

## Media Briefing

### European Maritime & Fisheries Fund (EMFF)

#### Will European taxpayers' money continue to be used to deplete fish stocks?

On Friday 2 December 2011, the European Commission will release its proposal for a new European Maritime and Fisheries Fund (EMFF) for the period 2014-2020 (€ 6.7 billion). The proposal is part of the Common Fisheries Policy (CFP) reform which is currently being discussed by the European Parliament (EP) and Council of Fisheries Ministers for review and adoption.

The EMFF will replace the current European Fisheries Fund (EFF) which runs from 2007-2013. The great promise of the EFF – to help reduce the oversized EU fleet and achieve a balance between fishing capacity and the available fish stocks – has not materialised. Less than 25% of funds went to reducing ‘overcapacity’ of the fleet whilst harmful subsidies still constitute the majority of funds spent. Fuel subsidies<sup>i</sup> were re-introduced and funds for ‘vessel modernisation’ or ‘expansion of port infrastructure’ continued to directly or indirectly increase fishing capacity. **So can we expect a more constructive use of taxpayers’ contributions to the fund than the further depletion of fish stocks?**

*“In times of financial austerity the last thing citizens should be expected to do is pay to keep an unprofitable fishing sector afloat that continues to overexploit scarce natural resources. Radical reform of Europe’s fisheries management and accompanying subsidies is the only way to make European fisheries sustainable and profitable again,”* says Louize Hill, Head of Marine & Fisheries at WWF’s European Policy Office.

A joint NGO report analysing the EFF and presenting recommendations for the EMFF can be found at: <http://www.wwf.eu/?201902/Reforming-EU-Fisheries-Subsidies>

#### Context

The EU is one of the world’s top three subsidisers of their fisheries sector, along with China and Japan. Subsidies have been identified as one of the main drivers of overfishing, overcapacity of fleets and illegal fishing activities. The failure to manage EU fisheries sustainably is costing Europeans € 3 billion per year in lost potential income<sup>ii</sup>. European taxpayers are asked to contribute a further € 3.4 billion in annual subsidies for the EU fisheries sector. In 2009 this contribution was committed through the following three types of subsidies:

EU budget commitments for structural aid, including the <b>European Fisheries Fund (€ 421 million)</b> , access rights to fish in third country waters, market support etc.	€ 950 million
State aid provided directly by Member States to the sector (as matching funds to the EFF)	€ 973 million
EU fuel tax exemptions for fishing vessels	€ 1493 million
<b>Total</b>	<b>€ 3416 million</b>

(For detailed overview, see table 2 below)

Between 2002-2008, around 30-40% of the EU fleet was reported to make losses each year<sup>iii</sup>. The EU fleet is considered two to three times the size needed to fish at sustainable levels. Around 75% of assessed European fish stocks are now overfished. It is estimated that if stocks were allowed to recover, the fisheries dependent on them could be five times more profitable than they are today<sup>iv</sup>.

### Poor EFF performance

Even if all indicators point to the need to reduce the overcapacity of the fleet and transform Europe's fisheries management from one that is aimed at short-term exploitation to long-term sustainability, Europe's subsidies framework has failed to do so. Subsidies have continued to fuel rather than halt overfishing due to the fact that:

- technological improvements cancelled out any reductions of fleet capacity that the EFF intended to achieve: no real capacity reduction was achieved despite the scrapping of 6,000 vessels since 2002<sup>v</sup>;
- some subsidies were re-introduced which led to the effective reversal of the ban to fund vessel construction: from 2008 to 2010 temporary measures under the 'emergency fuel package' were put in place to ease problems as a result of high fuel prices; they effectively broadened the scope and reduced the criteria of the EFF so that fleet adjustment aid could also support economic restructuring;
- Funds intended to rebuild fish stocks, restore ecosystems or reduce fishing pressure remain minimal whilst money for research or other beneficial programmes was rarely used or diverted to less neutral purposes;
- the regulation had weak safeguards, implementation gaps and loopholes.

However, if properly designed, some subsidies can have beneficial impacts (*see table 3 below*) such as financial support to improve fisheries management and research.

