



## **The European Union and Fishing Subsidies**

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### **Executive Summary**

The world's oceans are at risk of irreversible collapse. Most of the world's fisheries are fully exploited or, worse, overexploited and depleted. In Europe, the oceans are equally in crisis. Only a minority of commercially fished stocks have even been assessed or managed. Of the fish stocks that have been scientifically assessed in the Northeast Atlantic and Mediterranean, the majority are overfished. An increasing number of marine species are threatened, with some nearing extinction.

Growing demand for fish combined with local resource depletion has promoted a major expansion of European fleets in size and fishing range. European Union (EU) fleets are now found in the Atlantic, Pacific and Indian Oceans through arrangements with third-party countries. Illegal, unregulated and unreported (IUU) fishing is a widespread problem among European fleets in all oceans.

The EU fishing industry receives a significant amount of government subsidies, which have promoted the massive overcapacity of European fishing fleets. The European fishing fleet is estimated to be two to three times greater than what sustainable limits would allow.

In addition, the fisheries in many European countries are unprofitable and a poor investment for taxpayers. In 2009, fishing sector subsidies totalled EUR 3.3 billion, more than three times greater the amount in typically quoted public figures. In 13 countries, subsidies were greater than the value of the fish catch.

This paper attempts to provide as complete an overview as possible on the sources and amounts of subsidies available to the EU fishing sector for the most recent year available. The paper also provides a country-by-country analysis and evaluation of subsidy intensity as an indicator of economic performance.

### **The World's Fisheries**

The world relies on the oceans for food and livelihood. More than 1 billion people depend on fish as a key source of protein.<sup>1</sup> Fishing activities support coastal communities and hundreds of millions of people who rely on fishing for all or part of their income.<sup>2</sup>

According to the U.N. Food and Agriculture Organization (FAO), 85 percent of the world's fisheries are now overexploited, fully exploited, significantly depleted or recovering from overexploitation.<sup>3</sup>

In 2005, the FAO stated: "The maximum long-term potential of the world marine capture fisheries has been reached."<sup>4</sup> As a result, increased demand for wild-capture fish cannot be met by increasing fishing effort without restoring fish populations and ensuring their ongoing sustainability. Sustainable fishing can only be achieved through compliance with effective fisheries management programs, by controlling

illegal fishing and by limiting subsidies that not only distort trade but undermine management efforts and lead to overfishing.

In Europe, 63 percent of the assessed fish stocks in the Atlantic and 82 percent in the Mediterranean are overfished.<sup>5</sup> A recent impact assessment by the European Commission concluded that if the status quo is maintained and fishing continues at current rates, only 9 percent of European fish stocks will be managed at sustainable levels by 2022,<sup>6</sup> despite the commitment by countries to manage all fisheries sustainably by 2015.<sup>7</sup>

Fisheries management in Europe is poor to non-existent. In 2010, 76 percent of the species commercially fished by European fleets were not managed by fishing quotas.<sup>8</sup> However, stocks of managed species are not doing much better, in large part because of the failure of EU member states to follow scientific advice. For example, in 2010, the European Council of Ministers, comprised of fishery ministers from EU member states, set catch allowances for Atlantic fish stocks 20 percent higher than the level recommended by scientists.<sup>9</sup>

EU fisheries management also violates international law. The U.N. Convention on the Law of the Sea (UNCLOS 1982), Article 61(3),<sup>10</sup> requires that fisheries management measures by coastal states in the 200-mile Exclusive Economic Zone (EEZ) must aim at restoring and maintaining fish stock biomass that can produce maximum sustainable yields. The maximum sustainable yield or catch is theoretically defined as the largest yield (or catch) that can be taken over an indefinite period, without harming the fish stock. Yet only 13 percent of European stocks in the Atlantic and 18 percent of those in the Mediterranean are at or near this internationally agreed reference point.<sup>11</sup>

IUU fishing is a serious global problem and one of the main impediments to the achievement of sustainable fisheries. IUU fishing represents a major loss of revenue, particularly for some of the poorest countries in the world where dependency on fisheries for food, livelihood and revenue is high.

IUU marine catch is estimated to be between 11 and 26 million tonnes per year, worth between USD \$10 and \$23 billion or between EUR 7.3 and 17 billion. In some cases, fisheries experts report that IUU fishing accounts for up to 49 percent of the total yearly catch.<sup>12</sup>

IUU fishing includes three principal types of activities:<sup>13</sup>

- **Illegal** fishing where vessels operate in violation of fisheries laws or regulations.
- **Unreported** fishing that has not been reported or has been misreported to the relevant national authority or regional fisheries management organization, in contravention of applicable laws, regulations or reporting procedures.
- **Unregulated** fishing by vessels without nationality; fishing by vessels flying the flag of a country not party to the regional fisheries management organization governing that fishing area or species; or fishing of unmanaged stocks or in unmanaged areas in a manner that is inconsistent with state responsibilities under international law.

By nature, IUU fishing is an unsustainable practice that makes it impossible to effectively manage fisheries. It respects neither national boundaries nor international attempts to manage high-seas resources, putting unsuitable pressure on fish stocks, marine wildlife and habitats, subverting labor standards and distorting markets.

## **Fishing, Jobs and Trade**

According to the FAO, EU countries comprise the third largest global fishing “nation” behind China and Peru.

In 2009, EU countries caught more than 5 million tonnes of fish: 4 million tonnes from Northeast Atlantic and EU waters, and 1 million tonnes from the rest of the world’s oceans.<sup>14</sup>

According to European Commission data, more than 140,000 people are employed as fishers in the EU. However, employment in the fishing sector in Europe is concentrated within a handful of countries. Spain alone accounts for 25 percent of employment, and Spain, Greece and Italy account for 60 percent.<sup>15</sup>

The EU is the world’s largest importer and exporter of fish by volume. In 2008, the EU was the third largest importer behind Japan and the United States, and the second largest exporter behind China, by value. Imports of fish products amounted to more than 10 million tonnes, worth more than USD \$45 billion or EUR 33 billion. Exports that same year were 7 million tonnes, worth more than USD \$26 billion or EUR 19 billion.<sup>16</sup>

## **The European Fishing Empire**

Growing demand for fish, combined with local resource depletion, has promoted the major expansion of European fleets in size and fishing range.

More than 700 EU-flagged fishing vessels catch more than 1 million tonnes of fish outside of EU waters. Most of this activity occurs under “Fisheries Partnership Agreements” (FPAs), mainly with developing countries in East and West Africa, the Caribbean and the Pacific, while some occurs under the Northern agreements with Norway, Iceland and the Faeroes.<sup>17</sup> Under the FPAs, the EU pays countries for access to their fishing resources. In addition, EU vessels also fish in the international waters of the West and South Atlantic, Indian and Pacific oceans.

