



Fishing in the Dark

Every year, governments pour billions into subsidies for their fishing fleets. But details of how these billions are spent remain locked in government files. With subsidies increasingly linked to overfishing, it's time for greater transparency and accountability.

The governments of major fishing nations have long been involved in efforts to support their national fishing industries. In fact, government payments to the fishing industry currently amount to billions of dollars in taxpayer money annually.

Officially, these subsidies are intended to meet a variety of positive goals, including the maintenance of robust fishing communities. But as valuable commercial fish stocks in every ocean succumb to overfishing and poor management – and as fishermen are routinely confined to shore by the resulting fishery closures – subsidies as currently administered to the fishing industry are more often part of the problem than the solution.

There is growing recognition of the need for prompt reform of fishing subsidy programmes. The United Nations, the World Bank and the World Trade Organization (WTO) have all called attention to links between fishing subsidies and overfishing.¹ Over two dozen countries, with strong leadership from Australia, Iceland, New Zealand, Norway, Peru, the Philippines and the United States, have publicly called for governments to create new global disciplines on fishing subsidies.

Even in Europe, senior officials have recognized the damage fishing subsidies are doing to the future sustainability of the industry. In a keynote speech to environmentalists and industry in October 2000, UK Prime Minister Tony Blair underscored the problem when he said, “Fishing fleets are still 40% larger than the oceans can sustain and yet [the industry] still benefits from subsidies worldwide.”



WWF/Alain Nozay/BIOS

Still, the problem remains a stubborn one. As is so often the case with habitual subsidies to any economic sector, years of government support for the fishing industry have created vested interests on the part of small but powerful lobbies. Some politicians insist that fishing subsidies are needed to help protect jobs and to keep the increasingly unprofitable fishing industry afloat. And so massive fishing subsidies continue unabated.

Underwriting Overfishing

According to the UN Food and Agriculture Organization (FAO), at least 60% of the world's most valuable commercial fisheries today are either overfished or fished to the limit. Driving much of this overfishing is a global excess in fishing capacity. And, just behind this overcapacity are government subsidies to the fishing industry, amounting to roughly 20% of the total value of the fish caught worldwide.

This is a situation crying out for reform. Fish stocks are declining and the marine environment is suffering. These subsidies are having a particularly negative impact on many developing countries, where much of the extra capacity is often exported.

WWF's Endangered Seas Campaign is working around the world to reduce and reform harmful fishing subsidies that are contributing to overfishing and other unsustainable fishing practices. More specifically, WWF is seeking action by national governments to phase out harmful fishing subsidies, cooperative action to create new international disciplines on the use and administration of these payments, and increased transparency in fisheries subsidy regimes.

Until we stop underwriting overfishing, the world's fisheries – and the people who depend on them most – will remain at risk.



But are these billions fulfilling rational policy goals? Clouding the entire debate is the simple fact that the public, and sometimes even the policymakers, have little access to reliable and detailed information about how fishing subsidies are really used.

The figures currently available are mainly drawn from government budgets and from voluntary government reports, which present only data about broad classes of subsidies. In some cases, this data is sufficient to give citizens a general idea about the intended purpose of various subsidies. In other cases – where government reporting has been particularly thin or non-existent – even the basic goal of a given subsidy can be difficult to ascertain. In no case does the information publicly available today allow taxpayers to judge whether government support for the fishing industry is money well spent.

Moreover, there is clear evidence these funds are actually increasing fishing capacity both at home and abroad. This, in turn, is leading to accelerated fisheries depletion as fishermen spend more and more effort to capture fewer and fewer fish.



WWF—Canon/Paolo Guglielmi/WWF MEDPO

Fat Payments, Thin Answers

Consider the following questions about fishing subsidies:

