SET SUPPORTING ECONOMIC TRANSFORMATION

THE IMPLICATIONS OF WTO NEGOTIATION OPTIONS FOR ECONOMIC TRANSFORMATION IN DEVELOPING COUNTRIES

Summary paper

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KEY FINDINGS

This paper summarises the possible impact of negotiating proposals that are being considered for the next World Trade Organization (WTO) Ministerial Conference, which will take place in Buenos Aires from 10 to 13 December 2017.

A range of issues are important and are under deliberation, but most attention is focused on negotiations on **domestic support**, **public stockholding and safeguard measures in agriculture**; new provisions on **e-commerce**; and elimination of **fisheries subsidies**.

Overall, our assessment suggests **the proposals currently under discussion on agriculture, fisheries and e-commerce are likely to benefit the poorest and most vulnerable countries.** In some cases (e.g. for net food importers), there is a risk of short-term losses, but these are manageable. In others (e-commerce and data protection, fisheries), the poorest countries will need further support if they are to benefit substantially.

Going into the details of each negotiating issue, a global reduction in agriculture domestic support would raise global efficiencies, but a reduction in the existing aggregate measurement of support may not have major immediate effects on global prices (in part because bound levels are higher than current support levels). There are also many different providers of support, and gainers and losers from elimination are diverse, depending in part on trade structures.

Relaxation of disciplines on **public food stockpiling** using administered prices is likely to increase production by inefficient producers in stockpiling countries, which in turn may affect producers in other developing countries. Public stockpiling based on free market prices is less distortionary and an appropriate level of stockpiling depends on each country's trade off between security of sufficient stocks to deal with uncertainty and opportunity costs of holding food stocks.

Extension of the **agriculture special safeguard measure** to all members without introducing limits on its use risks bringing in a permanent increase in agricultural protection.

A new issue at the WTO, better definition of and **more provisions on e-commerce** would benefit developing countries, especially those prepared to take part in information and communication technology (ICT) and e-commerce activities. A reduction in tariffs on e-commerce goods and services could boost developing countries' imports and exports. We estimate that a 1% decrease in tariffs could lead to a (nominal) increase of between US$2-3 billion in high technology imports and exports.

Data location rules and consumer and data privacy regulations can be designed to avoid damaging ICT development in developing countries.

Elimination of **trade-distorting subsidies to fisheries** (the latest estimates for all type of subsidy are $35 billion, most of which are capacity-enhancing; nearly a quarter relate to fuel subsidies) would reduce global overfishing by 2% (1.5 million tonnes), while expanding captures in developing countries. In one example, West Africa could benefit significantly and create more than 300,000 jobs.

Least developed countries (LDCs) and small island developing states are not the main subsidisers (though some are), and they are expected to be the main beneficiaries of subsidy removal. Special and differential treatment in LDCs to maintain such subsidies could reduce the efficiency of their fishing.

Not only would fishery-subsidy removal be beneficial for developing economies, it would also benefit fish related environmental goals. Targeted support but which is not tied to individual producers could still help countries to use fish to transform themselves.

Finally, the WTO is not only a forum where its members can start and conclude rounds of liberalisation, but also a forum for upholding and implementing global rules governing trade. Despite the differences in negotiating positions on liberalisation**, members must enhance the multilateral rules based system**, including around dispute settlement. Developing countries have put forward around two-fifths of 520 cases over 1995-2015 to the appellate body of the Dispute Settlement Body. They have begun to use it more often more recently. They initiated more than half of the cases in 2015 and in 2016 (a total of 16 out of 30). The DSB is one area where developing countries enjoy a level playing field.

1. INTRODUCTION

The next World Trade Organization (WTO) Ministerial Conference will take place in Buenos Aires from 10 to 13 December 2017. This will be the 11th Ministerial (MC11) since the start of the WTO and the 7th since the start of the Doha Round of WTO negotiations. The negotiations have so far failed to conclude with a comprehensive deal on agriculture, non-agricultural market access (NAMA), services and improvements in WTO rules that would make world trade freer, helping the global economy and developing countries in particular. There have, however, been small achievements in past rounds (MC9 in Bali and MC10 in Nairobi). This paper examines the possible impact of current negotiating proposals in the main areas being discussed in the run-up to MC11 (agriculture, e-commerce and fisheries).

MC9 and MC10's partial achievements are likely to have positive, albeit small, impacts on the poorest economies. MC9 led to a package for least developed countries (LDCs) that reaffirmed the commitment to duty-free quota-free (DFQF) access to developed and some developing countries, preferential rules of origin and the waiver of WTO non-discrimination rules to allow services preferences. It also generated a deal on trade facilitation, as well as discussions on agriculture around public food stockholding. Given the low expectations of an overall deal, a partial deal, specifically on trade facilitation, was regarded as a success. MC10 also led to some partial successes: 1) the decision on export competition (including a reduction in export subsidies); 2) DFQF for cotton exporters (but, US subsidies, for example, remain untouched); 3) extension of the services waiver; 4) lowering of the value addition threshold on rules of origin; 5) agreement on expanding coverage of the plurilateral Information Technology Agreement, and 6) a commitment on negotiations for a permanent solution on public food stockholding.

There is much unfinished business in the Doha Round, as developing countries have highlighted. Further improvements on both market access in agriculture and NAMA remain to be negotiated. However, some key issues central to the interest of developing countries are expected to be at the centre of discussions in MC11. On agriculture, negotiations have been held on domestic support (including a permanent solution to public food stockholding) and the new special safeguard measure. At the same time, new issues, such as necessary new rules on e-commerce and the digital economy, have come up that could benefit from multilateral attention. Discussions are also being held on eliminating trade-distorting subsidies on fisheries. This paper discusses what is at stake in MC11 negotiations; the issues and negotiating positions; how potential positions could affect development; and some of the specific issues arising. It summarises the emerging findings based on three background papers:

- Balchin, N. and Mendez-Parra, M. (2017) 'Agriculture: The implications of current WTO negotiations for economic transformation in developing countries';
- Lemma, A.F. (2017) 'E-commerce: The implications of current WTO negotiations for economic transformation in developing countries';
- Worrall, L. and Mendez-Parra, M. (2017) 'Fisheries: The implications of current WTO negotiations for economic transformation in developing countries'.

2. WHAT IS AT STAKE AT MC11?

Table 1 presents the main WTO negotiation issues being discussed in the run-up to MC11, in the areas of agriculture, e-commerce and fisheries. Tables A1.1–A1.3 in Annex 1 discuss these options in more detail.