Due to its scope and high volume of catch, the EU fishing fleet has a large impact on fish stocks in non-European waters. This is particularly significant in developing countries, where the local communities depend on the coastal fish stocks for food and livelihood.

## **Fishing and Subsidies**

Fishing subsidies are defined as direct or indirect financial transfers of funds from public entities that help make the fishing sector more profitable than it would otherwise. Fishing subsidies can create incentives to fish more, even when catches are declining.<sup>18</sup> The results are overfishing, fleet overcapitalization, reduced economic efficiency and failure to realize the potential economic benefits from the resource.<sup>19</sup>

The World Bank also concluded that subsidies create enormous economic losses and impacts on the global fishing industry. A World Bank report found that input subsidies tend to reinforce the sector’s “poverty trap” by creating incentives for greater investment and fishing effort in overstressed fisheries. The same report stressed that the economic losses in global fisheries resulting from inefficiencies (including subsidies) and overfishing amounts up to USD \$50 billion a year.<sup>20</sup>

### **Beneficial, Capacity-Enhancing and Ambiguous Fishing Subsidies<sup>21</sup>**

Fishing subsidies can generally be divided into three categories: beneficial, capacity-enhancing and ambiguous.

*Beneficial subsidies* enhance the growth of fish stocks through conservation, monitoring and control of catch rates. Beneficial subsidies include programs such as fisheries management, research and Marine Protected Areas.

*Capacity-enhancing subsidies* stimulate overcapacity and overfishing through artificially increased profits that further stimulate effort and compound resource overexploitation problems. These include programs such as fuel subsidies, boat construction and modernization, fishing port construction and renovation, price and marketing support, processing and storage infrastructure, fishery development projects, tax exemptions and foreign access agreements.

*Ambiguous subsidies* can lead to positive or negative impacts on the fishery resource depending on the design of the program. Some examples include fisher assistance programs, decommissioning and buyback programs and community development programs.

### **Subsidies and the European Fishing Sector**

Despite the precarious condition of fisheries in Europe and beyond, the EU continues to provide massive subsidies to support its fishing fleets. Europe is one of the world's top three subsidizers, along with China and Japan.<sup>22</sup> Information from the European Commission and European national ministries on fishing subsidies, if available at all, is usually partial and incomplete, which suggests that the total amount of fishing subsidies is significantly higher than the figures officially provided.<sup>23</sup>

As a result of these major subsidies, the EU now has a fishing fleet that is estimated to be two to three times larger than what sustainable limits would allow.<sup>24</sup> Overcapacity of the EU fishing fleet remains a major problem.<sup>25</sup> Repeated attempts to tackle the issue have failed, and technological improvements have overshadowed any small capacity decreases.<sup>26</sup>

In fact, many European fleets only continue to operate with the support of government subsidies. A recent economic analysis by the European Commission revealed that despite subsidies, 30 to 40 percent of the fishing segment it assessed suffered losses each year from 2002 to 2008.<sup>27</sup>

In its Green Paper introducing the Common Fisheries Reform (CFR), the European Commission stressed that only a few EU fleets are profitable without public support, and most of Europe's fishing fleets are either running losses or returning low profits.<sup>28</sup> Researchers confirm that revenue-enhancing subsidies and those that reduce fishing costs increase participation and fishing effort.<sup>29</sup> Overcapacity affects fisheries management in many ways: it leads to political demands to disregard scientific advice for reduction of catch limits, causes illegal fishing and reduces the profitability of operators. Excessive fishing activities also damage the marine environment, particularly through greater catch of non-target and protected species.

## **Sources of Fishing Subsidies in the European Union**

Taxpayers throughout the EU finance the subsidies given to the fishing sector. Fisheries and agriculture are the two large policy sectors that are overseen mainly by the EU, and member states finance a large European Commission budget for fisheries policies and activities.

The European Fisheries Fund (EFF) and the Second Financial Instrument (SFI) are the main financial instruments concerned with fishing and fish processing activities in the EU.

The total budget of the EFF is EUR 4.3 billion for the period 2007 to 2013. This funding is supposed to be split evenly over the duration of the program (EUR 615 million per year). EFF funding is based on the principle of co-financing, 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 EUR 2.8 billion. Therefore, under the EFF framework, total funding to the fisheries sector is EUR 7.1 billion during this period.<sup>30</sup>

Some major areas funded under the EFF include programs for the temporary cessation of fishing activities; vessel decommissioning; replacement of engines; fish processing; marketing and promotional campaigns; and construction of fishing ports, shelter and landing sites. For a complete overview see Table 1 below.

Vessel construction, modernization and the export of fishing vessels are not allowed under the EFF. However, there are a number of loopholes and exceptions, such as the construction of fishing boats in the outermost regions of the EU like the Canary Islands.<sup>31</sup> In 2007, the possibility of receiving subsidies for more efficient engines for fishing vessels was reintroduced as part of a “fuel package” in response to the increase in fuel prices.<sup>32</sup>

**Table 1: Measures Subsidized under the European Fisheries Fund**

<b>Areas for Subsidies under the EFF</b>	<b>Measures</b>	<b>Budget<sup>33</sup></b>
Adjustment of the fleet	<ul style="list-style-type: none"> <li>- Decommissioning of fishing vessels</li> <li>- Temporary cessation of vessel activity</li> <li>- Upgrades for safety, working conditions, hygiene, energy efficiency and/or gear selectivity</li> <li>- Small-scale coastal fishing</li> <li>- Early retirement and retraining</li> <li>- Replacement of engines</li> </ul>	28.14%
Aquaculture, processing and marketing, inland fishing	<ul style="list-style-type: none"> <li>- Aquaculture</li> <li>- Inland fishing</li> <li>- Processing and marketing of fish</li> </ul>	28.78%
Measures of common interest	<ul style="list-style-type: none"> <li>- Protection and development of aquatic fauna and flora, and artificial reefs</li> <li>- Protection and enhancement of the environment in NATURA 2000 areas</li> <li>- Fishing ports, shelters and landing sites</li> <li>- Development of new markets</li> <li>- Marketing and promotion campaigns</li> <li>- Pilot projects including tests of new technologies and management measures</li> </ul>	26.21%
Sustainable development of fisheries areas	<ul style="list-style-type: none"> <li>- Aid for coastal communities with high employment in fisheries</li> <li>- Fish processing</li> <li>- Tourism</li> <li>- Interregional and transnational cooperation</li> </ul>	13.18%
Technical assistance	<ul style="list-style-type: none"> <li>- Studies, reports and information activities</li> <li>- Implementation of operational programmes</li> </ul>	3.69%

The SFI provides financing for fisheries control, data collection, the participation in international fisheries bodies and access to foreign fishing grounds (Fisheries Partnership Agreements).<sup>34</sup>

The European Agriculture Guarantee Fund (EAGF)<sup>35</sup> includes different intervention mechanisms for fish products and covers the expenditure for producer organizations such as their restructuring and the implementation of their plans to improve quality.<sup>36</sup> The EAGF also funds fisheries programs in the outermost regions for Spain (Canary), Portugal (Azores and Madeira) and France (French Guiana and Reunion).<sup>37</sup>

There are also several additional sources of subsidies, including state aid, *de minimis* aid, payments for access to foreign fishing grounds, fuel tax schemes, and other minor programs.

