

## SUBSIDIES TO THE EUROPEAN UNION FISHERIES SECTOR

*Paper commissioned by WWF European Fisheries Campaign*

### 1. Introduction

The EU fisheries sector continues to attract substantial amounts of direct and indirect subsidies from both EU and national sources to support and develop the sector. The main sources of aid are the Financial Instrument for Fisheries Guidance (FIFG), providing structural assistance to the sector, and the EU payments for fishing access to third country waters. These subsidies are under increasing scrutiny for a number of reasons, including the inclusion of fishing subsidies on the WTO agenda and the issue of coherence with other EU policies, such as sustainability, development and environmental protection.

Despite this, funding to the sector remains high. Calculations based on expenditure in 2000 and a yearly average of the FIFG budget for 2000-2006 shows that at least 1,253 million Euro per year will be provided to the fishing sector through FIFG, national matching funding, state aid, fishing access agreements and the European Fisheries Guarantee Fund. While some contributions are decreasing, figures for FIFG for the period 2000-2006 suggest a total commitment of almost 5.6 billion Euro, of which 3.7 billion is supplied by the EU, almost twice as much as the 1.8 billion Euro committed in the period 1994-1999<sup>1</sup>. This increase underlines the growing dependence of the fisheries sector on EU subsidies, particularly in light of depleting stocks.

In recent years, there has been an added impetus towards more environmental considerations in the sector. In 1999, the FIFG was subject to major reform as part of the EU's Agenda 2000 process that placed a greater prominence on 'environmentally sustainable and economically viable exploitation of fisheries resources'. Consequently, changes were made to the funding criteria<sup>2, 3</sup>. For example, public aid for the entry of new capacity is now conditional upon Member States meeting their annual objectives under the multiannual guidance programme and that at least the equivalent capacity is withdrawn without public aid. In addition, aid is not made available for permanent transfer of vessels to third countries identified as permitting fishing that jeopardises the effectiveness of international conservation measures. So,

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<sup>1</sup> Source CFP Green Paper Volume II - figures exclude national contributions

<sup>2</sup> Council Regulation (EC) 2792/1999 of 17 December 1999

<sup>3</sup> Council Regulation (EC) 179/2002 of 28 January 2002

in principle, the FIG 2000-2006 programme must take environmental impacts into consideration, and ensure compliance with the fleet reduction programme.

However, environmentally 'perverse' subsidies, such as capital investment in vessel building when the total EU fleet is estimated to be between 40 and 60 per cent over capacity, still exist. Funding also continues to promote permanent transfer of vessels to non-member countries, with the exception mentioned above. Some aid, however, is used to support fisheries management objectives, notably aid for vessel decommissioning, and, though to a far lesser extent, support to environmentally sensitive practices.

## **2. Types and Amounts of Subsidies**

In spite of moves to increase transparency in public spending, it is still difficult to trace the subsidies to the fishing industry and calculate total amounts, making it even harder to analyse the impacts on the environment. This is partly due to the large variety of direct and indirect fisheries subsidies that exist. EU transfers to the fishing sector originate from several different EU funds such as the FIG, the European Regional Development Fund (ERDF), external budgets, other funds such as the European Fisheries Guarantee Fund and *ad hoc* aid. Transfers are administered by different departments within the Commission, some as part of broader programmes, for instance funding allocated under the European Social Fund. In addition, funding programmes will often include different types of transfers, supporting, for example, a combination of capital investment and research.

Only funds that are specifically directed at the fisheries sector are considered in this report, and hence the figures will be conservative. In addition, the report does not cover other types of indirect aid to the sector, such as the cost of management and scientific bodies required to manage the sector and its resources, costs for monitoring and control, and the lower tax on fuel for fishing boats.

### **2.1 Overview of funding sources**

The most significant source of aid is the FIG, with funds programmed over a seven-year period, currently 2000-2006. The second main area of EU fisheries expenditure is access agreements with third countries. Under these, in exchange for financial compensation, the EU secures additional fishing opportunities for EU fleets in third country waters.

In addition to national matching funding under FIG, national financial transfers also include a number of schemes initiated independently by the Member States. These are called 'State Aid' and include for example grants, interest subsidies and tax reductions. Although State Aid is subject to approval by the Commission, it is believed that much of the support is never reported, resulting in a published figure that may well be understated.

Finally, the European Fisheries Guarantee Fund is the proportion allocated to the fisheries sector under the European Agricultural Guarantee and Guidance Fund (EAGGF), mainly providing price support and money for temporary storage.

