



## EU Budget Proposals Pre-briefing: European Fisheries Fund

### What does the budget consist of at present?

The European Fisheries Fund (EFF) replaced the Financial Instrument for Fisheries Guidance (FIFG) on 1st January 2007 to cover the period 2007-2013 (CEC, 2006a). In contrast with the FIFG, the EFF is separate from the European Structural Funds under the financial framework. A key aim of the EFF is to “promote a sustainable balance between fish stocks and the Community fishing fleet” (Article 4). The EFF is also based on the premise that “operations financed by the EFF shall not increase fishing effort” (Article 6(5)) but instead should contribute to the conservation of fish stocks.

Funding is available for projects under five priority axes:

- Priority axis 1 – adapting the Community fleet;
- Priority axis 2 – aquaculture, inland fishing, processing and marketing of products;
- Priority axis 3 – measures of common interest ;
- Priority axis 4 – sustainable development of fisheries areas; and
- Priority axis 5 – technical assistance.

With a budget of €4.3 billion for the programming period 2007-2013, the EFF covers all fishing and aquaculture activities over the enlarged European Union, including inland. It represents potential support of around €578 million a year to all 26 Member States (there is no operational programme for Luxembourg), supplemented by around €470 million a year of matching national public funds (i.e. co-funding).

There are seven aims to the financial assistance provided by the EFF (CEC, 2006b) and in particular with regards the European fishing fleet. The aim of promoting a sustainable balance between resources and the fishing capacity of the Community fishing fleet corresponds to priority Axis 1 of “Measures for the adaptation of the Community fishing fleet” and to a lesser extent to Axis 4 for the “Sustainable development of fisheries areas”. Financial assistance for biodiversity are available under Axis 3 where there is an important provision for the protection and enhancement of Natura 2000 sites that directly relate to fishing activities. Also under this axis, funds for pilot projects aimed at developing and testing methods to improve gear selectivity, reduce by-catches, discards or the impact on the environment are available.

At the end of 2008, the EFF budget distribution by axis is globally similar and between 26% and 29% for each of the first three Priority Axes, with 13% for Axis 4 and 4% for Axis 5.

### **What are the main (environmental) strengths and weaknesses?**

There are a number of **positive** elements in the EFF in terms of biodiversity.

Firstly, whilst the EFF objectives do not deviate greatly from those of the FIG, they are certainly 'greener': to support the CFP so as to ensure exploitation that is compatible with economic, environmental and social sustainability; promote a balance between resources and fishing fleet capacity; strengthen the competitiveness of the sector; foster protection of the environment and natural resources; and encourage the sustainable development in areas with activities in the fisheries sector.

Secondly, Member States are responsible for the development of NSPs and OPs to suit their particular hierarchical realities and requirements. Whilst differences in the procedures at a national level were expected, there are opportunities for more stakeholder and public participation in the selection of priorities for funding.

Thirdly, the EFF introduces a territorial dimension that seeks to promote 'sustainable development and improvement of the quality of life of coastal fishing areas'. In other words, some assistance is to be targeted at communities in and around the fisheries sector, and not just fishermen, fish farmers and secondary industries (Axis 4). There are a number of measures targeted at the sustainable development of these communities, eg., a requirement to protecting the environment in fisheries areas and protect natural capital to ensure long term benefits.

Finally and most importantly, the EFF implementation Regulation provides the framework for financial support for the protection and development of aquatic flora and fauna excluding fish aggregating devices but includes necessary conservation measures for sites belonging to the Natura 2000 European Ecological Network and other environmentally-friendly projects including addressing the discarding problem.

In terms of **weaknesses**, the fishing sector is in receipt of a considerable volume of subsidies from the EFF. According to a recent report (Sumaila, 2007), the majority of the EFF budget and matching national contributions - about €1billion per year over seven years - should be counted as "bad subsidies", because of the perverse incentive they provide to maintain excessive fishing capacity and fishing effort.

In particular, the continued provision of fleet decommissioning schemes and, at the same time, modernisation subsidies has persistently given the wrong signal to industry and has had undesirable impacts on fleet capacity development. The same 'mixed messaging' would apply to the set of temporary measures "to alleviate the effects of dramatic fuel price increases since the spring of 2008" put together by the Council in an attempt to reinforce decommissioning efforts for fuel-intensive vessels and for those prosecuting over-exploited stocks.

The correspondence between fishing capacity by fleet segments and fishing opportunities is, in most instances, not yet clearly defined and therefore, there is little chance that permanent cessations of activity achieved through these emergency measures may also be optimal from the resource point of view, thus this can be considered a waste of public finances.

The current EFF offers opportunities for funding environmentally friendly projects compared to its predecessor FIFG. However, priorities for funding at a national level are dependent on those identified in the NOPs. At this stage, budget allocations indicate no direct links between specific species recovery plans and fleet adaptation measures. Therefore there is no suggestion that these measures will be more effective under the EFF than they were under the FIFG.

### **What are the key things to look out for in the new proposals?**

1. *Does the EFF priorities innovative and sustainable fishing?*

Indications are that it is highly unlikely that the future EFF will provide funding for traditional fleet management measures – priorities should be very closely aligned to new CFP objectives and EU 2020 targets and therefore that funds should be redirected to innovative and sustainable fishing.

2. *Does the EFF support good governance of natural assets?*

The inefficient use of natural assets, which can be broadly described as us „*running down our natural capital without being truly aware of the value of what we are losing*“, argues strongly for a fundamental reform of the EFF that integrates the medium and long term considerations on an equal footing with the short term, including environmental, social and economic.

3. *Is synergy and coherence of EFF funds with other EU instruments ensured?*

The benefits of ‘one fund’ for regions including fisheries are also under discussion at the Commission level (DG Mare, Agri and Regio) - the future of Axis 4 in terms of economic, social and environmental benefits are being considered in this context.

4. *Is the small scale sector given preferential treatment in the funding priorities?*

5. *Does the EFF focus on integration of fisheries and aquaculture activities in rural areas, notably local value added, social/capital, local training and management?*

### **References:**

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