



## Paying for overfishing

# Why subsidising new vessel construction is bad news for EU taxpayers and our oceans

Consistent overfishing in European waters has led to smaller catches, lower revenues and fewer jobs than if our fish stocks were properly managed. Consumers across the EU now effectively pay three times for their fish: for the value of the landings, the societal costs of overfishing, and for the subsidies received by the fishing industry.

### Executive summary

A proposed amendment to the new subsidies framework, the European Maritime Fisheries Fund (EMFF), would provide subsidies for new vessel construction – public funding put towards increasing the capacity of EU fishing fleets and putting additional pressure on fish numbers.

The €0.93 billion available annually through the EMFF is no small sum: the equivalent of nearly half (46%) of

crew wages for all EU fishers. The proposed subsidy for new vessel construction is equivalent to 16.9% of crew wages. It is clear that funds of this magnitude could have a tremendous amount of societal good if put to alternative uses.

Instead of funding new vessel construction, subsidies must support the transition towards fish stock restoration and higher, sustainable, fish catches for fishers in the long-term.

### Consumers pay three times

Around two-thirds of EU stocks are now over-exploited. This means smaller catches, lower revenues and fewer jobs than if the stocks were at their maximum sustainable yield.

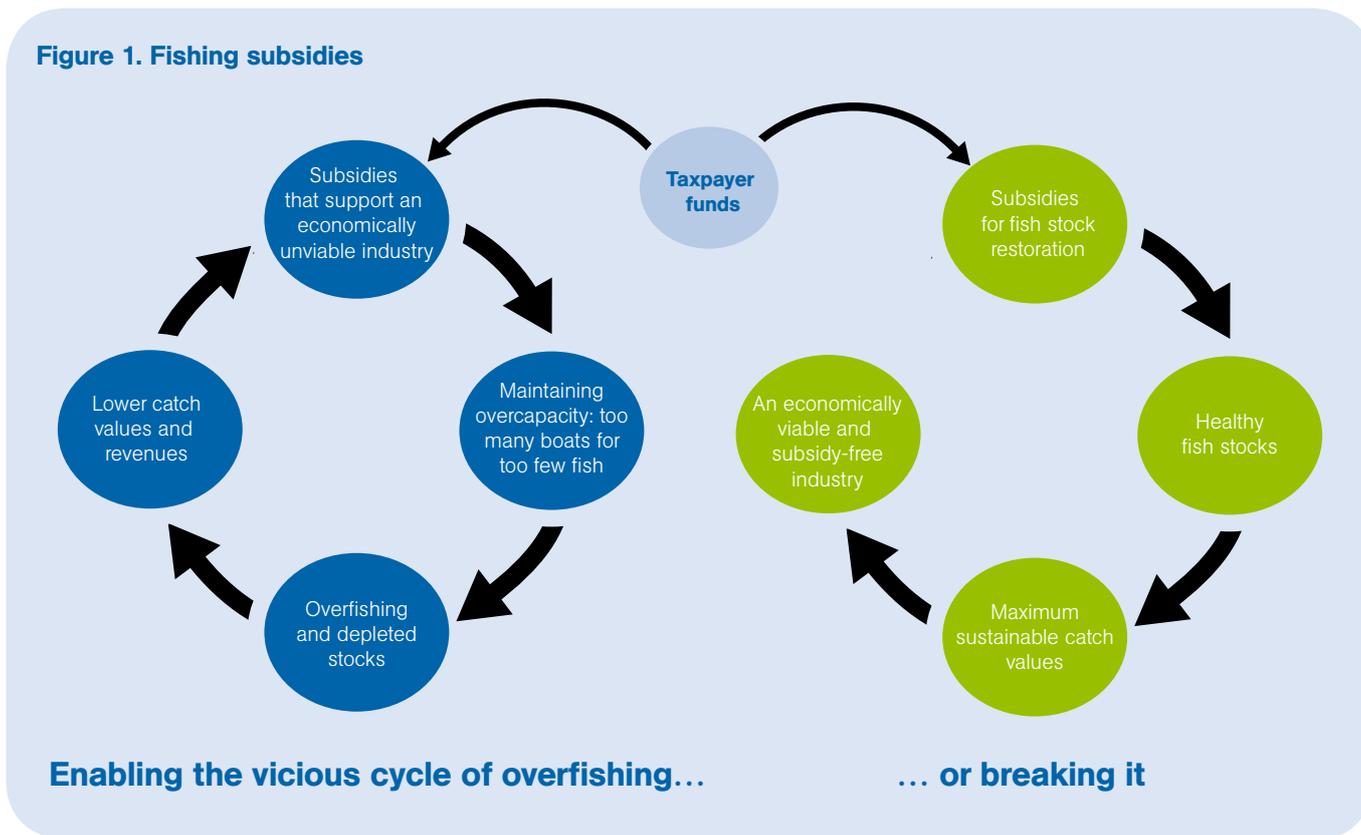
This consistent mismanagement has led to a situation where European consumers now pay three times for their fish. First, for the price of fish, which is the value of the landings. Second, for the societal costs of overfishing, as diminished fish stocks yield lower revenues and jobs than their sustainable potential. Lastly, taxpayers pay to support a fishing industry struggling to cope with