## 2.2 Overview of spending patterns

Since the current FIFG programme has only been running for a little over two years, information on the actual money spent is still limited. The same is true for State Aid figures, which are only reported by Member States once they have been allocated. For our calculations of the total amount of money available to support the fishing sector, we have therefore chosen to focus on the year 2000, for which actual commitments or budgeted amounts are available for all funding sources (see Table 4). In our extrapolations to reach a figure for the whole FIFG period, we have simply assumed that State Aid spending and the costs of EU Access Agreements will stay more or less the same over the entire period. For FIFG calculations, spending in 2000 was well below budgeted figures. This is normal for cyclical funding; due to the time it takes to review applications and grant aid, spending tends to be low in the first few years and higher later on. We have therefore chosen to use the average budgeted expenditure per year. These approximations result in a yearly estimate of at least 1,253 million Euro, or more than 8.8 billion Euro for the 2000-2006 period.

**Table 1. Actual amounts committed during 2000**

Source of Funding	Area (when relevant)	2000 (million EUR)
FIFG EU Funding	<i>Objective 1</i>	325
	<i>Non-objective 1</i>	143
	<i>Other</i>	0.8
<b>Total EU FIFG funding</b>		<b>468.8</b>
EU Access Agreements		137.5
European Fisheries Guarantee Fund		9.3
<b>Total EU funding</b>		<b>615.6</b>
National State Aid		296.6
National FIFG match-funding <sup>4</sup>	<i>Objective 1</i>	133.84
	<i>Non-Objective 1</i>	130.61
<b>Total Member State spending</b>		<b>561.05</b>
<b>TOTAL</b>		<b>1,176.6</b>

As explained above, the table shows a lower than average spending under FIFG. A more typical annual figure would be 520 million Euro. The category under FIFG EU Funding called 'Other' is the amount spent on implementation of the fund, predominantly relating to monitoring. As a result of the relatively recent changes to the FIFG guidelines, environmental safeguards are to be applied to spending. To ensure that this is achieved, effective monitoring must be put in place. This figure can therefore be argued to be low in comparison to the efforts now needed.

<sup>4</sup> Budgeted figures only. Source: DG Fish

**Table 2. Actual funds by Member State for 2000 (million EUR)**

EU Member State	FIFG EU transfers		MS Matched Funding <sup>5</sup>		State Aid	Fisheries agreements <sup>6</sup>	TOTAL	
	Obj 1	Non-obj 1	Obj 1	Non-obj 1			Million EUR	%
<i>BE</i>	0.2	4.9	0.2	4.2	6.1	-	<b>15.6</b>	<b>1%</b>
<i>DK</i>	-	28.7	-	14.5	8.0	-	<b>51.2</b>	<b>4%</b>
<i>DE</i>	16.3	15.6	5.0	5.7	23.4	-	<b>66.0</b>	<b>6%</b>
<i>GR</i>	-	-	-		22.7	5.5	<b>28.2</b>	<b>2%</b>
<i>SP</i>	212.7	29.1	72.9	28.8	69.2	81.4	<b>494.1</b>	<b>42%</b>
<i>FR</i>	5.8	32.8	2.7	36.0	24.5	31.1	<b>132.9</b>	<b>11%</b>
<i>IRL</i>	2.0	-	0.6		12.7	0.2	<b>15.5</b>	<b>1%</b>
<i>IT</i>	38.6	14.0	32.5	17.4	79.2	6.9	<b>188.6</b>	<b>16%</b>
<i>NL</i>	1.5	-	3.0		4.5	-	<b>9.0</b>	<b>1%</b>
<i>AU</i>	0.1	0.6	0	0.6	-	-	<b>1.4</b>	<b>&lt; 1%</b>
<i>PT</i>	36.3	-	12.8		2.0	12.2	<b>63.3</b>	<b>5%</b>
<i>FI</i>	1.0	4.5	1.0	6.2	1.7	-	<b>14.4</b>	<b>1%</b>
<i>SW</i>	1.7	8.7	0.6	5.0	8.9	-	<b>24.8</b>	<b>2%</b>
<i>UK</i>	11.1	17.6	2.6	12.2	33.7	0.2	<b>77.3</b>	<b>7%</b>
<b>EU totals</b>	<b>327.29</b>	<b>156.50</b>	<b>133.84</b>	<b>130.61</b>	<b>296.6</b>	<b>137.45</b>	<b>1182.29</b>	<b>100%</b>

Table 2 shows how the money spent in 2000 was divided between the different Member States. For example, Spain received more than 40 per cent of the total funding to the sector in 2000, with Italy at 16 per cent, and France following at 11 per cent. It is safe to assume that this division will be similar in the following years.