### WWF's recipe for effective fisheries subsidies

- No to subsidies to build new boats or modernise existing ones.
- No to subsidies that maintain oversized fleets and unsustainable levels of fishing effort.
- Yes to subsidies that help downsize the EU fleet and help fishing communities diversify their economies.
- Yes to subsidies that improve fisheries management, reduce bycatch and increase traceability.
- Yes to subsidies that facilitate the transition to environmentally sustainable fisheries and fishing practices, including support for innovative systems of fisheries management such as stakeholder co-management schemes, or the design and implementation of multiannual plans for all commercial fisheries.
- Support for more transparency by making real-time information about EU and State aid to the fishing industry fully accessible.
- Require the repayment and/or withdrawal of aid in case of failure to comply with reformed CFP obligations.

### What can we expect from the EMFF?

The most immediate task is to reform subsidies to support the transition to effective and sustainable fisheries management, in alignment with the objectives of the new Common Fisheries Policy: to ensure that the EU meets its commitment of achieving sustainable fisheries and a resource efficient fisheries sector.

The Commission claims with its proposal for the reformed EMFF to promote policy change rather than maintaining the status quo. **WWF welcomes the proposal's efforts to end subsidies for buying boats and scrapping vessels, and to increase funds to promote income diversification for fishermen and boost the sustainable development of coastal communities. However,**





- **WWF approaches with great caution the proposed allocations for modernisation of equipment and aquaculture. These allocations should in no way be allowed to support oversized fleets or harm the environment. They should only be provided to those who can demonstrate environmentally sustainable management which minimises impact on marine biodiversity.**









- **there is a lack of explicit support for kick-starting and encouraging the co-management of fisheries by stakeholder groups including fishermen, scientists and conservationists. These groups or co-management committees should be made responsible for the design and implementation of multiannual plans for each commercial fishery.**

*“Funds for innovation and helping coastal communities to transition to a sustainable way of fishing or alternative income generating activities are commendable. But the proposal could have been more ambitious. We miss a clear commitment to help kick-start co-management committees made up of representatives from all those who have a stake in the fishery. This is the best way to achieve sustainable fishing. Overall, safeguards seem to be lacking to ensure subsidies will not continue to fuel increased fishing capacity with negative impacts on the environment,”* says Louize Hill, Head of Marine & Fisheries at WWF’s European Policy Office.

The trends presented below are based on available reports and communications from the European Commission. They are in no way meant to be definitive or exhaustive, but rather as a guide on the main types of subsidies we need to be looking out for in the new EMFF.

**Table 1: Comparison of subsidies trends under EFF & EMFF, as evaluated by WWF**

Type of subsidy	EFF regulation 2007-2013	EFF implementation in practice 2007-2010	What to expect from the EMFF 2014-2020, € 6.7 billion
<b>Vessel construction, permanent and temporary cessation of fishing activities.</b>	No aid for vessel construction (but aid is available for young fisheries under ‘socio-economic measures’). Aid for vessel decommissioning and temporary cessation of fishing activities allowed.	 Less than a quarter of the EFF was used for capacity reduction. The intended effect of rebuilding fish stocks was watered down by the emergency fuel package. A boat buying provision inserted under ‘socio-economic measures’ which was a backdoor way of funding increased fishing capacity.  Only 20-25% of programmed aid was used and scrapped vessels were mostly old and inactive; other scrapped vessels were found to be operating in other fishing areas, scrapping schemes in key member states were found to be weak in both design and implementation.  In practice, the innovative concept of adjusting fishing effort failed to meet its potential.	 Commission proposes no new structural aid for the fishing sector.  <b>The Council &amp; EP need to maintain this stipulation and ensure that fleet capacity is balanced with available fishing opportunities and resources.</b>
<b>Support for selective fishing gear, discard prevention, public safety and hygiene.</b>	Aid for boats 5 years and older to improve safety, hygiene, product quality... provided it does not increase the capacity to catch fish; no increase in fish storage but equipment and modernisation can be used to store discards.  Aid for engine replacement.	 In practice, aid has been applied and has led to increased catches.  There has been limited value in introducing more selective gear without undertaking quantitative reductions in the capacity of the overall fishery.	 Commission proposes ‘one off’ aid to promote selectivity of fishing gear; aid in safety or hygiene, reduction of footprint and increase in energy efficiency.  <b>Aid ‘for vessel improvements’ should not benefit vessels that are part of oversized fleets. The mandatory assessment of the balance between fishing capacity and fishing opportunities should be a precondition for the use of funds by Member States.</b>  <b>Aid should be used to stimulate the development of cutting edge</b>

