

Putting an end to harmful fisheries subsidies

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The mystery of EU fisheries subsidies

EU fisheries and the EU fisheries sector are firmly part of the global fisheries crisis. In Europe more than 80% of known resources are over-fished, while overseas EU fleets have done more than their share to bring commercial productivity of the oceans to an all-time low. About three quarters of the world's major fisheries - such as Atlantic Cod or Bluefin Tuna - are over-exploited, fully exploited, or recovering from depletion. According to European Commission estimations, the European fleet operates with about 40% overcapacity. In other words, there are too many vessels chasing too few fish.

European subsidies have played a major role in the up-building of this overcapacity. It is clear that subsidy reforms are needed to reduce fleets capacity and, in turn, to promote stock recovery and a more sustainable fisheries sector.

While some analysts estimate that the European Fisheries sector receives almost 2.5 billion euros of aid per year (Sumalia and Pauli 2006), no one really knows the exact figure of fisheries subsidies. This is mainly due to the wide range of financial instruments used to support the sector, including grants, fuel subsidies, contributions to social security and fuel tax exemptions. In addition, there are agreements with non-European countries, under which the EU secures access for European fleets to African and Asian waters in exchange of financial compensation.

The European Fisheries Fund

The most significant source of aid in the EU is the European Fisheries Fund (EFF). Approved in June 2006, it provides approximately 3.8 billion euros of aid in the period 2007-2013. Like its predecessor, the so-called Financial instrument for Fisheries Guidance (FIFG), which ended in 2006, the EFF is supposed to play a dual role:

- adding value to the fisheries sector by helping to adjust the structures of the production sector;
- maintaining cohesion of European populations and regions whose economy is highly dependent on fishing.

Compared to the FIFG, the EFF puts much more emphasis on sustainability, environmental protection, preservation of natural resources and quality of life of fishing communities. Moreover aid for construction of new vessels is ruled out. Despite this, the EFF includes measures which are likely to increase the EU fishing capacity and therefore increase pressure on already overexploited fish stocks.

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The most crucial concern is the potential for fleet modernization, in particular the replacement of engines. Already the mid-term FIFG evaluation in 2003 indicated that providing public aid for the reduction of the fleet while supporting at the same time fleet modernization would lead to negative impacts on natural resources due to higher efficiency of vessels. Moreover, as long as there are serious shortcomings in national control and enforcement systems, the under-declaration of engine power remains a widespread problem.

In 2003 a WWF study on the Spanish fleet operating in the Mediterranean demonstrated that 80% of the engines supported by EU aid exceeded the legal engine power limit. On average, real engine power was over 2.5 times higher than declared. As a result, modernization of engines - even under the legal condition to not increase engine power - will ultimately lead to a substantial increase in the European fleet's fishing capacity.

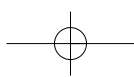
On the other hand, the EFF has an enormous potential to help regenerate severely depleted fish stocks. Funding can be used for a wide range of activities, such as the proper implementation of the EU Habitats Directive and the so-called "Natura 2000" network of protected areas, or the certification of fish products caught using environmental friendly methods. As none of the measures in the EFF is compulsory, it is up to each country to determine national priorities and measures which will be funded. Unfortunately, so far limited funds were allocated to environmental measures. While the chance for a new era of subsidies is open, the danger is that usual patterns will lead to further over-exploitation of already declining resources.

Having more detailed information about the aid flows is crucial to better gauge the impacts and the effectiveness of the European Fisheries Subsidies regime. Transparency is highly needed. As of January 2008, for the first time, beneficiaries of EU funds, together with amounts allocated to their operations, are disclosed. This will allow evaluating impacts of EFF expenditure and help prepare a more effective financial instrument for the future.

Towards sustainability

The link between the current fisheries crisis and EU subsidies is broadly accepted by governments, as reflected in commitments made at the 2002 World Summit on Sustainable Development in Johannesburg and discussions within the World Trade Organization Doha Round of negotiations. Consequently, it is crucial for the EU to target aid for the transition to a well-managed, socially and environmentally sustainable fisheries sector. In particular, the next financing instrument should:

- Exclude the most harmful subsidies, such as aid for engine replacement;
- Target aid to adapting EU fleet's capacity to existing resources;
- Provide more support to areas of common concern, such as monitoring and enforcement instead of supporting individual operators;



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- Involve environmental organisations in the programming process, at least to the same degree of other EU funds;
- Exclude from aid operators and vessels engaged in illegal fishing or in activities in breach of EU environmental laws.

In addition, it is crucial that other environmentally harmful subsidies, such as fuel tax exceptions, are abolished. It is general knowledge that once subsidies are given, they are difficult to withdraw or to change. Vested interests and misguided politicians resist real change and harmful subsidies continue to flow. However, under current conditions scientists project the collapse of all species of wild seafood currently fished by 2050. Fish stocks and the marine ecosystem - and with them, the economic health of the European fishing industry - have only a chance to recover if the next financing instrument will ensure that the EU fishing capacity is brought down to levels in line with sustainable management of fish resources.