### **3. The Financial Instrument for Fisheries Guidance (FIFG)**

Under the FIFG the fisheries sector is set to benefit from a total of 5.7 billion Euro over the current seven-year period (2000-2006). FIFG resources are allocated on the basis of multi-annual programmes drawn up by the Member States and the Commission, where general rules governing EU assistance are laid down at the Community level but the projects funded are selected by the Member States. The FIFG is operated on a co-financing principle where the EU portion of funds is only committed once national and private funding have been secured. A significant proportion of FIFG funding is targeted at Europe's most disadvantaged (Objective 1) areas.

The proportion of FIFG funding to each Member State seems to be more or less consistent with the previous programming period (1994-1999). Spain still receives more than 45 per cent of the EU transfers and Italy around 10 per cent; both are

<sup>5</sup> Budgeted figures only. Source: DG Fish (2002)

<sup>6</sup> Approximation based on shares in each of the agreements

classified as predominantly ‘Objective 1’ countries. Indeed, Objective 1 regions will receive nearly 70 per cent of the total funding.

**Table 3. Budgeted commitments to the FIFG programme 2000-2006<sup>7</sup>**

EU Member State	EU FIFG (million EUR)			National Public Participation (million EUR)			Total (million EUR)
	Obj 1	Non-Obj 1	Total	Obj 1	Non-Obj 1	Total	
<i>BE</i>	1.74	35.30	37.04	1.36	30.53	31.89	<b>68.93</b>
<i>DK</i>		204.50	204.50		103.4	103.4	<b>307.90</b>
<i>DE</i>	105.28	111.20	216.48	32.59	40.3	72.89	<b>289.37</b>
<i>GR</i>	211.10		211.10	74.98		74.98	<b>286.08</b>
<i>SP</i>	1,504.60	207.50	1,712.10	488.46	197.16	685.62	<b>2,397.72</b>
<i>FR</i>	40.78	233.70	274.48	18.16	256.74	274.9	<b>549.38</b>
<i>IRL</i>	67.80		67.80	17.28		17.28	<b>85.08</b>
<i>IT</i>	286.32	99.60	385.92	249.92	121.67	371.59	<b>757.51</b>
<i>NL</i>	6.00	32.10	38.10	12	35.9	47.9	<b>86.00</b>
<i>AU</i>	0.83	4.20	5.03	0.28	6	6.28	<b>11.31</b>
<i>PT</i>	217.69		217.69	76.54		76.54	<b>294.23</b>
<i>FI</i>	6.85	32.10	38.95	6.85	43.28	50.13	<b>89.08</b>
<i>SW</i>	11.77	62.30	74.07	4.11	36	40.11	<b>114.18</b>
<i>UK</i>	89.36	125.50	214.86	24.19	85.3	109.49	<b>324.35</b>
<b>Total</b>	<b>2,550.12</b>	<b>1,148.00</b>	<b>3,698.12</b>	<b>1,006.72</b>	<b>956.28</b>	<b>1,963.00</b>	<b>5,661.12</b>

The projects funded under FIFG are split into five broad categories: adjustment of fishing effort; renewal and modernisation of fleet; aquaculture; processing and marketing; fishing port facilities and other measures. Paradoxically, almost 40 per cent of the EU funds over the seven-year period have been allocated to investment in either adjustment of fishing effort or renewal and modernisation of fleet.

### **3.1 Fleet restructuring**

Compared to the previous programming period, the amount allocated to renewal and modernisation of the fleet is still greater than that allocated to adjustment of fishing effort (including decommissioning). The first category includes both renewal of the fleet (ie the building of new boats) and modernisation of the existing boats (eg fishing gear, safety, new radar), while ‘adjustment of fishing effort’ covers the removal of vessels from the EU fishing register. This removal can be satisfied either through decommissioning or through reallocation of the vessel to waters outside the EU (eg export of capacity through joint ventures). Of these, the latter course may merely shift the problem, by contributing to overfishing and environmental degradation in third country and international waters. Whereas the proportions of spending on these two categories have not changed significantly, the actual amounts have nearly doubled due to the massive increase in EU funding under FIFG.

<sup>7</sup> Source: Structural Funds Common database, DG Fish (2002). Figures for UK & Ireland – PEACE II are not included.

