

Written Testimony of Ted Danson

Subcommittee on International Trade, Customs, and Global Competitiveness of the Senate Committee on Finance July 14, 2010

Good afternoon, Mr. Chairman and Members of the Committee. I'd like to thank you for the opportunity to talk to you today. My name is Ted Danson. I am a long time ocean advocate and a member of the Board of Directors of Oceana.

We are an international ocean conservation organization based in Washington, DC. Oceana also has staff in Alaska, California, Florida, Oregon, and Massachusetts, as well as international offices in Belize City, Belize; Brussels, Belgium; Madrid, Spain; and Santiago, Chile. We have more than 400,000 members and supporters from all 50 states and more than 150 countries around the world. Our mission is to protect and restore the world's oceans.

I've been working on ocean issues for more than 20 years. My interest started when one day, I decided to take my daughters – who were 4 and 8 years old at the time – to go swimming at the beach in Southern California. We were ready to go and running toward the water, but were stopped by a sign that said “no swimming, ocean polluted.”

My girls couldn't believe it and neither could I. The ocean was closed. They asked me why, why can't we go swimming – in this beautiful, seemingly very healthy-looking ocean?

So in the late 80s, I co-founded the American Oceans Campaign to clean up beaches and the ocean. And for 15 years, we worked to protect the oceans from oil drilling and other threats. But what I learned along the way is that overfishing – in addition to pollution – is a major problem facing the oceans.

Most people think pollution is the biggest problem because that's what we are familiar with. But we often don't understand the harm that comes from overfishing because it happens far away and below the surface – and we can't see the destruction that is occurring.

And so we could expand the capacity of the American Oceans Campaign, we decided to join with Oceana, which has become the world's largest organization focused solely on marine issues.

That's why I am particularly excited to be here today – because there's an inextricable link between ocean conservation and global competitiveness.

Fish is a Global Commodity

Ocean protection is about food security and the environment, but it is also fundamentally about business and economics.

It's quite simple -- No Fish. No Fishermen. No Future.

The world depends on the oceans for food and livelihood. The oceans provide essential protein to nearly half of the world's population. Hundreds of millions of people around the world depend on fishing for all or part of their income. The United States is now the world's largest importer of seafood, and ranks as one of the top 5 exporters. And in the U.S., our commercial and recreational fisheries supply more than 2 million jobs.

But the world's fisheries are in trouble.

According to the U.N. Food and Agriculture Organization, more than 80 percent of the world's fisheries are now overexploited, fully exploited, significantly depleted or recovering from overexploitation.¹

Many of the world's fish populations are being rapidly depleted by overfishing. According to leading fishery scientists, 63 percent of assessed fish stocks worldwide require rebuilding, and reduced exploitation rates are needed to reverse the collapse of vulnerable species.²

Some of the most overfished species are the "big" fish. A study published in the journal Nature concluded that 90 percent of all the tuna, marlin and sharks are gone.³

According to the FAO, "the maximum long-term potential of the world marine capture fisheries has been reached."⁴ As a result, increased demand for wild capture fish cannot be met by increasing fishing effort without restoring fish populations and ensuring their ongoing sustainability. But sustainable fishing can only be achieved through compliance with effective fisheries management programs, by controlling illegal fishing and by limiting subsidies that not only distort trade but also undermine management efforts and lead to overfishing.

Paying Fishermen to Overfish

Despite international consensus about the depleted state of the oceans, many governments continue to provide major subsidies to their fishing sectors. Subsidies not only distort markets and support uneconomic activities, but are a major incentive to overfishing and other destructive fishing practices.

These subsidies push fleets to fish longer, deeper, and farther away than what would otherwise be economically viable. Many fleets continue to operate only with the support of government subsidies.

¹ FAO. The State of World Fisheries and Aquaculture – 2008. "Part 1: World Review of fisheries and aquaculture." 2009. Rome. <http://ftp.fao.org/docrep/fao/011/i0250e/i0250e01.pdf>

² Worm, B., Hilborn H. et al "Rebuilding Global Fisheries." 7/31/09. Science, v.325

³ Myers, R. & Worm, B. "Rapid worldwide depletion of predatory fish communities." 5/3/03. Nature, v.423 http://fish.dal.ca/~myers/papers/Papers-recent/nature01610_r.pdf

⁴ FAO Marine Resources Service, Fishery Resource Division. Review of the state of the world marine fishery resources. FAO Fisheries Technical Paper. No. 457. (2005). Rome, FAO. Pp.235 [ftp://ftp.fao.org/docrep/fao/007/y5852e/y5852e00.pdf](http://ftp.fao.org/docrep/fao/007/y5852e/y5852e00.pdf).