State aid are schemes initiated independently by the member states. As examples, these programs include grants, interest subsidies and tax reductions. The European Commission created guidelines on state aid to the fisheries sector to ensure compliance with objectives of the EFF. The rules allow member states to grant state aid for most of the measures included in the EFF; however, due to their specific character, aid for the replacement of engines and fishing gear and aid for the sustainable development of fisheries areas are not included. Member states are required to notify the EU about state aid programs, unless an exemption already applies (e.g., for a *de minimis* rule or block exemption).<sup>38</sup>

*De minimis* aid is national aid that is not considered to distort competition. The *de minimis* regulation for the fisheries sector (adopted in 2007) states that a limited amount of state aid can be given to fishing companies: EUR 30,000 per company over a period of three fiscal years, if the total amount of funding given by a member state to its fishing industry does not exceed 2.5 percent of the total production value of the fisheries sector.<sup>39</sup>

The total amount that member states can spend under the *de minimis* rule is currently capped at EUR 719 million for three years (EUR 240 million per year). *De minimis* aid is frequently used for direct fuel subsidies, as *de minimis* regulation was introduced to mitigate the consequences of rapidly rising energy prices.<sup>40</sup> In May 2011, the European Parliament made an attempt to increase the level of *de minimis* subsidies from EUR 30,000 to EUR 60,000 per firm.<sup>41</sup> So far, the European Commission has refused to accede to this request.

**Table 2: De Minimis Ceilings per EU Member State (2009)<sup>42</sup>**

Country	EUR	Country	EUR	Country	EUR
Austria	206,667	Germany	16,316,667	Netherlands	11,958,333
Belgium	3,933,333	Greece	6,005,000	Poland	7,041,667
Bulgaria	144,333	Hungary	246,667	Portugal	5,229,333
Cyprus	520,667	Ireland	2,836,000	Romania	174,667
Czech Republic	336,000	Italy	31,441,667	Slovakia	377,667
Denmark	19,216,667	Latvia	1,307,667	Slovenia	112,667
Estonia	1,239,333	Lithuania	1,744,333	Spain	42,626,667
Finland	2,358,333	Luxembourg	0	Sweden	3,717,667
France	46,183,333	Malta	85,000	United Kingdom	34,241,667

Agreements for access to foreign fishing grounds and fuel tax programs are extensive and considerable. These are discussed in more detail in the next section of the report.

**Table 3a: Fisheries Subsidies in the EU Calculated for 2009 (EUR by country)**

Country	EFF <sup>43</sup>	State Aid <sup>44</sup>	Second Financial Instrument <sup>45</sup>	Agriculture Guarantee Fund <sup>46</sup>	Other Sources <sup>47</sup>	Fuel Subsidies and Tax Exemption <sup>48</sup>	De minimis <sup>49</sup>	Sum
<b>Spain</b>	303,443,009	37,400,000	99,427,351	9,301,359	12,819	241,750,290	42,626,667	733,961,495
<b>France</b>	60,471,634	88,147,900	39,314,816	9,223,452	3,586,980	115,009,785	46,183,333	361,937,900
<b>Denmark</b>	37,414,702	16,268,223	25,751,576	963,108	20,851	207,752,367	19,216,667	307,387,494
<b>United Kingdom</b>	40,232,519	2,858,793	28,889,125	605,995	10,180	157,865,482	34,241,667	264,703,762
<b>Italy</b>	119,138,824	5,512,000	26,329,053	299,433	20,140	67,958,022	31,441,667	250,699,139
<b>Poland</b>	162,433,489	0	5,735,884	309,276	7,764	59,806,083	7,041,667	235,334,163
<b>Netherlands</b>	20,898,367	5,000,000	40,718,909	457,592	2,565	102,077,404	11,958,333	181,113,170
<b>Germany</b>	35,070,869	4,230,000	23,738,199	264,998	5,800	66,871,382	16,316,667	146,497,914
<b>Portugal</b>	45,578,197	4,000,000	18,066,163	4,489,443	9,009	53,521,306	5,229,333	130,893,451
<b>Ireland</b>	10,722,832	6,000,000	10,639,859	924,454	19,483	79,757,204	2,836,000	110,899,833
<b>Sweden</b>	14,711,796	2,000,000	11,515,467	327,176	1,910,066	54,335,485	3,717,667	88,517,657
<b>Greece</b>	39,375,988	3,916,629	16,192,942	160,449	1,615	22,260,045	6,005,000	87,912,668
<b>Latvia</b>	22,349,330	0	11,121,949	736,180	3,357	43,597,300	1,307,667	79,115,783
<b>Lithuania</b>	10,123,504	1,796,455	17,636,612	223,376	2,194	46,129,321	1,744,333	77,655,795
<b>Finland</b>	12,838,872	2,000,000	4,574,822	158,516	10,319	41,294,466	2,358,333	63,235,329
<b>Estonia</b>	14,519,764	1,000,000	2,893,291	808,705	7,092	26,298,671	1,239,333	46,766,856
<b>Romania</b>	40,208,312	0	757,003	4,122	3,484	1,073,819	174,670	42,221,409
<b>Czech Republic</b>	4,924,909	27,000,000	43,380	4,216	3,130	1,098,393	336,000	33,410,029
<b>Belgium</b>	8,527,940	0	5,631,084	112,879	0	5,802,360	3,933,333	24,007,596
<b>Bulgaria</b>	15,464,181	0	1,031,955	9,206	3,599	2,398,195	144,330	19,051,466
<b>Hungary</b>	7,067,231	0	65,410	6,528	6,996	1,700,480	246,667	9,093,311
<b>Cyprus</b>	5,520,716	0	483,760	1,441	2,465	375,302	520,667	6,904,351
<b>Slovenia</b>	5,228,149	0	215,690	1,064	4,950	277,083	112,667	5,839,602
<b>Malta</b>	1,808,608	0	2,849,462	1,635	3,571	426,055	85,000	5,174,332
<b>Slovakia</b>	2,530,150	190,000	18,964	1,806	2,753	470,397	377,667	3,591,736
<b>Austria</b>	1,476,424	0	5,648	359	3,472	93,492	206,670	1,786,065
<b>Luxembourg<sup>50</sup></b>	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>1,042,080,316</b>	<b>207,320,000</b>	<b>393,648,375</b>	<b>29,396,768</b>	<b>5,664,654</b>	<b>1,400,000,187</b>	<b>239,602,005</b>	<b>3,317,712,306</b>

