

Say “no” to fuel subsidies

Environmental NGOs strongly oppose further fuel subsidies

Fishermen in several Member States are pressing their governments for additional public aid to help with rising fuel costs. The Pew Environment Group, Seas At Risk, BirdLife International, Oceana and the North Sea Foundation call on the European Commission not approve fuel subsidies schemes that are potentially not compliant with state aid rules, but rather to support the roadmap for phasing out of environmentally harmful subsidies:

1. **Existing Subsidies Schemes:** Fuel for the fisheries sector is already heavily subsidised. Directive 2003/96/EC exempts fuel used for fishing from taxes. In addition, the recent increase of the de-minimis level¹ allows Member States to provide fishing operations annually with up to € 10.000 state aid – which can make up as much as 24 % of a vessel’s annual operating costs.
2. **Delay of Restructuring:** Ever increasing levels of subsidies for operational costs will not help the European fishing fleet to become more competitive. On the contrary, such subsidies will delay necessary restructuring and prevent the European fishing sector from adapting to the new biological and economic realities: over-fished resources and higher oil prices.
3. **Distortion of Competition:** Aid to fuel is endangering fair competition in the European market, as fleets from Member States that refuse to subsidise operating costs can find themselves unable to compete with fleets from Member States that do. In fact, the promise by the French government to provide additional help to fishermen has already triggered additional pressure on Governments across Europe to follow suit.
4. **Environmental damage:** Subsidised marine diesel will provide short term relief for fishers, but will ultimately worsen their situation as it encourages fuel-intensive fishing techniques that are in general not only frequently less labour intensive but also highly destructive to other marine life and contribute disproportionately to greenhouse gas emissions. Moreover, as long as serious shortcomings in fishing safeguarding systems persist, subsidising operational costs will directly increase fishing effort and lead to a further deterioration of European fish stocks, forcing fishing vessels further out on the sea to find fish and in doing so consuming even more fuel.
5. **Incoherence with Fisheries Policies:** According to the Guidelines for the Examination of State Aid to Fisheries and Aquaculture², any “aid must yield lasting improvements so that the industry can develop solely on the basis of market earnings”. Moreover, it states that “operating aid (...) is in principle incompatible with the common market”. This is underlined by COM(2006)103 which states that public intervention to compensate for an increase in fuel costs would be incompatible with the Treaty and that the Commission would not approve any aid notified for this purpose.³
6. **Other Policy Incoherencies:** subsidising fuel for fishing vessels will not help meeting the objectives of the Kyoto Protocol, the Lisbon agenda, the Sustainable Development Strategy, or the WSSD objective to phase our fisheries subsidies. Last but not least, increasing fisheries subsidies at a time when the world is looking to discipline them within the WTO framework is counter to current international thinking and likely to undermine the ongoing negotiation process.

We strongly urge the Commission to stick to its promise not to approve state aid notified for fuel aid. At the same time we remind the Commission of its commitment to eliminate all environmentally damaging subsidies and to present their roadmap for their reform this year⁴. Fuel subsidies should be prioritised in this context but we urge the Commission and the industry to also take a longer-term approach to the immediate fuel squeeze by developing a strategic plan for restructuring the industry such that it increasingly shifts to low fuel-consumption fleets and gears with low environmental impact. Such a shift encompasses more than simply using more energy efficient motors, which would initially reduce fuel consumption but in the longer term worsen the situation by contributing to an increase in fishing effort and an increase in pressure on already over-fished stocks. Taxpayers' money is thus aligned with supporting rather than undermining the objectives of the CFP. Approving fuel subsidies now will only delay the necessary restructuring of the EU fisheries sector, distort competition among Member States and undermine fundamental EU and international reform processes.

Brussels, June 2008

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¹ Commission Regulation (EC) No 875/2007 of 24 July 2007 on the application of Articles 87 and 88 of the EC Treaty to de minimis aid in the fisheries sector and amending Regulation (EC) No 1860/2004.

² Guidelines for the examination of State aid to fisheries and aquaculture, 2008/C 84/06.

³ Communication from the Commission to the Council and the European Parliament Improving the Economic Situation in the Fishing Industry. COM(2006)103 final, p. 8.

⁴ Mid-term review of the Sixth Community Environment Action Programme, Brussels, COM(2007) 225 final.