Executive Summary

European marine ecosystems and fish stocks are currently in an alarming state and in consequence, fisheries in many European countries are unprofitable. The EU fishing industry is addicted to European taxpayer-funded subsidies, which has led to overfishing, fleet overcapitalization, reduced economic efficiency in the sector and failure to obtain the potential economic benefits from resources. Until now, lack of political will, ambiguous legislative texts and incorrect implementation of subsidies policies have only worsened the European fleet’s economic and social situation, as well as the state of the marine environment. The reform of the Common Fisheries Policy (CFP) and of the accompanying European Maritime and Fisheries Fund (EMFF) offers Member States a once-in-a-decade opportunity to address the crisis in which the European fisheries sector finds itself. Continuing with the untargeted, ineffective and wasteful spending of public funds is not an option. In this report, Oceana analyzes the lack of efficiency and added value of the measures currently available under the European Fisheries Fund (EFF) or other financial mechanisms that support the implementation of the CFP, and provides recommendations to ensure that the EMFF will have positive effects on Europe’s seas and for the fishermen whose livelihood depends on them.

To secure a long-term, economically viable fishing industry, priority should be given to ensuring stable, productive and healthy marine resources, by investing in public services and ecosystem restoration. Sustainable fishing can only be achieved by complying with effective fisheries management programs, preventing and stopping illegal fishing and eliminating subsidies that harm the environment, distort trade or undermine management efforts and lead to overfishing. The reforms of the CFP and the EMFF should eliminate subsidies which contribute to overfishing and instead direct funding towards supporting the transition to truly sustainable fisheries and healthy marine ecosystems. Implementing fisheries management measures and control and enforcement systems is absolutely vital for the sustainable future of fish stocks.

To ensure a future for our fishing sector, Oceana urges policymakers to direct funding towards the creation of more marine protected areas, proper enforcement of fisheries management measures, better data collection, efficient control measures and increased coverage of scientific assessments to all commercially exploited species.
Box 1: Oceana’s recommendations for the EMFF

- Allocate funding to the implementation and enforcement of fishing rules and control systems. The implementation of fisheries management measures and control and enforcement systems (including, but not limited to the allocation and monitoring of fishing licenses and special permits, real-time control in quota consumption and effort deployment, closure areas, and reporting obligations) is absolutely vital for the sustainable future of fish stocks.

- Ensure that the EMFF allows scientific assessments to be performed for all commercially exploited species, which is a prerequisite for establishing proper science-based fisheries management and Total Allowable Catch (TAC) limits for EU fish stocks, and for reaching Maximum Sustainable Yield (MSY) commitments.

- Make the EMFF consistent with Natura 2000 prioritised action frameworks and include plans to streamline the EMFF with LIFE in the EMFF Operational Program.

- Use the EMFF to finance measures aimed at supporting Marine Protected Areas (MPAs), such as the identification and designation of new sites, and the management and monitoring of already-designated Natura 2000 sites and other MPAs within the scope of Article 13(4) of the Marine Strategy Framework Directive (MSFD).

- Make EMFF funding conditional on providing annual data on the balance between fishing capacity and fishing opportunities, and on Member States’ effectiveness in achieving this balance.

Background

One hundred and seventy million people worldwide rely on fisheries for direct employment. Marine tourism, marine fisheries and aquaculture are estimated to provide global economic benefits worth 161 billion USD (~125 billion EUR), 80 billion USD (~62 billion EUR) and 57 billion USD (~44 billion EUR), respectively. The European Union’s (EU) fishing industry is the fourth largest in the world and it provides around 6.4 million tonnes of fish each year. Fishing and fish processing provide jobs for more than 350,000 people.

More than half of Europe’s territory consists of sea, but the state of Europe’s marine environment is far from healthy, due to the on-going dramatic loss of marine species and habitats. The majority of fish stocks in EU waters are either overexploited or depleted. Since 1994, direct subsidies to the fleet, such as aid for modernization, scrapping or temporary cessation have failed to address the overcapacity of the European fleet or to turn the tide for European fish stocks. In fact, historically subsidies have contributed to boosting the EU’s fleet capacity, by massively funding the construction of new vessels. As a consequence, the EU fishing fleet is estimated to be two to three times larger than would allow sustainable fisheries, while 47% of the assessed fish stocks in the North East Atlantic and 80% in the Mediterranean remain overfished.
Fisheries management and data collection

Fisheries management in Europe has not only failed to ensure sustainability in those few fisheries where it existed, but worse, has remained nonexistent for the rest. While several hundred marine species are commercialized in the EU, only a small fraction of them is actually managed.

