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विकासशील देशों की अनुसंधान एवं सूचना प्रणाली



**RIS Brainstorming Series for 14<sup>th</sup> Ministerial Conference of the WTO**

## **Industrial Policy and Fisheries Subsidies Negotiations at the WTO**

**11.00 am - 4.00 pm (IST), Wednesday, 11 February 2026**

**Gulmohar Hall, India Habitat Centre, Lodhi Road, New Delhi**



### **Concept Note**

RIS has launched a Brainstorming Series in preparation for the 14th Ministerial Conference (MC14) of the World Trade Organization (WTO), scheduled for 26–29 March 2026 in Yaoundé, Cameroon. The series has explored key issues in trade policy across five sessions, including WTO reform, dispute settlement, agriculture, public stockholding for food security, e-commerce moratorium, and the evolving landscape of trade, investment, and services. In continuation of this series, the upcoming session will focus on two critical and interconnected topics: industrial policy and fisheries subsidies, both of which are central to the ongoing global discussions on development, sustainability, and WTO reform.

Across both areas, negotiations ahead of MC14 reflect growing tensions between the need for policy space to pursue development and sustainability objectives and the tightening of multilateral rules governing state support. While industrial policy debates centre on subsidies and strategic interventions to build scale and technological capability, fisheries subsidies negotiations are framed around balancing environmental sustainability with livelihood concerns. Together, these discussions raise broader systemic questions about equity, asymmetries in policy space, and the ability of WTO rules to accommodate diverse development pathways. The sessions aim to generate evidence-based insights to inform India's negotiating stance and contribute to Global South perspectives in the lead-up to MC14.

## **Session I – Industrial Policy at a Crossroads: WTO Rules and Developmental Constraints**

Industrial policy has re-emerged as a central issue in the multilateral trading system as MC14 approaches, reflecting a broader restructuring of the global economy. Overlapping transformations, rapid technological change, the climate and energy transition, and heightened geopolitical and supply-chain resilience concerns have pushed governments to adopt more active strategies to shape production, investment, and technology trajectories. As a result, the core trade policy debate is no longer confined to reducing distortions at the border; it increasingly turns on how WTO rules engage with state support, industrial upgrading, and the distribution of opportunities to participate in emerging industrial ecosystems.

This renewed focus brings into sharp relief a historical asymmetry in industrialisation pathways. During the 1980s and 1990s, advanced economies like the US, EU, UK and late industrialisers like Japan, South Korea relied on a wide range of industrial policy tools, including subsidies, local content measures, and strategic state support, to build scale and technological capability. With the establishment of the WTO and the introduction of binding disciplines through the Agreement on Subsidies and Countervailing Measures (ASCM), export promotion and import-substitution subsidies were prohibited and developing-country flexibilities were progressively narrowed through time-bound transition arrangements. Disciplines under TRIMs further constrained the use of performance requirements linked to trade. The cumulative effect has been a timing mismatch: as developing economies like India seek to build scale and move into higher value production, many of the instruments historically used for catch-up have become increasingly constrained or exposed to challenge.

The economic logic underpinning these concerns is linked to the centrality of scale and technology in contemporary competitiveness. Insights from trade theory and industrial organisation emphasise that economies of scale, learning, and technology absorption play a decisive role in shaping comparative advantage, and that market outcomes can lock in early movers in high-value segments. These shifts raise the risk that developing countries fall behind structurally rather than temporarily, strengthening the argument that industrial policy is a catch-up tool in a fast-moving global economy rather than simply a discretionary policy preference.

The industrial policy debates ahead of MC14 are increasingly shaped by the actions of advanced economies like the US, EU, and non-market economies like China. Advanced economies are scaling up industrial strategies often framed around security, resilience, and the green transition through large subsidies, local production incentives, and investment screening in frontier sectors. At the same time, China's state-backed model has enabled rapid scaling in key value chains, fuelling concerns around persistent overcapacity and price undercutting. In recent submissions, the United States has explicitly argued that the WTO has been ineffective in disciplining large-scale, state-led subsidies and other non-market practices, particularly in the case of China. The US has also emphasised the growing role of plurilateral agreements, pointing to the need for more flexible, less consensus-bound mechanisms to address issues that the WTO's consensus-based model has struggled to tackle.

These parallel trends are driving reform narratives that emphasise tighter subsidy disciplines and stronger monitoring, frequently framed around “non-market” practices and level playing field concerns. The Trilateral Group (comprising the US, EU, and Japan) has been instrumental in pushing forward specific industrial policy agendas within the WTO, advocating for stronger enforcement of subsidies disciplines and monitoring of non-market practices. The result is a “squeezed middle” dynamic: late industrialisers like India face intensified competition and shifting investment patterns, but with far less fiscal space and a narrower set of permissible policy tools under existing WTO disciplines.

