and regulations (such as conducting IUU fishing) in the concerned fishing grounds, the project will be terminated and no further grant shall be paid by the government, in accordance with the agreement of the grant.

1.2.6 Mexico

As a party to both the CPTPP and USMCA, Mexico is bound by the provisions in these agreements that prohibit the provision of subsidies to vessels and operators while listed by the flag state, the subsidising party or a relevant RFMO/A for IUU fishing.

Mexico’s response to the stock-taking indicates that, at the domestic level, the Mexican government has implemented measures, contained in the General Law on Sustainable Fisheries and Aquaculture and in the applicable Official Mexican Standards in order to carry out inspection and surveillance activities to fight against IUU fishing and to safeguard fishery and aquaculture resources. Implemented measures include but are not limited to:

i. Legal procedures for the registration of vessels;
ii. Regulations regarding responsibilities of the flag state, including provisions to regulate access to its ports to carry out landings and transfers of products by sea or land;
iii. Regulation of fishing activities on the high seas; and  
iv. Implementation of a Satellite Monitoring System for Fishing Vessels (SISMEP for its Spanish acronym), which is mandatory for the entire national fishing fleet and is aimed at complementing research, monitoring, surveillance and control actions for extractive fishing activities, as well as fishing management measures.

Article 132 of the General Law on Sustainable Fisheries and Aquaculture specifies the actions that constitute infractions under the law, and Article 133 lists the different sanctions that can be applied. These sanctions include warnings; fines; administrative arrests; closure of facilities; seizure of boats, gear and catch; as well suspension or revocation of fishing licences. The legal provisions mentioned in Mexico’s response to the stock-taking do not appear to explicitly link the provision of subsidies to potential IUU fishing determinations, but rather cover other steps taken to sanction IUU fishing.

1.2.7 New Zealand
In its response to the stock-taking, New Zealand advised that it does not have any fisheries subsidies or legal means to withdraw subsidies from fishers or operators that are found to have been IUU fishing. New Zealand is a Party to the CPTPP, which includes an obligation not to subsidise IUU fishing. In its response to the stock-taking, New Zealand also notes that it is an active and leading member in the WTO fisheries subsidies negotiation, including advocating for the prohibition of subsidies to IUU fishing.

1.2.8 Peru
In its response to the stock-taking, Peru indicates that it has been among the first members in the WTO to present and support declarations and proposals related to the elimination of subsidies in cases of IUU fishing. Its position has been consistent over the years, and it is an active member in fisheries subsidies negotiations in this forum. Peru is also a signatory of the CPTPP and will become a party after ratification. At that point, it will be bound by Article 20.16(5), which prohibits subsidies provided to any fishing vessel while listed by the flag state or a relevant RFMO/A for IUU fishing.

1.2.9 The Philippines
According to the response of the Philippines government, it currently has no fisheries subsidies in place and no measures for the withdrawal of subsidies related to IUU fishing.

1.2.10 Russia
Russia’s response notes that, since 2013, the economy has set a policy goal of not providing subsidies to legal entities and individual entrepreneurs if they are involved in IUU fishing. In practice, the government encourages fishing entities not to conduct IUU fishing by creating a valid system of management, control and enforcement of fishing rules and legislation. In particular, Russia has noted that it applies a set of instruments to combat IUU fishing, including but not limited to the mandatory requirement for fishing vessels to have an operating vessel monitoring device on board. It has a system of penalties for various violations of fishing rules, which includes fines, payments for the damage caused and deprivation of fishing licences.

1.2.11 Singapore
Pursuant to Article 20.16.5 of the CPTPP, Singapore committed not to granting or maintaining subsidies (within the meaning of Article 1.1 of the SCM Agreement that are specific within the meaning of Article 2 of the SCM Agreement) provided to any fishing vessel while listed by the flag state or a relevant RFMO/A for IUU fishing in accordance with the rules and procedures of that organisation or arrangement and in conformity with international law. In its response to the stock-taking, Singapore also noted that it does not maintain fisheries subsidy programmes.
1.2.12 Chinese Taipei

In its response to the stock-taking, Chinese Taipei noted that, in the context of multilateral negotiations in the WTO, it is in favour of a prohibition of subsidies that contribute to IUU fishing. At the domestic level, measures to combat IUU fishing focus on four areas, including (1) reinforcing the legal framework; (2) strengthening the monitoring, control and surveillance measures; (3) enhancing the traceability system; and (4) promoting international cooperation. Chinese Taipei’s stock-taking response does not appear to refer to measures to withdraw subsidies to IUU fishing but covers other steps taken to sanction IUU fishing, which are summarised below.

Chinese Taipei adopted the Act for Distant Water Fishing in July 2016 to “ensure the conservation of marine fisheries resources, strengthen distant water fisheries management, curb IUU fishing, and improve traceability of catches and fisheries products, so as to promote the sustainable operation of distant water fisheries.” In accordance with international conventions, treaties, agreements, and conservation and management measures, Article 5 of the Act for Distant Water Fishing provides that the competent authority shall draw up and promulgate domestic plans of action on different matters. These include “measures to guide, assist and subsidize the distant water fisheries operators, distant water fisheries employees and the industry related to distant water fisheries in response to the structure adjustment of the distant water fisheries” (Art. 5(5)). Article 7 allows, under certain circumstances, authorities to deny the granting of a fishing licence to engage in distant-water fisheries to a person having violated this act, the Fisheries Act or the Act to Govern Investment in the Operation of Foreign Flag Fishing Vessels. Article 8.5 also states that the competent authority shall deny, adjust, limit or revoke the distant water fisheries permit if “the country with which the fishing vessel engages in fisheries cooperation is listed on the IUU fishing non-cooperating countries list or is subject to a letter of identification for more than 2 years by other countries, international fisheries organizations, or other economic integrated organizations.” While the denial or revocation of a fisheries permit would prevent those vessels and operators from engaging in distant water fishing, the act does not appear to explicitly provide for the removal of subsidies to distant-water fishing.

1.2.13 Thailand

In its response to the stock-taking, Thailand indicated that it has a policy not to provide any subsidies to fishers or fishing vessels that have engaged in IUU fishing. The legal provisions cited in Thailand’s response cover steps taken to sanction IUU fishing, which, in practice, mean that the fishing vessels or operators committing IUU activities cannot receive or benefit from fisheries subsidies during the period of time IUU fishing sanctions apply.

