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## PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE

### Negotiations on Forestry and Fishery Products

#### *Communication from Japan*

The following communication, dated 25 June 1999, has been received from the Permanent Mission of Japan.

#### **Proposal**

##### A. Objectives

Forestry and fishery products are exhaustible natural resources which are renewable but can be depleted without proper management. The objectives of the forthcoming negotiations on such products should be to establish a set of rules and disciplines which contribute to the sustainable utilization of resources through the promotion of adequate resource conservation and management, and which are also fair and equitable both for exporting and importing countries.

##### B. Main points to be taken into account

When forestry and fishery products are addressed in the forthcoming negotiations, it is essential to take account of a wide range of factors related to such products, given that these are exhaustible natural resources. These factors include consideration of global environmental issues and of the deliberations and rules of other relevant international frameworks.

###### (a) *Forestry products*

Forestry resources serve public benefits in various ways. These benefits are maintained and fulfilled through proper management, including forestry production activities.

As forest areas are decreasing on a global scale, there has been a growing awareness on the global environmental issues since the Earth Summit. The attainment of sustainable forest management is one of the important challenges to the world. In negotiations on trade in forestry products, careful consideration must be given so that sustainable forest management should not be hindered.

Current trade rules provide insufficient disciplines on trade-distorting measures taken by exporting countries, such as that regarding export restrictions on logs. In order to conduct truly equitable negotiations, a closer examination of these measures is required.

Under such situations, discussions on market access issues should be aimed at establishing disciplines on those border measures that facilitate the fulfilment of the public benefits of forestry resources through the maintenance and development of forestry and timber industries in both the exporting and importing countries.

###### (b) *Fishery products*

Discussions on the market access issues on fishery products should be aimed at establishing disciplines on those border measures that do not encourage the fishing activities of flag-of-convenience (FOC) fleets and which cause an over-exploitation of fish stocks as a result of fishing operations that ignore resource management measures. Discussions should take into account such factors as the fulfilment of obligations on fishery resource conservation and management by each country, the necessity of a stable supply of fishery products, and the roles and functions of fisheries and fishing communities in the respective countries.

The question of fishery subsidies should be addressed as part of a process to identify all the factors hindering the sustainable utilization of fishery resources, and to seek solutions to ensure such sustainable utilization of fishery resources. The positive aspects of the fishery subsidies contributing to the sustainable utilization of fishery resources should be fully recognized. Such work should be carried out by the Food and Agricultural Organization of the United Nations (FAO), which has in-depth expertise on fishery management. The WTO should then fully consider such work when discussing how to deal with fishery subsidies. It should also be noted that other negative factors, such as an ineffective fishery management and the fishing operations of FOC fleets, are seriously disturbing the sustainable utilization of fishery resources. Strenuous efforts should be made toward arriving at solutions to these problems.

### C. Forum for negotiations

With respect to forestry and fishery products which are exhaustible natural resources, it is indispensable to examine all the relevant factors in a comprehensive manner, giving due consideration to the global environmental issues and to the resource conservation and management issues, in order to ensure a sustainable utilization of resources. To enable such comprehensive examination, a group for forestry and fishery products should be established independently from other non-agricultural products.

#### **Background**

As mentioned above, forestry and fishery resources, which are renewable and exhaustible natural resources, can be depleted without proper management. A sustainable utilization of such resources cannot be achieved if improvement of market access is pursued with only a short-term economic interest. We therefore propose that a group for forestry and fishery products be established independently from that for other non-agricultural products in order to enable conduct of discussions considering such aspects as global environment issues and resource conservation and management.

#### A. Forestry products

##### (a) *Public benefits of forests*

Forestry resources provide various public benefits, including land conservation, water reservoirs, recreational use and the mitigation of global warming, all of which are essential to human life. This has already been acknowledged in a series of international conferences, namely the UNCED, the FAO Rome Declaration on forestry, etc. It has been urged, therefore, to take actions to deal with those issues.

It is important for Japan, a country where land disasters occur frequently due to its steep topographical and fragile geological features, to improve a system of land disaster prevention through the preservation and improvement of forests. Forests can only fully provide public benefits when used in a sustainable manner through proper operations, including thinning. Therefore, appropriate measures should be taken so as not to hinder efforts aimed at sustainable forestry management, including those to secure public benefits through forestry operations.

##### (b) *Global environmental issues and sustainable forestry management*

Since the 'Earth Summit' in 1992, there has been a growing concern on the global environmental issues. Sustainable forest management is one of the most important challenges.

