

David Levy, Chair Marinet.
27 Chipperfield Drive
Kingswood, Bristol BS15 4DP
United Kingdom

José Manuel Barroso,
President of the European Commission
1049 Brussels, Belgium

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Dear President Barroso,

European Union Fishing Subsidies: the European Commission's Failure since 2007 to collect Member State Information on the Subsidies that cause Over-Fishing and are emptying Europe's Seas, and other Subsidy Issues.

As tax-payers, we would appreciate your answers to our questions on these matters.

Across the planet, the provision of government subsidies has invariably been the key factor behind the complete collapse of fisheries, facilitating as they do the continued fishing of depleted stocks to the point of annihilation - the classic example being the irreversible destruction of the world's greatest cod stocks off the east coast of Canada in 1992.

At fault are subsidies for fuel, fuel tax exemptions, and subsidies for 'modernization' (resulting in enhanced fishing ability), vessel construction (not permitted but continuing through 'loopholes'), fishing port construction and renovation, price and marketing support, processing and storage infrastructure support, and fishery development projects.

These subsidies are recognized by the U.N., The World Bank, the European Court of Auditors and numerous independent marine scientists worldwide as producing fleet overcapacity, which results in:

- a. political pressure to ignore scientific advice on sustainable fishing levels, as Fisheries Ministers and MEPs strive to maintain work for their fishermen and continued subsidies income
- b. illegal fishing - as too many boats chase too few stocks
- c. reduced profitability for operators through stock depletion necessitating longer sea trips
- d. further damage to marine ecosystems through increased trawling
- e. non-target and protected species being even more widely caught
- f. loss of earnings globally of 50 billion U.S. dollars per year through stock depletion (World Bank report).¹

All of the above adverse consequences of subsidies are seen in the EU fishing scene.

¹ Note: A 2012 report by the New Economics Foundation lists the huge financial benefits for Europe when its fisheries management is re-organized on an intelligent basis: <http://www.neweconomics.org/press-releases/%C2%A314-net-profit-for-every-%C2%A31-invested-in-fisheries>

The subsidies-heavy CFP has decimated fish stocks to the point where in the North East Atlantic 63% and in the Mediterranean 82% of assessed stocks are over-exploited, with 30% of these being at risk of commercial extinction. And only a very small number of stocks are assessed! Since 2011 Europe's seas have been unable to provide even half the annual fish needs of the populace thereby surrendering food security. This shortfall is increasingly made up by the European fishing fleet 'working' (many would say 'raiding') the waters of developing countries such as those in West Africa, bringing increasing hardship to poor coastal communities that rely heavily on their seas for food.

Yet regardless of all the advice and global precedents, the EU continues as one of the world's top three fisheries subsidizers. This persists despite: -

- i)** a fleet overcapacity - based on the Commission's own estimates - two to three times larger than sustainable
- ii)** annual financial losses suffered by between 30 and 40% of Europe's fishing fleet during the period 2002 to 2008 - even with subsidies (based on the Commission's own 2010 analysis).
- iii)** few EU fishing fleets being profitable without subsidies (based on the Commission's own analysis).
- iv)** most of the EU fishing fleets running at a loss or on low profit (based on the Commission's own analysis)

The EU officially gives more than 1 billion Euros per year in subsidies to boats and fisherman, but an 'Oceana' study² (based on 2009 figures) concluded that more than three times this sum (at least 3.3 billion Euros) are actually available when other sources of funding are taken into account, and that more than two thirds of this funding has the ability to increase fishing capacity.

3.3 billion Euros will certainly attract both organized and disorganized crime, as well as lesser abuses!

Given the magnitude of the subsidies, the fact that they cause over-fishing and have been the major factor in the relentless decline of Europe's fish stocks, it is remarkable that in 2007 there was a sudden and un-announced change in the Commission's policy for collecting information on the uses to which Member States put these destructive subsidies. The effect of this change has been to end the public availability of this information in an intelligible form. As the Commission has since failed to make any attempt to remedy this situation, the impression that it does not in fact want this information to be publicly available becomes unavoidable.

We would therefore greatly appreciate your replies to our questions on this and associated matters, and look forward to receiving them.

Yours sincerely

David Levy
Matrinet Chair

John Stansfield
Marinet European Campaigner

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cc. The U.N., M.E.Ps across Europe, The Press and Media, European marine NGOs.

² The European Union and Fishing Subsidies, Published by Oceana, September 2011
http://oceana.org/sites/default/files/reports/EU_Subsidies_Report_FINAL_FINAL-1.pdf

Questions on the Commission's Fisheries' Management and its 6-Year Failure to require Member States to submit Information on their Use of Subsidies

1. Member States' Fishing Fleet Over-Capacities

Given the Commission's long-standing awareness of over-fishing and its powers of enforcement, why has it failed to perform a detailed assessment of over-capacity in the EU fishing fleet; and, why has it not forced member states to comply with their legal obligation to report on their individual over-capacities?

Without this information, counter-productive public aid will continue to be paid to vessels targeting depleted fish stocks such as Atlantic blue-fin tuna.

2. 'Modernization' Subsidies

a. Why are EU subsidies still being given for the modernization of vessels without any assessment of how much this modernization will contribute to over-fishing?