The Royal Ordinance on Fisheries B.E 2558 (2015), incorporating amendments of the Royal Ordinance on Fisheries (No. 2) B.E.2017, aims to reorganise the fisheries sector in Thailand with a view to preventing IUU fishing. To achieve this, Section 39 prohibits the granting of a fishing licence to any person:

1. “convicted by a final court judgement due to a commission of serious infringement offence, and while a period of five years has not yet lapsed since the judgment day;
2. […] whose fishing license is being suspended;
3. […] who has been prohibited from any fishing activity and the prohibition period has not yet expired;
4. […] whose fishing license has been revoked and a period of five years has not yet lapsed since the revocation to the day of the license application; or
5. […] whose fishing license has been revoked twice within a period of five years.”
Section 113 also provides penalties for 14 types of serious infringements, as defined in Section 114, including “participating in, providing support to or securing essential basics to a fishing vessel undertaking IUU fishing.” Such penalties may include:

1. “seizure of the aquatic animals and aquatic animal products obtained from any such fishing operation or seizure of fishing gear;
2. prohibition of any fishing activity until full compliance is achieved;
3. suspension of license for a period not exceeding ninety days each time; in this regard, an order may also be issued to prohibit the use of any such fishing vessel until the license suspension period expires;
4. revocation of license and publicly listing the fishing vessel as a vessel used in IUU fishing;
5. detention of any such fishing vessel or demanding that a security be deposited where such infringing fishing vessel is a non-Thai fishing vessel.”

Finally, Section 116 further states that the government must publish the names of fishing vessels used in IUU fishing and may revoke the fishing registration of such vessels. In these cases, any listed vessel must not be used for fishing for a period of time prescribed, which must not be less than two years from the date on which the publication was made.

In its response to the stock-taking, Thailand further explained that, under the regulations described above, when a vessel has committed a serious infringement and has its licence revoked, that vessel cannot be used for fishing anymore and cannot get any new or further fisheries subsidies during the penalty period. In fact, if they are disqualified, fishers and owners cannot receive fishing licences, fishing vessel registrations, ship’s licences or transfer of ownership certificates. They are not eligible for any rights and privileges of participation in government support programmes such as buyback schemes. Moreover, the operator or the owner of a vessel found to have engaged in IUU shall not be allowed to apply for a new fishing licence for a period of five years or if a specified period has not yet elapsed between the revocation and the day of the licence application. This, Thailand’s response explains, implies that the fishing vessels or operators committing serious an infringement cannot receive or benefit from fisheries subsidies during the period of time the penalty applies.

Thailand additionally noted that its legislation provides for determination of IUU fishing activities and publication of IUU lists in several capacities: (a) as a flag state for Thai vessels under Section 113 (4) of the Royal Ordinance on Fisheries B.E 2558 (2015) and the amendments, and (b) as a coastal state for foreign vessels and vessels without nationality or registration number under Section 116. Section 94 (2) also provides for the publication of a list of foreign vessels engaged in IUU fishing, based on RFMOs’ IUU lists, leading to a prohibition to enter Thai waters and use Thai port services.

1.2.14 The United States of America

As a party to the USMCA, the United States is bound by Article 24.20, which prohibits subsidies provided to any fishing vessel or operator while listed by the flag state, the subsidising party or a relevant RFMO/A for IUU fishing. At the domestic level, fisheries subsidies are mostly provided under the Fisheries Finance Program (FFP), which provides long-term financing loans for the cost of construction or reconstruction of fishing vessels, fisheries facilities, aquaculture facilities and individual fishing quota in certain fisheries. According to the programme’s provisions on enforcement violations and adverse actions (50 CFR § 253.24), any citation or notice of violation and assessment or outstanding fisheries fine constitutes grounds for the programme to “delay application or approval processing; delay loan closing or disbursement of funds; disqualify an applicant; or declare default” on a loan. Furthermore, the programme does not approve loans or disburse funds “to any applicant found
to have an outstanding, final and unappeasable fisheries fine or other unresolved penalty until either: Such fine is paid or penalty has been resolved; or the applicant enters into an agreement to pay the penalty and makes all payments or installments as they are due.”

More broadly, U.S. fisheries statutes allow for a range of enforcement actions to be taken in response to violations, depending on the specific circumstances, including written warnings, summary settlements, civil penalties, permit sanctions (including revocation of a fisheries permit), seizure and forfeiture, and, in certain circumstances, criminal fines. Such actions are taken on a case-by-case basis in accordance with the National Oceanic and Atmospheric Administration’s Penalty Policy and maximum statutory civil penalties established by law.

**2 Characteristics of Existing Measures and Good Practices**

As highlighted in Section 1, there is a range of measures reported by APEC economies in the context of this stock-taking to sanction IUU fishing activities, including through the removal of fisheries subsidies. These measures can vary from how prohibitions are triggered to how long they last. To help structure analysis in this section, Table 1 highlights the key features of such IUU sanctioning mechanisms and indicates the various forms these features can take.

The rest of the section reviews these key features one by one and looks at the various approaches taken by APEC economies, focusing on measures that were reported with sufficient detail to enable analysis. It also discusses the potential implications of different options for each feature. In doing so, it attempts to highlight the approaches that may be most likely to contribute to a system that is strong and effective in preventing the provision of subsidies to IUU fishing. Finally, it provides a short summary table of the potential elements of good practice.
Table 1. Key features of reported measures