**Table 3b: Fisheries Subsidies in the EU Calculated for 2009 (Alphabetical by country)**

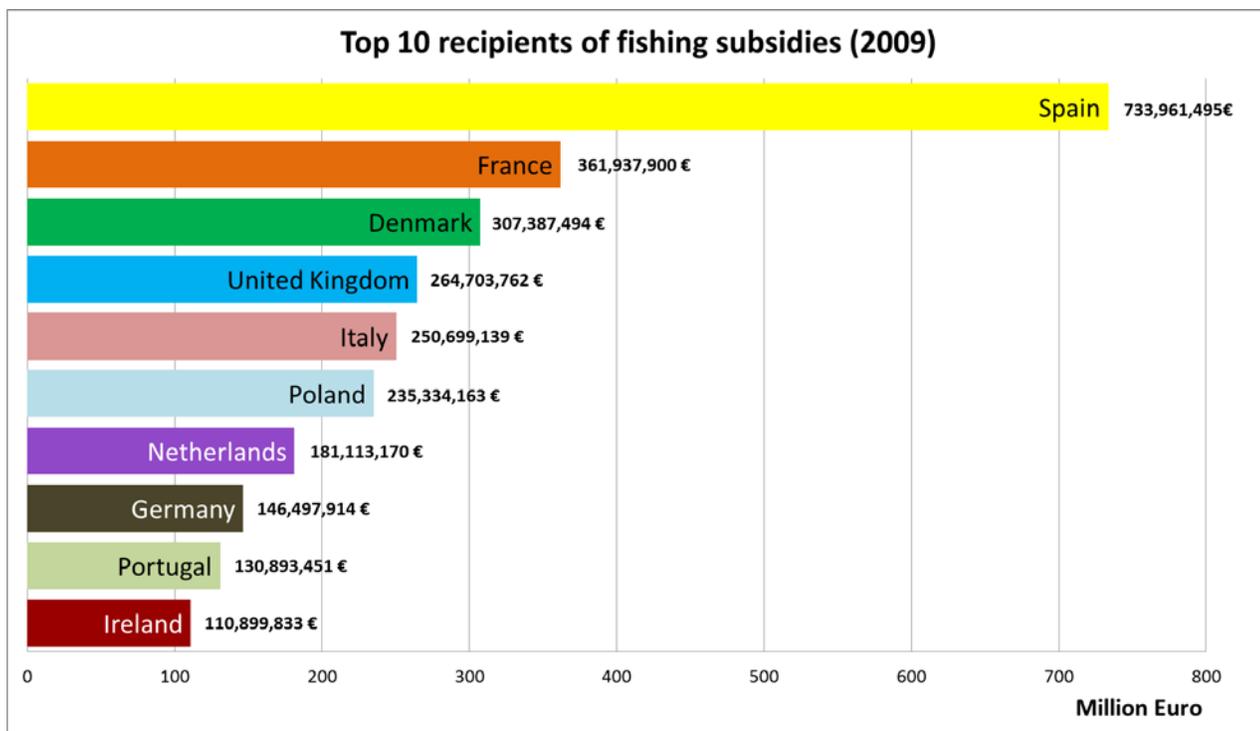
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## Fishing Subsidies in 2009

Oceana performed a comprehensive, independent assessment of subsidies allocated for the European fishing industry in 2009, the latest year where information is available.

- Oceana’s analysis found that a total of **at least EUR 3.3 billion** in subsidies were available to EU fleets in 2009. This is more than three times the publicly available figures referenced in the past, which only include EFF data.
- More than two-thirds of these subsidies have the ability to enhance fishing capacity and promote overfishing as they can be classified as either ambiguous or capacity enhancing subsidies.
- The EFF provided more than **EUR 1 billion in subsidies**.
- The support provided annually through the EFF is only one part of the subsidies that are available to the fishing sector. The research revealed an estimated additional **EUR 886 million** in fisheries subsidies when other relevant programs and financial instruments are considered.
- A review and assessment of fuel tax programs revealed an estimated **EUR 1.4 billion** in subsidies for the fishing sector.
- Total subsidies to the fishing sector are equivalent to **50 percent** of the value of the total fish catch by the EU in the same year (EUR 6.6 billion).
- Spain, France, Denmark, the United Kingdom and Italy received the most fishing subsidies.
- Thirteen EU countries had more fishing subsidies than the value of the landings of fish in their ports.