**Table 4. Allocations to *Adjustment of fishing effort* and *Fleet renewal & modernisation* categories for FIFG 2000-2006<sup>8</sup>, including a comparison of the amounts spent on renewal & modernisation compared to adjustment of fishing effort**

EU Member State	Adjustment of fishing effort			Renewal and modernisation			Renewal & modernisation in proportion to Adjustment of fishing effort
	FIFG (million EUR)	National (million EUR)	Total (million EUR)	FIFG (million EUR)	National (million EUR)	Total (million EUR)	
<i>BE</i>	0	0	0	9.73	10.97	20.7	> 20
<i>DK</i>	16.8	16.8	33.6	70.6	23.5	94.1	2.80
<i>DE</i>	7.8	6.7	14.5	32.06	5.856	37.916	2.61
<i>GR</i>	48.83	16.28	65.11	32.29	4.613	36.903	0.57
<i>SP</i>	319.55	121.89	441.44	470.09	153.76	623.85	1.41
<i>FR</i>	37.04	36.28	73.32	57.11	90.47	147.58	2.01
<i>IRL</i>	4.76	1.72	6.48	23.38	5.06	28.44	4.39
<i>IT</i>	116.12	116.08	232.2	47.98	22.09	70.07	0.30
<i>NL</i>	13.34	19.34	32.68	6.85	6.85	13.7	0.42
<i>AU</i>	0	0	0	0	0	0	0
<i>PT</i>	22.45	7.48	29.93	41.65	12.17	53.82	1.80
<i>FI</i>	2.5	2.5	5	3	5.2	8.2	1.64
<i>SW</i>	6.23	6	12.23	16	5.29	21.29	1.74
<i>UK</i>	63.16	52.9	116.06	18.42	4.035	22.455	0.19
<b>Totals</b>	<b>658.58</b>	<b>403.97</b>	<b>1,062.55</b>	<b>829.16</b>	<b>349.864</b>	<b>1,179.024</b>	<b>1.11</b>

One of the major amendments made to the 2000-2006 FIFG programme with respect to ‘modernisation of fleet’ was that countries are now obliged to meet predetermined fleet capacity reduction targets under the current multiannual guidance programmes (MAGP IV) in order to secure funding. In addition, public funding for construction of new vessels will only be offered if the equivalent capacity is withdrawn without public aid. The current MAGP targets have, however, been widely criticised for being unambitious in addressing the issue of excess fleet capacity and the recent annual report on MAGP IV<sup>9</sup> also showed that several Member States failed to meet their targets for several segments in 2000. The benefits of this cross-compliance are therefore unlikely to be significant. To make matters worse, if a country fails to meet its annual objectives, it is simply required to withdraw an additional 30 per cent<sup>10</sup> of the capacity they are looking to introduce to receive funding. That is, the consequences of non-compliance are not related to the extent of which a Member State has failed to meet the above targets, creating little incentive to comply.

<sup>8</sup> Source: Structural Funds Common database, DG Fish (2002)

<sup>9</sup> COM(2002)446 Annual Report from the Commission to the Council and the European Parliament on the results of the multi-annual guidance programmes for the fishing fleets at the end of 2001.

<sup>10</sup> Since 1 January 2002 it is 35 per cent.

#### 4. Fisheries Access Agreements

Fisheries access agreements have been seen as a way to reduce capacity in the EU while securing employment and supplies of fish for the European market, but they are surrounded by controversy. Non-governmental organisations often question the effectiveness of regulation of fishing under access agreements and whether the EU should compete with national fleets in countries much more dependent on fish as a source of food. Also, fair competition in third country waters is further distorted by the support given to the EU fleet in the form of the different subsidies outlined above.

Again, we have chosen to look at the year 2000, since it is the only year in the current FIG programming period for which we have figures for all the different subsidies. In 2000, the EU had third party agreements with the following countries (Table 5). The amounts included are the annual commitments set out in the formal agreements.

**Table 5. Third party commitments under fisheries agreements 1999-2000<sup>11</sup>**

<b>Third Party Countries</b>	<b>2000 (million EUR)</b>	<b>1999 (million EUR)</b>
Morocco	0	114.58
Mauritania	54.41	54.41
Senegal	12.00	12.00
Guinea Bissau	7.35	7.35
Guinea	2.96	3.25
Cape Verde	0.34	0.51
Comoros	0.36	0.36
Madagascar	0.76	0.76
Mauritius	0.41	0.57
Seychelles	3.45	3.45
Angola	13.78	13.38
Cote d'Ivoire	0.98	1.00
Gabon	0.68	0.68
Equatorial Guinea	0.32	0.32
Sao Tome	0.64	0.67
Latvia	0.25	0.18
Lithuania	0.61	0.67
Estonia	0.45	0.52
Argentina	0.00	15.88
Greenland	37.70	37.70
<b>TOTAL</b>	<b>137.45</b>	<b>268.24</b>

Not all EU Member States benefit from the 'subsidy' that access to third country waters comprise. In fact, Spain and France benefit significantly more than any other EU countries from the existence of these agreements. We have tried to estimate the value of the benefits granted to each of the Member States by looking at the access provided under each agreement and transferring that into a percentage figure (Table 6). Since all agreements differ in how the resources are divided and in their overall value, the actual funding allocations per country are very rough estimates.