<table>
<thead>
<tr>
<th>Elements triggering sanctions</th>
<th>Serious infringements of domestic laws</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vessel included in an IUU fishing list</td>
<td>RFMO/A</td>
</tr>
<tr>
<td>Links with non-cooperating economies</td>
<td></td>
</tr>
<tr>
<td>Shutting down VMS</td>
<td></td>
</tr>
<tr>
<td>Actors targeted by the sanction</td>
<td>Vessels</td>
</tr>
<tr>
<td></td>
<td>Operators/owner</td>
</tr>
<tr>
<td>Penalty for IUU fishing</td>
<td>No admissibility for subsidy application</td>
</tr>
<tr>
<td>Termination of subsidy provision</td>
<td></td>
</tr>
<tr>
<td>Repayment of the subsidy</td>
<td></td>
</tr>
<tr>
<td>Revoking of fishing licence</td>
<td></td>
</tr>
<tr>
<td>Use of listed vessel prohibited</td>
<td></td>
</tr>
<tr>
<td>Type of fishing targeted</td>
<td>All</td>
</tr>
<tr>
<td></td>
<td>Small scale and artisanal</td>
</tr>
<tr>
<td></td>
<td>Industrial/distant-water fishing</td>
</tr>
<tr>
<td>Duration of the subsidy prohibition</td>
<td>While included in an IUU fishing list</td>
</tr>
<tr>
<td></td>
<td>While other sanction remains in force</td>
</tr>
<tr>
<td></td>
<td>Specific duration</td>
</tr>
<tr>
<td>Commitment of subsidy recipient</td>
<td>Compliance during time of the subsidy</td>
</tr>
<tr>
<td></td>
<td>Compliance after the subsidy</td>
</tr>
<tr>
<td></td>
<td>Written commitment</td>
</tr>
<tr>
<td></td>
<td>• of past compliance</td>
</tr>
<tr>
<td></td>
<td>• of future compliance</td>
</tr>
<tr>
<td>Publication requirements</td>
<td>Subsidies granted</td>
</tr>
<tr>
<td></td>
<td>IUU fishing list</td>
</tr>
<tr>
<td></td>
<td>Black list</td>
</tr>
</tbody>
</table>

2.1 Elements Triggering the Subsidy Prohibition

The first key feature of any system to sanction IUU fishing activities is the way sanctions are triggered. In other words, what concrete elements will lead to a fishing vessel or operator being sanctioned through explicit or implicit subsidy prohibitions? Various options are reflected in the responses provided as part of the stock-taking.

The first and most straightforward option is when domestic fishing vessels and operators have committed serious infringements of a government’s own domestic laws and regulations, with this government itself making this IUU determination. Although their design varies, domestic measures to tackle IUU fishing analysed in this report all included domestically identified infringements as a way to trigger IUU fishing sanctions and, ultimately, subsidy removal. Here, China and Thailand also specifically include shutting down a vessel’s position monitoring system as a trigger for IUU fishing sanctions, including subsidy withdrawal.

Another, and potentially additional, option consists of recognising existing IUU lists of vessels or operators, including those from potential third parties. Among the measures surveyed in this report, several APEC economies—Chile (as a result of CPTPP); China; Chinese Taipei; Mexico (as a result of CPTPP and USMCA); Thailand; and the United States (as a result of USMCA)—as well as the EU include this option. All of them recognise the inclusion of a vessel or operator on the IUU list of an RFMO/A or a flag state as a way to trigger explicit or de facto subsidy prohibitions. It is interesting to note here that, while the administration that is attempting to sanction IUU fishing behaviour by domestic vessels will often also be the flag state of such vessels—meaning that there is some overlap between flag state determination and the first option presented—this will not always be the case.
A last option included in the measures examined as part of this report is when sanctions and possible subsidy prohibitions are triggered by a fishing operator’s links with a non-cooperating economy. This option is included in measures of the EU and Chinese Taipei. In this case, the sanction is not triggered by a confirmed specific case of IUU fishing but rather by a fishing operation’s relationship with a state that is considered as being complacent with regard to IUU fishing.

In general terms, the effectiveness of an IUU fishing sanctioning system will rely on how systematically and efficiently IUU fishing activities can be identified and punished. From this perspective, including more determination options (provided they are credible) as potential triggers for IUU fishing sanctions and ultimately subsidy prohibitions, will increase the chances of IUU vessels being caught and sanctioned in a timely manner. It could thus help to ensure that the system is more effective in deterring IUU fishing activities. Regarding IUU fishing determinations by specific actors, options other than RFMO/As and flag states could be considered, including coastal states, port states and market states, when these actors are not the same as the sanctioning or subsidising state.

A related question is the proportionality of sanctions, including subsidy withdrawal, to the infraction. Should any IUU fishing infringement automatically trigger subsidy withdrawal, or should it be limited to some infringements? Among the surveyed measures, those that reflect a degree of proportionality essentially follow two main approaches. In the case of Chile, for example, the law lists certain exceptions for minor infringements as defined in Article 116 of General Law on Fisheries and Aquaculture, unless they are committed in overexploited or collapsed fisheries. Interestingly, such exceptions are related to the status of the stock affected by the IUU fishing activities. The EU takes an opposite approach by defining, in Article 3 of Council Regulation (EC) No 1005/2008 (21), an exhaustive list of actions by vessels that can qualify as serious infringements and that trigger the subsidy-related sanction.

This effect of this first aspect of the design of an element of proportionality depends on how an authority’s decision-making system works and the scope of the lists of minor or serious violations. For example, a system that specifies that subsidies must be withdrawn unless a recipient can prove its infraction was one of a short list of minor violations will be more effective than a system that specifies that subsidies may continue unless an authority can prove that an infraction meets the requirements of a narrow list of serious infringements. Disabling the exception for minor violations in overexploited fisheries, as Chile appears to do, would help to ensure that subsidy withdrawal rules are more effective.

A second aspect of the design of an element of proportionality in an IUU fishing subsidy discipline is manoeuvring room left to the competent authority to withdraw subsidies, or not, on a case-by-case basis. The EU, for example, leaves a lot of margin of appreciation to the members by allowing the competent authority to determine the gravity of an infringement based on a number of factors—damage done, value, extent of the infringement or repetition. This arguably gives more leeway to maintain subsidies even in cases of IUU fishing, but at the same time, the specific circumstances in which the infringement has taken place can be taken into account.

2.2 Actor Targeted by Subsidy Prohibition

Another important question is to whom exactly IUU fishing sanctions and potential subsidy prohibitions should apply. More precisely, penalties can target the vessels that have been engaged in IUU fishing but also their operators or owners. On this particular point, many sanctioning measures analysed in this report apply to both vessels and operators or owners.
While in the case of the measures reported by Chinese Taipei, IUU sanctions apply to operators only, the CPTPP subsidy prohibition targets vessels only.

