

Stockholm & Brussels, 25 April 2013

To: Members of PECH – the Committee on Fisheries at the European Parliament

[Re: Input to the Fisheries Committee vote on the EMFF report on 10 July 2013](#)

Dear Committee Member,

On behalf of the Fisheries Secretariat (FISH) and Seas At Risk (SAR), we send you our views on the proposal for a regulation of the European Parliament and of the Council on the European Maritime and Fisheries Fund (COM(2011)804), and the draft report by MEP Alain Cadec (EPP, FR). In your preparation for the vote and the ongoing discussions on compromise amendments, we ask you to carefully consider our recommendations.

We have chosen to focus on what are in our view the most relevant issues, if we are to ensure that future public funding does not contribute to overcapacity and overfishing, but instead support the transition towards sustainable fisheries and healthy marine ecosystems.

1. Fleet renewal

The use of public funds for fleet renewal, modernisation, engine replacement and scrapping would seriously undermine efforts to make EU fisheries more sustainable since they will likely exacerbate the existing overcapacities in European fisheries.

- We therefore ask you to *reject* amendments 48, 54, 55, 75, 88, 98, 100, 116, 634 and 717.

If the aim of support for fleet renewal is to improve the economic viability of the small-scale fleet, it is more effective to provide priority access to fishing opportunities for the socially and economically most sustainable part of the fleet, in line with the Parliament's vote on the basic regulation.

- We therefore call on you to *support* amendments 1208, 1215, 1220, 1226, 1231, 1237 and 1241.

2. Fleet assessments prior to EU investments in fishing vessels

EU subsidies must no longer contribute to maintaining overcapacity. Adequate assessments of the balance between fishing capacity and available resources on a fishery-by-fishery basis are needed to ensure effective fleet management.

- We call on you to make such fleet capacity assessments a general pre-condition for all financial aid targeting fishing vessels by *supporting* amendments 69, 486, 605, 664, 732, 757 and 804.

3. Conditionality

In order for the EMFF to support the implementation of the CFP, the agreed framework for financial aid must be consistent with the rules of the CFP. Financial aid must not be provided to Member States and operators that fail to comply with the rules of the CFP and other relevant legislation, nor to operators that have been involved in IUU activities.

Both the Commission proposal and the plenary vote on the basic Regulation of the CFP recognise the importance of conditionality and cross-compliance.

- We therefore ask you to *support* the Commission proposal (Article 11 and 12[1]c, as well as Annex III) and amendments 732, 754, 2123, 2352 and 2442.

4. Funding priorities for data collection and enforcement

Insufficient data and a lack of enforcement measures for existing regulations have been the cause for a decline in the amount and quality of information available for stock assessments of late. At the same time, the majority of funds in the future EMFF are earmarked for structural measures, such as fleet renewal, modernisation, storage aid and temporary cessation. These measures run counter to several of the objectives of the CFP as well as the wider aim of re-orienting EU subsidies toward benefitting society as a whole rather than only some actors.

- We call on you to *support* a shift of aid from structural measures to data collection, as well as control and enforcement, and to allow Member States the flexibility to allocate more resources to these areas if necessary, by voting in favour of amendments 817, 819 and 2212.

5. Selectivity and low-impact fisheries

To reduce the impact on non-target species and avoid unwanted bycatch, the future EMFF should support the development and implementation of selective gear, as well as sustainable fishing behaviour.

- We therefore ask you to *support* amendments 1217, 1278, 1279, 1280 and 1284.

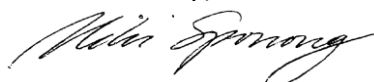
6. Fuel subsidies

State aid for fuel (including through direct price support) reduces the operational costs of fisheries, and results directly or indirectly in an increase in fishing effort and thereby overfishing. Even fuel tax exemption is a hidden subsidy; it distorts the competition between large-scale, fuel-intensive fishing vessels and small-scale vessels using passive gear.

- We ask you to *oppose* amendments 17, 39 and 130, which aim to introduce mutual funds to cover income losses due to fuel price increases.