Table 1: Key WTO negotiation issues in three areas

Agriculture	E-commerce	Fisheries
Reduction of current levels of support (through a maximum aggregate measurement of support)	Tariffs on e-commerce	Prohibition of certain fishery subsidies
Public stockholding	Data localisation rules	Special and differential treatment on fisheries subsidies
New special safeguard measure	Consumer protection and data privacy	

Agriculture negotiations cover issues including limiting domestic support, a permanent solution to public food stockholding and extending the agricultural special safeguard measure (SSM) to all members. Disciplines on domestic support constituted one of the key pillars of the negotiations in the Doha Round. For many food exporters, reducing the levels of bound aggregate measurement of support (AMS) has been a key demand during the Doha negotiations, to secure less distorted international prices. Higher international prices over the past 10 years and reforms in the different support mechanisms (e.g. reform of the EU's Common Agriculture Policy)[1] have made an agreement on this pillar easier to achieve. Box 1 discusses a few aspects of domestic subsidies.

Public food stockholding, the practice of buying food stocks through 'administered' prices, is a trade-distorting practice and, consequently, subject to limits and a potential reduction. As some developing countries consider it a key tool to address food security issues and help in providing low-cost food, they have requested that they not be subject to the disciplines in the Amber Box. A 'peace clause' adopted in MC9 deferred the question for four years until MC11. The issue divides developing countries.

Members that adopted the Uruguay Round formula to transform quantitative measures into tariffs had access to the agriculture SSM. These members can temporarily raise tariffs above the bound level in response to unusual surges in imports or falls in import prices. Some developing members are requesting that this be extended to all as they consider it a key tool to protect their markets against import surges and variation in prices. Other developing members are calling for its complete elimination, as they feel it has become a permanent deviation from commitments.

E-commerce and the digital economy are new issues under discussion. MC11 aims to establish a working party on electronic commerce to discuss proposals, starting by March 2018 and asking members to extend the current practice of not imposing customs duties on electronic transmissions. Facilitating trade and reducing tariffs on goods traded under e-commerce are key goals. Moreover, discussions are being held on how to introduce rules on issues that affect expansion of the digital economy, such as data localisation and consumer and data protection.

Negotiations to eliminate certain **fishery subsidies** have gained momentum recently. A major question relates to which subsidies would be prohibited, for example those relating to overfishing, capacity enhancement, vessel construction or repair, operating costs and port infrastructure, as well as price or income support. Also, which subsidies are allowed, such as those relating to natural disaster relief, crew safety, re-education of fishers into alternative livelihoods and environmental or sustainability-related

[1] The EU, for example, has completed the transfer of many of its support programmes in the Amber Box to the Blue Box, and therefore, is not subject to further reductions.

investments. In the context of SDT, which might be permitted to LDCs, with proposals for artisanal fishing and fishing within member states' own EEZs.

Box 1: Domestic support for agriculture

Developed and developing countries provide domestic subsidies for agriculture.

The EU has traditionally provided major subsidies, but producer support as a share of gross farm receipts in the EU fell from 39% in the period 1986–1988 to 19% in 2012–2014. Moreover, much of the support has been decoupled and it is currently reported under the Blue Box, which will not be subject to reductions.

Agricultural subsidies in the EU, Japan and the US have declined by between 6% and 15% over the past decade.

China's total support reached a value of $340 billion in 2015, more than four times the total level of support provided by the US and three times that provided in the EU, and accounting for 80% of developing countries subsidies.

Iceland, Switzerland, Ukraine and Norway have the highest total aggregate measure of support relative to their gross domestic product (GDP) level. The EU (more than $7.9 billion, 0.05% of GDP), Japan (nearly $5.7 billion, 0.10%), the US (more than $3.8 billion, 0.02%), Switzerland (more than $2.7 billion, 0.45%) and Norway (more than $1.3 billion) have all reported annual total AMS exceeding $1 billion in recent years. In most cases, these current totals are well below the annual bound total AMS commitment levels.

Commodities most affected include rice ($88.1 billion), pig meat ($61.7 billion), milk ($55.3 billion) and beef ($50.4 billion).

The top five countries by the value of public stockholding notified for food security purposes as a percentage of GDP are India (0.72% of GDP, $14.8 billion), China (0.19%, $11.4 billion), Philippines (0.09%, $0.2 billion), Viet Nam (0.05%) and Indonesia (0.03%).

Source: Balchin and Mendez-Parra (2017).

A range of other issues are being discussed but without firm negotiating proposals. For example, developing countries would like to see more general discussions on SDT. Many, both developed and developing, countries would like to see more discussions on trade in services, including on domestic regulation. Negotiations on NAMA have been stalled since 2008.

Beyond starting and concluding rounds of liberalisation, there will also be other, more fundamental issues. The lack of commitment of key partners in supporting the **multilateral trade system per se (e.g. rules on dispute settlement)** may make trade negotiations collapse. For example, the US's lack of endorsement to appoint a new judge for the Appellate Body of the WTO's Dispute Settlement Body (DSB) puts the system at the brink of collapse. Currently operating with five members, rather than seven; the body will go down to four in December when the four-year term of one member expires. This will make the operation of the dispute settlement system difficult if not impossible.

This is more than an administrative glitch. It puts at risk one of the core and extremely valuable functions of the WTO. The DSB has allowed developing countries to level the playing field with stronger and more powerful members. Developing countries have put forward 2/5th of 520 cases over 1995-2015 to the appellate body of the Dispute Settlement Body. They have begun to use it more often more recently. They initiated more than half of the cases in 2015 and in 2016 (a total of 16 out of 30)[2]. By blocking the appointment of new members, the US is not adhering to the basic principles that constitute the foundations (e.g. the international rule of law) of the multilateral trading system.

[2] https://www.wto.org/english/res_e/booksp_e/anrep_e/anrep17_chap6_e.pdf

In addition, the system receives little support from those members that want to continue engaging with the system. New barriers to trade, discriminatory and distortionary support measures are introduced by many members, despite the commitment to avoid their introduction. This murky protectionism, in addition to harming the world economy, affects the credibility of the multilateral system and makes it vulnerable.

Transparency, therefore, is important. Agreements need to be followed by concrete and visible actions so that commitments are adopted. Transparency will also increase the credibility of the system. Therefore, members need to design measures of transparency that guarantees that whatever is agreed will be effectively implemented. A system of notifications on the adoption of commitments can be introduced to maximise the scrutiny of all members on the system.

3. HOW MIGHT MC11 AGREEMENTS AFFECT ECONOMIC TRANSFORMATION?

Trade enables countries to utilise their comparative advantages and improve efficiencies throughout the economy, bringing one-off shifts in incomes. **Openness to trade also leads to more competition and incentives to upgrade and become more efficient and productive.** Empirical evidence at macro level suggests more open economies do grow faster, and the opposite also holds: no country has raised incomes over a sustained period without engaging in global markets (through imports and exports). Empirical evidence at firm level also makes it clear that firms that are productive are more likely to be exporters (Krugman, 1980; Melitz, 2003) *and* that exposure to foreign markets *leads* to higher productivity (Girma et al., 2004; Wagner, 2007). While domestic policies and institutions remain crucial for countries in promoting participation in trade, reforms to trade rules are also needed.

There are winners and losers in the process of trade. Complementary policies and institutions will be needed, to ensure that countries, and specific groups and firms within them, gain from taking part in trade or value chains. Trade provides the opportunity, while domestic action makes it work for development.