From an effectiveness perspective, there are strong reasons to think that having the ability to apply sanctions to both operators or owners and vessels could lead to stronger deterrence of IUU fishing. There are two aspects to this. First, a focus on withdrawing subsidies from vessels could result in subsidies to non-vessel-related costs (such as tax exemptions) continuing to be provided to operators, even if a vessel under their control has engaged in IUU fishing. Second, it is very common for larger fishing enterprises to own and operate several—or sometimes many—boats. In this case, the prohibition of subsidies to one particular vessel may not be a sufficient disincentive for an operator or owner to refrain from deleterious yet profitable IUU fishing activities across its whole fleet. As noted above, an operator of a large fleet of vessels could also continue to receive subsidies for non-vessel-related costs. In contrast, if the actor targeted by the prohibition is the operator, the rule could result in all subsidies being withdrawn from an operator or owner whose vessels were engaged in IUU fishing, in which case the penalty may become too high to bear, and the operator may shift away from IUU fishing activities.

2.3 Penalty for IUU Fishing
A crucial feature of any system aimed at punishing, and hopefully deterring, IUU fishing activities is the type of sanctions that can be imposed when such activities are identified. Such sanctions need to be strong enough for operators or owners to do everything they can to avoid them. Depriving fishers of public financial support in case they commit IUU fishing offences is one important tool governments can use to that effect, although not the only tool.

Information gathered in the context of this report indicates that at least four APEC economies (Chile; China; Hong Kong, China; and the United States) and the EU have domestic provisions in place that explicitly link the granting of fisheries subsidies to potential IUU fishing activities. Granting and maintaining subsidies to IUU fishing offenders is also prohibited under the CPTPP (to which Chile is a signatory and Mexico is a party) and the USMCA (to which the United States and Mexico are parties). All of these measures except one (Hong Kong, China) explicitly provide not only for the termination of current subsidies once a determination of IUU fishing is made but also for the ineligibility of IUU vessels and operators/owners for new subsidies. Some of the regulations in China and in Hong Kong, China, as well as regulations in the EU, go even further by requiring the repayment of subsidies under some circumstances.

The IUU fishing measures reported by two other APEC economies—Chinese Taipei and Thailand—include strong sanctions applicable to IUU fishing offenders, including revoking fishing licences (in both Chinese Taipei and Thailand) and prohibiting the use of the vessels found to have engaged in IUU fishing (in Thailand). Thailand’s response to the stock-taking emphasises that these sanctions can also act as de facto or implicit subsidy prohibitions, since banned vessels and operators/owners without a fishing licence will not be able to receive new subsidies. It should be noted, however, that the provisions reported by these economies do not formally mention subsidies.

As a complement to traditional sanctions against IUU fishing, which can range from small fines to the revoking of fishing licences or even the destruction of vessels in some cases, banning fishers from accessing government subsidies can be a particularly useful way to deter them from engaging in IUU fishing activities. The effectiveness of such measures will of course depend on the specific domestic policy context and the particular circumstances under which each vessel or fleet is operating. From a general perspective, however, subsidy-related sanctions will be particularly effective when the profitability, and thus economic sustainability,
of fishing operations is highly dependent on the provision of government subsidies. When fishers risk losing a vital part of their revenue in the case of an IUU finding, the incentive to comply with fisheries regulations will be particularly compelling.

Government measures providing both for the termination of current subsidies and the ineligibility for future ones will likely have a stronger economic impact on IUU fishing offenders, and a stronger potential deterrent effect, than measures including only one of these options. They expand the spectrum of cases to which these sanctions could apply and increase fishers’ potential losses. Adding the repayment of past subsidies to the possible sanctions, which the EU, China and Hong Kong, China have included in some regulations, can also further increase a sanctioning system’s effectiveness.

2.4 Type of Fishing Targeted
Measures aimed at punishing IUU fishing behaviour can also vary in terms of scope, in particular in relation to the type of fishing they target. More specifically, they can apply to all types of fishing activities but can also focus either on small-scale and artisanal fishing or industrial and distant-water fishing. Prohibitions of subsidies to IUU fishing could be applied to any scale of fishing.

Many measures to sanction IUU fishing, including through the withdrawal of subsidies, analysed in this report apply to all types of fishing. For China and Chinese Taipei, cited measures focus on distant-water fishing. In the specific case of Chile, information gathered in the context of this report pointed to one specific law focusing on small-scale fishing. This appears logical in light of the economy’s latest WTO subsidy notification, which also indicated that Chile is providing subsidies only to the small-scale sector.

Generally speaking, measures to tackle IUU fishing will likely be more effective if they are not restricted to a specific type of fishing. Broad measures applied to all fleets could deploy their effects on the whole fishing sector, not only part of it. This option thus seems preferable in principle. It should be noted, however, that the most appropriate approach will depend on the specific domestic context, in particular in relation to the types of fisheries subsidies that are provided. For example, establishing subsidy-related sanctions only for the small-scale sector in a situation where this sector is the only one to benefit from fisheries subsidies obviously seems to be a reasonable approach.

2.5 Duration of the Prohibition
An important feature of any system or measure that prohibits the provision of subsidies to vessels, operators or owners found to have been involved in IUU fishing activities is the potential duration of the subsidy prohibition. As a result of their membership in the CPTPP and the USMCA, Chile; Mexico; and the United States committed not to providing subsidies to vessels and operators for as long as they are included on the IUU vessel list of an RFMO/A or flag state (as well as a subsidising party in the case of USMCA). In China and Thailand, the inability to benefit from subsidies lasts as long as the inclusion on an IUU vessel list. In addition, for the EU and China, the regulations examined provide for subsidy prohibitions of last a year or more. The EU EMFF regulation, in particular, provides that there should be proportionality between the subsidy ineligibility period for IUU fishing offenders and the specific offence but that it should be at least a year. In the case of Chile, the relevant legislation provides that the subsidy prohibition shall last up to two years.

Thailand explained in its response to the stock-taking that the inability to benefit from subsidies without a fishing licence acts like a *de facto* subsidy prohibition when a finding of IUU fishing leads to a licence being denied or revoked. This *de facto* prohibition would last as long as the
sanction from which it results. The same logic may apply in the case of Chinese Taipei, but no information was available to confirm whether this is the case. In the United States, the provision of subsidies under the FFP is not approved for applicants with outstanding fisheries fines or any other unresolved penalty.