Managing fish stocks and ensuring they are maintained within sustainable levels is a binding obligation under EU Regulations and international agreements. Yet despite this clear mandate, 686 species (82% of total) were still exploited and commercialised by the EU fleet without sound management measures in 2010; moreover, stock status is unknown for most of them. In terms of volume, these species represent a significant proportion (31%) of the EU fleet’s total captured volume and 36% of the total economic value of captures landed in the EU. Scientific advice is consistently absent for particular species, most notably deep-water species, which is likely due to poor or missing data. Scientific advice is also lacking for some commercially important stocks such as flatfish species in the Baltic. This strongly hampers the implementation of all of the key principles that guide the current and future CFP. Inadequate or nonexistent management of exploited fishery resources constitutes a real threat, not only to fish stocks and ecosystem equilibrium, but also to the future of fishing activities and to the communities dependent on these resources.

The Impact Assessment that accompanied the CFP Reform Proposal identifies the lack of sufficient scientific advice and economic data as an important driver of the lack of environmental sustainability, and as a risk for the success of the CFP reform. This assessment stresses that reliable scientific information (allowing for knowledge-based management) is available for just 45% of the commercial stocks for which the EU is responsible.

However, those stocks which are managed under a TAC are not doing much better than the species without management measures, in large part because of the failure of EU Member States to follow scientific advice. For example, in 2011, the European Council of Ministers set catch allowances for North East Atlantic fish stocks at levels 41% higher than were recommended by scientists.

In addition, the lack of scientific data and political will to provide data is paralyzing the EU fisheries decision-making process. Withholding or failing to provide data has become a political bargaining chip for EU Member States; without data, scientific bodies cannot provide advice, which increases the chances for the Member States to decide TACs based on the industry’s interests, rather than applying precautionary measures. For example, according to Dr. Paul Connolly of the International Council for the Exploration of the Seas (ICES), France and Spain have repeatedly failed to provide data on landings of cod stocks in the Irish Sea. This effectively prevented a realistic assessment of how many fish were actually caught and of the state of the stock.
Lack of data and reporting on balance between the capacity of the fleet and the available resources

In many European fisheries, there is no balance between the capacity of the fleet and available resources. The overcapacity that exists in numerous European fisheries has resulted in the overexploitation of many European fish stocks and in a decline in profitability for a large part of the European fleets. This precarious economic situation creates political incentives for pushing for higher TACs and for disregarding scientific advice on lowering catch limits.

Last year, the European Court of Auditors (ECA) concluded that Member States are inadequately reporting on their efforts to achieve a sustainable balance between fleet capacity and available fishing opportunities, due to a lack of political will and true commitment to achieving this balance. The fact that capacity reductions are offset by increases in technological progress, the inability of measurements of engine power and gross tonnage (GT) to capture this technological progress, and the difficulty in measuring engine power in practice have contributed to the failure to provide an accurate picture of the capacity of the fleet. As a result, taxpayer money is spent blindly on measures that aim to tackle overcapacity or balance the fishing fleet with the available resources, without knowing where the overcapacity is or how this balance should be achieved.

Financing data collection and fisheries management: As sound knowledge of the state of the stocks is a prerequisite for achieving long-term ecological, economic and social sustainability, it should be in the interest of the Member States to make more funding available for data collection under the EMFF. Fisheries management relies heavily on scientific advice and is therefore dependent on accurate, relevant and up-to-date data that increase the reliability of scientific assessments, and eliminate uncertainties in long-term management planning. This three-step process has failed repeatedly in the past, due to a lack of economic support and political will and reluctance from the fishing sector to collaborate openly with scientists.

The current EMFF proposal includes an allocation of 358 million EUR for data collection under shared management: a decrease from the 360 million EUR available for the period 2007 – 2013. Funding for data collection and control measures comes from the regulation called: Community financial measures for the implementation of the CFP and in the area of the Law of the Sea. Oceana, in an analysis of EU fisheries subsidies, estimated that 51.7 million EUR in EU funding were available in 2009 for measures related to data collection. Assuming a co-financing rate of 50% from the Member States, a minimum of roughly 103 million EUR were available annually for data collection from various EU funding mechanisms. Given the current state of play, this amount does not even begin to...
approach the level of financial support required for the new and more ambitious CFP. The EMFF aims to integrate all of the financial measures that support the CFP, and so the funding allocation for data collection under shared management must be significantly increased to allow for sufficient data collection and funding for scientific advice at the Member State level.

**Control measures**

The key point for the establishment of a “culture of compliance” is the improvement of the European system for monitoring, control and surveillance, and of subsequent sanctions. Currently, the existing sanctions are weak and do not act as a sufficient deterrent, as the fishing sector simply considers these penalties as additional operational cost to be included in its budgets. In some fisheries, the fines applied are worth a small percentage of the daily catch value.