**Graphic 1: Top 10 Recipients of Fishing Subsidies (EUR by country)**



**Table 4: Economic Performance of the European Fishing Sector 2009 (Alphabetical by country)**

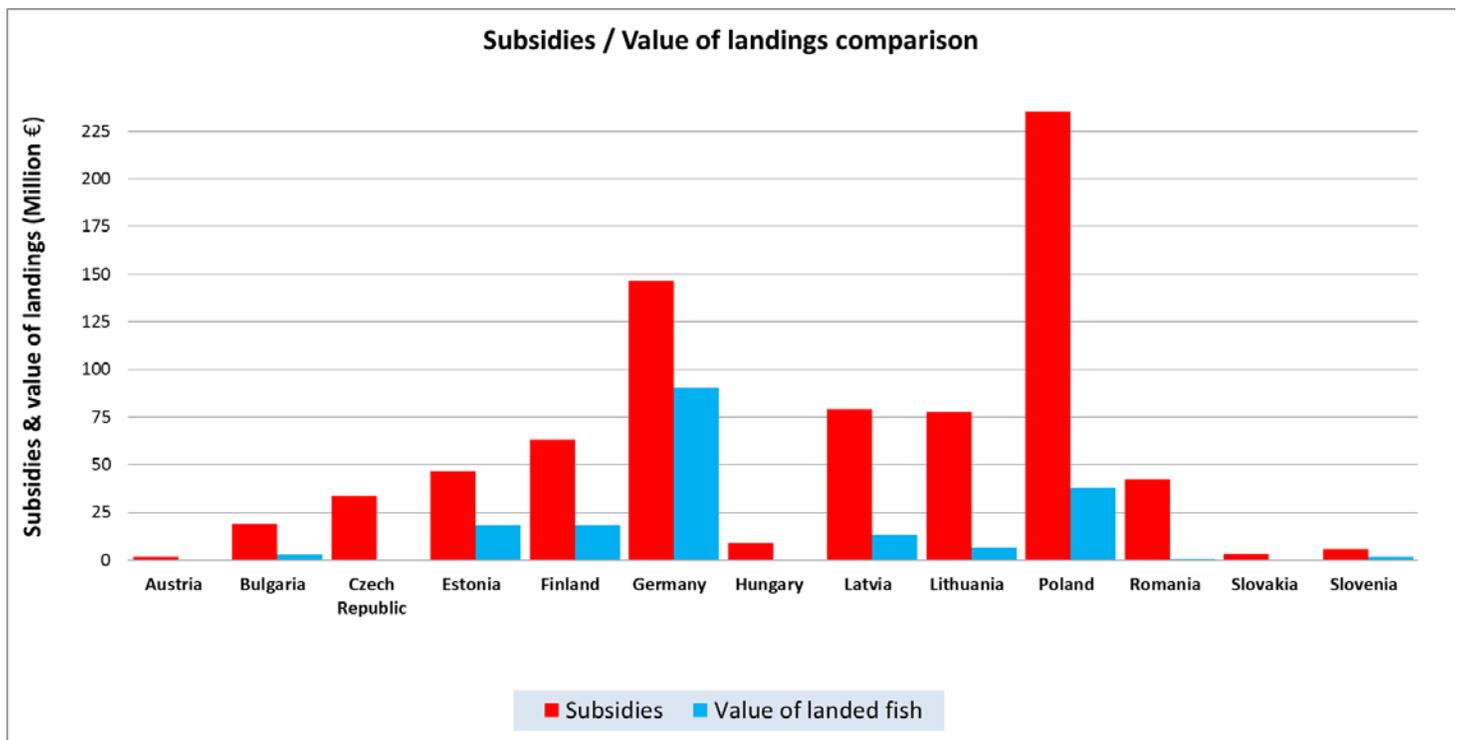
Country	Total Subsidies (€) without fuel	Total Subsidies with fuel (€)	Value of Fish Landings (€) <sup>51</sup>	Subsidies intensity <sup>52</sup> (%) with fuel	Subsidies intensity (%) without fuel
Austria	1,692,573	<b>1,786,065</b>	0	0	0
Belgium	18,205,236	<b>24,007,596</b>	59,599,396	40.28%	30.55%
Bulgaria	16,653,271	<b>19,051,466</b>	3,129,924	608.69%	532.07%
Cyprus	6,529,049	<b>6,904,351</b>	8,576,587	80.50%	76.13%
Czech Republic	32,311,635	<b>33,410,029</b>	0	0	0
Denmark	99,635,127	<b>307,387,494</b>	360,444,111	85.28%	27.64%
Estonia	20,468,186	<b>46,766,856</b>	18,221,804	256.65%	112.33%
Finland	21,940,862	<b>63,235,329</b>	18,042,550	350.48%	121.61%
France	246,928,115	<b>361,937,900</b>	785,280,905	46.09%	31.44%
Germany	79,626,533	<b>146,497,914</b>	90,247,787	162.33%	88.23%
Greece	65,652,624	<b>87,912,668</b>	458,778,533	19.16%	14.31%
Hungary	7,392,831	<b>9,093,311</b>	0	0	0
Ireland	31,142,629	<b>110,899,833</b>	236,000,398	46.99%	13.20%
Italy	182,741,117	<b>250,699,139</b>	1,209,970,517	20.72%	15.10%
Latvia	35,518,483	<b>79,115,783</b>	13,556,326	583.61%	262.01%
Lithuania	31,526,474	<b>77,655,795</b>	6,660,979	1165.83%	473.30%
Luxembourg	0	<b>0</b>	0	0	0
Malta	4,748,277	<b>5,174,332</b>	8,783,058	58.91%	54.06%
Netherlands	79,035,766	<b>181,113,170</b>	512,000,000	35.37%	15.44%
Poland	175,528,080	<b>235,334,163</b>	37,955,546	620.03%	462.46%
Portugal	77,372,145	<b>130,893,451</b>	223,782,417	58.49%	34.57%
Romania	41,147,591	<b>42,221,409</b>	594,814	7098.25%	6917.72%
Slovakia	3,121,340	<b>3,591,736</b>	0	0	0
Slovenia	5,562,520	<b>5,839,602</b>	1,687,015	346.15%	329.73%
Spain	492,211,205	<b>733,961,495</b>	1,793,180,677	40.93%	27.45%
Sweden	34,182,172	<b>88,517,657</b>	90,314,358	98.01%	37.85%
United Kingdom	106,838,280	<b>264,703,762</b>	659,744,018	40.12%	16.19%
<b>Total</b>	<b>1,917,712,119</b>	<b>3,317,712,306</b>	<b>6,596,551,720</b>	50.29%	29.07%

The real degree of economic loss in the fishing sector is revealed when EU fishing subsidies per country are compared with the actual value of fish landings in the country.

Subsidies to the fishing sector, not including fuel tax exemptions, exceed the value of the total fish catch in 12 EU countries. Four of these countries (Austria, the Czech Republic, Hungary and Slovakia) do not have fishing ports and therefore no income from fish landings. However, these countries still receive fishing subsidies, mostly for aquaculture or inland fishing. Several of the countries are “convergence-countries” that receive more subsidies because they recently joined the EU (including Bulgaria, Estonia, Latvia, Lithuania, Poland, Slovenia and Romania).<sup>53</sup> However, Finland also had more fishing subsidies than the value of landings in its ports.<sup>54</sup>

When the additional benefits from fuel tax programs are considered, 13 countries had access to more subsidies than the value of their landed catches. Besides countries without fishing ports and convergence countries, these include Finland, Germany and Sweden. The findings in these cases are particularly noteworthy. In Finland, subsidies were more than three times higher than the value of the landed catch, and more than 1.5 times in Germany. Sweden is paying roughly the same amount in fishing subsidies as the value of its fish landings.

**Graphic 2: Comparison of Subsidies with Value of Landings**



### Fuel Subsidies

A study from 2006 showed that fuel subsidies, in the form of direct payments for fuel to fishing companies, were paid in France, Greece, Poland, Spain and Sweden.<sup>55</sup> In comparison, in 2009, direct fuel subsidies were largely paid under the scheme of *de minimis* aid and are included in that category of figures in this report.

In the EU, fuel used by fishing vessels is also exempt from taxes. Oceana’s analysis and calculations found that in 2009 there were additional subsidies for the fishing sector as a result of fuel tax exemptions worth at least EUR 1.4 billion.<sup>56</sup> The EU Joint Research Centre estimated the fuel consumption of the EU’s fishing fleet to be 3.7 billion liters in 2008.<sup>57</sup>

Combining country-specific tax levels with catch figures provided by the European Commission allows the calculation of a EU weighted-average tax level for marine gasoil of **EUR 0.39 for 2009**.<sup>58</sup>

Fuel subsidies not only support overfishing by directly reducing the costs for the fishing operation, but cheaper fuel makes it possible to fish further and longer. Fuel subsidies are also a large driver of overcapacity of EU vessels, as they undermine the workings of the market of supply and demand and negate the expected conservation value in fuel prices.<sup>59</sup> The European Commission emphasizes that one of the most important subsidies for EU vessels is the overall exemption from fuel taxes.<sup>60</sup>

### **Fisheries Partnership Agreements**

The EU has two types of fishing agreements with non-EU countries: 1) Fisheries Partnership Agreements (FPAs) with developing countries near African, Caribbean and Pacific oceans where the EU provides financial and technical support in exchange for fishing rights; and 2) northern agreements concerning the joint management of shared stocks with Norway, Iceland and the Faeroe Islands.