<sup>11</sup> Source: EC Press releases (europa); court of auditors, special report No 3/2001

**Table 6. Average benefit from access agreements per EU country<sup>12</sup>**

EU Country Beneficiary	Percentage of fisheries resources under agreements	Allocation in 2000 (million EUR)
Spain	59.22%	81.40
France	22.60%	31.07
Portugal	8.86%	12.17
Italy	5.02%	6.90
Greece	4.02%	5.52
UK	0.14%	0.19
Ireland	0.15%	0.21
<b>Total</b>	<b>100%</b>	<b>137.45</b>

## 5. Comparative Importance of Subsidies

In order to assess the impact of subsidies on the fisheries sector and in particular to deduce whether the ‘sustainability’ criteria are being met an analysis of the outputs in the forms of fish production and fleet capacity may be useful.

### 5.1 Fish Production<sup>13</sup>

Total fish production in the EU increased by 16 per cent between 1999 and 2000 (Table 7). This was entirely due to aquaculture production more than doubling, and illustrates the massive expansion of the aquaculture sector in recent years; a development supported by funding under the FIFG.

**Table 7. Total production of fish in the EU 1999-2000**

Production type	2000 (tonnes live weight)	1999	Change %
<i>Aquaculture</i>	2,853,812	1,373,149	108
<i>Catch</i>	6,040,904	6,278,538	-4
<b>TOTAL PRODUCTION</b>	<b>8,894,716</b>	<b>7,651,687</b>	<b>16</b>
<i>Value of landings</i>	Incomplete data - see appendix 1 for available figures.		

*Note:* see appendix for breakdown per Member State

<sup>12</sup> Calculations were based on the percentage allocation of vessels and GRT per EU country in each agreement, the totals of which were then apportioned to each country. These totals were then used to calculate the total subsidy per country. The agreements used to obtain these calculations were those in force at 2000.

<sup>13</sup> Source: Eurostat



Total wild catches by the EU sector amounted to 6 million tonnes in 2000, a 4 per cent decline compared to the previous year. This is most probably a result of the widespread fish stock depletion in EU waters. A fall in total catch cannot be said to imply a reduction of fishing effort. On the contrary, it is more likely to imply that fishing effort is in fact increasing in order to meet rising demands and to compensate for diminishing catches. At the same time, there has been a sharp rise in the average prices of many demersal and pelagic fish (for the UK 10 and 11 per cent respectively<sup>14</sup>).

A comparison of the total fish production (including aquaculture) with the amount of subsidies given to the sector in 2000, shows that every tonne of live weight fish that the industry produces is subsidised by, on average, more than 130 Euro. Note that not all fish caught is for human consumption; around 24 per cent is caught for reduction into fishmeal and oil<sup>15</sup>. The amount of subsidy per tonne of production in each Member State is shown in Table 8.

**Table 8. Subsidies per tonne of live weight produced by each Member State during 2000<sup>16</sup>**

Member State	Total Production (tonnes)	Subsidies (EUR)	Subsidies/tonne (EUR)
<i>BE</i>	35,711	15,614,000	437.23
<i>DK</i>	1,693,381	51,200,000	30.24
<i>DE</i>	332,843	66,086,000	198.55
<i>GR</i>	410,612	28,224,408	68.74
<i>SP</i>	1,409,510	494,080,486	350.53
<i>FR</i>	1,137,692	132,893,096	116.81
<i>IRL</i>	389,625	15,475,492	39.72
<i>IT</i>	794,321	188,566,833	237.39
<i>NL</i>	612,134	9,000,000	14.70
<i>AU</i>	13,832	1,359,000	98.25
<i>PT</i>	242,632	63,349,692	261.09
<i>FI</i>	221,253	14,373,000	64.96
<i>SW</i>	354,702	24,830,000	70.00
<i>UK</i>	1,246,468	76,835,686	61.64
<b>TOTAL</b>	<b>8,894,716</b>	<b>1,181,887,694</b>	<b>132.88</b>

This is one way of illustrating spending in relation to production, but it can be misleading since the production figures only include wild capture fisheries and aquaculture production, and do not take the processing sector into account. They also do not take the value of the catch into account. Countries with large industrial fisheries, which are characterised by low value but large amounts, are therefore more

<sup>14</sup> Source: H.M. Customs and Excise and UK Fisheries Departments

<sup>15</sup> Based on FAO 1999 statistics: 1.82 million tonnes were designated for industrial use out of a total production of 7.65 million tonnes.