It is easy to **overstate the possible impacts of current negotiations on trade policy.** Overall assessments of WTO trade negotiations generally have emphasised that there are some gains to concluding a comprehensive tariff reduction but these, on their own, are well below 1% of world GDP when taking existing preferences into account (the effects are larger for large emerging countries, smaller for developed countries and small, negligible or even negative for the majority of LDCs and poorest developing countries). The gains from liberalisation in agriculture remain significant, but those for NAMA are limited; larger gains can be obtained by addressing barriers to trade in services. The largest gains are expected to come from addressing non-tariff barriers, rather than tariffs.

Agreements on issues currently on the negotiation table can still provide a helpful contribution to development and economic transformation. Tables A2.1–A2.3 in Annex 2 discuss general pathways and specific effects in our three negotiating areas, and we discuss these now.

Trade- and market-distorting **domestic support in agriculture** – including market price support measures, direct payments and input subsidies – can undermine progress towards economic transformation. Subsidies depress global prices, promote production in subsidised markets and make it difficult for agricultural exporters to compete against the farmers benefiting from such subsidies. Thus, subsidies tend to transfer resources from efficient suppliers to inefficient producers in the countries that provide subsidies, which decreases global and country productivity and reduces global welfare. This can also have knock-on effects on countries' agricultural value chain strategies, including the use of agro-processing as part of transformation strategies.

Public stockholding programmes provide market price support to producers, raising the production of supported commodities and potentially distorting (lowering) world prices and trade of certain commodities. Increased stockpiles could be associated with large production surpluses, which could lead to subsidised

exports. Public stockpiling may also act as a trade barrier against efficient suppliers, affecting global productivity.

The **agriculture SSM** is a less efficient tool than the use of other domestic policies and institutions in dealing with shocks, with trade often being a tool to *increase* resilience against shocks (e.g. access to food during drought). Disciplines on how the SSM is activated, including around the application period, can help ensure the tool does not become a permanent protection measure.

Digital economy and e-commerce can have significant positive impacts on economic transformation, especially for those firms, groups of people and countries that are well prepared to take part. Agreements on e-commerce can increase economic transformation by helping firms (and citizens) access new technologies and new markets, reduce transaction costs and increase efficiency gains through greater information and communication networks, such as the proliferation of new, or better, technologies. All these changes increase the productivity of firms, helping them improve their export potential and potentially upgrade their position in global value chains. Firms will then, in turn, move productive resources to higher-productivity activities, or sectors, driving growth, incomes and poverty reduction in developing countries. The real issue is whether and how the poorest countries can make use of these new technologies, or whether the digital divide is getting bigger.

Capacity-enhancing subsidies in fisheries (grants or flexible loans to expand fleets or acquire gear, as well as support to pay for fuel and crew members) reduce global efficiency and productivity, as efficient fishers are replaced by less efficient fishers in subsidising countries. Subsidies allow for fishery operations that, by virtue of their higher production costs, would otherwise not be economically viable. Moreover, such subsides could lead to faster depletion of common resources. The impact of subsidies by developed and large developing countries such as Japan, China and the US is particularly negative for countries such as small island developing states (SIDS) that rely on fisheries for livelihoods, trade and value addition.

4. GENERAL AND SPECIFIC FINDINGS

Tables A2.1–A2.3 in Annex 2 provide a summary of some of the likely impacts of the WTO negotiation issues under discussion.

4.1. Agriculture

Different countries are affected differently by WTO agreements on agriculture, depending on the area of WTO provisions, the specifics included in them and trade structures. Box 1 above discusses current practices in domestic support.

A reduction in **global subsidies for agriculture** benefits net exporting developing countries, especially those that are major exporters of the most subsidised products or for which these products constitute a large share of their commodity exports – for example for rice (Cambodia, China, India, Myanmar, Niger, Pakistan, Rwanda), pig meat (Brazil, Chile, China, Mexico, Romania, Serbia), dairy products (Argentina, Belarus, China, Costa Rica, Malaysia, Togo, Uruguay), beef and veal (Argentina, Belarus, Botswana, Brazil, Mexico, Pakistan, Paraguay), wheat (Argentina, Bulgaria, Kazakhstan, Moldova, Romania, Russia) and cotton (Benin, Brazil, China, India, Mali, Niger, Pakistan, Togo, Turkey).

Because the current overall level of subsidies is sometimes lower than the bindings, the short-run benefits for developing countries of any domestic support reduction will be, on average, minimal unless product-specific limitations are introduced. However, the introduction of lower limits would prevent further distortion on prices.

A **relaxation of disciplines on the use of price support mechanisms for stockholding** could adversely affect developing country exporters of wheat (e.g. Argentina, Bulgaria, Romania, Russia), rice (e.g. China, India, Myanmar), maize (e.g. Argentina, Brazil, Russia) and other commodities that are typically stockpiled, as these commodities would fetch lower prices in world markets. Producers in these countries may also

face greater competition from subsidised imports into their domestic market. In contrast, net food-importing countries may benefit from more relaxed disciplines on stockpiling through lower prices for key imported commodities. Domestic consumers in these countries, especially those in poorer households, will benefit from lower prices for staple commodities and foods. More stringent limits on public stockholding programmes may adversely affect food security in many developing countries that utilise these programmes, particularly India but also many African countries (including Botswana, Ethiopia, Ghana, Kenya, Malawi, Tanzania, Zambia and Zimbabwe). But this assessment will depend on the costs of the stockholding and the alternatives available. In particular, no prohibition exists for governments to build food stocks purchasing grains and other products at market prices. Therefore, it is the use of artificially inflated producer prices to build and sustain the food stock what needs to corrected.

An agriculture **SSM** may provide temporary protection against imports for local producers in developing countries but, in the longer term, domestic agricultural exporters in these countries will become less efficient and thus less competitive in export markets. Moreover, developing agricultural exporters (e.g. Africa Group, Argentina, Bolivia, Brazil, Colombia, Costa Rica, Indonesia, Malaysia, Pakistan, Paraguay, Peru, the Philippines, Thailand, Uruguay, Viet Nam) will be adversely affected, encountering permanent barriers (in the form of higher tariffs). High prices on these critical products will affect consumers in developing countries, who devote a large share of their household budget to food.

4.2. E-commerce

There is significant growth in ICT-related activities in developing countries, specifically centred on the provision of ICT services by lower-middle-income countries, with India and Indonesia at the forefront and smaller, low-income, countries like Nepal also showing significant participation. ICT-based solutions, such as the e-payments systems in East Africa, address development issues such as low financial deepening. While these activities are increasing and can represent a significant percentage of total service exports, their value is still low relative to ICT activities in high-income countries. Thus, there is much scope to increase value addition in these activities in developing countries. The **focus on e-commerce at the WTO** could provide a significant boost to economic transformation by helping developing countries move to more valuable ICT services and at the same time promoting the positive externalities on growth. As a start, countries could agree on, and use, a standard (or multiple standards) to measure trade in e-commerce.

