

● EU AND INTERNATIONAL SCENE

Fisheries Subsidies: the Good, the Bad and the Ugly

If the EU is to meet the 2010 target, it must change its approach to fisheries management. As one of the most powerful policy instruments, subsidies are one of the most important areas that need reform. According to Daniel Pauly, Director of the Fisheries Centre at the University British Columbia, this includes differentiating fisheries subsidies according to their implications for sustainability.

Government subsidies to fisheries used to be a good thing, creating new fisheries and jobs, and increasing fish supply to people. Thus, the various fleet rebuilding programs after the Second World War had positive effects in Europe, and European overseas aid programs helped modernise and upgrade the fisheries of newly independent countries in Asia and Africa.

In the 21st century, fisheries resources are under extreme pressure and fisheries collapses occur throughout the world, having significant impacts on biodiversity and ecosystems. Europe is no exception. In fact, the fish supply to European consumers is now maintained only by massive imports from the south and the landing of distant water fleets based in European ports.

Government subsidies to fisheries, once universally viewed as positive, must now be differentiated according to their long term effects. As stated by Ahmed Khan of the UBC Fisheries Centre, there are now 'good, bad and ugly fisheries subsidies'.

- Good subsidies consist mainly of research and management, a necessary condition for sustainability in all fisheries.
- Bad subsidies are those that fund fleet capacity growth. This is bad for sustainability because most fisheries already suffer from over capacity. In the EU, bad subsidies are often given under the guise of successive fleet 'modernisations', the result being an oversized modern fleet and no fish.
- Ugly subsidies are government transfers whose impact on sustainability depends on the context. But let's not fool ourselves: ugly subsidies are usually bad. For example, decommissioning subsidies (to retire boats whose construction was probably also subsidised) usually, if paradoxically, contribute to the growth of fishing fleets, partly because the happy owners of decommissioned vessels can then use the subsidy as collateral for a new boat construction loan, and partly because the 'decommissioned' boat can simply begin fishing for alternative species or can be sold outside the EU, where it will add to the overfishing in Africa or Asia...

A grotesque example of the misuse of ugly subsidies was recently uncovered by Oceana, an environmental NGO, who caught a fleet of about a hundred and fifty Italian and French drift netters in the act of deploying their murderous gear in the Mediterranean, despite receiving 200 million, mainly from the EU, to convert to a more selective gear. This case, which is now with the European Anti-fraud Office and the Italian authorities, is but one example of the misuse of subsidies in the EU.

How much does this cost us, the taxpayer? The World Bank, based mainly on reports from

the OECD and APEC countries, estimated the amount of government transfers to fisheries as US \$14-20 billion per year. However, a team at the UBC Fisheries Centre, including Mr Khan, re-estimated this figure based on a bottom-up, country-by-country approach. This yielded a (still conservative) estimate of US\$30-34 billion per year, twice the World Bank figure and representing about 40 per cent of the dockside sale value of all fish landed in the world.

The region of the world which gives the largest subsidies to its fleets is Asia, specifically East Asia. The EU comes second, well ahead of North America, although their economies and catch levels are similar. Moreover, and this in stark contrast to the USA, the EU gives mainly bad and ugly subsidies (see figure). This is the main reason why fisheries in European waters are in such sad shape. A Fisheries Centre study gives further details, but the story is actually simple: we can't continue like this.

In the EU, opposition to reducing subsidies is spearheaded by governments labelling themselves as 'Friends of Fishers'. What friends? What person would let an intoxicated friend sit at the steering wheel of his car, and drive into a ditch?

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For more information, see Sumaila, U.R. and Pauly, D. (Editors) 2006. *Catching More Bait: A Bottom-up Re-estimation of Global Fisheries Subsidies*. Fisheries Centre Research Reports Vol. 14(6) 114 pp. Available from: www.fisheries.ubc.ca/publications/reports/fcrr.php. The Oceana driftnet reports can be found at <http://www.oceana.org/>

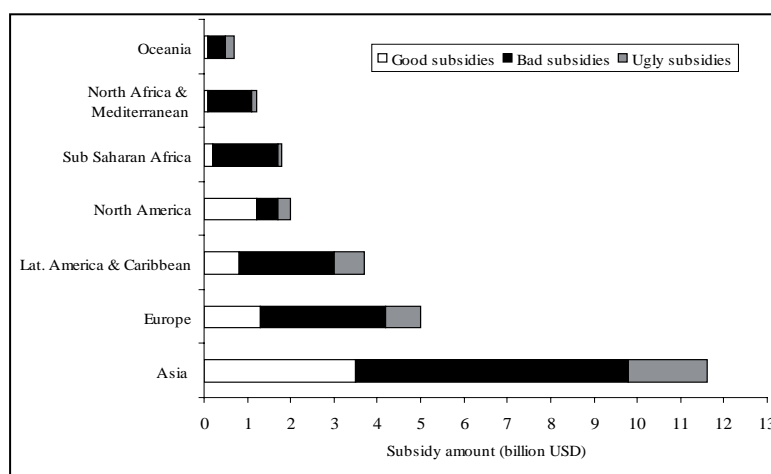


Figure 1 Good, bad and ugly subsidies to marine fisheries, by regions of the world (excluding fuel subsidies, which are universally considered bad). Europe (mainly the EU) is second in the amounts of subsidies it gives, well behind Asia, but with a subsidization level double that of North America, and consisting mainly of capacity-enhancing, bad subsidies.