<sup>16</sup> For FIFG budgeted figures were used, not actual.

likely to receive less subsidies per tonne fish. At the same time, the comparison clearly illustrates the substantial differences between different countries, with the Spanish industry receiving almost 24 times more per tonne than the industry in the Netherlands, and 3 times that received by the French industry. These differences are likely to create a distortion in competition within the EU, as well as with other countries and regions. These distortions become even more apparent when comparing different EU regions (ie Objective 1 versus Non-objective 1); Belgium, for instance, with very limited Objective 1 funding (2.6 per cent) receives by far the highest subsidy per tonne of fish produced.

Another way of illustrating this difference that may give a more balanced picture is to compare the amount of public aid available for fleet restructuring measures under FIFG and the catch for each country. This still gives a fairly high figure for Belgium, but shows that fleets in Spain, Greece and Italy all receive more per reported tonne of catch (Table 9).

**Table 9. Country by country analysis of catches in tonnes live weight and public aid for fleet restructuring<sup>17</sup>**

<b>Member State</b>	<b>Catches (tonnes live weight)</b>	<b>Fleet subsidies (EUR)</b>	<b>EUR/tonne fish</b>
<i>BE</i>	29,799	2,874,000	96.44
<i>DK</i>	1,534,074	17,901,000	11.66
<i>DE</i>	205,245	7,529,000	36.68
<i>GR</i>	99,292	14,573,571	146.77
<i>SP</i>	994,739	152,286,000	153.09
<i>FR</i>	667,082	30,283,000	45.39
<i>IRL</i>	282,925	1,653,000	5.84
<i>IT</i>	299,955	43,075,000	143.60
<i>NL</i>	495,804	6,625,713	13.36
<i>AU</i>	859	0	0
<i>PT</i>	187,846	12,984,000	69.12
<i>FI</i>	158,453	1,879,000	11.85
<i>SW</i>	338,537	4,649,000	13.73
<i>UK</i>	746,294	15,160,000	20.31
<b>Total</b>	<b>6,040,904</b>	<b>311,472,284</b>	<b>51.560542</b>

## **5.2 Fleet capacity**

Smaller vessels make up the majority of the EU fleet, with vessels under 12 metres in length comprising 60 per cent of the total. In the two-year period between 1999 and 2001, the number of fishing vessels fell by 4 per cent while corresponding engine power and tonnage increased by more than this, suggesting that no real reduction in fishing capacity has taken place.

<sup>17</sup>Figures on Renewal & modernisation and Adjustment of fishing effort for 2000 from DG Fish

**Table 10. EU fleet size in 1999-2001, split into vessels below and above 24m<sup>18</sup>**

Fleet capacity	Vessels < 24m			Vessels > 24m			Total		
	2001	1999	Change	2001	1999	Change	2001	1999	Change
<i>Number of vessels</i>	88,586	93,763	-6%	4,074	3,169	29%	92,660	96,932	-4%
<i>Engine power (kW)</i>	4,754,129	5,180,175	-8%	2,731,680	2,043,279	34%	7,485,808	7,223,454	4%
<i>Total tonnage (GT)</i>	697,429	814,585	-14%	1,270,064	970,230	31%	1,967,495	1,784,815	10%

Table 10 shows a reduction in numbers as well as power and tonnage for vessels smaller than 24 metres, indicating a real reduction in fishing capacity. During the same time period, however, the number of larger vessels has increased significantly, by almost 30 per cent, with a corresponding increase in power and tonnage. On top of this, an additional increase in capacity can be expected as a result of the new technology used in new vessels, often called ‘technological creep’.

There is thus clearly a tendency to reduce both the number and the capacity of smaller vessels, while increasing both substantially for larger vessels. This trend may well be fuelled by the way that subsidies for both decommissioning and renewal & modernisation are set up. Considering the current over capacity in the EU, further increases in capacity are hardly sustainable. Moreover, a trend showing smaller vessels being replaced by larger ones may be bad news for the environment. Small-scale fishermen are generally more interested in achieving sustainable fishing, simply because as fish stocks are depleted they are unable to move on to other fishing grounds with their small vessels. They are therefore more dependent on the long-term availability of fish in their own fishing areas.