[See Annex 1 for more detailed comments on the proposal and the parliamentary debate.](#)

Yours sincerely,



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Annex 1: On a Proposal for a Regulation of the European Parliament and of the Council on the European Maritime and Fisheries Fund (COM(2011)804)

On 10 July 2013, the Fisheries Committee (PECH) will be voting on the report on the proposal for a Regulation of the European Parliament and of the Council on the European Maritime and Fisheries Fund (EMFF). In February, the plenary of the European Parliament voted for an ambitious reform of the Common Fisheries Policy through its report on the so-called basic Regulation (COM(2011)425). It is of utmost importance that this ambitious reform is supported through the financial tool provided by the EU and Member States, and that the EMFF report is aligned with the objectives already agreed upon by a great majority of MEPs.

The EMFF is a limited fund of public money that should be used to support the implementation of a CFP that:

- ends overfishing by restoring to and maintaining fish stocks at healthy levels;
- provides incentives for environmentally sustainable fishing practices; and
- reduces damage to marine ecosystems.

In the plenary, the European Parliament voted in favour of ambitious targets for stock recovery, agreed to have no exemptions to the discard ban, as well as preferential access for more sustainable operators, and made it clear that non-compliance with the rules of the CFP shall restrict access to financial assistance. The new fund must not undermine these agreed measures, and we call on the members of PECH to ensure this.

We welcome that the draft report supports measures to increase selectivity, improve reporting from Member States to achieve an effective balance between capacity and fishing opportunities, as well as the alignment of EMFF objectives with those of the Marine Strategy Framework Directive (MSFD). However, we oppose the proposals to fund vessel or engine replacements and any other fleet aid that increase or maintain unsustainable fishing capacity or effort, including aid for temporary cessation.

Fleet renewal

Based on the current debate, there is an indication that PECH might revive the use of public funds for fleet renewal, including both construction of new vessels and modernisation of the existing fleet. This would seriously undermine efforts to make EU fisheries more sustainable and backtrack on some of the most significant improvements from the 2002 reform of the CFP, in which aid for the construction of new vessels was phased out by 2004.

The principle of funding fleet renewal is not in the public interest. Instead, it is our view that fishing companies, small and large, should be responsible for maintaining and renewing their vessels as needed, as part of their normal business. At this point in time, partially due to issues concerning the profitability of parts of the EU fishing fleet, certain segments – in particular the small-scale vessels – have problems accessing bank loans for investments. However, providing public financial aid for fleet renewal and modernisation has proven to be counter-productive to achieving the wider goals of the CFP and will likely exacerbate the

embedded overcapacity and low economic profitability which characterises swathes of the industry.

This position is supported by the European Economic and Social Committee (ESEC), whose opinion on the EMFF was requested by the Commission. It echoes the Commission's proposal and states that "the following operations will not be eligible under the EMFF: operations increasing the fishing capacity of the vessel, construction of new fishing vessels, decommissioning or importation of fishing vessels."¹

We therefore urge you to support and not weaken the Commission proposal for articles 6, 13, 32, 33 and 39 and to reject amendments 48, 54, 55, 75, 88, 98, 100, 116, 634 and 717:

- AM 48 (MEP Cadec on article 6.2a a new) on the renewal and modernisation of the fleet;
- AM 54 (MEP Cadec on article 13.1b) allowing for the construction and decommissioning of vessels;
- AM 55 (MEP Cadec on article 13.1c) enabling funding for temporary cessation;
- AM 75 (MEP Cadec on article 27.1) allowing for vessels that have received EU aid to be exported out of the Union with the time restrictions removed;
- AM 98 (MEP Cadec on article 32a new) funding for the purchase of new vessels and scrapping of existing ones;
- AM 100 (MEP Cadec on article 33.3) removing safeguards that prevent aid being given repeatedly;
- AM 116 (MEP Cadec on article 39.1a a new) on the replacement and modernisation of engines;
- AM 634 (MEP Bilbao Barandica on article 6.1.2d a new) on fleet modernisation and engine replacement; and
- AM 717 (MEP Sanchez Presedo on article 11) removing the conditions upon which funding can be granted in Annex III.

In the ongoing discussions, there is an indication that some MEPs who wish to provide aid for construction and modernisation also want to attach "safeguards" in order to prevent the fund from contributing to overcapacity. However, many of them would be difficult to implement in practice.