The **WTO proposals that pertain to e-commerce tariff reductions and increased data protection laws should benefit all countries**. One challenge is that many developing countries do not have effective data protection laws, which harms their ability to attract ICT investment. Data localisation measures may stop ICT investments by developing countries across all major markets.

While lack of data prevents us from making detailed, evidence-based, suggestions, we argue that several aspects of the e-commerce proposals would have positive effects on economic transformation. The proposed removal of tariffs on ICT-related goods and services could significantly boost import levels by developing countries, helping improve adoption rates and generate associated increases in productivity. In addition, the removal of tariffs is associated with an increase in ICT-related goods exported by developing countries. Increased export levels could increase the rate of movement towards the production of higher-value ICT-related goods and services in developing countries. Box 2 discusses general estimates of the effect of tariffs on trade in high-tech goods. A **1% decrease in tariffs could lead to a (nominal) increase of US$2-3 billion in high technology imports and exports by developing countries**.

Initial studies on data localisation rules have shown that they negatively affect growth (e.g. in Brazil, China, the EU, India, Indonesia, Korea, Russia and Viet Nam) and may affect developing country firms' capacity to set up e-commerce operations (such as the provision of digital goods and services). A majority of developing countries already have electronic transaction laws in place but they lag behind in terms of consumer privacy and data protection measures. Although the implementation of these laws may be impeded more by policy and technical capabilities, it may also promote greater consumer confidence in the markets.

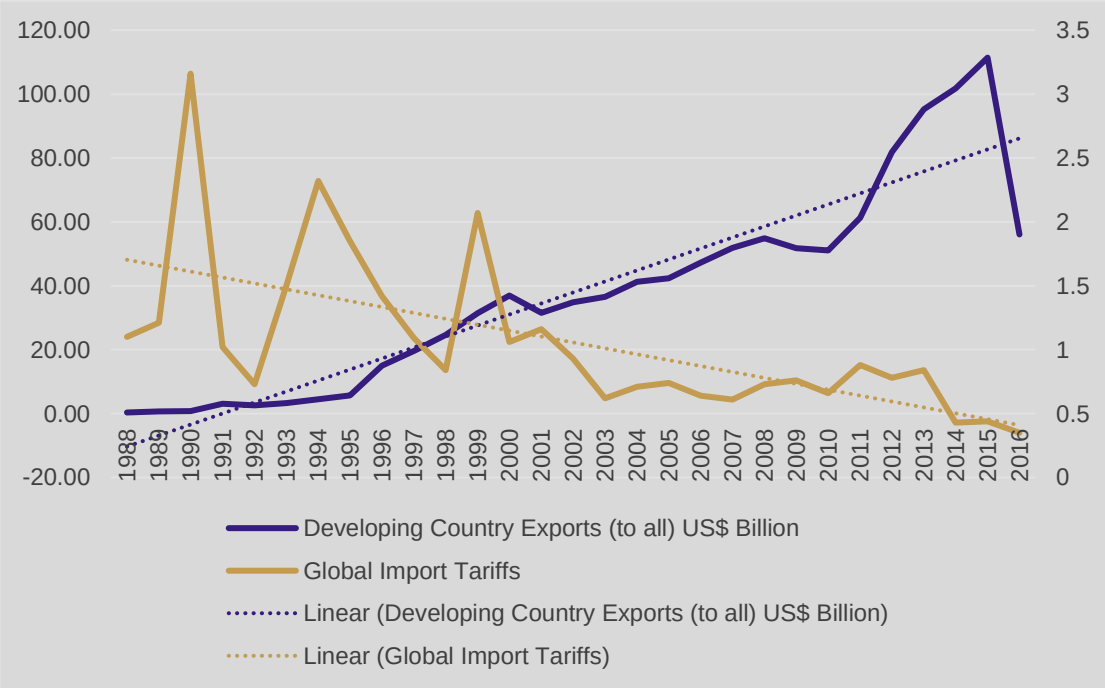
Box 2: Tariff reductions boost trade in high-technology goods by developing countries

The removal of tariffs on e-commerce, ICT and high technology goods could potentially have a significant impact on international exports and imports of ICT goods. This, in turn, can have significant knock on effects. If tariff reductions lead to increased imports of ICT, this can lead to positive productivity impacts in the wider economy through the spread of ICT use. For exporters, a tariff reduction in destination markets might increase exports, which can help to promote a move towards higher productivity (and higher value) sectors that make these goods. Furthermore, the use of ICT in trade can help foster competition (by widening consumer reach and increasing the number of players within a given commercial field), and vice-versa increased trade liberalisation can also help promote the use of ICT, thereby improving the competitiveness of those that adopt new technologies.

We examined the link between tariff reduction and increased trade. Pearson correlations between tariffs and the volume of high technology imports are strong and negative for both the weighted tariff average (-0.75) and the simple average (-0.76). Although we cannot infer that a decrease in the tariff rates on high technology goods imports would lead directly to an increase in the volume of high technology goods imports (other factors play a role too), regressing the weighted tariff average on the value of imports (and accounting for increases in the value of market demand) shows a significant negative relationship with a high degree of confidence (more than 1%), where a 1% decrease in tariffs could lead to a (nominal) increase of more than US$2 billion in high technology imports by developing countries.

The importance of tariff reductions on digital goods is also important when assessing the impact on high-tech exports by developing countries. As the figure below illustrates, developing country exports of high-tech goods has been on a steady upward trend since the late 1980s, whilst the global average (weighted) tariff rate has been declining. A simple regression between these two data points shows that there is a strong negative relationship (at the 1% confidence level), where an average decrease in global tariffs by 1% increases developing country exports by more than US$3 billion.

Figure B2: High-tech goods exports from developing countries to all countries (US$ billion, nominal, vertical axis) and import tariffs (horizontal axis).



Source: Classifications and calculations in Lemma (2017) based on WITS (2017).

4.3. Fisheries

One estimate based on the limited information available on the subsidies many countries provide suggests the elimination of fisheries subsidies may reduce captures in subsidising countries by 2% (1.5 million tonnes), potentially increasing captures in developing countries.

There are three main issues: the definition of subsidies; the impact of subsidies on fish production in subsidisers and other countries; and SDT for LDCs, small and vulnerable economies (SVEs) or developing countries more broadly. Developed and emerging economies, including China, the EU, Japan and the US, currently dominate global fisheries trade. Fishery subsidies help explain this trade dominance, which has enabled Chinese and EU fleets, for example, to go into distant waters. In the case of China, fishery subsidies are mainly fuel subsidies (see Box 3). The EU is also advocating fuel tax exemptions in any WTO agreement on fishery subsidies. This demonstrates that the **scope of prohibitions in the agreement** is likely to be a key political sticking point.

Box 3: The structure of fisheries production, trade and subsidies

Developing countries produce or host most fisheries but developed countries still export the most. Developed countries (e.g. Japan, US) and emerging economies (e.g. China, India, Russia) provide a similar level of subsidies (in total around $27 billion in 2003; estimated to be $35 billion in 2009).