### **5.3 Funding for fleet restructuring in relation to fleet size**

Table 11 shows the funding allocated for renewal and modernisation in each country (budgeted figures for 2000) in relation to fleet capacity in the same year. Because the current practice of measuring capacity in terms of tonnage and power is a matter for debate, we have chosen to relate subsidies to both measures, as well as to the number of vessels. The results vary with the different parameters. In most countries, the funding for renewal and modernisation would be fairly insignificant if it was equally divided between all of the boats. But in Belgium, with the smallest fleet in the EU in terms of numbers of vessels, each boat would receive over 22,000 Euro. Dividing the funding by tonnage puts Spain at the top, spending 167 Euro per tonne capacity, with Belgium as a runner up on 125 Euro; using power as a measure of capacity gives the same result.

<sup>18</sup> Source: Figures for 31 December 1999 & 31 December 2001. Fisheries Statistics Unit, DEFRA, UK. Note: We have assumed that figures in the column Unknown represents vessels < 24 m. According to the source, there are differences between their statistics and the EU fleet register, due to technical difficulties in maintaining the latter.

**Table 11. Subsidies for renewal and modernisation in comparison with fleet capacity in each of the Member States in the year 2000<sup>19</sup>**

Member State	Fleet capacity <sup>20</sup> (tonnes)	Renewal & modernisation (EUR)	Renewal & modernisation subsidies/tonne (EUR/tonne)	Fleet capacity (kW)	Renewal & modernisation subsidies/power (EUR/kW)	Number of vessels	Renewal & modernisation subsidies/vessel (EUR/boat)
<i>BE</i>	23,054	2,874,000	124.66	63,355	45.36	127	22,629.92
<i>DK</i>	161,697	13,194,000	81.60	373,037	35.37	4,160	89.67
<i>DE</i>	71,419	5,468,000	76.56	167,197	32.70	2,314	72.25
<i>GR*</i>	114,320	5,271,857	46.11	619,470	8.51	19,730	31.40
<i>SP</i>	526,194	87,961,000	167.16	1,333,168	65.98	16,676	79.95
<i>FR</i>	222,205	20,205,000	90.93	1,106,878	18.25	8,173	135.43
<i>IRL</i>	60,432	1,348,000	22.31	193,955	6.95	1,193	162.58
<i>IT</i>	231,983	9,980,000	43.02	1,425,164	7.00	17,664	80.68
<i>NL*</i>	208,314	1,957,142	9.40	503,870	3.88	1,075	468.72
<i>AU</i>	0	0	0		0		0
<i>PT</i>	117,105	8,269,000	70.61	398,336	20.76	10,811	36.85
<i>FI</i>	20,913	1,169,000	55.90	198,863	5.88	3,689	53.91
<i>SW</i>	46,471	2,973,000	63.98	223,387	13.31	1,838	121.54
<i>UK</i>	268,100	1,677,000	6.26	1,050,206	1.60	8,517	123.31
<b>TOTAL</b>	<b>2,072,207</b>	<b>162,346,999</b>	<b>78.34</b>	<b>7,656,886</b>	<b>21.20</b>	<b>95,967</b>	<b>79.79</b>

Note: fleet capacity figures are taken from the Fisheries Yearbook 2001, Eurostat, and differ slightly from the figures from DEFRA used in Table 10.

## 6. Conclusions

It is clear that the European Union and its Member States continue to provide substantial support for its fishing sector. Compared to the agriculture sector the total sums involved are relatively small, but so too is the sector in terms of turnover or employment. Despite increasing debate about the sustainability of subsidising the sector and the effects that the funding creates, the amounts contributed by the EU under FIG have increased over the last few years. It is also evident that transparency and accountability can be further improved – access to information is still limited, especially for state aid.

The legislation governing structural assistance to the sector under FIG has been amended twice since 1999 to incorporate concerns and strengthening cross-compliance measures. This raises the question of whether the revised FIG programme effectively meets the requirements needed to ensure the future viability of the EU fishing sector. Any efforts to answer that question will be inconclusive before a greater portion of the current programming period has passed. Even for 2000, complete sets of data on national spending are unavailable. In addition, the first one to two years of a programming period are atypical; each cycle of the funding system will

<sup>19</sup>For FIG, budgeted figures for the year 2000 were used, except for Greece & the Netherlands, where in lack of other figures we used the average of what was budgeted for the entire period. It is also worth noting that Ireland and the UK budgeted significantly less for 2000 than the following years, with an average spending of around 4 million and 3.2 million per year respectively.