In terms of pure effectiveness, it seems clear that the longer a subsidy prohibition lasts, the stronger the economic effect it will have on IUU fishing offenders. However, authorities may seek to maintain some proportionality between the severity of a sanction and the severity of the offence it is meant to punish. A possible way to navigate this particular issue can be to establish a minimum duration for a prohibition, to ensure a minimum level of effectiveness in all cases while also providing for upwards flexibility in determining the prohibition’s duration for the most serious IUU fishing offences, thereby ensuring proportionality between the sanction and the type of infringement. This is the approach taken in the EU’s EMFF regulation.

2.6 Commitment of Subsidy Recipient

Measures examined as part of this report also have different requirements when it comes to the commitment of subsidy recipients not to engage in IUU fishing. Most of the measures for which information was available (EU; China; Hong Kong, China; and the United States) require a subsidy recipient not to engage in IUU fishing activities, at least for the duration of the subsidy. Some of them, like the EU and China, have additional requirements. The EU requires compliance with subsidy eligibility criteria for the five years following the final payment, as well as a written commitment of past compliance. For China, the regulation examined requires the subsidy recipient to provide a written commitment that it will not engage in IUU fishing.

Requiring that a subsidy recipient refrain from any IUU fishing activity during the time they benefit from public financial support seems like an important condition for governments to grant and maintain subsidies. From an effectiveness perspective, however, there are good reasons to think that going beyond this to include future compliance requirements could be useful. This measure would help ensure that subsidy recipients still have a strong incentive to comply with fishing regulations even after subsidy disbursements have happened. This could be linked to repayment requirements in the case of an IUU fishing finding, as the EU EMFF regulation provides for.

2.7 Publication Requirements

Finally, an important feature where systems and measures to sanction IUU fishing through subsidy prohibitions can differ is related to publication requirements. Measures and regulations in place in the EU; China; and the United States (as a result of the USMCA) provide for the publication of IUU vessel lists (or a blacklist in the case of China). For China and the EU, the regulations examined also include a requirement for authorities to provide publicly available information about the disbursement of subsidies. China was also the only economy for which some information was available from official sources regarding the amount of subsidies that had been removed as a result of IUU fishing sanctions.

This type of requirement matters in terms of transparency and accountability vis-à-vis taxpayers. From this perspective, governments would ideally make information publicly available about subsidy programmes and their recipients, IUU fishing determinations and sanctions for IUU fishing, including vessels and operators who had had their subsidies removed. Such a systematic disclosure of information would generate awareness among the fishing industry and the general public of the ways in which the government both supports the fishing sector and acts to ensure this support does not encourage IUU fishing. This could help to increase the perceived legitimacy of subsidy programmes and how they are managed. More transparency could, in turn, also help strengthen measures’ effectiveness, as enhanced
visibility of sanctions also improves fishers’ understanding of the risks associated with IUU fishing.

2.8 Summary of Elements of Good Practice

The various elements of policy design discussed in this section point to a set of potential elements of good practice in designing and implementing subsidy-related IUU fishing sanctions. The analysis suggests that the most effective systems to withdraw subsidies in cases where there are determinations of IUU fishing would do the following:

(1) Allow a wide range of IUU fishing determinations to trigger the prohibition of subsidies, including infringement of domestic laws (with only narrow exceptions, if any, and no exceptions for infringements where stocks are overexploited or where VMS is deactivated); and inclusion on an existing IUU list of a flag state or RFMO/A;

(2) Target subsidies to operators and owners as well as vessels;

(3) Provide for ineligibility for future subsidies, termination of current ones and repayment of those already received;

(4) Apply to all types of fishing;

(5) Establish a minimum duration for subsidy prohibition while keeping upwards flexibility to punish more severely the most serious IUU fishing offences;

(6) Require compliance with fishing regulations before, during and after subsidy disbursements; and

(7) Include publication requirements about subsidy programmes and recipients, IUU fishing determinations and IUU fishing sanctions, including subsidy withdrawal.

These elements can provide useful guidance to any economy looking to put in place a system to ensure that fisheries subsidies are not contributing to IUU fishing activities, including as a result of existing commitments. It should, however, be noted that the most appropriate system will always depend on each economy’s particular context. More than absolute and rigid criteria, these elements are thus probably best understood as broad considerations for governments to keep in mind. Figure 1 presents a summary of the options that could be considered good practice highlighted in the analysis above.
Figure 1. Possible elements of good practice for the withdrawal of subsidies in cases of IUU fishing

| Elements triggering subsidy prohibition | • Infringements of domestic law  
• Inclusion on existing IUU fishing lists (flag states, RFMO/A) |
|-----------------------------------------|---------------------------------------------------------------|
| Actor targeted by subsidy prohibition   | • Vessels  
• Operators and owners |
| Subsidy penalty for IUU fishing         | • Termination of subsidy provision  
• Future subsidy applications inadmissible  
• Repayment of the subsidy |
| Type of fishing targeted                | All types of fishing |
| Duration of the subsidy prohibition     | Based on the seriousness of the offence, with a minimum duration |
| Commitment of subsidy recipient        | Compliance with regulations before, during and after the provision of the subsidy |
| Publication requirements               | • Subsidy programmes and recipients  
• IUU fishing determinations  
• IUU fishing sanctions, including subsidy withdrawal |

Interestingly, the idea of linking subsidy provision to the absence of IUU fishing activities seems to be gaining momentum globally. For example, a 2019 report from the Organisation for Economic Co-operation and Development found that, among 31 surveyed economies, 95% had a regulation allowing for examining fishers' compliance when applying for financial support (up from 27% in 2005), while 80% restricted public support to operators who have engaged in IUU fishing (up from 20% in 2005).xxxvii

**Conclusion**

In general, the strongest argument for governments to introduce or maintain subsidy-related IUU fishing sanctions is perhaps rooted in a general understanding of the role of the state in society. The state and the resources it extracts from citizens and businesses through taxation are meant to support the public good, not harmful activities that undermine it. While there is every reason to think that no government would ever voluntarily provide financial support to IUU fishing activities, fisheries subsidies can inadvertently benefit fishing operations that do not respect fisheries regulations. Having a system to correct this once an IUU fishing finding is made seems like a good way to address this risk.

