

Financing EU Distant Water Fishing in Developing countries

Contribution from the Coalition for Fair Fisheries Arrangements
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The various subsidies enjoyed by EU vessels fishing in ACP (African, Caribbean, Pacific) EEZ, whether through fisheries access agreements or subsidised joint enterprises, have in certain cases contributed to the over-exploitation of fisheries resources. Thanks to these subsidies, EU vessels have been able to carry on fishing even when the stocks were too low to make it economically profitable. The results have been unfair competition with local fleets especially the artisanal sector, and increased over-fishing.

Derogation or loophole?

The revision of the EU's Common Fisheries Policy has taken some steps to get rid of the main subsidies that have had detrimental impacts in ACP EEZs. In particular, the new regulation governing subsidies to the fisheries sector allows subsidies for *permanent transfer of the vessel to a third country, including in the framework of a joint enterprise* until 31 December 2004. This implies that such subsidies will no longer be granted after December 2004.

However, Council Regulation ((EC)No 639/2004, of 30 March 2004) on «the management of fishing fleets registered in the Community outermost regions» has just granted derogations for these EU outermost regions. The regulation states that «*the provisions on management of entry/exit schemes and compulsory withdrawal of capacity, in Regulation (EC) No 2371/2002, and the rules on access to public aid for the modernisation and for the renewal of fishing vessels should be adapted to the needs of those regions.*»

The regulation continues «*Specific reference levels should be determined for vessel segments registered in the Canary Islands, for which no specific objectives were fixed in the MAGP IV framework. These reference levels should take account of the capacity of the local fleet in relation to fishing possibilities.*»

Depending on the way the reference levels are fixed, this may lead to the continuation of subsidies for vessel transfers to developing countries, particularly in West Africa. Activities of some segments of the Canary Islands registered fleets have already been questioned by West African professional organisations, particularly in Mauritania. There is a contradiction between keeping open the possibilities of subsidised transfers for these vessels and the achievement of sustainable development in ACP countries.

It is also possible that this may be used as a loophole by EU vessels that re-flag to Canary islands so as to keep open their access to subsidies for distant water fishing activities.

Are Fisheries Partnership Agreements really WTO compatible?

The EU is proposing that its fishery relations with developing countries be based on WTO compatible Fishery Partnership Agreements, where:

- *the relative weight of fishing opportunities becomes of secondary importance, with the main element being...in establishing responsible fishing on a sustainable basis;*
- *wherever possible... the FPA shall support measures aiming at promoting the creation of joint ventures, transfer of technologies, investments and capacity management for the benefit of the fishing industry.*

This may imply that the EU fishing industry will continue to receive direct financial incentives for the creation of joint ventures, transfer of technologies, etc. This may be incompatible with WTO rules on subsidies and countervailing measures.

Moreover, we feel that such support measures to the creation of joint ventures, transfer of technologies, etc should be conditional on a serie of environmental and social criteria. For example, transfers of technology should not include non-selective and environmentally destructive technologies such as demersal trawling for shrimp in tropical waters.

In the same way, the creation of joint ventures should serve the developing country needs (such as on-shore processing industries) rather than as a way to transfer boats for easing EU capacity problems.

Decoupling monies for sustainable development from level of access

In order to promote good governance, the financial compensation allocated for fishing access through Fisheries Partnership Agreements should be clearly distinguished from the monies allocated for “investment in sustainable fisheries development” (i.e. in research, control, infrastructure development, etc) and be put on separate budget lines. Under no circumstances should the reduction of fishing access lead to a reduction in monies allocated for “investment in sustainable fisheries development.”

In order to eliminate distortions in competition between fleets, EU public money used to provide compensation for the fishing access granted should gradually decrease, and be replaced by private funding from the ship-owners. In parallel, development programs should be financed by the EU to allow developing countries to conserve and manage their resources for the benefits of their populations and taking into account the present and future needs of the local sector.
