



TOWARDS ELIMINATION OF SUBSIDIES IN FISHERIES

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OBJECTIVE

Review subsidies in EU fisheries in relation to market distortions and sustainability, with particular attention to the Baltic Sea region.



CONCLUSIONS

Total subsidies	2.0 bln euro / year
Catching sector	1.5 bln euro

Main support programmes:

EFF, management, de minimis and 3rd countries

Elimination of subsidies:

1. **Stop** support to individual beneficiaries by 2013;
2. **Phase out** support to 'common interest' in 2014-2020;
3. **Create** positive incentives for effective management;
4. **Transfer** regional and social issues to EFRD and ESF.

Replace subsidies by user rights and access fees.

BALTIC AREA

- **10-15% of EU fisheries sector**
- **One third of the EFF funds**
- **Priorities significantly different from the EU average:**
 - **Low priority: fleet reduction,**
 - **High priority: regional development.**

FISHERIES - EU-27 AND BALTIC

	EU-27		Baltic MS	
	Gross value added (mln euro)	Employment (1000 persons)	Gross value added (mln euro)	Employment (1000 persons)
Catching	3,933	187	407	18
Processing	4,637	138	1,095	50
Aquaculture	1,643	63	168	10
Ancillary	745	19	109	4
Total	10,977	407	1,779	82



ANNUAL SUBSIDIES* (mln euro)

Policy / measure	Total	Fishing fleet
EFF	1,000	600
<i>De minimis</i>	240	240
EAGF	52	50
EFRD and ESF	--	--
Third countries	150	150
Management	500	460
Market protection	--	--
Payment for access	--	--
Excise duty on fuel	--	--
Total	1,942	1,500

* Budgets not necessarily equal to spendings

EFF – PRIORITY AXIS 1



Impact on economic performance	Impact on stocks
Decommissioning	
Bottom in price level, Delays adjustment	Stock not protected from new entry
Temporary cessation	
Effect uncertain	Will stock recover and when?
Investments on board and selectivity	
Individuals favoured	Only large scale change helps
Small scale fishing	
Least efficient producers	Fishing in nursery areas
Socio-economic compensation	
Retirement and young fishermen	No relation to conservation



BACK TO BASICS

- CFP pursues **sustainability** through management.
- Management targets human (economic) **behaviour**.
- Subsidies give wrong signals and create **inconsistencies**.
- **Incentives** must be consistent with broader societal and economic processes.
- **Payment for access** and **tradable user rights** will generate public benefits and promote efficiency of the sector on on-going basis.



FACING A SYSTEMIC PROBLEM?

Within the **political system** it is unclear who bears the responsibility for failure of the fisheries management and how 'he' can be held **accountable**.

Markets fail to reflect environmental efficiency and favor hedonic behavior.

Cultural attitude towards nature, science and individual interests places the society outside its natural environment and gives the human individual interests highest priority. **Tragedy of the commons** is born – among fishermen and among fisheries ministers.