			technologies and approaches that will contribute significantly to 'smart fishing' and aquaculture that is resource efficient and respects ecological limits. Beneficiaries would need to demonstrate significant improvements such as 50% reduction in waste, protein or energy use, while not contributing to overfishing or increasing demand for fish meal.
<b>Aquaculture</b>	Investment allowed for diversification to new species, more environmentally friendly methods, traditional activities that are socially, economically and environmentally important; equipment to protect from predators, improving working conditions.	 In practice, there are increases in aquaculture production but no causal link between funds from EFF and those increases .  Applying measures to NATURA 2000 sites has been problematic.	 Commission proposes more aid for developing the aquaculture sector.  <b>Investments in aquaculture can have serious negative impacts on the environment (fish feed made from wild fish, degradation of freshwater and marine environments...). Incentives should only be given to the development of ecologically sustainable aquaculture, particularly for SMEs.</b>
<b>Marketing measures for fish and aquaculture products</b>	Aid for construction and modernisation of ports, landing sites and shelters to improve safety, hygiene and product quality.	 Very limited uptake with 95% of projects only concentrated in a few member states.	 Commission proposes investments in ports and landing sites to make the best use of unwanted catches (which would otherwise be discarded).  <b>This proposal needs to be thought through carefully. Any policies to end discards should be aimed at promoting selective fishing practices to avoid catching unwanted fish, not at efforts to commercialise this fish. Marketing aid should be restricted to sustainable fisheries and aquaculture products.</b>
<b>Adaptation of fisheries dependent areas</b>	Aid to contribute to local coastal development, adding value to fish products, job diversification.	 Some support for a range of bottom-up sustainable development actions in fisheries regions. Although the implementation was delayed the overall impacts are thought to be promising by the Commission and some Member States.	 Commission proposes aid to promote social networking, innovation and income diversification for fishermen and to boost the sustainable development of local coastal communities.  <b>This is commendable but needs to be accompanied by enforceable control measures to avoid abuse/misuse of funds. Should only be allocated to projects that promote the transition to sustainable fisheries, improve local coastal development and/or promote green jobs (training, capacity building). Should be managed under multiannual plans for each fishery.</b>
<b>Data</b>		 More funds go to structural aid and access agreements than to data collection, control and enforcement, and conservation of stocks and the marine environment.	 Funds are proposed for control and enforcement and data collection.  <b>Positive to see funds earmarked for data collection, control and enforcement as they are prerequisites</b>

			for sustainable fisheries management. Member States should be given the flexibility to provide funding on top of these allocations.
Transparency		☹ Member states are not required to release any information on vessels or targeted fish stocks. Data is dispersed, difficult to access, in unsuitable formats and of little use for rigorous, quantitative analysis of the effect of subsidies on the state of fish stocks.	☹ Transparency provisions are insufficient and inadequate.  <b>The EMFF should ensure that the public has adequate access to all information about spending. The information should be easy to analyse.</b>

#### Notes to the Editor:

- “Reforming EU Fisheries Subsidies. A joint NGO discussion paper & technical resource”, October 2011, available at: <http://www.wwf.eu/?201902/Reforming-EU-Fisheries-Subsidies>
- While EU aid to the fishing sector is negligible compared to the whole EU budget, receiving around 0.5% of total EU funds, it is considerable given that fisheries contributes just 0.1% of EU GDP (€ 10.9 billion), with most of this concentrated in a small number of coastal areas. (European Commission, 2011b).