**Table 1: Three costs to consumers**

Cost to consumers	Amount (annual)
Value of landings	€6.6 billion
Lost value from overfishing	€3.2 billion
Subsidies	€0.9 billion
<b>Total</b>	<b>€10.7 billion</b>

Sources: Anderson *et al*.<sup>1</sup> Crilly & Esteban;<sup>2</sup> European Commission<sup>3</sup>

**Figure 1. Fishing subsidies**



the consequences of overfishing through EU-granted subsidies.

The financial vehicle to support the implementation of the Common Fisheries Policy is now being updated and reformed as the European Maritime Fisheries Fund (EMFF) for the period 2014–2020.

While the phasing out of aid for construction of new vessels by 2004 was one success of the 2002 CFP reform, now a proposed amendment to the EMFF jeopardises this progress. Amendment 32b is available to vessels older than 35 years, subject to some conditions, such as a cap on funds at €80,000 per vessel.

Subsidies for new vessel construction enable the vicious cycle of overfishing to continue by allowing the industry to continue to be economically-unviable and operate at overcapacity. This cycle can be broken if subsidies are used towards fish stock restoration which would create a higher, and sustainable supply of fish for consumption and income for fishers.

Any subsidy that contributes to overcapacity – the main driver of overfishing – should be firmly off the table. Reintroducing aid to new vessel construction through Amendment 32b would make it more difficult to deliver the objectives of the reformed Common Fisheries Policy recently agreed by EU ministers last May, which aims at fish stock restoration. Instead, funding for new vessels is more likely to perpetuate the waste of food, money and jobs that results from overfishing and the misuse of taxpayers money that supports it.

### A serious sum

The amendment departs from an established principle of reducing overcapacity in European fisheries, and at significant expense.

According to figures from the European Commission, approximately 20,000 vessels<sup>4</sup> would qualify for funding of up to €80,000 under proposed amendment 32b. Its total potential cost is €1.65 billion, or €236 million annually over the seven year period, representing a quarter (25.4%) of the total EMFF funding of €6.5 billion, or €0.93 billion annually.

The significance of this sum is compounded by the fact that overfishing has reduced the size of the industry and subsidies are now a significant amount comparatively.

Table 2 compares the amount of subsidy funds available in the EMFF and under the amendment to the value

**Table 2: Annual value of subsidies and key fisheries ( €)**

Item	Annual value (€)
EMFF	0.93 billion
Amendment Article 32b	0.24 billion
Crew wages	2.02 billion
Value of landings	7.13 billion

Sources: European Commission;<sup>5</sup> European Commission;<sup>6</sup> Anderson *et al*<sup>7</sup>

**Table 3: Annual value of subsidies and key fisheries statistics (%)**

%	Crew wages	Value of landings
EMFF	46.0%	13.0%
Amendment Article 32b	16.9%	3.3%

of crew wages and the value of landings across EU fisheries.