In recent years, a new, more ambitious fisheries control and enforcement regulatory framework has been put in place in the EU to tackle compliance by the EU fleet within EU waters and markets\(^\text{23}\) and at the international level.\(^\text{24}\) However, this system has not yet attained the necessary level of economic support that would allow for its proper, effective and homogeneous implementation across Member States.

**Financing control:** The current EMFF proposal ring fences 477 million EUR for control measures under shared management, and covers all of the operational costs of control measures under direct management by the European Commission. This is a 30% increase from the previous 317 million EUR budget from 2007-2013.

An analysis carried out in 2011 by Oceana on fisheries subsidies in the EU estimated that in 2009, 52.7 million EUR were available from EU funding for measures related to control, assuming a co-financing rate of 50% from the Member States. This means that a minimum of approximately 105 million EUR were available annually for control measures from various EU funding mechanisms.\(^\text{25}\) As stated above, given that the EMFF aims to combine all of the financial measures that support the CFP, funding allocation for control measures needs to be significantly increased to allow for sufficient control activities at the Member State level.

Oceana urges decision-makers to increase and secure the funding necessary for the correct implementation of the EU control and enforcement framework, which is a crucial mechanism to ensure the credibility and effectiveness of the Common Fisheries Policy, and to guarantee the sustainable exploitation of EU fishery resources and the health of EU consumers.
Marine Protected Areas (MPAs)

Marine Protected Areas can provide benefits to the marine environment and people, including fisheries, support numerous ecosystem services and generate income.26 They provide a powerful tool for protecting and restoring marine biodiversity in a world where human pressures on the environment are constantly increasing.

The existing network of MPAs in Europe remains insufficient in its coverage. It suffers from poor and uneven representation of certain habitats and species, and above all, from inexistenent management measures in most cases. While the terrestrial Natura 2000 network designation in Europe is almost complete, less than 5% of EU waters are covered by MPAs.27 This level of coverage falls far below international commitments made under the Convention on Biological Diversity (CBD), which aim to protect a minimum of 10% of each marine eco-region by 2020.28

The main legal framework for the establishment of MPAs in the EU is provided by the Habitats and Birds Directives forming the so-called Natura 2000 network.29 The Marine Strategy Framework Directive (MSFD)30 further reaffirms the need to preserve our coastal and marine environment from increasing human pressures, such as fishing and tourism, notably by enhancing the establishment of coherent and representative networks of MPAs that adequately cover the diversity of marine ecosystems. So far, financing opportunities for the creation, maintenance and management of protected areas in the EU have been very limited, especially in the case of marine Natura 2000 sites. Despite it being much needed, there is currently no dedicated financing mechanism for the Natura 2000 network, let alone for MPAs.31

The potential for using the European Fisheries Funds for marine Natura 2000 sites has been in place for some time, but the uptake has been very disappointing.32 Funding MPAs or marine Natura 2000 sites under the future EMFF would be logical: not only would it benefit the environment, but also fisheries and associated coastal communities by allowing fish stocks to recover, creating spill-over effects to neighboring waters, and providing socio-economic opportunities in terms of fisheries and tourism activities. Funding from the EMFF for Natura 2000 should be included in the Prioritized Action Frameworks (PAFs) that need to be developed by national and regional authorities in advance of the Operational Programmes for the 2014-2020 funding period as they serve as a as they serve as strategic tool to identify financing needs and key priorities for the network of protected areas in each Member State.33 MPAs and associated management measures would improve the health of marine ecosystems, leading to co-benefits for a range of services including carbon storage, food provisioning and insurance value due to improved resilience to climate change.34 Establishing robust and well managed networks of MPAs could therefore contribute to efforts to achieve environmentally sustainable fisheries and conservation of marine biodiversity.

The EMFF should contribute to attaining the objectives of other key environmental legislation in the EU. The MSFD obliges Member States to achieve “Good Environmental Status” (GES) of their marine waters
by 2020, through an integrated approach to ecosystems and efforts to contain human activities within sustainable levels. Ultimately, achieving GES means that the marine environment is protected, preserved and restored with the aim of maintaining biodiversity and providing clean, healthy and productive seas and oceans.\(^{35}\) The Habitats and Birds Directives and the MSFD are inter-related and mutually supportive, in that effective management of the Natura 2000 network or MPAs covered by the MSFD is absolutely critical to achieving the ambitious 2020 GES objective. Without adequate financing, reaching this target will be impossible.

**Financing MPAs under the EFF**

The EFF is the Common Fisheries Policy’s main financial instrument, with a budget of 4.3 billion EUR for the years 2007-2013.\(^{36}\) EFF funding is based on the co-financing principle, and requires Member States to provide additional funds at rates that vary depending on the type of project. The total share for the Member States is 2.8 billion EUR. Therefore, under the EFF framework, total funding for the fisheries sector for this period is 7.1 billion EUR.