The costs of FPAs are largely funded by the EU and provide substantial benefits for the EU and its fishing industry while disadvantaging many of the affected developing countries. In 2009, close to EUR 150 million was paid to 14 countries to secure access to fisheries for European fleets.<sup>61</sup>

The volume of catches under FPAs is around 400,000 tonnes per year, valued at EUR 430 million. Small pelagic catches made under the agreements (around 240,000 tonnes) are not supplied to the EU market, but rather to West African countries. The volume of supply to the EU market from the FPAs is estimated at a minimum of 160,000 tonnes, valued at EUR 320 million per year. One of the most profitable agreements, between the EU and Kiribati, generated EUR 20.2 for every Euro paid.<sup>62</sup>

EU financial contributions under FPAs are a significant (and often the main) source of revenue for national fishery ministries and authorities. In some developing countries, EU payments are also a significant share of the overall public revenues. For example, in Mauritania, the total EU contributions were 15 times the national budget for fisheries, and accounted for more than 16 percent of the country's total public revenues. The EU contribution is comparable in Guinea Bissau (15.6 percent).

An important stated intent of FPAs is to improve fisheries sustainability and adherence to the FAO Code of Conduct for Responsible Fisheries through binding conditions for policy and management. However, a recent review of FPAs concluded that these goals have not been met and there is little evidence that funding from these agreements has made any direct or substantial difference to the development of policies and plans for sustainable management.<sup>63</sup>

**Table 5: Fisheries Partnership Agreements**

Country	Fishing opportunities	Reference tonnage	Total EU Contribution (2009)
Cape-Verde	Tuna: 25 seiners, 48 surface longliners, 11 pole-and-line tuna vessels	5,000 tonnes	EUR 385,000
Comoros	Tuna: 40 seiners, 17 surface longliners	6,000 tonnes	EUR 390,000
Ivory Coast	Tuna: 25 seiners, 15 surface longliners	7,000 tonnes	EUR 595,000
Gabon	Tuna: 24 seiners, 16 surface longliners	11,000 tonnes	EUR 860,000
Greenland	Cod: 3 500 t, redfish: 8 000 t, Greenland halibut: 10 000 t, shrimp: 11 000 t, Atlantic halibut: 1 400 t, capelin: 55 000 t, snowcrab: 500 t, by-catches: 2 300 t	23,623 tonnes	EUR 15,874,244
Guinea-Bissau	4 400 grt for shrimps and 4 400 grt for fish and cephalopods; tuna: 23 seiners, 14 pole-and-line vessels	N/A	EUR 7,500,000
Kiribati	Tuna: 4 seiners, 12 longliners	6,400 tonnes	EUR 478,400
Madagascar	Tuna: 43 seiners, 50 longliners (> 100 GT), 26 longliners (< 100 GT), 5 demersal	13,300 tonnes	EUR 1,197,000
Mauritania	Tuna: 22 seiners, 22 surface longliners and pole-and-liners; various crustaceans and demersal species	N/A	EUR 76,000,000
Morocco	20 small-scale pelagic seiners North, 30 small-scale longliners North, 20 small-scale fishing south, 22 demersal fishing, 27 tuna pole-and-liners, 60 000 tonnes small pelagics (max 18 vessels)	N/A	EUR 36,100,000
Mozambique	Tuna: 44 purse seiners, 45 longliners	10,000 tonnes	EUR 900,000
Solomon Islands	Tuna: 4 seiners, 10 longliners	6,000 tonnes	EUR 400,000
Sao Tomé e Príncipe	Tuna: 25 seiners, 18 longliners	8,500 tonnes	EUR 663,000
Seychelles	Tuna: 40 seiners, 12 longliners	63,000 tonnes	EUR 5,355,000

### Methodology

The information contained in this paper was obtained from publications from the EU and its member states. In most cases, amounts were calculated based on available figures. Estimates were also made to show distribution of fishing subsidies among EU member states. The figures presented for the European Fisheries Fund represent amounts decided to be spent in 2009. In some cases, the actual amounts distributed were lower than the decided amount.

More detailed information is available on the Internet [www.oceana.org/eusubsidies](http://www.oceana.org/eusubsidies), including explanations for all figures, the sources of information, the legal foundation of the subsidy and, if applicable, the method of calculation.

We would like to thank the “Borealis Center for Environment and Trade Research” for providing research for this report.

<sup>1</sup>OECD, 2011. A Green Growth Strategy for Food and Agriculture

<sup>2</sup>The World Bank Group (2011). Agriculture and Rural Development Department: The Global Program on Fisheries Strategic Vision for Fisheries and Aquaculture

<sup>3</sup>FAO. 2010. The State of World Fisheries and Aquaculture – 2010. Part 1: World Review of fisheries and aquaculture. Rome.

<sup>4</sup>FAO. 2005. Review of the State of World Marine Fishery Resources. Part 1A: Global Production and State of Marine Fishery Resources.

<sup>5</sup>European Commission. 2011. Press Release: Fishing opportunities in EU waters in 2012: getting the balance right to reduce overfishing. 25 May 2011, Brussels. IP/11/638