## **Session II – WTO Negotiations on Additional Provisions on Fisheries Subsidies**

Reaching a landmark Agreement on Fisheries Subsidies (AFS) in 2022 provided much-needed faith in the WTO, amid challenging times. AFS, the first multilateral trade agreement with environmental sustainability objectives, entered into force on 15 September 2025, following ratification by more than two-thirds of WTO members. The Agreement prohibits subsidies that contribute to illegal, unreported, and unregulated (IUU) fishing and overfished stocks. However, the ‘heart and soul’ of the initial fisheries subsidies text, namely the prohibition of subsidies for overcapacity and overfishing, failed to secure consensus and was subsequently negotiated as the ‘Additional Provision on Fisheries Subsidies’, commonly known as Fish 2.0. However, many issues in the Fish 2.0 agreement need to be resolved for a successful outcome at the upcoming WTO MC14.

The rationale for fisheries subsidies has been debated historically across economic, social, and environmental dimensions. Globally, fisheries serve as a critical source of income for nearly 120 million people. Fisheries are not only vital for livelihoods, especially for small-scale fishers, but are also important for food and nutritional security. Aquatic products are among the highest traded commodities, accounting for USD 195 billion in trade in 2022. Global fisheries consumption is estimated to increase by 10% by 2032, which raises pressure on fish production. This further underscores the need for fisheries subsidies to raise the production and trade of the wild catch. However, fisheries subsidies have been affecting marine ecosystems and sustainability through IUU fishing, overfishing, and overcapacity. According to FAO, around 38% of fisheries stocks are unsustainably exploited. Yet reaching a global consensus to curb fisheries subsidies that cause overfishing and overcapacity still feels distant from MC14, given the low-ambition draft text (TN/RL/W/285) being projected as a compromise to reach a final outcome.

As per the draft text, countries that have provided huge subsidies in the past to aid their industrial fishing fleets will be permitted to grant harmful subsidies if these countries are able to demonstrate the sustainability of the fishery resources. There has been ample evidence that distant water fishing is viable only with the support of heavy doses of fisheries subsidies. At the Abu Dhabi Ministerial in March 2024, the demands of a few countries engaged in distant water fishing (DWF) were accommodated, and the text on the prohibition of subsidies for DWF was diluted substantially. India and Indonesia blocked the adoption of Additional provisions in Fish 2.0 at the Abu Dhabi

MC 13 in March 2024 due to these imbalances. Moreover, many developing countries need policy space to develop their fisheries sector and lack adequate infrastructure compared with many developed nations. Thus, the current text is perceived as an imbalanced one by a few countries. The following provisions have raised concerns from some developing countries and need consensus-building in Fish 2.0 at the WTO:

- Provision of a ‘hybrid’ approach (Article A.1) – list of subsidies and sustainability-based flexibility, implying prohibition of subsidies related to overcapacity and overfishing shall not apply if the biological sustainability of stocks is demonstrated.
- Two-tier sustainability obligation, one for developed countries and China and the other tier for developing countries excluding the Top 10 subsidisers and those engaged in DWF (Article A.1.1 (a) and A.1.1 (b)).
- Opposition to dilution of strong disciplines on subsidies for DWF
- Special and Differential Treatment (S&DT) provisions (Article B) – provides four differentiated approaches for different sets of developing countries, including LDCs. The transition period under S&DT provisions is yet to find consensus.

Coalition building has been an important part of WTO negotiations, with developing countries forming alliances in fisheries subsidies talks. Groups such as the ACP, LDCs, and Africa pushed for subsidy prohibitions and effective S&DT. The ACP group had advocated a ban on subsidies for large- scale industrial fishing, with India joining them and supporting ‘polluters pay’ and CBDR, including a 25-year ban on subsidies for countries engaged in DWF. On S&DT, although developing countries initially united, divisions emerged in the final stages as different elements of S&DT mattered to different members. Developing countries having a share of less than 0.8% in global marine capture have been given an S&DT exception from the prohibition in the draft text. This will cover around 40 developing countries, and their interests will thus be taken care of. The coalition of developing countries on S&DT gets dissipated.