**Table 2: Overview of all types of European fisheries subsidies**

EU and national fisheries subsidies (2009)	Known payments in million Euro	Commitments in million Euro
<b>1. National sources</b>		
<b>State aid</b> (aimed at SMEs, annual amount must not exceed 1M Euro per beneficiary or 2M Euro per project)	200	200
<b>De minimis</b> (aid that Member States can make available, especially in difficult economic times, e.g. direct fuel subsidy. The current <i>de minimis</i> aid is set at 30,000 Euro for a period of three years per firm. As such the total possible amount that could be provided in this context equates to 718M Euro for a three year period. The amount quoted at 240M Euro is calculated on the basis that there are 24,000 eligible firms)		240
<b>Block exemption</b> (additional aid that Member States can provide on top of EFF commitments but fall within the scope of EFF, e.g. aqua-environmental measures which were not included in national EFF programmes but may be a priority for regional level authorities)	8	8
<b>Data collection &amp; control</b> (matched funding provided by Member States for improving the administrative capacity, data collection and the means for control and enforcement of CFP rules)	104	104
<b>Matched FIGG<sup>VI</sup>/EFF funding</b> (Member States' matched funds to European Commission provisions on structural aid)	193	421
<b>Total national sources</b>	745	<b>973</b>
<b>2. EU budget</b>		
<b>Structural policy</b> (FIGG/EFF) (European Commission funding provisions for structural aid matched by Member States)	290	631
<b>Fisheries partnership agreements</b> (European Commission funds provided to secure fishing access rights in third countries)	143	148
<b>Market support</b> (funds for price support when world price of fish goes down etc)	24	33
<b>Administration, control &amp; enforcement, management, international fisheries, and Law of the Sea commitments</b>	104	138
<b>Total EU budget</b>	561	<b>950</b>
<b>3. Fuel Tax Exemption</b> (approximately) (exempts fuel for fishing vessels from general taxes that Member States put on energy products: Art 14 of Energy Tax Directive 2003/95).	1493	<b>1493</b>
<b>Total estimate of 2009 subsidy figures (1+2+3)</b>		<b>3416</b>

Sources: EU 2011, EU 2007, Ortega,Cerda 2011, Oceana 2011

**Table 3: Categories of subsidies**

Categories	Beneficial (30%)	Capacity Enhancing (60%)	Ambiguous (10%)
Definition	Subsidies that support healthy fish populations through conservation, regulation enforcement or improved fishing methods	Subsidies that enhance fishing capacity and/or contribute to overfishing	Subsidies that improve fisheries resources or result in overexploitation
Nature of payment	<ul style="list-style-type: none"> <li>• Fisheries management</li> <li>• Fisheries research and development</li> <li>• Marine protected areas</li> </ul>	<ul style="list-style-type: none"> <li>• Boat construction, renovation</li> <li>• Fisheries development projects</li> <li>• Fishing access</li> <li>• Fishing port development</li> <li>• Fuel subsidies</li> <li>• Marketing and storage infrastructure</li> <li>• Tax exemption</li> </ul>	<ul style="list-style-type: none"> <li>• Fishermen assistance</li> <li>• Rural fishing community development</li> <li>• Vessel buyback</li> </ul>

Source: Sumaila U.R. et. al. (2010) *A bottom-up re-estimation of global fisheries subsidies*. University of British Columbia, Canada.

<sup>i</sup> Member States can make available the so-called *de minimis* aid or direct fuel subsidies, especially in difficult economic times (see table 1).

<sup>ii</sup> Facts and Figures on the Common Fisheries Policy - Basic statistical data - 2010 Edition. Luxembourg: Publications Office of the European Union.

<sup>iii</sup> Anderson and Guillen, 2010. Annual Economic Report on the European Fishing fleet. Luxembourg: European Commission Joint Research Centre.

<sup>iv</sup> Salz, P. et al. (2010), "Final Report – Study on the Remuneration of Spawning Stock Biomass," p.17.[http://ec.europa.eu/fisheries/documentation/studies/remuneration\\_of\\_the\\_spawning\\_stock\\_biomass\\_en.pdf](http://ec.europa.eu/fisheries/documentation/studies/remuneration_of_the_spawning_stock_biomass_en.pdf)

<sup>v</sup> In the five years between 2002 and 2007, around 848 million Euro, or 17% of the total Financial Instrument for Fisheries Guidance (FIG) programme, was spent on scrapping vessels. However, a large number of the 6,000 scrapped ships were smaller than 12m and old, with low impact on the resource and mostly belonging to coastal fishing communities. At the same time 1.27 billion Euro was invested in the building of 3,000 new vessels and the modernisation of a further 8,000 vessels, most of them over 12m. Such investments have not lead to a reduction of European fleet capacity.

<sup>vi</sup> Financial Instrument for Fisheries Guidance or FIG was the EFF predecessor and ran from 1994 to 2006.

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