These large subsidies have helped produce a worldwide fishing fleet that is up to 250 percent larger than what is needed to fish at sustainable levels.⁵

Some subsidies support beneficial programs, such as management and research. However, the vast majority of subsidies drive increased and intensified fishing, resulting in detrimental effects to the fishery resource. These subsidies include those that reduce costs or enhance revenues and promote overcapacity, such as support for boat construction and modernization, fishing equipment, fuel, and other operational costs.

To put it in an economic context, these “overfishing” subsidies are estimated to be approximately \$20 billion each year.⁶ World fishing revenue is about \$80 to \$100 billion annually – so that’s 25 percent of the entire fishing industry.

To no surprise, some of the biggest fishing nations, like the European Union and Japan, are among the world’s top subsidizers. But the developing world is catching up. The ten largest developing fishing nations, including countries such as China and Brazil, are estimated to provide subsidies nearly equal to those of their industrialized counterparts.⁷

In sum, the effects of fishing subsidies are so great that eliminating them is likely the single greatest action that can be taken to protect the world’s oceans.

Combating Illegal, Unreported, and Unregulated (IUU) Fishing

Illegal, unreported, and unregulated (IUU) fishing is a serious global problem that takes away billions of dollars in revenue each year from legitimate fishermen.

Illegal fishing activity is increasingly pervasive and has reached significant economic levels. The global illegal catch of fish is estimated to be between 11 and 26 million metric tons a year, worth \$10 billion to \$23.5 billion annually.⁸ In comparison, the value of the legal reported world catch was \$91 billion in 2006.⁹

Subsidies have also been connected to IUU fishing. For example, it has been more than fifteen years since the United Nations General Assembly established an international moratorium banning the use of driftnets and eight years since they were banned in the European Union. But Oceana has documented hundreds of boats in the Mediterranean with illegal nets that have taken subsidies by European institutions to convert them.

The main drivers of IUU fishing include overcapacity, high demand and prices, limited monitoring, ineffective sanctions, poor fisheries management, and weak economic and social conditions. Even where there is adequate management, illegal fishing can still be pervasive and compromise sustainable fisheries.

⁵ Porter, G. "Estimating Overcapacity in the Global Fishing Fleet." World Wildlife Fund (1998).

⁶ Sumaila, R., Khan, A., Dyck, A., Watson, R., Munro, G., Tydemers, P., & Pauly, D. A Bottom-Up Re-Estimation Of Global Fisheries Subsidies (Working paper # 2009-11). University of British Columbia, Canada. *Fisheries Centre, Research Reports, 2009.*

⁷ Sumaila R., Khan, Dyck, Teh, Watson, Tyedmers, Pauly. Subsidies, Sustainability & Seafood Security: A crucial role for the WTO. Fisheries Centre Seminar at the World Trade Organization, May 4, 2010.

⁸ Agnew DJ, Pearce J, Pramod G, Peatman T, Watson R, et al. (2009) Estimating the Worldwide Extent of Illegal Fishing. PLoS ONE 4(2): e4570. doi:10.1371/journal.pone.0004570.

⁹ FAO. The State of World Fisheries and Aquaculture – 2008. “Part 1: World Review of fisheries and aquaculture.” 2009. Rome. <ftp://ftp.fao.org/docrep/fao/011/i0250e/i0250e01.pdf>.

IUU fishing can be combated by addressing its main causes – in broad terms, by limiting demand and markets for IUU fish and by improving fisheries management and fishing incomes. Other approaches focus on strengthening sanctions against vessels and countries engaged in IUU fishing.

The United States has responded to the threat of illegal fishing through provisions of the Magnuson Stevens Act. These provisions include import prohibitions and other measures to enforce compliance with internationally established catch limits and to prevent the trade of fish caught by vessels identified as engaging in IUU fishing.

Reducing Harmful Fishing Subsidies

Nearly 10 years ago, world trade ministers recognized the importance of healthy fisheries to trade and development and initiated negotiations on fisheries subsidies as part of the World Trade Organization (WTO) Doha round. These negotiations are the first time that environmental concerns have led to the launch of a specific trade negotiation.