**Box 2: Measures available under Axis 3 in the EFF\(^{37}\)**

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<td>3.1 Common measures</td>
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The EFF can also support measures of common interest intended to protect and develop aquatic fauna and flora while enhancing the aquatic environment (Measure 3.2). These measures relate to the construction or installation of static or moveable facilities, the rehabilitation of inland waters, or the protection and enhancement of the environment in the framework of Natura 2000.\(^{38}\) However, until 2010 Member States have committed little money to measure 3.2.\(^{39}\) It is important to note the difference between funds that have been committed (allocated to certain measures in the operational program that covers the six-year funding period) and actual payments made under the EFF. Oceana is interested in the funding priorities of European Member States and therefore focusses on committed funding, rather than actual payment made to beneficiaries.
Graph 1: Committed funding from Member States and the EU until 2010 in the EFF on direct fleet subsidies (Measures 1.1, 1.2 and 1.3) in comparison with funds for environmentally beneficial measures such as MPAs (Measure 3.2).\textsuperscript{40}

The Interim evaluation of the EFF (2007-2013) states that Measure 3.2 is hardly ever used at all; only 25 million EUR had been committed by a few Member States by 2010.\textsuperscript{41} In fact, only a symbolic 3% of the total EFF funding has been committed for projects under Measure 3.2.\textsuperscript{42} In comparison to the status of Natura 2000 financial aid available in the EFF, the scrapping of fishing vessels accounts for 22% of the fund’s budget.\textsuperscript{43}

* Please note that total committed EFF funding of France only reflects the investments financed under the EFF by the EU, the co-financing of the Member State that is required under the EFF is not included in this figure.
Sound science is fundamental to effectively managing MPAs and the complex ecosystems they protect. Funding for research on the identification, selection, designation, management, restoration and monitoring of MPAs is crucial for maximizing their contribution to fisheries; the EMFF should therefore clearly earmark funds for those objectives. Allocating more funding to supporting the creation and management of the Natura 2000 network and other marine protected areas within the meaning of Article 13(4) of the Marine Strategy Framework Directive is an effective way of maintaining and restoring healthy ecosystems.

The EMFF should fund activities which support MPAs or Natura 2000, such as: identification and mapping of habitat and species (e.g., distribution, density, representation, replication, etc.); connectivity through adult movement and larval dispersal of marine species; preservation of spawning aggregations, feeding, recruitment and nursery grounds; ecosystem-wide effects like trophic cascades.

Oceana advocates for Natura 2000 and other marine protected areas under the MSFD to be promoted and encouraged by the EMFF, with appropriate controls to prevent aid from being diverted to other purposes. This will also put the EU Member States on the right path to meeting their obligations to achieve Good Environmental Status of the European marine environment by 2020, as well as their commitments regarding the implementation of the EU’s Biodiversity Strategy 2020.
Oceana campaigns to protect and restore the world’s oceans. Our team of marine scientists, economists, lawyers and other collaborators are achieving specific changes in the legislation to reduce pollution and prevent the irreversible collapse of fish stocks, protect marine mammals and other forms of marine life. With a global perspective and devoted to conservation, Oceana has offices in Europe, North America, South America and Central America. Over 300,000 collaborators and cyber activists in 150 countries have already joined Oceana. For more information, visit www.oceana.org
REFERENCES:

5 Historical average exchange rate of USD/EUR in June 2011 was 0.775314 [http://fxtop.com/en].
7 European Commission, Facts and figures on the Common Fisheries Policy Basic statistical data, February 2012.
9 Contradictory measures were included in the Financial Instrument for Fisheries Guidance (FIFG): measures to reduce the capacity of the fleets were included alongside measures that allowed for the building of new vessels.
12 Idem.
19 European Commission: Commission staff working paper A Budget for Europe 2020: the current system of funding, the challenges ahead, the results of stakeholders consultation and different options on the main horizontal and sectoral issues. Accompanying the document Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions A Budget for Europe 2020, Brussels, 29 June 2011, SEC(2011) 868 final p. 104.
22 Idem.
30 target 11 of the Strategic Plan of decision X/2, the Conference of the Parties to the Convention on Biological Diversity adopted the Strategic Plan for Biodiversity 2011–2020 which includes twenty headline Aichi Biodiversity Targets for 2015 or 2020 organized under five strategic goals.
When designing funding for the Natura 2000 network, the European Commission proposed to enable Member States to draw co-financing for certain activities in Natura 2000 sites from a range of existing instruments. As a consequence, marine sites and Natura 2000 network in general suffer from insufficient funding.


Idem.


Idem.

Idem.

Idem.

Idem.