'Modernization' is often an enhancement of a vessel's fishing capacity, and these subsidies are predominantly allocated to the largest vessels, which further maintains fleet overcapacity. For these reasons, although the number of boats may have decreased slightly, the overall fishing capacity has remained constant or risen where official policy has been to reduce it.

b. Why are national governments that use the European Fisheries Fund to modernize vessels not required to state which stocks those vessels will target?

If fishermen and their vessels target species that the Commission then deems threatened, they may soon find themselves additionally eligible for scrapping subsidies. In fact, exactly this has been happening (next question).

3. Scrapping Subsidies

a. Why has there been a significant number of cases of subsidies being given to vessels for modernization and then, a short time later, the same vessels are being given scrapping subsidies?

Between 1994 and 2006 at least thirty two vessels received subsidies for modernization and less than a year later got subsidies for scrapping, reassignment or transfer to third countries. In the case of the Spanish vessel Mikel Deuna Primero only 17 days passed between its receipt of modernization and then scrapping subsidies. The Italian Mamma Asunta received more than 20,000 Euros for modernization in 2001, and then 2 years later 70, 000 Euros for scrapping.

Between 1994 and 2006 the EU spent at least 15 million Euros in subsidies for the modernization of 860 vessels - some of them getting such subsidies several times over - and then a further 150 million Euros for scrapping the same vessels. Almost half of them (326) were from Spain, with 120 from France. This is almost certainly a continuing trend, but since 2007 the information to confirm or counter this has been unavailable.

b. Why has the Commission, since 2007, ceased to require Member States to provide details of vessels receiving scrappage subsidies?

Despite vessel scrappage payments representing the biggest single expenditure of all the fishing subsidies, since 2007 there has been no requirement for Member States to indicate the registration of vessels that have been scrapped. It is therefore difficult/impossible to determine whether or not they have actually ceased to operate. This was not the case under the 1994 – 2006 Financial Instrument for Fisheries Guidance (F.I.F.G.) regime under which the Directorate-General for Maritime Affairs (D.G. Mare) collected detailed information on vessels receiving European Union (E.U.) aid that could be cross-checked against the Community Fleet Register (C.F.R). Why was D.G. Mare instructed to cease collecting that information from 2007 onwards - at a time when the decline of the fish stocks was becoming so marked that it culminated in proposals for the reform of the C.F.P.?

4. 2007 Change in Policy regarding the Disclosure of Subsidies Data

Why has no explanation been given for the change in policy from 2007 regarding the collection and publication of the use of EU subsidies?

Between 1994 and 2006, under F.I.F.G. disclosure practices, the European Commission acted as (an efficient) collector of detailed fisheries subsidies data, which it released for public inspection. From 2007, however, this policy was suddenly changed, without any public announcement, so that Member States were now responsible for submitting this data. This has proved to be a highly unsatisfactory arrangement in view of the failure of many states to comply, either submitting information in varying formats, only returning part information, or not returning any information at all. Ironically this change - and the resulting chaos - came about in the first year of the European Transparency Initiative (E.T.I.), which was designed to improve the quality of information available to the public.

5. Breaches of the 2007 European Transparency Initiative (E.T.I.)

a. Why has the Commission failed to use Article 40 of Commission Regulation 498/2007 to force member states to release Subsidies information as per the rules of the European Transparency Initiative?

The rules of the E.T.I. require Member States to return more detailed information than was the case before 2007, but these rules are useless if there is no compulsion to follow them.

b. In light of the failure of Member States to provide the required information on their EU subsidies, why has the Commission not resumed it's role of coordinator and collector of that data?

It has the legal power to resume that role and so resolve this currently chaotic situation.

6. **Yet another ‘Transparency Initiative’ proposed!**

What is the point of the Commission’s recently published proposals for new rules to bring greater subsidies transparency under the forthcoming European Maritime and Fisheries Fund (E.M.F.F.) - which replaces the European Fisheries Fund (E.F.F.) - when these proposals have already been implemented, enshrined in law - and ignored - under the 2006/2007 European Transparency Initiative?

And why, therefore, should we expect that there would be any improvement at all on the current situation?

Indeed, the fact that they are ‘proposals’ opens them - and perhaps the whole Transparency Initiative to rejection.

7. **The Commission’s Lack of Interest in collecting Subsidies Data**

Is this apparent lack of interest based on a fear that this information might reveal the corruptive influence of the subsidies on EU fisheries conservation policies?

Many of the vessels convicted of illegal fishing have been recipients of subsidies, and perhaps the information would also show that while policy was to decrease capacity, the subsidies actually allowed it to remain constant or increase.

8. **Fear of Social Disorder if the Subsidies are withdrawn?**

Last year, at a meeting that included EU government personnel and environmental NGOs, a government official confided that there was an EU fear that the withdrawal of the subsidies would result in riots on the streets of - especially - Paris and Madrid (as the capital cities of those countries receiving by far the biggest share of these monies). If this is correct, the appropriate response to such public disorder would be the deployment of the police and army. To allow, instead, the continued drive to extinction of Europe’s fish stocks and their supporting ecosystems would be the ultimate dereliction of duty by the European Commission, and the ultimate betrayal of the long-term interests of EU citizens.