The analysis above demonstrates that there are a number of different ways in which the withdrawal of subsidies from IUU fishers can be achieved and that different elements of each measure appear to reflect what could be considered “good practice” in this area. Some key conclusions are worth highlighting here. In general terms, the effectiveness of an IUU fishing sanctioning system, including subsidy withdrawal, will rely on how systematically, and efficiently, IUU fishing activities can be identified and punished. The wider the range of
determinations that can trigger a subsidy prohibition, the greater the likelihood an IUU fishing offence can be identified and linked to subsidy eligibility. The greater the coverage of fisheries (small scale and large scale) and the narrower any exceptions (e.g., for minor offences), the greater the effectiveness of the measure. Also, the more severe the penalty in terms of extent and duration of subsidy withdrawal, the greater the economic effect can be expected to be. Government measures providing both for the termination of current subsidies and the ineligibility for future ones will likely have a stronger economic effect than measures including only one of these options, simply because they expand the spectrum of cases to which these sanctions could apply and increase fishers’ potential losses. Requiring repayment of subsidies could have a particularly important financial impact. Finally, there are several potential advantages to publicising the withdrawal of subsidies from actors that are the subject of IUU determinations, including additional deterrent effects on other operators increasing the perceived legitimacy of subsidy programmes and how public money is managed.

As noted at the beginning of this report, members of the WTO are currently negotiating new multilateral rules to discipline harmful fisheries subsidies, including through a potential prohibition of subsidies to vessels or operators that have been subject to an IUU fishing finding, pursuant to WTO mandates and also to target 14.6 of the Sustainable Development Goals. The measures reviewed here provide useful examples of how commitments to ensure subsidies are not provided to IUU fishing can be implemented.
Endnote

3 See, for example, Oceana. (2007). *Pirates and plunder: Fisheries subsidies support illegal or rogue fishing*. https://oceana.org/reports/pirates-and-plunder-fisheries-subsidies-support-illegal-or-rogue-fishing
8 These include the 2001 IUU Fishing Plan of Action; the 2005 Rome Declaration on IUU Fishing; the 2009 Agreement on Port State Measures to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing, as well as instruments establishing and adopted by Regional Fisheries Management Organizations.
9 See https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement/agreement/between
10 See https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32008R1005
11 See Regulation (EU) No 508/2014 of the European Parliament and of the Council of 15 May 2014 on the European Maritime and Fisheries Fund: https://eur-lex.europa.eu/legal-content/EN.TXT/?uri=uriserv:OJ.L_.2014.149.01.0001.01.ENG. The fund is "used to co-finance projects, along with domestic funding. Each Member State is allocated a share of the total budget based on the size of its fishing industry and draws up an operational programme, setting out how it intends to spend the money. Once the Commission approves this programme, it is up to domestic authorities to decide which projects will be funded" (see https://ec.europa.eu/fisheries/cfp/emff_en).
13 As defined by Article 27 of the Council Regulation (EC) No 1005/2008 establishing a Community system to prevent, deter and eliminate illegal, unreported and unregulated fishing.
14 As set out in Article 33 of the Council Regulation (EC) No 1005/2008 establishing a Community system to prevent, deter and eliminate illegal, unreported and unregulated fishing.
17 Ibid.
19 See https://www.leychile.cl/Navegar?idNorma=1115065
20 No such prohibition is mentioned for non-artisanal or small-scale fishing. However, according to Chile’s latest WTO subsidies notifications circulated on 12 July 2019 (G/SCM/N/343/CHL), the economy only provides subsidies to small-scale fisheries, either through the Small-Scale Fishing Promotion Fund (FFPA) or the Fisheries Administration Fund (FAP) created in 1992 pursuant to the General Law on Fisheries and Aquaculture.
21 See Article 3 of the Notice of the Ministry of Agriculture and Rural Affairs on Printing and Distributing the Management Measures of Monitoring the Position of Distant Water Fishing Vessels.
22 See http://www.gov.cn/xinwen/2019-08/19/content_5422285.htm. Note: we assume the currency is RMB.
According to the Agriculture, Fisheries and Conservation Department website, the fund provides "loans to capture fishermen and owners of fish collectors for switching to more sustainable fisheries operations and other fisheries-related operations, and for carrying out projects that will reduce fuel consumption or carbon footprint of their operations (without increasing fishing effort)." See https://www.afcd.gov.hk/english/fisheries/fish_cap/fish_cap_techsup/fish_cap_fdlf.html.

The fund provides loans for fishermen to meet operational needs, including the repair and replacement of fishing vessels, gear and equipment, and assisting fishermen in tiding over the annual fishing moratorium. See https://www.afcd.gov.hk/english/fisheries/fish_cap/fish_cap_techsup/fish_cap_fmolf.html.

The fund supports "programmes, projects and research through grants that contribute to fostering the sustainable development of the fisheries industry and bring benefits to the operations of the local fisheries community as a whole." See https://www.afcd.gov.hk/english/fisheries/sfdf/SFDF.html.

The United States' 2018 subsidy notification indicates that the interest rates charged on FFP loans are 2 percentage points above comparable maturity Treasury bond yields, and the loans are fully collateralised by fisheries and other assets. Vessel financing or refinancing that could contribute to overcapitalisation by increasing harvesting capacity is prohibited by regulation. Over time, the FFP lending authority has been extended to include aquaculture, vessel buybacks, Individual Fishing Quota (IFQ) purchases and Community Development Quota loans. See WTO Document G/SCM/N/315/USA (https://docs.wto.org/dol2fe/Pages/FE_Search/ExportFile.aspx?id=243775&filename=q/G/SCM/N315 USA.pdf).

A state may, for example, attempt to curb IUU fishing activities conducted by all vessels operated by companies that are incorporated in its territory, some of which can be flying another state's flag. In this case, relying on a flag state IUU fishing determination as a trigger for IUU fishing sanctions may be useful.

Such options have been discussed by members of the WTO as possible triggers for a multilateral prohibition of subsidies that contribute to IUU fishing.