Table B3: Fisheries production, trade and subsidies

	Production (million tonnes, 2015)	Exports ($ billions, 2013)	Subsidies ($ billions, 2003), beneficial	Subsidies ($ billions, 2003), capacity-enhancing	Subsidies ($ billions, 2003), other
Developed	25	70.2	3.5	7	1.9
LDCs	1	2.3	0.4	0.5	0.0
SIDS	5	2.8	0.5	0.9	0.0
Other developing	47	63.8	3.5	7.9	1.1

Note: See Worrall and Mendez-Parra (2017) for further details on numbers and issues.

Fuel subsidies accounted for 23% of global subsidies in 2003; this was followed by fisheries management, at 19%. In 2009, fuel subsidies accounted for 22%; this was followed by management (20%) and then ports and harbours (10%) (Sumaila et al., 2015).

Several countries are heavily dependent on fisheries. Sierra Leone derives 9.5% of value added from fisheries, Myanmar 8.0% and Angola, Bangladesh, Belize, Namibia and Niger between 2% and 4%.

As explained in the text, if WTO negotiations are successful in limiting subsidies on fisheries, this would benefit producers in LDCs and SIDS in particular. The examples of China and the EU are illustrative. For example, subsidies have been crucial to the expansion of the Chinese fleet. In 2013, the Chinese government spent $6.5 billion on fishery capture subsidies, of which 94% was in the form of fuel subsidies (Mallory, 2016). The EU has secured Fisheries Partnership Agreements with developing countries in West Africa (as well as East Africa, the Pacific and the Caribbean), which provide financial and technical support in exchange for fishing rights (Schroeer et al., 2011). Daniels et al. (2016) have estimated the effect of West African countries 'taking back control' of their fisheries from foreign investors. In doing so, governments could create more than 300,000 jobs, including a mix of fisher and processor jobs (ibid.).

Source: Worrall and Mendez-Parra (2017).

Fisheries can play an important role in economic transformation, through within-sector productivity growth. This is of importance to SIDS (see Box 3), which may cover a small geographic land area but a large exclusive economic zone (EEZ). To reach their full potential in fisheries trade, and in particular the promotion of added value activity, developing countries and LDCs need to invest in the sector. The experiences of Myanmar and Vanuatu show the importance of technical capacity in meeting developed country food standards for export, of access to financial credit for upgrading activities and of backward and forward linkages to the global value chain for access to global markets. This is particularly relevant for small-scale fishers.

Moreover, job creation and economic transformation is limited by the combination of illegal, unregulated and unreported fishing, on one side; and the operation of distant water fleets close to many developing countries. In West Africa, foreign operators catch significantly more fish than local fishermen. If fishery subsidies were to be eliminated, this could help local operators to increase production. Some estimate that in the case of West Africa this would help to create more than 300 thousand local jobs (see Box 4).

The proportion of fishery stocks currently described as fully fished, overfished or depleted has reached over 90%. Action is needed to reverse this trend. The removal of capacity-enhancing subsidies under the WTO negotiations is an important first step in global efforts to reduce overfishing, particularly for shared stocks (e.g. regional and high seas fishing or fishing in other members' EEZs). It is, however, unlikely that a WTO agreement on fishery subsidies alone will be sufficient to reverse overfishing, in particular if there are SDT provisions in place. To complement a possible agreement at the WTO, to combat overfishing effectively, a further coordination mechanism may be required under the UN. **Global fishery catch may decline by 2%** following the global removal of capacity-enhancing subsidies (extrapolation based on limited countries' data), reducing net fisheries incomes in the subsidising countries. The fall in global capture could lead to a net increase in export prices in many developing countries, leading to an expansion in their captures.

Fishery subsidies that enhance the technical or financial capacity for fisheries value addition in LDCs and SIDS, however, remain important to enhance their access to, and their economic opportunity arising from, the global commons of fisheries. This qualitative analysis presents an argument for **SDT** in the fishery subsidies agreement. Nevertheless, although subsidies in LDCs may have little distortionary effect on world prices, they may promote the creation and expansion of inefficient firms in LDCs, reducing productivity. In this sense, SDT provisions will be contrary to the general economic transformation objective in these countries.

Box 4: West Africa fisheries

The West African coastline contains some of the most valuable fisheries in the world, including high-value tuna stocks. The fisheries sector is also extremely important for the economy and population. West Africa's fisheries exports to the global market were worth more than $489 million in 2011 (Daniels et al., 2016). The fisheries sector accounted for 9.5% of domestic value addition in Sierra Leone, compared with 2.0% in Niger, 1.9% in Senegal and 1.4% in Benin (UN Data 2017).

The sector employed 30 million people in West Africa in 2013, with the major country players being Nigeria, Senegal, Ghana and Mauritania (Ndiaye, 2013), whose total capture production in 2015 ranged from 256,175 to 295,434 tonnes (UN Data 2017). The artisanal sector also provides employment, for 32,000 people in Gambia, 45,000 in Côte d'Ivoire and nearly 100,000 in Senegal (de Graaf and Garibaldi in Daniels et al., 2016). Women also feature prominently in fish processing jobs (Daniels et al., 2016). Beyond the economic benefits, local fisheries are an important source of food. Nearly 60% of West Africa's protein derives from fish (ibid.).

The West African coast is also a hub of IUU activity, which accounts for between half and a third of the regional catch (Daniels et al., 2016). IUU fishing is estimated at $1.3 billion every year, providing missed opportunities for domestic fleets (Africa Progress Panel, 2014). In particular, fisheries-dependent countries are losing out: Senegal to the tune to $300 million a year; Guinea to the tune of $110 million a year; and Sierra Leone to the tune of $29 million a year (USAID, 2013 and MRAG, 2005 in Daniels et al., 2016).

Over 50% of fisheries resources are considered overfished (FAO data in Daniels et al., 2016). Weak governance is certainly one contributing factor to high levels of IUU in West Africa, with evidence of organised crime in fisheries as well as conflicts between IUU fisher and artisanal fishermen, given ever-increasing competition for dwindling resources. Daniels et al. (2016) point to loopholes in governance regimes, weak compliance and limited enforcement. Contrarily, fishing has also played a valuable role in the post-conflict recovery of Sierra Leone, providing a source of jobs and GDP growth to the country (ibid.).

DWFs from China, the EU and other countries dominate extraction in West African fisheries. Other countries with a DWF presence include Taiwan, Korea and Russia, including a significant presence of illegal vessels (Agnew et al., 2009). It is noted that 'Chinese trawling interests often have influence because local markets have to a degree become dependent on their landings' (Pauly et al., 2014). In total, nearly 75% of all fish caught by Chinese vessels are caught in West Africa's waters, or 3.1 million tonnes, with claims that 80% of this is unreported (World Fishing and Aquaculture, 2014). This is compared with 1.2 million tonnes caught by an estimated 274,000 artisanal fishermen in the region (Clover, 2016), showing the small share the artisanal sub-sector captures.

