



## Subsidies: public funds for public services

The future Common Fisheries Policy (CFP) must ensure that public aid supports the recovery of fish stocks, facilitates the transition towards sustainable fisheries and provides value to society.

### Desired policy

OCEAN2012 would like the reformed CFP to:

- stop aid which contributes to maintaining or even increasing overcapacities, in particular all aid for the modernisation of vessels;
- stop public aid for access to fish resources;
- use money towards the creation of public goods, such as research, improved control and enforcement and the cooperation between fishermen and scientists as well as greater stakeholder involvement; and
- make information on fisheries subsidies transparent and accessible.



The EU should immediately prohibit subsidies that contribute to overcapacity and overfishing. That would entail in particular all 'basic subsidies', such as subsidies to fishing capital and operating costs, as well as other core subsidies with direct commercial relevance to fishing and

to fish products, such as processing and price supports. Delaying the phasing out of these subsidies will prolong their damage and make adjustment more difficult later on.

### Background

Badly conceived subsidies put the very economic base of fishermen and coastal communities at risk. The European Commission acknowledges the link between the current level of overfishing, overcapacities and financial aid. It states: "The European fishing fleets can in many cases exert a fishing pressure on the stocks which is two to three times the sustainable level. Subsidies have contributed to this."<sup>1</sup>

The total amount of subsidies provided to the European fisheries sector is unknown. In a number of Member States, the cost to their national budget of managing and subsidising fisheries currently surpasses the total monetary value of all catches.

Within the framework of the Sustainable Development Strategy, the EU committed to removing environmentally damaging subsidies, proposing a roadmap for their elimination by 2008. To date this roadmap has not materialised.

### The elimination of harmful subsidies

The reform of the CFP is a unique opportunity to phase out subsidies that are not only environmentally but also economically and socially harmful, and to direct aid towards measures which contribute to the long-term sustainability of EU fisheries.

### The impact of modernisation aid

Between 2000 and 2008, the EU bluefin tuna fleet, targeting a stock at serious risk of extinction, received EU subsidies totalling €34.5 million. Of this, €33.5 million was for the construction and modernisation of vessels, with only a tiny proportion for decommissioning. Subsidies also enabled the overfishing of several other key European fish stocks, such as southern hake and monkfish.

An analysis of EU subsidies between 2000 and 2006 shows that aid for the modernisation of fishing vessels benefits only few vessel owners, in particular owners of larger, more powerful vessels capable of inflicting greater fishing mortality. For vessels of less than 12 metres, twice as much funding was used for scrapping as for modernisation and construction. Conversely, vessels over 24 metres received significantly more for modernisation and construction than for scrapping.

### Third country access

Payments for fishing access in third country waters are contributing to overfishing. OCEAN2012 proposes that EU operators should pay the full costs of their access.

### Fuel subsidies

The tax exemption on fishing fuel is benefitting fuel-intensive fishing methods, which often have a larger impact on the marine environment, and does not provide incentives to switch to more fuel-efficient fishing techniques.

<sup>1</sup> European Commission (2008) Reflections on further reform of the CFP

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## Shift towards aid that benefits all

Clearly, not all fisheries subsidies are harmful. However, the new CFP must ensure that public aid supports public goods and thereby contributes to providing value to society.

The 2007 European Court of Auditors Special Report<sup>2</sup>, highlighted the failure by Member States to effectively control fishing activities by their fleets. The report states that: “If the political authorities want the CFP to achieve its objective of sustainable exploitation of the fisheries resources, the present control, inspection and sanction mechanisms must be strengthened considerably.”

The EU fisheries sector receives about €850 million annually in structural support, including aid for modernisation of vessels, and €150 million for access agreements from the EU. At the same time, the EU contribution to control and enforcement as well as data collection is limited to about €50 million each. In the future, more public funding should be provided to improve scientific data, enhance control systems and enforce regulations.

Many commercial fish stocks in European waters remain non-assessed, which undermines effective fisheries management. Future subsidies regimes must support independent scientific research to aid stock assessments and reduce impacts on habitat and ecosystems.

Aid for further measures, such as training, cooperation between scientists and fishers, marine protection in

<sup>2</sup> Special Report No 7/2007 on the control, inspection and sanction systems relating to the rules on conservation of Community fisheries resources

sensitive areas and research and development of more selective gears, would also help to set the sector on a more sustainable footing.

The elimination of overcapacity is likely to lead to a reduction in the number of employees in the catching sector. Public aid will be necessary to soften this transition. However, the remaining operators will greatly benefit from a balance between capacity and available fish stocks and should therefore be able to contribute to any compensation (beneficiary-pays principle).

## Transparency

Policymakers, scientists and the public must have access to more, better quality information in order to assess the impact, distribution and effectiveness of subsidies, and to analyse how efficiently taxpayers' money is used.

The EU Transparency Initiative required disclosure of the recipients of the EU Fisheries Fund. In practice, this information is presented in such varying forms as to make proper scrutiny and cross-reference almost impossible. Crucial information on vessels or type of project financed is no longer available.

OCEAN2012 believes that public funds should only be used in a way that serves the public good and alleviates social impacts in the transition to sustainable fisheries.

For more information on the need to eliminate overcapacity, a key driver of overfishing, see Briefing paper 5: Bringing fishing capacity in line with available resources.

OCEAN2012 is an alliance of organisations dedicated to transforming European Fisheries Policy to stop overfishing, end destructive fishing practices and deliver fair and equitable use of healthy fish stocks.

OCEAN2012 was initiated, and is coordinated, by the Pew Environment Group, the conservation arm of The Pew Charitable Trusts, a non-governmental organisation working to end overfishing in the world's oceans.

The founding members of OCEAN2012 are the Coalition for Fair Fisheries Arrangements (CFFA), the Fisheries Secretariat (FISH), nef (new economics foundation), the Pew Environment Group and Seas At Risk (SAR).