These include fishing in a closed area or during a closed season, fishing using prohibited gear or with falsified or concealed vessel markings or identity.

This may also be the case for the fisheries subsidies programmes of other APEC economies that were not included in the measures examined in the context of this report.

## Annex 1. Responses to stock-taking

<table>
<thead>
<tr>
<th>APEC Economy</th>
<th>Date</th>
<th>Name of measure (e.g. regulation, economic incentive, practice)</th>
<th>Description</th>
<th>Link (if published online)</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brunei Darussalam</td>
<td>Since 2019</td>
<td>Fisheries Order, 2009</td>
<td>An Order to consolidate the law relating to fisheries, fishing and fish processing and the marketing and distribution of fish and to make provision for matters connected therewith or incidental thereto. The Order provides for the management and conservation of fisheries resources in Brunei Darussalam. It sets out requirements for the application of licences. Licences are required in order to: operate or possess fishing appliances; operate or establish marine culture systems; use fishing vessels; hold or organize sports fishing events; using foreign fishing vessels for fishing; etc. Conditions, validity and cancellation of licences are provided for in the text. In addition, the Order provides for the establishment of lobster fishing areas, marine reserves and marine parks, and for restrictions related to these areas. The Order further provides for: development and management of inland fisheries; offences and penalties; powers of enforcement officers; jurisdiction and evidence; etc.</td>
<td><a href="http://www.agc.gov.bn/AGC%20Images/LAWS/Gazette_PDF/2009/EN/s025.pdf">http://www.agc.gov.bn/AGC%20Images/LAWS/Gazette_PDF/2009/EN/s025.pdf</a></td>
<td>Brunei Darussalam does not provide fisheries subsidies</td>
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</tbody>
</table>

Part VI - Local Fishing Vessels
Operation of fishing vessel.
Section 15. (1) Any person who operates or allows to be operated any fishing vessel for the purpose of fishing –
(a) without a licence;
(b) in contravention of any condition of such a licence; or
(c) in contravention of any direction,
is guilty of an offence.

Part VII - Foreign Fishing Vessels
Fishing etc. using foreign fishing vessels.
Section 17. (1) No foreign fishing vessel shall be used or attempt to be used for fishing or for conducting any research or survey in relation to any fishery, in Brunei Darussalam waters unless –
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<td>(a) it is authorised to do so under any international fishery agreement between the Government and – (i) the government of the country; or (ii) any international organisation, to which such vessel is registered or to which it belongs; and (b) it is used for those purposes in accordance with a licence.</td>
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<td>(2) Where a foreign fishing vessel is used in contravention of – (a) subsection (1); (b) any condition of a licence; or (c) any directions, the owner, master and every member of the crew of the vessel are guilty of an offence.</td>
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<td>Brunei Darussalam does not provide any subsidies to any fishing vessels, may it be commercial or artisanal, locally owned or FDI-related companies. In order to reduce the adverse effects of IUU fishing on a wider and more effective manner subsidies that are deemed to be in any way supporting IUU fishing, either directly or indirectly, should be prohibited.</td>
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<td>Canada</td>
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<td>Nil return</td>
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<td>Chile</td>
<td>Ongoing</td>
<td>Negotiation objective</td>
<td>To establish multilateral rules aimed to eliminate subsidies that contribute to IUU fishing, according to what it is established on target 14.6 of the Sustainable Development Goals.</td>
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<tr>
<td>Since 2019</td>
<td>Domestic</td>
<td>regulation</td>
<td>Law 21.132, it is aimed to strengthen the Servicio Nacional de Pesca (SERNAPESCA), the Chilean agency in charge of monitoring, control and surveillance of fisheries and aquaculture activities. The Law provides new tools to combat IUU fishing, including sanctioning illegal activities in the post-capture process: processing, manufacturing, storage and trade. In addition, some activities associated to IUU fishing are now considered a crime. Additionally, article 13, law 21.069, (that creates the National Institute for the Sustainable Development of Artisanal Fishing and small scale-</td>
<td><a href="http://www.subpesca.cl/portal/615/w3-article-103088.html">http://www.subpesca.cl/portal/615/w3-article-103088.html</a></td>
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| China        | Since April 1st 2020 | Regulation on Distant Water Fisheries | - Article 20. If the vessel is listed by Regional Fishery Management Organization (RFMO) as IUU fishing vessel, it is prohibited to engage in any distant water fisheries.  
- Article 33. Each company, vessel or crew in distant water fisheries is prohibited to engage in IUU fishing.  
- Article 34. The blacklist system should be well-established. Once any managers or project operators were listed in the blacklist, they are prohibited to stay as the manager or project operators in any company involved in distant water fisheries for 3 years; The licenses of captains of the IUU fishing involved vessels will be revoked, and would be prohibited to apply for new registration for 5 years.  
- Article 39. Increase the punishment to violation situations. 13 kinds of illegal behaviours are sorted out, in which IUU fishing or deliberately shutting down VMS are well elaborated. Vessel/operator/enterprises involved would be subject to severe suspension or disqualification, in accordance with the seriousness of the case. | [http://www.cndwf.org](http://www.cndwf.org) |       |
| Oct. 1st, 2015- Dec. 31st, 2019 (To be renewed on annual basis) | Subsidy for Fishing Vessels Demolition and Dismantlement and Vessel Type Standardization (2017) | - In case of demolition and dismantlement, the owner of the vessel needs to provide a letter of guarantee to promise not to use the quota to build new vessels and not to engage in any IUU fishing.  
- In case of renovation, the owner of the vessel needs to provide a letter of guarantee likewise to promise not to engage in any IUU fishing.  
- In the conservation and utilization of international fishery resources, only fishing vessels that have no involvement of illegal actives are eligible for subsidies. |       |       |
<p>| Hong Kong, China | Ongoing | Termination of a loan or a grant agreement | It is stipulated in the loan agreement that the subject vessel of a fisheries loan shall not be used in any activities that are in breach of the laws of the ‘economy’ (including IUU fishing), in which fishing operation is conducted. If there is any breach of any provisions of the |       |       |</p>
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<td>Indonesia</td>
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<td>Nil return</td>
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<td>Japan</td>
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<td>Nil return</td>
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<td>Korea</td>
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<td>Nil return</td>
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<tr>
<td>Malaysia</td>
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Since 2004, the Mexican government, and particularly the fishing and aquaculture sector through the competent authorities (SADER and CONAPESCA), has been implementing a series of measures to combat IUU fishing. In the case of Mexico, the fight against IUU fishing and the safeguarding of fishery and aquaculture resources is governed by the General Law on Sustainable Fishing and Aquaculture, as well as the Official Mexican Standards in order to carry out inspection and surveillance activities in the fishing area in waters under federal jurisdiction.

