



GREENPEACE



Swedish Society for Nature Conservation



CFFA



No Increase in Blind Spending

NGOs and OCEAN2012 oppose an increase in *de minimis* aid

Selected Members of the EU Parliament are calling for an increase of possible *de minimis* aid to the fisheries sector, mainly to provide fuel subsidies to the fishing sector at a time of rising fuel prices. This is in strong contradiction with the EU's commitment to eliminate environmentally harmful subsidies but, more importantly, granting more public money to the fisheries sector without a clear link to delivering public goods would send a perverse signal during the discussion on the new CFP. NGOs and the OCEAN2012 coalition oppose an increase of the *de minimis* ceiling for the following reasons:

- 1. Increased Fishing Pressure:** More than 70% of assessed European fish stocks are over-fished.¹ While aid to operational costs could initially augment profits, it would also allow for a more intensive use of the vessels. This increase in fishing effort causes further depletion of fish stocks, decreasing catches and reduced profitability in the medium and long term. The aid is therefore not helping the fishing industry, but threatening the economic basis of fishermen and coastal communities.
- 2. Distortion of Competition and Delay of Restructuring:** a further increase to €20.000 of *de minimis* per vessel and per year can make up as much as 48 % of a vessel's annual operating costs.² For most EU vessels, all fuel costs could already be paid under the existing rules.³ As a result, fleets from Member States that refuse to subsidise operating costs can find themselves unable to compete with fleets from Member States that do. In addition, providing aid to operating costs will not help the fisheries sector to become more sustainable. On the contrary, such subsidies will delay the much needed restructuring and prevent the European fishing sector from adapting to the new biological and economic realities they face: over-fished resources and higher oil prices.
- 3. Under utilisation of existing aid:** The EU fishing sector receives substantial amounts of aid, among others through the European Fisheries Fund (EFF). So far, most Member States have not fully taken advantage of the EFF. Overall, only 15 per cent of the available aid was used in more than half of the financial programming time. It is unclear why there is a need for an increase in *de minimis* aid if the existing instruments are not fully used.
- 4. Lack of disclosure and evaluation of *de minimis*:** No information about recipients of *de minimis* aid and the financed measures has been disclosed by DG MARE, preventing public scrutiny of this instrument. In 2007, the European Commission already increased the level of *de minimis* aid to the fishing sector by ten times, from €3.000 to €30.000.⁴ Before suggesting another increase, proper review of the use and the impact of *de-minimis* should be undertaken.
- 5. Incoherence with Fisheries Policies:** The CFP suggests the need for substantial reductions in fishing effort for stocks outside safe biological limits. Article 6(5) of the EFF specifically excludes financial support to operations which increase fishing effort. Also, guidelines for state aid require that aid must "serve to promote the rationalisation and efficiency of the production" while "improving the recipient's income is, as operating aid, incompatible with the common market".⁵
- 6. Other Policy Incoherencies:** Increasing fisheries subsidies, including for fuel, when the EU itself highlights the need to phase out environmentally harmful subsidies is counterproductive. It will also not help meeting the objectives of the EU 2020 Strategy, the Kyoto Protocol, or the 2002 WSSD objective to phase out fisheries subsidies contributing to overcapacity. Last but not least, increasing fisheries subsidies at the time of general cutbacks in government spending, and following pledges by the G-20 leaders to phase out fuel subsidies and agreement by WTO members to bring fisheries subsidies within WTO disciplines is counter to current international thinking and likely to undermine EU's leadership in ongoing negotiation processes.

We strongly urge the European Parliament not to support any calls for increase of the level of *de minimis* aid to the European fisheries sector. Taxpayers' money should not be spent in a way that undermines the objectives of the CFP, further increases the pressure on already over-fished stocks, delays the necessary restructuring of the EU fisheries sector, distorts competition among Member States and undermines fundamental EU positions in international reform processes.

¹ Communication from the Commission: Consultation on Fishing Opportunities for 2011 (COM(2010)241 final).

² Draft *de minimis* Regulation for fisheries - ISC D/12254.

³ Economic analysis of raising *de minimis* aid for fisheries (MARE/2008/12).

⁴ Commission Regulation (EC) No 875/2007.

⁵ Guidelines for the examination of State aid to fisheries and aquaculture (2008/C 84/06).