In 2005, WTO ministers refined and reasserted their commitment to controlling fisheries subsidies in the Ministerial Declaration produced at the Hong Kong Ministerial Conference:

“...there is broad agreement that the Group should strengthen disciplines on subsidies in the fisheries sector, including through the prohibition of certain forms of fisheries subsidies that contribute to overcapacity and over-fishing Appropriate and effective special and differential treatment for developing and least-developed Members should be an integral part of the fisheries subsidies negotiations, taking into account the importance of this sector to development priorities, poverty reduction, and livelihood and food security concerns.”¹⁰

In 2007, the Chairman of the WTO negotiating group on fisheries subsidies produced a first draft agreement that would prohibit capacity-enhancing subsidies, provide limited exceptions for beneficial support programs, require fishery conservation and management, and provide reasonable flexibility for developing countries to pursue sustainable development of their fisheries and fishing sectors. All of these measures remain in consideration as the fisheries subsidies negotiations advance.

The fisheries subsidies negotiations have made significant progress in the past few years, in considerable part from the contributions of the United States. A proposal sponsored by the United States, Australia, and New Zealand seeks an ambitious outcome in the fisheries subsidies negotiations and outlines a series of core principles that need to be reflected in a final fisheries subsidies agreement. Another proposal, sponsored by six Latin American countries (Argentina, Chile, Colombia, Ecuador, Mexico, and Peru), argues for a meaningful prohibition of fisheries subsidies and limited and conditioned flexibility for developing countries. These papers, submitted to the WTO in July 2008, complement an earlier pro-conservation proposal by the United States that significantly impacted the direction of the current discussions.

¹⁰ Hong Kong Ministerial Declaration, 22 December 2005 (WT/MIN(05)/DEC)

These negotiations have generated global attention and consensus by WTO countries of the importance and need to address fisheries subsidies. I have had the pleasure and good fortune to travel to Geneva twice to meet with ambassadors and delegations to the WTO as well as Director-General Pascal Lamy. I have heard a wide range of perspectives and views, all of which are very different but still true.

So I recognize the enormity of the task in front of you. But the stakes are high, and so should be our expectations.

The implications of the fisheries subsidies negotiations reach far beyond just trade. Reducing subsidies is a necessary action to reverse global overfishing, and the WTO negotiations are our best chance. And unlike many other international organizations, WTO rules are legally binding and enforceable. That's why it's so important that we seize this opportunity.

The world needs a fisheries subsidies agreement and soon.

We need the renewed leadership and commitment by Congress and the United States for the completion of the Doha round and a strong fisheries subsidies agreement.

This agreement must include a broad prohibition of subsidies that contribute to overcapacity and overfishing. To the extent that some subsidies are not prohibited, they should remain subject to WTO review and disciplines to check against risks that they might cause unforeseen increases in capacity or fishing effort. In addition, stronger notification and review of subsidies is needed to increase transparency and help ensure that subsidies are consistent with resource sustainability objectives.

There has been recognition in the WTO negotiations that some flexibility should be given to developing countries. However, it is important that resource sustainability is ensured in the use of subsidies by developing countries and that currently underexploited resources do not become depleted in the future.

Promoting Sustainable Trade of Marine Products

Ocean resources previously have only received minimal attention in U.S. regional trade agreements. Yet all of the countries involved in the Trans-Pacific Partnership (TPP) have strong marine interests. Four of the eight TPP countries are major fishing nations. The United States, Peru, Chile, and Vietnam are among the top 15 global producers by volume.¹¹ New Zealand and Australia are also significant producers and exporters of higher value fish.

The TPP has the opportunity to improve ocean conservation while expanding trade with a marine environment agreement that includes obligations and commitments towards the following:

- Addressing subsidies that contribute to overcapacity and/or overfishing
- Ensuring the sustainable trade and management of sharks
- Combating IUU fishing and keeping illegal and inaccurately described seafood products from entering the international marketplace

¹¹ The State of World Fisheries and Aquaculture, 2008. FAO Fisheries and Aquaculture Department, Food and Agriculture Organization of the United Nations. Rome, 2009.

- Improving fisheries management programs, participation in relevant regional fisheries agreements and multilateral environmental agreements, and the ability to protect living marine resources, such as sea turtles and corals
- Promoting the effective enforcement of existing obligations under domestic fisheries management programs, regional fisheries management organizations, and multilateral environmental agreements

Strategic Trade Policy Can Help End Global Overfishing

The oceans are at a crossroads. One road leads to tremendously diminished marine life. The other leads to oceans again teeming with abundance. The United States can help choose the right one.

The WTO fisheries subsidies negotiations are the first tangible example of how multilateral organizations can directly contribute to solving global environmental problems through new approaches and trade tools. An international agreement that for the first time limits global fisheries subsidies would not only be a huge success for ocean health, but also set new precedents for trade and the environment.

The proposed TPP free trade agreement presents a significant opportunity to implement the objectives of the President's trade agenda and use trade policy to address the mounting global environmental challenges facing the oceans.

Once again, thank you for your interest and support on these issues.