

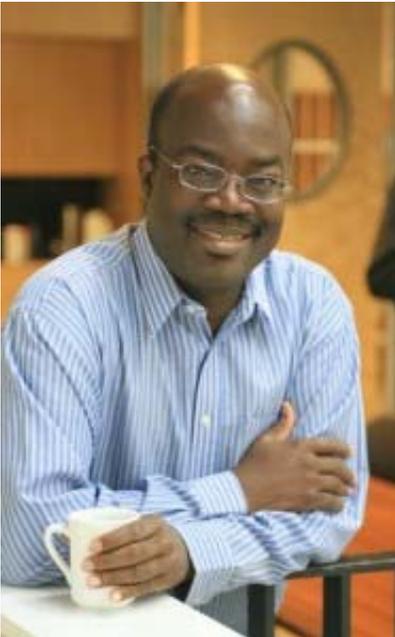
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“The role of subsidies in overfishing cannot be over-emphasized”



Evidence shows that harmful subsidies are a threat not only to sustainable fishing, but also to food security and poverty levels in the world. Professor Rashid Sumaila, Director of the Fisheries Economics Research Unit at the University of British Columbia, Canada, suggests three EU strategies towards sustainable fisheries.

Marine fishery resources are in decline. Compared to the 1950s, when most of the catches were taken from undeveloped fisheries, by the 1990s three-quarters of the catches were from fully exploited or overfished fisheries, and over 10 percent from collapsed fisheries, i.e, fisheries where current catches are less than 10% of the maximum catch ever taken. Many reasons have been ascribed to the decline of fishery resources, including increasing demand for fish, the globalization of markets for fish, poor management and ineffective monitoring of open access fisheries, overcapacity, technological innovation and illegal fishing, but the role of subsidies in

overfishing cannot be over-emphasized. In contrast to most land-based resources like trees or minerals, governments do not generally require payments for the right to access fisheries. This essentially means that unlike many land-based economic activities, fisheries are further subsidized when payments are not required to access the resource.

Rather than collecting rents from resource exploitation, governments have been actively subsidizing fishing, leading to even greater fishing effort and resource depletion. Subsidies that expand fishing capacity, including subsidies for vessel construction and modernization, operating costs (particularly fuel), construction of fishing ports and processing plants, payment for foreign access agreements and marketing support are estimated to total about \$16 billion globally each year. This represents close to 20 percent of the total value of marine catch, a level of subsidization that has trade and competitiveness impacts given that seafood is one of the most highly traded "agricultural" products. European Union members provide close to \$3 billion of subsidies a year, with the bulk of this as capacity-enhancing or 'bad' subsidies.

Capacity-enhancing subsidies do no good in the medium and long term. It may provide some immediate relieve for fishers and votes to politicians but is certainly digs a deeper hole for the fish, fishers and society at large, with time. During the big increase in fuel prices in 2008, I saw, on TV, a leader of the French Fishermen's Association arguing for the need for the EU to provide more subsidies to his members. His argument went like this – we need subsidies because it is harder to find fish, we need to travel farther and deeper in order to catch anything so we need subsidies. This gentleman failed to recognize the following. First, past subsidies are partly to blame for the need to go farther and deeper now. Second, more subsidies now will only result in fishers having to go even farther and deeper later, until there is nowhere else to go.

In this backdrop, the European Union can contribute to sustainable fisheries not only in EU waters but in waters all over the world by doing the following:

- Eliminate and/or redirect harmful subsidies provided by the EU. This would help reduce overfishing not only in EU waters but also in foreign Exclusive Economic Zones (EEZs) such as those of West African countries, where European fleets are active;
- Work positively with the Doha Round of the WTO on Subsidies and Countervailing Measures to help achieve an agreement. This will have the effect of reducing overexploitation of fish stocks worldwide, and thus level the trade playing field in favor of developing countries who are disadvantaged in the race to subsidies fisheries;
- The European Union can use its influence to help developing countries recognize the harm caused by fisheries subsidies, and support efforts of these countries to create alternative livelihoods so that fishers can have the option to choose not to fish in order to support their livelihoods.

Many countries are concerned about the consequences of removing harmful subsidies on poverty levels in fishing communities, the livelihoods of fishers and food security in general. All the evidence we have gathered over the last 50-60 years of fisheries science and economics shows that harmful subsidies go to undermine each of these goals in the medium to long-term because they are a big driver of overexploitation of fish stocks.

All fisheries subsidies that reduce the cost of fishing or increase revenues from fishing provide an incentive for fishers to increase their catch because they receive higher profits than otherwise. This includes subsidies for such things as meeting European Union hygiene standards. Again, the key problem is that subsidies can make fishing profitable even when fishery resources are in decline. In offsetting the economic incentives for fishermen to exit the industry, subsidies effectively maintain fishing capacity at levels that vastly exceed what is appropriate for

sustainable fishing.

Capacity-enhancing subsidies remain a threat to resource sustainability even when the open access aspects of a fishery are not in place, such as in a privatized fishery or one owned and managed by a single entity. It is widely believed that providing subsidies to privatized fisheries or those with well-enforced catch limits will have negligible resource implications. However, the perverse incentives created by subsidies undermine the stewardship qualities of even privatized or well-managed fisheries, creating pressures on fisheries managers to increase quotas, potentially to the point of resource depletion.

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