One such safeguard is to limit fleet renewal aid to small-scale and coastal fishing vessels older than 35 years. This sounds straightforward but could, however, lead to unintended consequences. As it has proved impossible for the EU Member States to agree on a definition for small-scale and coastal fishing, some might consider vessels up to 24 metres or larger eligible. Similarly, the registered age of a vessel is not necessarily a useful indicator for the technology and equipment used onboard. Many vessels have been modernised continuously and therefore the age of a vessel, in terms of the construction date, does not always accurately reflect how effective the vessel is and is not reason enough to grant public funds for modernisation.

A requirement that any investment shall reduce the vessel's capacity, fishing effort and energy consumption by at least 40 % may appear to adequately safeguard against public funding being used to increase overcapacity, but under-declaration of engine power is a

¹ESEC (2012). Section 3.2.2

<http://eescopinions.eesc.europa.eu/eescopiniondocument.aspx?language=EN&docnr=1594&year=2012>

common and general problem. By adjusting the fuel injection settings, which can easily be reversed once the engine has been certified, engines can be legally certified with a power much lower than their maximum continuous power. As a result, the real power installed on board is almost impossible to control according to the Commission².

Another proposed safeguard is to restrict investments to vessels in fleet segments for which a balance between fishing opportunities and fleet capacity has been demonstrated. One of the proposed criteria for receiving support is profitability. This would seem to curtail funding that could contribute to overcapacity, but we question the need to provide public aid for modernisation to profitable operators.

If the aim of support for fleet renewal is to improve the economic viability of the small-scale fleet, then other, more effective measures would be preferable, such as creating incentives that support the socially and environmentally most sustainable part of the fleet (generally the small-scale sector). Priority access to fishing opportunities, as the Parliament has already agreed in its vote on the basic Regulation, will enable the more sustainable parts of the small-scale sector to increase its share of revenue, and thereby improve its profitability, financial stability, and hopefully enhance its access to bank loans for necessary investments.

To this end, we call on you to support amendments 1208, 1215, 1220, 1226, 1231, 1237 and 1241:

- AM 1208, 1215, 1220, 1226, 1231, 1237 (MEPs Romeva i Rueda, Lövin and Besset on article 34) on the allocation of fishing opportunities; and
- AM 1241 (MEP Rosbach on article 34.2) removing specific support measures for transferable fishing concessions.

Fleet assessments prior to EU investments in fishing vessels

We strongly urge you to ensure that fleet assessments take place prior to any EU investments in fishing vessels. Adequate assessments of the balance between fishing capacity and available resources are a prerequisite for effective fleet management and should be a pre-condition for accessing funding for all measures targeted at fishing vessels.

In the past, several Member States spent EU subsidies in ways that maintained overcapacity because they did not perform adequate assessments of the balance between fleet capacity and available resources before allocating the funds³. For instance, Member States paid out millions of euros to build up and modernise the European bluefin tuna fleet⁴. This was done despite the critical status of the bluefin tuna stock, a reduction in the quota allocated to the EU in recent years, and the agreement by the International Commission for the Conservation of Atlantic Tunas (ICCAT) to reduce fleet capacity. Similarly, large subsidies have been allocated to other fleets targeting overexploited stocks, such as monkfish and hake⁵. Fleet-related investments, such as the measures under Articles 32(b) and 33(b), should be made

²European Commission (2006). *The under-declaration of engine power*. Non-paper for the Meeting of Director Generals for Fisheries of Member States, March 31, 2006.

³European Commission (2012). *Communication from the Commission to the Council concerning a consultation on fishing opportunities for 2013*. COM(2012)278.

⁴<http://www.greens-efa.eu/de/eu-subsidies-to-bluefin-tuna-fishing-fleets-3052.html>

⁵Poseidon (2010). *FIFG 2000–2006 Shadow Evaluation* p. 23. Available at: www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Reports/Protecting_ocean_life/FIFG-evaluation.pdf

conditional on adequate assessments of the balance between fleet capacity and available resources clearly showing that no overcapacity exists.

