

## DEBUNKING THE MYTH OF FISHERIES SUBSIDIES: MODERNISATION & FLEET RENEWAL

Recent Parliament and Council discussions on the future European Maritime and Fisheries Fund, EMFF, included calls for EU aid in support of fleet modernisation, in particular aid for engine replacement and new vessels. These measures should NOT be supported with public aid. The 2002 CFP reform phased out funding for fleet renewal and in 2012, at Rio+20, the international community, including the EU, recommitted to phasing out subsidies contributing to overfishing. Also, such measures would contradict the EU proposal to the Rules Negotiation Group in the WTO to prohibit subsidies for the construction of new fishing vessels and the renovation of existing ones<sup>1</sup>.

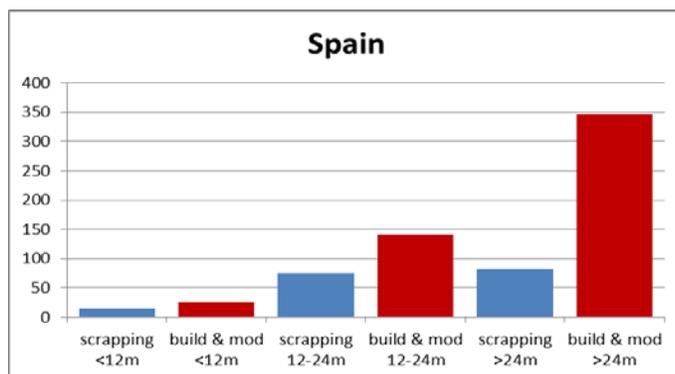
### Myth: EU fisheries fund benefits the entire sector

**Truth:** EU aid for vessel modernisation has typically only supported a very specific segment of the fleet, not the whole sector. On average only 14 percent of EU vessels received funding for modernisation or construction under the previous funding regime, the Financial Instrument for Financial Guidance (FIFG), 2000 - 2006.<sup>2</sup>

### Myth: EU aid helps the small-scale sector

**Truth:** In the past, most EU aid was targeted at vessels over 12m in length. The table below shows that Spain used the FIFG to reshape its fleet by building and modernising vessels above 24 meters and scrapping mainly small-scale vessels. In other words, public funding was used to reduce, rather than to support the small-scale sector.

Total FIFG funding for scrapping and construction and modernisation by vessel length in Spain (€million)<sup>3</sup>



### Myth: EU fisheries subsidies are not distorting competition between member states' fishing fleets

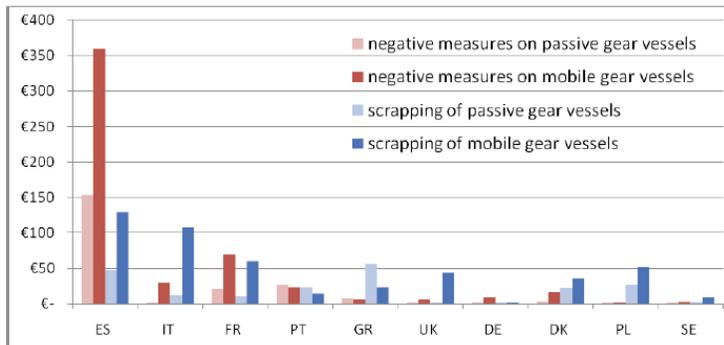
**Truth:** The total amount of subsidies that individual member states receive varies widely, as does their use of the aid allocated to them. The table below shows that by far the greatest FIFG investment in fleets was made by Spain, followed by Italy and France. However, while Italy and most other member States used aid to reduce their fleets (scrapping aid), Spain and France used larger parts to build up and modernise their fleets (in the table below summarised as negative measures as they risk maintaining or even increasing overcapacity).

<sup>1</sup> See TN/RL/GEN/134 submitted in May 2006.

<sup>2</sup> Poseidon (2010) FIFG 2000–2006 Shadow Evaluation, available at [http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Reports/Protecting\\_ocean\\_life/FIFG-evaluation.pdf](http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Reports/Protecting_ocean_life/FIFG-evaluation.pdf), p. 36.

<sup>3</sup> Poseidon (2010), p. 40.

#### FIFG spending on vessel measures<sup>4</sup>



#### Myth: EU fisheries aid does not contribute to overfishing

**Truth:** Aid for modernisation and for vessel construction has maintained or even increased overfishing. For instance, member States have paid out millions of euro in EU subsidies to build up and modernise the European bluefin tuna fishing fleets. This was done despite the critical status of the stock, the continued reduction in the quota allocated to the EU, 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.<sup>5</sup>

#### Myth: Fleet renewal and modernization will not increase administrative costs

**Truth:** Allowing fleet modernisation and the building of new vessels will have additional administrative costs due to the need for close monitoring to ensure that allocated funding neither increases the fishing capacity of individual vessels nor contributes to maintaining existing overcapacity. In the EU, under-declaration of engine power has been a common problem: it is almost impossible to control the real power output of engines, once installed on board, because adjustments to the fuel injection settings can easily be changed.<sup>6</sup> Also, member states do not currently process nor request beneficiaries to provide information necessary to ensure that aid is not contributing to maintaining overcapacity. For example, information about the species targeted by vessels has rarely been included in the criteria upon which decisions for aid were based.<sup>7</sup>

**In view of the above, we urge you to oppose EU subsidies for engine replacement, other modernisation measures, or the construction of new vessels, as these will continue to drive overfishing. Rather, we recommend that you work to ensure that future EU aid is used to support the transition towards sustainable fisheries through measures including data collection, control and enforcement, and research into more selective gear.**

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<sup>4</sup> Negative measures include modernization and vessel construction, Poseidon (2010) p. 26.

<sup>5</sup> Poseidon (2010), p. 23.

<sup>6</sup> EU Commission (2006) Methods for measuring fishing power of vessels, available at <http://cfp-reformwatch.eu/wp-content/uploads/2012/09/Methods-for-measuring-fishing-power-of-vessels.pdf>.

<sup>7</sup> Ecologic (2011) EFF Sustainability Criteria available at <http://www.ecologic.eu/4328>.