Forests, especially tropical forests, are rapidly decreasing and degrading, partly due to the inappropriate commercial cutting. In order to prevent deforestation and pursue the compatibility of preservation and the utilization of forests, exporting countries should make efforts to minimize the negative effects of the wood products trade on environment through the promotion of a proper forest management aimed at sustainable forest management and the implementation of appropriate

environmental policies. In wood-importing countries, it is necessary to maintain a commercially sustainable domestic forestry and to achieve sustainable forest management even when wood products are being imported.

Considering these aspects of forestry resources, the forthcoming negotiations on forestry products should deal all together with environmental issues, sustainable forest management and market access, while at the same time considering the differences in natural and social conditions in individual countries.

(c) *Disciplines for wood-exporting countries*

Most major wood-exporting countries implement log export restrictions which could violate Article XI of the GATT, thereby generally prohibiting quantitative restrictions. Japan is concerned that current trade rules provide insufficient disciplines against those measures. Furthermore, some wood-exporting countries impose discriminatory levies of export tax between logs and the finished products in order to protect the domestic industry.

Taking into account these aspects of wood trade, we should, in order to conduct equitable negotiations, ensure a balance between exporting and importing countries on their rights and obligations through examination of not only the import tariffs, but also the export restrictions and export tax. We should also establish global disciplines for enhancing public benefits of forests through a sound maintenance and development of the forestry and wood industry in both the exporting and importing countries.

(d) *Market access*

Forestry resources provide public benefits under an appropriate forest management. Without proper management, including proper forestry production, forest resources, as well as their public benefits would be lost, thereby seriously affecting people's lives.

Therefore, in discussing disciplines over border measures on forest products, we should aim at promoting the public benefits of forests through a sound maintenance and development of the forestry and wood industry in each country.

B. Fishery products

(a) *Trade rules contributing to the conservation and management of fishery resources*

Fishery resources are renewable and exhaustible natural resources, which can be depleted without proper management. At present, many fishery stocks are over-exploited, and approximately 40 per cent of the world fishery products are subject to international trade. Therefore, with respect to the trade of fishery products, a framework for negotiations is necessary, which can adequately reflect the importance of supplementing and reinforcing conservation measures, as well as sustainable management. It is appropriate to establish a negotiating group for fishery products independently from that for industrial products.

Trade liberalization without proper resource management measures could lead to an increase of the international trade of fishery products, which are caught in a manner causing over-exploitation, neglecting the conditions of the resources concerned or not abiding by the rules for resource conservation and management. Based on such perception, trade restriction measures are currently being taken to ensure the effectiveness of resource conservation and management measures under the frameworks of international resource management organizations, including the ICCAT (International Commission for the Conservation of Atlantic Tunas). Some countries take their own trade measures for similar reasons.

Fishery products are a source of valuable animal protein and thus contribute to food security. The depletion of fish stocks due to over-exploitation throughout the world is threatening their sustainable supply. For a stable supply of fishery products, while ensuring a balanced utilization of all trophic levels of the ecosystem without protecting specific species in an excessive manner, every nation should fulfill its obligation of managing resources in its waters and its fisheries, and should also ensure a stable supply of fish and fishery products to its nationals through its domestic supply as the basis. When establishing international trade rules, these points should be fully taken into account. In addition, the roles and functions of fisheries and fishing communities, including the maintenance of rural coastal communities, the management of coastal areas, the contribution to environmental preservation and the provision of recreation opportunities to

nationals, should also be taken into account.

(b) *Market Access*

As for tariff and non-tariff measures on fishery products, various factors should be fully considered, such as the relationship of tariff and non-tariff measures with conservation measures, the fulfilment of obligations on conservation and management by each country, a stable supply of fishery products, as well as the social, economic and cultural roles played by the fisheries and fishing communities.

International trade rules on fisheries should not encourage the fishing operations of FOC fleets, which do not bear resource conservation costs and should not lead to over-exploitation which neglects resource management.

(c) *Fishery subsidies*

The most important issue to be focused on is how to guarantee a sustainable utilization of fishery resources. In the first place, therefore, it is necessary to identify all the factors which hinder sustainable resource utilization and also to develop measures to deal with these negative factors. Thus, it is inappropriate to single out the fishery subsidies. It should also be noted that there are positive fishery subsidies that contribute to the sustainability of fishery resources, such as those for a reduction in fishing capacity, the improvement of fishery management and stock rehabilitation and enhancement. These positive aspects of fishery subsidies should be duly recognized.

Such work requires technical expertise and should be conducted by the FAO, which has an in-depth expertise on fishery management.

The way to deal with the fishery subsidy issue in the WTO should be considered in the course of identifying all the negative factors and finding the solutions thereto.

It should be noted that an ineffective fishery management, the lack of fishing capacity control, insufficient enforcement and the operation by FOC fleets that do not abide by international conservation rules, are the major factors adversely affecting the sustainable utilization of fishery resources. All the countries concerned are urged to make strenuous efforts to solve these problems.

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