<sup>20</sup>Fisheries Yearbook 2001, Eurostat.

begin with processing of new applications, and spending in the first couple of years is likely to be lower than average as a result.

At face value, the revised criteria for FIG spending appear to have made funding to the fisheries sector more sustainable. The balance of expenditure, however, continues to favour fleet renewal and modernisation, aquaculture, and processing and marketing projects. Therefore, there remains a danger that funding will continue to support productivity and output rather than focusing on management and regeneration of fish stocks and the wider marine, coastal and inland environment. In addition, monitoring efforts necessary to ensure that 'environmental safeguards' are in fact adhered to do not appear to be adequately budgeted for.

Since the previous FIG programme, the amount of EU subsidies has almost doubled and spending patterns do not seem to have changed significantly. As a consequence, investment in renewal and modernisation of the fleet has increased and compliance with MAGP targets is likely to have insignificant effects, since the targets are themselves inadequate. This is perhaps compounded by the fact that fish production levels have declined less than would be expected with current rates of stock depletion, indicating that increasing fishing effort is compensating for decreasing yields.

It is clear that the subsidies for restructuring have thus far had a negligible, or even negative, effect on total fishing capacity. Moreover, the major share of subsidies goes to a very small number of Member States. These are typically the ones with the largest fleets; but they still receive a disproportionate level of subsidy in terms of payments per unit of fishing capacity or per tonne of fish landed.

Much can still be done to change spending patterns in such a way that public aid truly supports and facilitates the much-needed transition to a more sustainable, long-term usage of fish resources. While the 2003 mid-term review of the Structural Funds provides an opportunity to secure further improvement to the existing FIG, the whole approach to fisheries subsidies is already subject to discussion as part of the current reform of the Common Fisheries Policy. More recently, warnings of the imminent collapse of major stocks should have added new urgency to such discussions. A greater share of aid will need to be directed towards support for stock recovery and decommissioning projects and rather less to vessel construction and modernisation. Indeed, several proposals along these lines have already been made. This is welcome.

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*Note to editors:*

The authors of the paper are Niki Sporrang, Research Fellow, and Kate Bevins, Research Assistant, of the Institute for European Environmental Policy. Niki Sporrang heads the Institute's programme of work on Policy Measures for the Sustainable Management of Fisheries. The Institute for European Environmental Policy (IEEP) is an independent, non-profit institute, dedicated to the advancement of environmental policies in Europe.

## APPENDIX

**Table 12. Fish statistics: data on production and value of landings for 1999/2000<sup>21</sup>**

Member State	Total Aquaculture (tonnes live weight)			Catches (tonnes live weight)			Value of Landings <sup>22</sup> (million EUR)		
	2000	1999	change	2000	1999	change	2000	1999	change
<i>BE</i>	5,912	846	599%	29,799	29,876	0%	64	63	2%
<i>DK</i>	159,307	42,653	273%	1,534,074	1,404,917	9%	423	441	-4%
<i>DE</i>	127,598	73,567	73%	205,245	238,922	-14%			
<i>GR</i>	311,320	79,265	293%	99,292	136,717	-27%	236	230	3%
<i>SP</i>	414,771	321,143	29%	994,739	1,179,734	-16%		1,602	
<i>FR</i>	470,610	267,638	76%	667,082	650,269	3%	647	612	6%
<i>IRL</i>	106,700	43,856	143%	282,925	285,957	-1%			
<i>IT</i>	494,366	249,368	98%	299,955	294,160	2%	823	721	14%
<i>NL</i>	116,330	108,785	7%	495,804	514,615	-4%	357	366	-2%
<i>AU</i>	12,973	3,070	323%	859	432	99%			
<i>PT</i>	54,786	6,645	724%	187,846	209,311	-10%		281	
<i>FI</i>	62,800	15,449	306%	158,453	144,520	10%	86	7	1,129%
<i>SW</i>	16,165	6,064	167%	338,537	351,345	-4%	112	112	0%
<i>UK</i>	500,174	154,800	223%	746,294	837,763	-11%	693	698	-1%
<b>TOTAL</b>	<b>2,853,812</b>	<b>1,373,149</b>	<b>108%</b>	<b>6,040,904</b>	<b>6,278,538</b>	<b>-4%</b>			

<sup>21</sup> Source: Eurostat

<sup>22</sup> Data incomplete