India has opposed obligations based on aggregate subsidies for developing countries, arguing that this approach is inconsistent and instead proposing that subsidy intensity per fisherman should determine sustainability obligations. This is particularly relevant for developing countries with a large number of fishermen engaged in fisheries and the need for the deployment of substantial resources to develop fisheries, as well as the provision of subsidies to support artisanal and subsistence fishers, vital for social and economic stability. India has also consistently emphasised the issue of non-specific fuel subsidies within the Fisheries Subsidies disciplines, highlighting that fuel subsidies require a different approach since they are among the most harmful. Non-specific fuel subsidies damage fish resources just as much as specific ones, and therefore, for the purpose of safeguarding fisheries, no distinction should be made between the two. This session would discuss how to balance the policy space required for developing countries to develop their fisheries sector while addressing the conservation of fisheries.

Recently, a joint submission has been made by a group of countries, including Australia, Fiji, Iceland, New Zealand, Norway, Papua New Guinea, Samoa, Seychelles, Solomon Islands, Tonga, and Vanuatu, proposing a Draft Ministerial Decision on Fisheries Subsidies. These proponents are of the view that it may be difficult to conclude negotiations on the Additional provisions by the MC14 to be held in March 2026, but members should strive to conclude negotiations on the comprehensive disciplines on fisheries subsidies by the 15th Ministerial meeting of the WTO.

Therefore, in the MC14, members will strive to bridge the differences in their positions, which are acting as stumbling blocks for the conclusion of Fish 2.0. WTO members will have to show resolve to conclude these negotiations to achieve a balanced outcome with the aim of meeting the Sustainable Development Goal to prohibit harmful fisheries subsidies.

## Tentative Agenda

<b>Time</b>	<b>Themes</b>
<b>11:00 - 11:15 Hours</b>	<p><b>Welcome Remarks:</b> Professor Sachin Kumar Sharma, DG, RIS</p> <p><b>Inaugural Remarks:</b> Shri Amitabh Kumar, Additional Secretary, Department of Commerce, GoI (TBC)</p>
<b>Session I: Industrial Policy at a Crossroad: WTO Rules and Developmental Constraints</b>	
<b>11:15 - 13:00 Hours</b>	<p><b>Moderator:</b> Prof. Nagesh Kumar, Director and Chief Executive, Institute for Studies in Industrial Development (ISID)</p> <p><b>Presentation:</b> Dr. Pritam Banerjee, Head &amp; Professor, Centre for WTO Studies (CWS), IIFT</p> <p><i>(Team: Dr. Zaki Hussain, Senior Research Fellow, CWS; Ms. Kanika Karwal, Young Professional, CWS; and Riddhi Lakhiani, Research Assistant, RIS)</i></p> <p><b>Discussants:</b> [40 minutes: approx. 8 minutes per discussant]</p> <ul style="list-style-type: none"> <li>• <b>Professor Surender Kumar</b>, Professor, Delhi School of Economics</li> <li>• <b>Dr. Harsha Vardhana Singh</b>, Former Deputy Director General, WTO</li> <li>• <b>Dr. Rajan Sudesh Ratna</b>, Deputy Head, South and South-West Asia office of United Nations ESCAP</li> <li>• <b>Dr. Nitya Nanda</b>, Professor, Council for Social Development</li> </ul>

	<ul style="list-style-type: none"> <li>• <b>Dr. Surendar Singh</b>, Associate Professor, Jindal School of Liberal Arts and Humanities</li> </ul>
	<b>Open Discussion</b>
<b>13:00 - 14:00 Hours</b>	<b>Lunch</b>
<b>Session II: WTO Negotiations on Additional Provisions on Fisheries Subsidies</b>	
<b>14:00 - 15:45 Hours</b>	<p><b>Moderator: Amb J. S. Deepak</b>, Former Representative of India to the WTO, Geneva</p> <p><b>Presentation: Professor Mukesh Bhatnagar</b>, Former Professor, Centre for WTO Studies (<i>Team: Dr Pankhuri Gaur, Assistant Professor, and Mr. Ayush Tiwari, Research Assistant, RIS</i>)</p> <p><b>Discussants:</b> [40 minutes: approx. 8 minutes per discussant]</p> <ul style="list-style-type: none"> <li>• <b>Ms. Neetu Kumari Prasad</b>, Joint Secretary, Department of Fisheries</li> <li>• <b>Ms. Tanu Singh</b>, First Secretary, Permanent Mission of India, Geneva (<i>Online</i>)</li> <li>• <b>Ms. Vahini Naidu</b>, Programme Coordinator, Trade for Development Programme (TDP) of the South Centre (<i>Online</i>)</li> <li>• <b>Mr. Sebastian Mathew</b>, Independent Advisor, Small-scale Fisheries</li> <li>• <b>Ms. Pallavi Arora</b>, Legal Consultant, Centre for WTO Studies</li> </ul> <p><b>Open Discussion</b></p>
<b>15:45 Hours Onwards</b>	<b>Closing Remarks followed by High Tea</b>