We call on you to make such fleet capacity assessments a general pre-condition for all financial aid targeting fishing vessels. We ask you to ensure that Article 13 unambiguously requires all investments in vessels to be conditional on the demonstration that the vessel is part of a fleet where there is at least a balance between vessel capacity and fishing opportunities. Moreover, Member States should be required to define the fleet segments and include an assessment of existing overcapacities on a fishery-by-fishery basis in their operational programmes (Article 20). Furthermore, the report on the balance between fishing capacity and fishing opportunities shall be in accordance with common guidelines issued by the Commission, be reviewed by the Scientific, Technical and Economic Committee for Fisheries (STECF) and accepted by the Commission (Annex III). The above requirements are coherent with the report adopted by the European Parliament plenary on 6 February (amendments 138 and 241 1c).

We ask you to support amendments 69, 486, 605, 664, 732, 757 and 804 in order to ensure adequate fleet assessments take place prior to any provision of financial aid to fishing vessels.

- AM 69 (MEP Cadec on article 20.1d a new) enabling coherence between Member State operational programmes and capacity ceilings;
- AM 486 (MEPs Romeva i Rueda, Lövin, and Besset on article 3.2.6a new) aligning the definition of capacity with the Rodust report;
- AM 605 (MEPs Arsenis and Davies on article 6.1.2a) safeguarding against increases in fishing capacity;
- AM 664 (MEPs Romeva i Rueda, Lövin, and Besset on article 6.1.4a a new) ensuring a balance between capacity and fishing opportunities;
- AM 732 (MEP Rodust on article 12.1c) on achieving coherence between the fisheries legislation and EU environmental directives;
- AM 757 (MEP Torvalds on article 13.1a) safeguarding against increases in fishing capacity; and
- AM 804 (MEP Rodust on article 13.1f a new) ensuring a balance between fleet capacity and fishing opportunities.

Conditionality

In order for the EMFF to support the implementation of the CFP, the agreed framework for financial aid must be consistent with the rules of the CFP.

If Member States and operators infringe on the rules of the CFP and other environmental legislation but continue to receive funding, the fund will fail to support the envisaged improvements in fisheries management. Infringements cannot be accepted, as violating the rules of the CFP threatens the sustainability of fish stocks and provides a potential advantage over actors that comply with the rules.

In the past, several Member States did not fulfil their reporting obligations under the current CFP, as reported annually in the Commission's communication on fishing opportunities⁶, yet

⁶European Commission (2012). *Communication from the Commission to the Council concerning a consultation*

continued to receive EU funding. Member States have also often failed to achieve a balance between fishing capacity and available fishing opportunities⁷, which is another requirement under the current CFP.

The importance of conditionality was recognised by the European Parliament in its report on the basic Regulation. Several articles in the basic Regulation set out that non-compliance by Member States shall result in the immediate interruption or suspension of payments, or in the application of a financial correction (Art. 50.2).

Similarly, it was agreed that financial assistance to operators shall be conditional upon compliance with both the CFP and national laws transposing the environmental directives (Art. 51.1). Serious infringements by operators shall result in temporary or permanent bans from access to EU financial assistance (Art 51.2). Member States will be obliged to ensure that funding is granted only if no serious infringements have been committed by the concerned operator (Art 51.3).

In the vote on the EMFF in the Fisheries Committee, we therefore urge you to make funding under the EMFF conditional upon compliance with the CFP, in particular to:

- support strict conditions for accessing funding under the EMFF (Article 11 and Annex III); and
- ensure that not only serious infringements but also other cases of non-compliance that jeopardise the sustainability of stocks may result in the interruption and withdrawal of funding (Article 12[1]c).

We also ask you to support amendments 732, 754, 2123, 2352 and 2442:

- AM 732 (MEP Rodust on article 12.1.c) operators access to aid dependent on compliance with agreed environmental legislation and the attainment of good environmental status;
- AM 754 (MEPs Romeva I Rueda, Lövin, Besset) operators to have payments suspended while under investigation for infringements;
- AM 2123 (MEP Torvalds on article 79a new) on sanctions to enable Member State compliance;
- AM 2352 (MEPs Girling, Stevenson, Romeva i Rueda, Lövin, and Besset on article 119.1a a new) on Member State compliance with their obligations; and
- AM 2442 (MEP Rodust on Annex 3 paragraph 2.1 table 1 line 4 a new) strengthening the assessment of fleet capacity and fishing opportunities by Member States.

