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Natural Resource Subsidies, Trade and Environment:
The Cases of Forests and Fisheries

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ABSTRACT
As tariffs have been reduced by successive multilateral trade liberalization agreements, subsidies have emerged as a major issue in international trade policy. And as environmental concerns have been linked with trade issues, it has increasingly been recognized that subsidies can have significant environmental implications. In the past year, the issue of subsidies and the environment has been included in the work plans of the World Trade Organization's Committee on Trade and the Environment, the U.N. Commission on Sustainable Development's Intergovernmental Panel on Forests, and the Asia-Pacific Economic Cooperation (APEC) forum.

Subsidization of natural resource production and use is an acute environmental problem. It remains to be seen, however, whether states will take any meaningful action. Two major obstacles to the creation of an international regime on natural resource subsidies are political resistance to and lack of clarity about what constitutes a subsidy.

This paper is in three parts. Part I presents a conceptual framework for understanding subsidies in the natural resource sector. Part II marshals the evidence that such subsidies harm the environment, focusing on the forest and fisheries sectors as case studies. Part III examines the ways in which natural resource subsidies are being treated in various international fora, including APEC, and proposes ways to integrate the issue into APEC's work program.

Read the report

[This paper was prepared for the Trade and Environment Policy Project (TEPP) series - a collaboration between the Nautilus Institute, National Wildlife Federation, and the Berkeley Roundtable on the International Economy. Newly edited versions of this and other TEPP papers on APEC will be published this summer in a special issue of the Journal of Environment and Development. Contact the Nautilus Institute for more information.]

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