In the case of the EU, the bloc has secured Fisheries Partnership Agreements with developing countries in West Africa (as well as East Africa, the Pacific and Caribbean), which provide financial and technical support in exchange for fishing rights. In 2011, the EU fleet caught 400,000 tonnes in foreign waters through these agreements, of which more than half, at 240,000, were supplied to West African countries. The 160,000 tonnes supplied back to the EU that year was valued at €320 million a year (Schroeer et al., 2011). The agreement has exported the problem of overfishing to some extent, however.

Daniels et al. (2016) have estimated the effect of Western Africa countries 'taking back control' of their fisheries from foreign investors. In doing so, governments could create 306,000 jobs, including a mix of fisher and processor jobs, equivalent to a 10% increase in the local workforce. This would include approximately 90,000 jobs for women, hence also triggering wider socioeconomic gains in the region. If just a fraction of the fish caught by foreign fleets was consumed locally, the impact on nutrition would also be significant (ibid.). In order to pursue this line of action, West African governments will need to step up enforcement of their fisheries, to reduce the levels of IUU fishing.

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ANNEX 1: SUMMARY OF NEGOTIATING PROPOSALS IN AGRICULTURE, E-COMMERCE AND FISHERIES

Table A1.1: Summary description of major WTO negotiations on domestic support in agriculture

Main issues	Description	Proposals
High levels of (total current and bound) AMS	Negotiations centre on whether, and if so how, to address high current levels of distorting domestic support in certain developed countries as well as the rising levels in several large emerging economies (e.g. Brazil, China, India, Indonesia, Thailand, Turkey). The key areas of disagreement relate to 1) how such support should be reduced and 2) what special arrangements or concessions should be made for developing countries.	Developing countries with strong agricultural interests want to substantially reduce trade-distorting domestic support, particularly for smallholder farmer production. These countries also want stricter disciplines on what constitute Green Box (i.e. minimally or non-trade-distorting) measures. Specific proposals include the following: • Several major developing countries (including China, Egypt and India) want AMS eliminated and an agreement on reduction commitments for minimally trade-distorting Green Box programmes in developed countries. • The African, Caribbean and Pacific (ACP)[3] countries want to cap farm subsidies, by capping the maximum level of Amber Box support developed countries are permitted to use. These countries also want product-specific limits on subsidies (e.g. Benin, Burkina Faso, Chad and Mali want an agreement on a fixed limit on domestic support for cotton). • The LDC group wants WTO members to agree to a limit on the sum of all trade-distorting support (to include Amber Box, *de minimis* and Blue Box payments). • The Cairns Group want new limits on trade-distorting domestic support. It also wants new disciplines to address the concentration of subsidies in a limited number of agricultural products. But the G-10 countries view subsidies and other domestic support measures as important tools for protecting their rural economies, and are generally opposed to major reductions. These countries also want developing countries included more centrally in any future domestic support disciplines. Other countries (e.g. Australia, Brazil,

[3] For a definition of the different negotiation groups, see https://www.wto.org/english/tratop_e/dda_e/negotiating_groups_e.htm

Main issues	Description	Proposals
		the EU, the US), want cuts to eliminate SDT provisions exempting developing countries from including investment or input subsidies in their AMS. The EU, together with Brazil, Colombia, Peru and Uruguay, has proposed capping trade-distorting support at a percentage of the total value of production (in 2018), but wants to maintain existing limits on domestic support in the Agreement on Agriculture. It argues countries should be bound by equal limits, which vary only according to development status.
Spending caps for public stockholding	Negotiations in this area are focused on finding a permanent solution to the problem of public stockholding. There is disagreement as to whether developing countries should be allowed to exclude purchases of food supplied for stockholding at an administered price in their AMS.	Developing countries using market price support in public stockholding programmes want a revision of the way in which such subsidisation is calculated (particularly for previously established external reference prices to account for inflation). The G-33 countries want *no limits* on food purchases for public stockholding purposes using administered prices. These countries want such purchases to be excluded from domestic support calculations. Other countries, particularly the US and some large developing country exporters, are opposed to excluding these purchases from domestic support calculations, arguing public stockholding programmes distort other developing countries' markets and may result in an influx of subsidised exports into these markets.
Right to recourse to a SSM for developing countries	Negotiations centre on whether developing countries should have the right to recourse to special safeguards, and under what circumstances. The latter spans discussions on 1) what size of import surge should trigger a SSM, 2) what size of temporary SSM tariff should countries be allowed to apply and 3) what products the SSM should cover. Currently, only a limited number of mostly developed countries, which converted non-tariff barriers (NTBs) to tariff equivalents in the Uruguay Round, have the right to use special safeguards allowing them to impose additional duties above bound levels to products that underwent the tariffication process.	The G-33 countries are pushing for a new SSM that enables developing countries to raise tariffs temporarily in response to sudden surges in import volumes or large declines in prices that adversely affect domestic producers. The EU the US and most of the Cairns Group want the right to recourse to a SSM to be linked to market access concessions. Other agricultural exporters (e.g. Argentina, Australia, Colombia, New Zealand, Pakistan, Paraguay, Russia, Uruguay, Viet Nam) want to phase out the existing SSM completely.

Table A1.2: Summary description of major WTO negotiations on e-commerce

Main issues	Description	Proposals
Tariff reductions	Multiple proposals call for the removal of import tariffs on e-commerce, either on physical goods that are cross-border traded by digital means or on digital products. The issue is one where there is no classification of what should be treated as an 'e-commerce' good. This stems from two main concerns: a) Digital goods are not controlled at customs and may be taxed only at point of sale i.e. the country where the online sales platform is based. b) Physical goods may also only be similarly taxed at point of sale, whilst goods may be shipped (i.e. Amazon basing sales in country A, locating products in country B and selling either to country B or to a third country C, but using favourable taxation rates in country A). Low value added and tariff thresholds applied on small consignments, typical of business to consumer e-commerce, affect the expansion of e-commerce.	**EU**: Proposed removal of tariffs on goods brought through e-commerce means through the expansion of the ITA; Prohibition of custom duties on electronic transmissions. **China**: Extend a moratorium on the imposition of custom duties on electronic transmissions; allow the set-up of bonded warehouses in other member states. **MIKTA**[4]: Proposes the negotiation of better digital service market access commitments. **USA**: Prohibition of digital customs duties; Application of MFN and national treatment rules to digital goods.
Data localisation	Data localisation is a simple market access issue, complicated by security and privacy concerns. The main proponents call for a removal of data localisation requirements based on the principle that setting up data centres or servers in mandating countries increases costs for firms interested in offering relevant services. Those who mandate data localisation requirements, justify such actions based on citizen and public body **data protection**, although some also use the justification of promoting ICT services in-country (i.e. Vietnam). The number of countries that mandate data localisation is small (six developed, four developing), but includes significant markets such as the EU, China, India, Indonesia, Nigeria and the US.	**EU:** Ensure cross-border data flows and data localisation disciplines building on existing WTO commitments (subject to appropriate public policy exceptions). **USA:** Prevent localisation barriers (i.e. localised data centres). **FED**: Promote secure cross-border data transfers. **China:** No measures proposed on data localisation. **MIKTA:** No measures proposed on data localisation.