Loan agreement, the loan borrower is required to repay their loan in full immediately. Similarly, if the grantee of a project supported by the Sustainable Fisheries Development Fund fails to comply with the laws and regulations (such as conducting IUU fishing) in the concerned fishing grounds, the project will be terminated and no further grant shall be paid by the Government in accordance with the agreement of the grant.
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<td>New Zealand</td>
<td>Ongoing</td>
<td>International commitments</td>
<td>New Zealand does not have any fisheries subsidies or legal means to withdraw subsidies from fishers or operators that are found to have been IUU fishing. New Zealand is a Party to the CPTPP, which includes an obligation not to subsidize IUU fishing and New Zealand is an active and leading Member in the WTO fisheries subsidies negotiation, including advocating for the prohibition of subsidies to IUU fishing.</td>
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<tr>
<td>Papua New Guinea</td>
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<td>Nil return</td>
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<td>Peru</td>
<td>Since 1999</td>
<td>Declarations and proposals at the WTO</td>
<td>Peru has been among the first members in the WTO to present and support declarations and proposals related to the elimination of subsidies in cases of IUU. Its position has been consistent along the years and it is an active member in fisheries subsidies negotiations in this forum.</td>
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<td>The Philippines</td>
<td>N/A</td>
<td>None</td>
<td>The Philippines has no existing fisheries subsidy and no existing measures on withdrawal of subsidies related to IUU fishing.</td>
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<tr>
<td>Russia</td>
<td>Since 2013</td>
<td>Domestic regulation</td>
<td>Setting of a policy goal not to provide subsidies to legal entities and individual entrepreneurs, if they are involved in IUU fishing.</td>
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<tr>
<td>Ongoing</td>
<td>Practice</td>
<td></td>
<td>Encouragement of fishing entities not to conduct IUU fishing by creating a valid system of management, control and enforcement of fishing rules and legislation.</td>
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<tr>
<td>Singapore</td>
<td>N/A</td>
<td>None</td>
<td>Singapore does not maintain fisheries subsidy programmes.</td>
<td><a href="https://www.enterprisegov.sg/-/media/ESG/Files/Non-Financial-Assistance/For-Companies/Free-Trade-Agreements/CPTPP/Chapters/20Environment.pdf">https://www.enterprisegov.sg/-/media/ESG/Files/Non-Financial-Assistance/For-Companies/Free-Trade-Agreements/CPTPP/Chapters/20Environment.pdf</a></td>
<td>N/A</td>
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<tr>
<td>Chinese Taipei</td>
<td>Ongoing</td>
<td>Negotiation objective</td>
<td>We support that subsidies which contribute to IUU fishing shall be prohibited.</td>
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<td>Thailand</td>
<td>November 2015</td>
<td>Serious infringement penalties</td>
<td>I. The penalties for serious infringement are imposed under the Royal Ordinance on Fisheries B.E. 2558 (2015) and the amendments such as: 1) seizure of the aquatic animals and aquatic animal products obtained from any such fishing operation or seizure of fishing gear; 2) prohibition of any fishing activity until full compliance is achieved; 3) suspension of fishing license for a period not exceeding ninety days each time; 4) revocation of license and publicly listing the fishing vessel as a vessel used in IUU fishing; 5) detention of the fishing vessel.</td>
<td><a href="https://www.fisheries.go.th/law/web2/images/PR2558/6-royalfisheries.pdf">https://www.fisheries.go.th/law/web2/images/PR2558/6-royalfisheries.pdf</a></td>
<td>Further clarification received from Thailand: Under those stringent regulations including our strict law enforcement and monitoring, control and surveillance system, for an example, when a vessel is found committing serious infringement and is decided to be revoked its fishing license. That vessel cannot be used for fishing and cannot get any new or further fisheries subsidies during the penalty period. Moreover, the operator or the owner of that vessel shall not be allowed to apply for a new fishing license if a period of five years has not yet lapsed since the revocation to the day of the license application. So that, the operator/owner is not allowed to get a new fishing license and imply that such operator or owner cannot get any new</td>
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<tr>
<td>Thailand</td>
<td>November 2015</td>
<td>The prohibited qualifications for the fishing license application</td>
<td>II. The prohibited qualifications under the Royal Ordinance on Fisheries B.E. 2558 (2015) and the amendments such as: 1) being convicted by a final court judgement due to a commission of serious infringement offence and a period of five years has not yet lapsed since the judgment day; 2) being a person whose fishing license is being suspended; 3) being a person who has been prohibited from any fishing activity and the prohibition period has not yet expired; 4) being a person whose fishing license has been revoked and a period of five years has not yet lapsed since the revocation to the day of the license application; 5) being a person whose fishing license has been revoked twice within a period of five years.</td>
<td><a href="https://www.fisheries.go.th/law/web2/images/PR2558/6-royalfisheries.pdf">https://www.fisheries.go.th/law/web2/images/PR2558/6-royalfisheries.pdf</a></td>
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<tr>
<td>United States</td>
<td>Ongoing</td>
<td>Fishery Finance Program (FFP) Enforcement Violations and Adverse Actions (50 CFR § 253.24)</td>
<td>Given such measures and penalties above, the fishing vessels or operators committing serious infringement cannot receive or benefit from fisheries subsidies.</td>
<td><a href="https://www.fisheries.noaa.gov/national/funding-and-financial-services/fisheries-finance-program">https://www.fisheries.noaa.gov/national/funding-and-financial-services/fisheries-finance-program</a></td>
<td>Further fisheries subsidies from the government for a penalty period.</td>
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<tr>
<td>Viet Nam</td>
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<td>Nil return</td>
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