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- <sup>6</sup> European Commission. 2011. Commission Staff Working Paper, Impact Assessment; Accompanying Commission proposal for a regulation of the European Parliament and of the Council on the Common Fisheries Policy. SEC document number 891 of 2011, final version. 13 July 2011, Brussels.
- <sup>7</sup> European Commission. 2011. Commission Staff Working Paper, Impact Assessment; Accompanying Commission proposal for a regulation of the European Parliament and of the Council on the Common Fisheries Policy. SEC document number 891 of 2011, final version. 13 July 2011, Brussels.
- <sup>8</sup> Oceana report. 2011. Unpublished: based on Euro-stat statistical data and ICES advice. Copenhagen.
- <sup>9</sup> Oceana report. 2011. PR for the risk map: Risk Maps for fisheries management approved for 2011 by the EU for the main stocks managed in the North East Atlantic, available at: <[http://eu.oceana.org/sites/default/files/euo/OCEANA\\_Risk\\_Map\\_Report\\_Eng.pdf](http://eu.oceana.org/sites/default/files/euo/OCEANA_Risk_Map_Report_Eng.pdf)>
- <sup>10</sup> UNCLOS 1982. Article 61(3)
- <sup>11</sup> Oceana report. 2011. Risk Maps for fisheries management approved for 2011 by the EU for the main stocks managed in the North East Atlantic, available at: <[http://eu.oceana.org/sites/default/files/euo/OCEANA\\_Risk\\_Map\\_Report\\_Eng.pdf](http://eu.oceana.org/sites/default/files/euo/OCEANA_Risk_Map_Report_Eng.pdf)>
- <sup>12</sup> Agnew DJ, Pearce J, Pramod G, Peatman T, Watson R, et al. 2009. Estimating the Worldwide Extent of Illegal Fishing.
- <sup>13</sup> Adapted, based on FAO. 2001. International Plan of Action to prevent, deter and eliminate illegal, unreported and unregulated fishing.
- <sup>14</sup> FISHSTAT Plus: Universal Software for fishery statistical time series. Version 2.30. Capture production: quantities 1970-2009. FAO, Rome.
- <sup>15</sup> European Commission. 2010. Facts and Figures on the Common Fisheries Policy. February 2010.
- <sup>16</sup> FISHSTAT Plus: Universal Software for fishery statistical time series. Version 2.30. Capture production: quantities 1970-2009. FAO, Rome. Commodities production and trade 1976-2008. FAO Rome
- <sup>17</sup> European Commission. 2008. Evaluation of the External Fleet – Final Report. January 2008.
- <sup>18</sup> Sumaila, U. R., and D. Pauly, (2006). Catching more bait: a bottom-up re-estimation of global fisheries subsidies. Fisheries Centre, University of British Columbia
- <sup>19</sup> Arnason R., Kelleher K. and Willmann R. 2008. The Sunken Billions: The Economic Justification for Fisheries Reform. Joint publication of the World Bank and the FAO. ISBN 978-0-8213-7790-1.
- <sup>20</sup> Arnason R., Kelleher K. and Willmann R. 2008. The Sunken Billions: The Economic Justification for Fisheries Reform. Joint publication of the World Bank and the FAO. ISBN 978-0-8213-7790-1.
- <sup>21</sup> Sumaila R., Khan A., Dyck A., Watson R., Munro G., Tydemers P., Pauly D. 2010. A Bottom-Up Re-Estimation of Global Fisheries Subsidies (Working paper # 2009-11). University of British Columbia, Canada. Fisheries Centre, Research Report.
- <sup>22</sup> Sumaila R., Khan A., Dyck A., Watson R., Munro G., Tydemers P., Pauly D. 2010. A Bottom-Up Re-Estimation of Global Fisheries Subsidies (Working paper # 2009-11). University of British Columbia, Canada. Fisheries Centre, Research Report.
- <sup>23</sup> For example: European Commission (2008) European Fisheries Fund 2007-2013 – A user’s guide. 2008 (ISBN 978-92-79-08612-0).
- <sup>24</sup> European Commission. 2008. Press Release: Common Fisheries Policy: Commission launches a mid-term review. 17 September 2008, Brussels. IP/08/1339.
- <sup>25</sup> European Commission. 2011. Report from the Commission to the European Parliament and Council on Member States' efforts during 2009 to achieve a sustainable balance between fishing capacity and fishing opportunities. COM document number 354 of 2011, final version. 22 June 2011,
- <sup>26</sup> Technological creep describes how reductions in fishing capacity are compensated by improvements in fishing technology that substantially increases the efficiency of the fishing vessel.
- <sup>27</sup> Anderson J., Guillen J. 2010. European Commission Joint Research Centre (2010): The 2010 Annual Economic report of the European Fishing Fleet. 2010, Luxembourg. Page 3.
- <sup>28</sup> European Commission. 2009. Green Paper, Reform of the Common Fisheries Policy. COM document number 163 of 2009, final version. 22.04.2009, Brussels. Page 7.
- <sup>29</sup> Sumaila R., Khan A., Dyck A., Watson R., Munro G., Tydemers P., Pauly D. 2010. A Bottom-Up Re-Estimation of Global Fisheries Subsidies (Working paper # 2009-11). University of British Columbia, Canada. *Fisheries Centre, Research Report*. Page 13.
- <sup>30</sup> European Commission, Third Annual Report on Implementation of the European Fisheries Fund (2009), COM (2011) 37
- <sup>31</sup> The specific regime for the fleets registered in the outermost regions is defined by Council Regulation (EC) No 639/2004 and Commission Regulation (EC) No 2104/2004. The latter includes the definition of fleet segments and their reference levels. This is amended by European Commission, 2008. Council Regulation (EC) No 1207/2008 of 28 November 2008
- <sup>32</sup> European Commission. 2008. Communication from the Commission to the European Parliament and to the Council on promoting the adaptation of the European Union fishing fleet to the economic consequences of high fuel prices. COM (2008) 453
- <sup>33</sup> Interim evaluation of the European Fisheries Fund (2007-2013), Final report, February 2011, Accessed June 6, 2011: [http://ec.europa.eu/fisheries/documentation/studies/eff\\_interim\\_evaluation\\_en.pdf](http://ec.europa.eu/fisheries/documentation/studies/eff_interim_evaluation_en.pdf)