Using projected 2013 crew wages for EU countries, the value of the EMFF equates to the wages of 56,299 out of 105,674 fishers, and the amendment for new vessel construction equates to the wages of 17,874 fishers. As Table 3 illustrates, the EMFF represents nearly half (46%) of the total value of crew wages, with the amendment for new vessel construction representing a potential of 16.9% of the crew wages. When subsidy funds could actually cover the wages of such a large percentage of an entire industry it clearly begs the question as to whether they could be used in a more cost-effective way.

### Context needed

A new amendment allowing for new vessel construction marks a significant step in the wrong direction for the European fishing industry. Expanding our fleets now, and at such huge expense, will only worsen overfishing, and put an already struggling industry at risk of even greater reliance on EU subsidies.

While the EMFF is earmarked funding, it is sobering to recognise the societal good that could be accomplished if this same level of funding was to be put to other uses.

The cost of school lunches, for example, has received some attention recently as an increasing cost for families across Europe at a time of economic hardship for many.

Table 4 highlights potential amendment funds and the equivalent number of school lunches and school children these funds could provide for in a selection of key EU countries with fishing fleets. All costs are calculated in 2013 euros using estimated country inflation and exchange rates.

Within the fishing industry itself, such additional funds could significantly aid a transition towards sustainable fisheries. The funds available under the amendment could increase the amount of money for control and enforcement measures by 4.6 times, for data collection by 3.5 times, or by 2 times jointly.<sup>8</sup>

### An alternative vision

European fish stocks and the livelihoods dependent on them are at risk so long as overfishing continues, and EU subsidies could play a major role in supporting a transition to more sustainable practises. EU fishing fleets are clearly suffering from the immediate financial effects of overfishing, but if subsidies contribute to overcapacity then their problems will be exacerbated. It is more fish, not vessel subsidies, which will support EU fisheries. Only by tackling overfishing can we end this vicious cycle.

Some subsidies, such as those for engine replacement, other modernisation measures, or the construction of new vessels will continue to drive overfishing and should be opposed. Other measures, including data collection, control and enforcement, and research into more selective gear will help aid the transition away from overfishing and lead to higher catches, higher revenues,

**Table 4: Comparing subsidies for new vessel construction to school lunch costs**

Country	Total potential vessels	Potential funds for new vessels (€)	Cost of school lunch (€)	Number of school lunches – equivalent cost	School days	Number of children paid for – equivalent cost
France	1,128	90,240,000	3.11	29,040,620	175	165,946
Italy	3,923	313,840,000	4.18	74,995,503	200	374,978
Poland	156	12,480,000	1.34	9,322,623	190	49,066
Spain	3,090	247,200,000	4.59	53,887,908	175	307,931
United Kingdom	1,001	80,080,000	2.49	32,179,261	190	169,365
European Union	20,636	1,650,880,000	3.14	525,533,883	186	2,825,451

Sources: Nelson *et al.*;<sup>9</sup> UNESCO;<sup>10</sup> ECB;<sup>11</sup> IMF;<sup>12</sup> Kamette;<sup>13</sup> Brennan & Evans;<sup>14</sup> Spigarolo *et al.*;<sup>15</sup> Govan;<sup>16</sup> Majak;<sup>17</sup> Kłopotcka;<sup>18</sup> Pośpiech;<sup>19</sup> Łw<sup>20</sup>

and more jobs. In this sense, decisions on how to allocate EU subsidies are not about specific vessels or fleets, but about supporting the transition towards an economically-viable and sustainable industry that will support jobs and communities across Europe for generations to come.

## Endnotes

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