Funding priorities – data collection, control and enforcement

The collection of data by Member States is of utmost importance to improve the knowledge of stocks and the scientific advice, which is the basis for setting TACs and quotas. The latest Commission communication on fishing opportunities shows that, while the situation for stocks where sufficient data exists is improving, the overall quality and coverage of data is declining⁸. It is therefore important to ensure that Member States have a minimum,

on fishing opportunities for 2013. COM(2012)278.

⁷Poseidon (2010). *FIFG Ex Post evaluation.*

⁸European Commission (2012). *Communication from the Commission to the Council concerning a consultation on fishing opportunities for 2013. COM(2012)278.*

sufficient amount of funds set aside for data collection, and to provide a flexibility that allows them to shift more funds into these activities if necessary.

In our view, EU subsidies ought to be to the benefit of society as a whole and not only some actors. However, the Commission's proposal for future spending and the Council's partial General Approach do not challenge the current low spending on data collection and control and enforcement compared to structural measures (currently roughly €837 million for structural measures, about €156 million for fisheries partnership agreements, but just over €50 million is allocated for data collection and for control and enforcement for each funding area per year)⁹.

The Parliament plenary vote on the basic Regulation on the other hand, highlighted the importance of data collection and sufficient funding. The report sets out that the EMFF shall enable the Member States to collect the biological, environmental, technical and socio-economic data necessary for ecosystem-based fisheries, manage them and make them available to end users of scientific data (Art 37.1).

In view of these arguments, we ask you to increase the funding earmarked for data collection, as well as control and enforcement, and to give Member States the flexibility to shift additional funding from structural measures to these areas. We ask you to support amendments 817, 819 and 2212:

- AM 817 and 819 (MEP Rodust on article 15.3) making additional funding possible; and
- AM 2212 (MEP Patrão Neves on article 94.3e) increasing EMFF support for data collection.

Selectivity and low-impact fisheries

To reduce the impact on non-target species and avoid unwanted bycatch, the future EMFF should support the development and implementation of selective gear, as well as sustainable fishing behaviour in order to contribute to the overall objectives of the CFP reform.

We therefore ask you to support amendments 1217, 1278, 1279, 1280 and 1284:

- AM 1217 (MEPs Arsenis and Davies on article 36.1) strengthening the objective of EMFF support to limit the impact of fishing on the marine environment;
- AM 1278 (MEPs Arsenis, Rosbach and Davies on article 36.1a) ensuring EMFF support for gear with reduced impact on the marine environment;
- AM 1279 (MEP Patrao Neves on article 36.1b) to support bycatch reduction devices in particular;
- AM 1280 (MEP Torvalds on article 36.1b) to support measures avoiding unwanted catches; and
- AM 1284 (MEP Torvalds on Article 36.1c) to support measures minimising and where possible eliminating the impact of fishing on the seafloor.

⁹See for instance, European Court of Auditors Special Report No. 7/2007 on the control, inspection and sanction systems relating to the rules on conservation of Community fisheries resources, p. 6.

Fuel subsidies

The European fishing fleet is a major oil consumer amongst the world fishing fleets. In 2008, the EU fleet consumed fuel equivalent to 25 % of the value of landings¹⁰. All EU Member States currently provide indirect fuel subsidies for fishing activities through measures such as fuel tax exemptions. In addition to that, some Member States provide direct fuel subsidies that are still possible under the *de minimis* rules.

Fuel subsidies provide a competitive advantage to those vessels using active fishing gear over passive, support high CO₂ emissions from fishing activities and skew the market in favour of trawlers. They provide an incentive for vessel owners to use more powerful and fuel-consuming engines and significantly reduce the real cost of certain fisheries operations. This results directly or indirectly in an increase of fishing effort, leading to increased fishing pressure on targeted species and to overfishing.

Therefore, we ask you to oppose amendments 17, 39 and 130:

- AM 17 (MEP Cadec on recital 40b) EMFF to contribute to mutual funds that, for example, intend to cover income losses due to fuel price increases;
- AM 39 (MEP Cadec on recital 101, *idem*); and
- AM 130 (MEP Cadec on Article 42a, *idem*).

¹⁰<https://energyefficiency-fisheries.jrc.ec.europa.eu/>