[4] Malaysia, Indonesia, Korea, Turkey and Australia.

Main issues	Description	Proposals
	The discussion is complicated by the lack of international standards on data localisation practices that can be used as reference.	
Consumer protection and data privacy	A common call across all the proposals and coming as a response to the question: What are the best practices to safeguard consumers and promote data privacy? It is important to note that multiple **data localisation laws** were set up with the pretence of data privacy promotion and cyber-security, hence wider proliferation of such laws (a domestic issue), may have to feed back into data localisation measures.	**China:** Exchange information between members on consumer and privacy protection rights. **EU:** Implementation of regulatory frameworks for consumer privacy, consumer protection and cyber-security. **FED:** Promote security and trust in terms of consumer and business data protection and prevention of cybercrime. **MIKTA:** Negotiate e-commerce disciplines such as consumer protection and privacy. **USA:** Protect and foster innovations in encryption tools to ensure privacy and security.

Table A1.3: Summary description of major WTO negotiations on fishery subsidies

Main issues	Description	Proposals
Scope of fishery subsidies	Negotiating proposals aim to classify fishery subsidies as beneficial (e.g. those directed at marine conversation areas); ambiguous (e.g. those that support development initiatives in artisanal fishing communities); or, harmful (e.g. those that support overcapacity and overfishing). Fisheries subsides are estimated at $35 billion globally, the majority of which are harmful, capacity-enhancing subsidies.	The prohibition on overfishing, overcapacity and Illegal Unreported and Unregulated (IUU) fishing subsidies is largely agreed upon across the proposals, though the EU and the New Zealand, Iceland and Pakistan bloc do not mention 'overcapacity' per se. The ACP Group and New Zealand, Iceland and Pakistan bloc also suggest the prohibition of subsidies to industrial fishing and fishing outside of respective Member States' EEZs. The latter bloc also recommends a prohibition of subsidies for fishing on the high seas. Proposals by the EU and Indonesia propose the ban of subsidies to fishing vessels (construction, maintenance, etc.). Indonesia proposes banning fishery subsidies supporting operational costs. The LDCs propose general exemptions for artisanal fishing and fishing within respective Member State EEZs, as well as within regionally agreed upon quotas.
Special and differential treatment	Certain developing countries are reliant on capacity-enhancing subsidies to develop fishing capacity (as distinguished from 'overcapacity), particularly lower-income or LDCs. Subsidies in these countries can also be directed to artisanal fishing, which are less likely to contribute significantly to overfishing. With some emerging economies (e.g. China) being major contributors to overfishing and fishery subsidies globally, the scope of SDT will need to reflect this.	The ACP proposal provides LDC and Small and Vulnerable Economies (SVEs) exemptions, particularly for artisanal fishing, fishing inside of respective Member State EEZs, or within the scope of regional agreements. The EU proposal focuses on 'developing countries' and LDCs exemptions, provided vessels are under 10 metres (and providing evidence of not contributing to overfishing). Indonesia specifies developing country exemptions for artisanal fishing and vessels below 24 metres (and within regional/high sea fishing quotas). A proposal by the New Zealand, Iceland and Pakistan bloc allows for proportionality, without undermining the effectiveness of the agreement. The Latin American Group,[5] LDCs and the New Zealand bloc also recommend transitional periods (such as those in the TFA, referenced by the Latin American Group).

[5] Argentina, Colombia, Costa Rica, Panama, Peru and Uruguay.

ANNEX 2: SUMMARY OF BROAD IMPACTS OF WTO NEGOTIATING PROPOSALS IN AGRICULTURE, E-COMMERCE AND FISHERIES

Table A2.1: Summary of broad impacts of major WTO negotiation on domestic support in agriculture

Main issues	Pathways of impact on economic transformation	Examples of impact
Level and type of AMS	Agricultural subsidies depress global prices and make it difficult for non-subsidised agricultural producers to compete in export markets and against subsidised imports in the domestic market. Lower subsidies and reductions in other forms of domestic support will reduce production levels in subsidising countries, thereby reducing supply and the magnitude of exportable surpluses. Lower subsidies will thus lead to higher commodity prices. This will affect (i) net trade, depending on whether countries are net (food) exporters or importers, (ii) domestic production (depending on export supply elasticity) and (iii) domestic consumers (depending on budget share). But it is important to bear in mind that international prices are only likely to be reduced significantly if reductions in the bound levels of the AMS are sufficiently large to generate a reduction on the effective levels of support. Consequently, trade distorting subsidies have efficiency and global distributional effects. They transfer resources from efficient suppliers to inefficient producers in the countries that provide subsidies. This decreases global and country productivity.	Agricultural exporting developing countries are likely to benefit from lower subsidies, especially those that are major exporters of the most subsidised products or for which these products constitute a large share of their commodity exports e.g. rice (India, Pakistan, Myanmar, China, Cambodia, Niger, Rwanda), pig meat (Brazil, Mexico, Chile, China, Romania, Serbia), milk (Belarus, China Uruguay, Argentina, Malaysia, Togo, Costa Rica), beef and veal (Mexico, Brazil, Argentina, Paraguay, Belarus, Botswana, Pakistan), wheat (Russia, Argentina, Romania, Bulgaria, Kazakhstan, Moldova), cotton (Benin, Mali, Togo, Niger, Pakistan, China, India, Turkey, Brazil). Net food importing developing countries will be adversely affected by lower subsidies due to the impact in raising commodity prices. New disciplines on Article 6.2 support could affect agricultural development and inclusivity in countries using these exemptions to support low-income and resource poor farmers (e.g. India, Indonesia, Senegal, Zambia, Malawi, Vietnam, Sri Lanka).
Public stockholding	Public stockholding programmes provide market price (and above) support to producers, raising production of supported commodities and potentially distorting world prices of certain commodities. A relaxation of the disciplines on stockholding may result in these programmes being used more generally. If, as a	A relaxation of disciplines on stockholding would adversely affect developing country exporters of wheat (e.g. Russia, Argentina, Romania, Bulgaria), rice (e.g. India, Myanmar, China), corn (e.g. Argentina, Brazil, Russia) and other commodities that are typically stockpiled, as these commodities would fetch lower prices in world markets. Producers in these countries may also face greater competition from subsidised imports into their domestic market.