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- <sup>34</sup> European Commission, 2006. Council Regulation (EC) No 861/2006 establishing Community financial measures for the implementation of the CFP and in the area of the Law of the Sea
- <sup>35</sup> EAGF is part of the funding that the European Union provides under the Common Agriculture Policy and this includes aid to the outermost region for fisheries and funding for market interventions of fishery products:  
[http://europa.eu/legislation\\_summaries/agriculture/general\\_framework/111096\\_en.htm](http://europa.eu/legislation_summaries/agriculture/general_framework/111096_en.htm)
- <sup>36</sup> Commission Staff Working Paper impact assessment *accompanying the document* proposal for a regulation of the European Parliament and of the Council on the Common Organisation of the Markets in Fishery and Aquaculture products (COM(2011) 416)
- <sup>37</sup> Council Regulation (EC) No 791/2007 of 21 May 2007 introducing a scheme to compensate for the additional costs incurred in the marketing of certain fishery products from the outermost regions the Azores, Madeira, the Canary Islands, French Guiana and Réunion
- <sup>38</sup> Guidelines for the examination of State aid to fisheries and aquaculture (2008/C 84/06)
- <sup>39</sup> Commission Regulation (EC) 875/2007 on the application of Articles 87 and 88 of the EC Treaty to *de minimis* aid in the fisheries sector and amending Regulation (EC) 1860/2004, Official Journal, L 193/6
- <sup>40</sup> Study commissioned by European Commission executed by Framian BV: Economic Analysis of Raising *de minimis* aid for fisheries (mare/2008/12) January 2009.
- <sup>41</sup> European Parliament, Joint Motion for a resolution on the European Fisheries sector in crisis due to the rise in oil prices: B7-0323/2011
- <sup>42</sup> Commission Regulation (EC) 875/2007 on the application of Articles 87 and 88 of the EC Treaty to *de minimis* aid in the fisheries sector and amending Regulation (EC) 1860/2004, Official Journal, L 193/6
- <sup>43</sup> Calculation based on Council regulation (EC) No 1998/2006 of July 2006 on the European Fisheries Fund. References and methods of calculation are in the detailed EU subsidies table, accessible at [www.oceana.org/eusubsidies](http://www.oceana.org/eusubsidies)
- <sup>44</sup> Includes both State aid and Block Exemption. For State aid: European Commission. 2009. Scoreboard Database - Data on State aid expenditure (31 December 2009), 2. State aid in absolute and relative terms, Table: Sectoral distribution of aid by Member States in million Euro (2009); URL: [http://ec.europa.eu/competition/state\\_aid/studies\\_reports/expenditure.html](http://ec.europa.eu/competition/state_aid/studies_reports/expenditure.html). Guidelines for the examination of State aid to fisheries and aquaculture (2008/C 84/06). For Block exemption: European Commission, Fisheries database: Information provided by member states on subsidies that fall under the block exemption; URL: [http://ec.europa.eu/fisheries/state\\_aid/block\\_exemption\\_information/index\\_en.htm](http://ec.europa.eu/fisheries/state_aid/block_exemption_information/index_en.htm)
- <sup>45</sup> European Commission (2011) "Financial Transparency System" database and search engine; URL: <http://ec.europa.eu/beneficiaries/fts/>; The co-financing rate for Control and Data Collection for Member States for this measure is 50% of eligible expenditure. European Commission, 2006. Council Regulation (EC) No 861/2006 establishing Community financial measures for the implementation of the CFP and in the area of the Law of the Sea. Includes also Fisheries Partnership Agreements. References and methods of calculation can be found in the detailed EU subsidies table, accessible at [www.oceana.org/eusubsidies](http://www.oceana.org/eusubsidies).
- <sup>46</sup> EAGF is part of the funding that the European Union provides under the Common Agriculture Policy and this includes aid to the outermost region for fisheries and funding for market interventions of fishery products:  
[http://europa.eu/legislation\\_summaries/agriculture/general\\_framework/111096\\_en.htm](http://europa.eu/legislation_summaries/agriculture/general_framework/111096_en.htm)
- <sup>47</sup> Consists of administrative grants and pilot projects. Administrative grants: financial grants for member states on administration of fisheries sector, travels and other similar expenses and Pilot projects funded outside EFF: subsidies for Studies and Pilot projects prepared for carrying out the common fisheries policy. References and methods of calculation can be found in the detailed EU subsidies table, accessible at [www.oceana.org/eusubsidies](http://www.oceana.org/eusubsidies).
- <sup>48</sup> Calculation based on Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity. References and methods of calculation can be found in the detailed EU subsidies table, accessible at [www.oceana.org/eusubsidies](http://www.oceana.org/eusubsidies).
- <sup>49</sup> Commission Regulation (EC) 875/2007 on the application of Articles 87 and 88 of the EC Treaty to *de minimis* aid in the fisheries sector and amending Regulation (EC) 1860/2004, Official Journal, L 193/6,
- <sup>50</sup> Luxembourg did not receive any fisheries subsidies
- <sup>51</sup> - EU Commission (2011) Eurostat online, Landings of fishery products in all fishing countries, values. The data refers to the value of the landings in the ports of those countries. Detailed explanations what the figures include can be accessed at [http://epp.eurostat.ec.europa.eu/cache/ITY\\_SDDS/EN/fish\\_ld\\_esms.htm](http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/EN/fish_ld_esms.htm). Austria, the Czech Republic, Hungary and Slovakia did not report any value of landings in ports, Luxembourg does not have fish catches.
- <sup>52</sup> Subsidies Intensity is calculated by dividing the total amount of fishing subsidies by the turnover of fish landings in the ports of the countries.
- <sup>53</sup> Regions with a per capita gross domestic product below 75% of the Community average
- <sup>54</sup> Only fisheries subsidies have been analysed in this paper. Those do contain a small amount of aquaculture subsidies but represent by far not all subsidies paid to the aquaculture industry. For this reason, the turnover from aquaculture has not been taken into account either. The amount of subsidies going to aquaculture is estimated as being less than 10 percent of fisheries subsidies in most

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countries analyzed. They do exceed 10 percent of fisheries subsidies in Austria, Hungary and the Czech Republic (about half of fisheries subsidies go to aquaculture), Romania and Slovakia (about a quarter of fisheries subsidies go to aquaculture).

<sup>55</sup> Sumaila, U. R., and D. Pauly, (2006). Catching more bait: a bottom-up re-estimation of global fisheries subsidies. Fisheries Centre, University of British Columbia

<sup>56</sup> The estimation is quite conservative, given that several case studies about EU fisheries have shown higher fuel consumption, for example in the Danish beam trawl fisheries, fuel consumption was about 2.5 liters per kilo of fish landed and for the Dutch beam trawl fishery, 6 liters per kg of fish caught are used.

<sup>57</sup> Guillen J., Cheilari A. 2010. Energy Efficiency Analysis and Profitability of the European Union Fishing Fleets, European Commission Joint Research Centre. <[http://www.energyfish.nmfs.noaa.gov/proceedings/metrics\\_1\\_presentation\\_1.pdf](http://www.energyfish.nmfs.noaa.gov/proceedings/metrics_1_presentation_1.pdf).>

<sup>58</sup> Alternatively, Teydemers P.H., Watson R., Pauly D. 2005. Fueling Global Fishing Fleets *Ambio* Vol. 34, No. 8, December 2005. Teydemers et al (2005) estimated as global average 1 tonne of diesel for 1.9 tonnes of fish, with EU catches of 2009 that would lead to an estimation of EU subsidies for fuel used by fishing vessels (2007 est.) =  $2.7 * 0.39 = 1.1$  billion Euro. The biggest uncertainty within this calculation lies within the assumed fuel consumption per tonne of fish. Teydemers et al (2005) figure is a global average, that might well underestimate the consumption by Europe's high powered fishing fleet.

<sup>59</sup> Sumaila, R., Khan, A., Dyck, A., Watson, R., Munro, G., Tydemers, P., & Pauly, D. A Bottom-Up Re-Estimation Of Global Fisheries Subsidies (Working paper # 2009-11). 2009, University of British Columbia, Canada. *Fisheries Centre, Research Reports*.

<sup>60</sup> European Commission. 2009. Green Paper, Reform of the Common Fisheries Policy. COM document number 163 of 2009, final version. 22.04.2009, Brussels. Page 8.

<sup>61</sup> Based on EU Commission (2011), Fisheries Agreements with countries outside the EU. References and methods of calculation can be found in the detailed EU subsidies table, accessible at [www.oceana.org/eusubsidies](http://www.oceana.org/eusubsidies).

<sup>62</sup> MRAG, The evaluation partnership, Poseidon, 2010. Interim Evaluation on establishing EU financial measures for the implementation of the CFP and in the area of the Law of the Sea 2007 – 2013.

<sup>63</sup> Idem.