Main issues	Pathways of impact on economic transformation	Examples of impact
	consequence, large production surpluses are generated for supported commodities (potentially leading in an increase in subsidised exports), this will result in lower world prices for these commodities. In addition, public stockpiling acts as a trade barrier against efficient suppliers. The increase in the output of inefficient suppliers and the reduction in the output of efficient producers affect global productivity. This will affect (i) net trade, depending on whether countries are net (food) exporters or importers, (ii) domestic production (depending on export supply elasticity) and (iii) domestic consumers (depending on budget share). At the same time, the induced lower prices incentivise the adoption of safeguards that restricts trade further (see below).	In contrast, net food importing countries may benefit from more relaxed disciplines on stockpiling through lower prices for key imported commodities.
Special Safeguard Measure	When triggered, a SSM acts as a barrier to trade, with higher tariffs limiting imports and raising the price of imported products. This reduces competition in these products in the domestic market, with the resulting protection raising prices and leading to increasing inefficiency and low productivity among domestic producers. This renders domestic producers less competitive in export markets. Inefficiencies among domestic producers undermine opportunities for within-sector productivity improvements and thus constrain economic transformation. Consumers in the domestic market face higher prices, impacting negatively on household incomes and consumer welfare. Evidence suggests that the existing SSM has been applied as a permanent measure of protection rather than a temporary and corrective measure.	Developing agricultural exporters (e.g. Africa Group, Argentina, Paraguay, Colombia, Pakistan, Uruguay, Vietnam, Bolivia, Brazil, Costa Rica, Indonesia, Malaysia, Peru, the Philippines, Thailand) will be adversely affected by the proposed SSM, encountering barriers (in the form of higher tariffs) to their exports in countries applying the SSM. The countries most affected will depend on what is ultimately agreed in terms of which products should be covered by the SSM. Local producers in developing countries applying a SSM will benefit initially from protection against competition from imports, but in the longer term domestic agricultural exporters in these countries will become less efficient and thus less competitive in export markets.

Table A2.2: Summary of broad impacts of main WTO negotiation proposals on e-commerce

<table>
<tr><th>Main issues</th><th>Pathways</th><th>Examples of impact</th></tr>
<tr><td>Tariff reductions</td><td>Tariff reductions on digital goods or digitally traded goods should have a positive impact on the uptake of high-technology processes; ICT goods have been shown to have a strong negative price elasticity of demand, hence the reduction in prices can drive increased levels of uptake. This has two transformative effects. For importers (i.e. consumers) of ICT goods, it reduces the price increasing uptake and associated (positive) productivity impacts. For exporters, it increases export volumes, promoting higher productivity (and higher value) sectors that make these goods.

The increase of the thresholds that trigger the application of value added tax and tariffs in small consignments on business to consumer transaction could lead to a notable expansion of e-commerce. It can constitute a major opportunity to expand e-commerce generated in developing countries.</td><td>Preliminary regression analysis shows that a 1% reduction of tariffs to imports of high-technology goods leads to an increase of $6 billion (nominal) in total imports of high tech goods by developing[6] countries. For exports, a 1% reduction should lead to a total increase of developing country high-tech exports of $22 billion of which $6 billion towards OECD countries. Price elasticities for developing country regions are negative and relatively high, indicating strong price elasticity, hence decreases in the price of ICT should increase uptake, therefore boosting both exports and imports.

<table><tr><th>Region</th><th>Mid-range price elasticity (est.)</th></tr><tr><td>Sub-Saharan Africa</td><td>-0.9</td></tr><tr><td>South Asia</td><td>-1.4</td></tr><tr><td>Latin America and Caribbean</td><td>-1.3</td></tr></table></td></tr>
<tr><td>Data localisation</td><td>Data localisation, given the significant prominence of countries currently applying restrictions, can have a large investment-dissuading effect on third parties who may want to establish investments in countries currently applying restrictions. Only four developing countries (India, Indonesia, Vietnam and Nigeria) have data localisation laws in place; but these are significant markets for south-south investments. In addition, all global major markets (EU, China and USA) also include such laws. Although impacts now may not be significant, in the long term they can act as NTBs to third party developing country firms.</td><td>Results aggregated from the literature analysis (Bauer et al. 2014) suggest that for developing countries, data localisation measures have resulted in the following impacts:[7]

India: -0.1% GDP; -1.4% domestic investment;
Indonesia: -0.5% GDP; -2.3% domestic investment; -1.7% exports;
Vietnam: -1.7% GDP; -3.1% domestic investment;</td></tr>
<tr><td>Consumer protection and data privacy</td><td>Better consumer protection and data privacy measures should increase confidence in e-commerce. Increased confidence would lead to greater uptake and promotion of cross-border trade and sectors involved in e-commerce.</td><td>Most developing countries have no consumer protection/data privacy laws. Impacts are difficult to estimate (on aggregate) and missing any real measures, hard to predict.</td></tr>
</table>

[6] Developing countries as defined by those in the lower-middle and low-income World Bank country classification, rather than the WTO self-assessed classification.

[7] No data for Nigeria.

Main issues	Pathways	Examples of impact			
			Implemented	*Draft*	*No laws*
		Electronic transaction laws	61.7%	19.3%	19.0%
		Consumer protection laws	33.3%	9.5%	57.1%
		Data privacy laws	38.1%	11.9%	50.0%
		Cybercrime laws	56.0%	11.9%	32.1%

Table A2.3: Summary of broad impacts of main WTO negotiations on fishery subsidies

Main issues	Pathways of impact on economic transformation	Examples of impact
Fishery subsidies	The effect of fishery subsidies removal will depend in part on the country's relative reliance on them. The effect on international prices, however, will depend on the volume of landings. The elimination of subsidies alone is unlikely to prevent overfishing. It may reduce its incidence; however other coordination mechanisms are also required to tackle overfishing.	Canadian fisheries support represents 31% of total landings (by value); US 32%; Turkey 35%; Japan 12%; EU 8%. Data for certain important countries e.g. China, India, Indonesia, Brazil or Russia are missing. Assuming the value of landings will fall by just half of the value of fisheries support and that the reduction in captures (by value) is associated with proportional reductions in landed tonnage, then these countries will reduce their captures by 1.5 millions of tonnes collectively. Given global captures reached 77 million tonnes in 2015, the elimination of subsidies would reduce global capture by 2%. A quantity-based adjustment implies a transfer of captures from subsidising countries to others. This would imply an average increase in captures of 2.6% in the rest of the world. The distribution among countries will depend on how different products are affected.
Special and differentiated treatment	Although subsidies may help to overcome these high set up costs, an exception for LDCs will be unnecessary and will continue to distort international prices. The economic arguments in favour of flexibility are not strong. SDT is expected to introduce the same type of existing distortions with effects only differing in terms of the magnitude of the support. The global distortionary effects may be small, however subsidies will generate the appearance of inefficient firms in LDCs in the same way that current subsidies lead to inefficient fishing in subsidising countries. These firms will generate a drain in the countries' resources that will not be offset by any increase in output and employment. In a context of limited resources, typical in LDCs, this policy will not maximise productivity and increase efficiency. On the contrary, subsidies are likely to generate a poorly developed sector, reliant on subsidies for its survival.	LDCs account for 6.5% of world captures. The subsidies granted by LDCs may have a similar effect to the subsidies currently being provided by Japan. The effects may be even stronger if these subsidies are limited to certain species, affecting fishers (or fisheries) in particular countries.