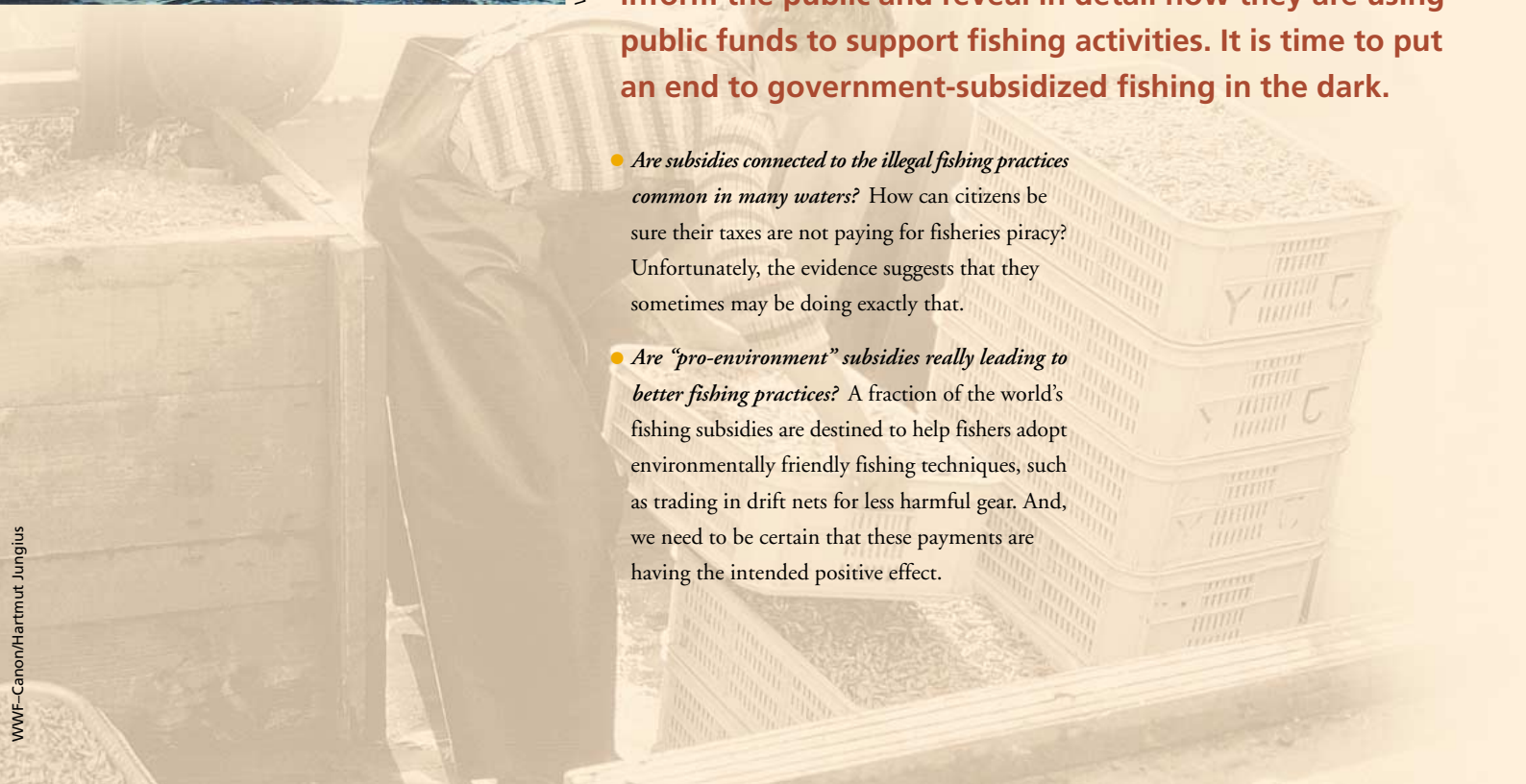
- *Are fishers and their families the real beneficiaries? Or is it more often the corporate boat owners?*
When fish stocks crash, fishermen wind up unemployed, while boat owners can often relocate their vessels and target new fisheries. In some cases, subsidies even appear to encourage this “serial overfishing.”
- *Are subsidies today consistent with efforts to avoid overfishing and reduce excess fishing capacity?*
On paper, some fishing subsidies are committed to shrinking fleets rather than expanding them. However, in the absence of close monitoring, capacity levels can easily be ignored while subsidies fund new modern boats and more efficient gear.
- *Are subsidies today in conflict with international and national norms that require the protection of our marine ecosystems?* Fisheries policies and conservation policies need to work in tandem. But without more details about how fishing subsidies are used, it is nearly impossible to evaluate their full impact.



WWF/martin Nicoll

Governments must act now to meet their obligations to inform the public and reveal in detail how they are using public funds to support fishing activities. It is time to put an end to government-subsidized fishing in the dark.

- *Are subsidies connected to the illegal fishing practices common in many waters?* How can citizens be sure their taxes are not paying for fisheries piracy? Unfortunately, the evidence suggests that they sometimes may be doing exactly that.
- *Are “pro-environment” subsidies really leading to better fishing practices?* A fraction of the world’s fishing subsidies are destined to help fishers adopt environmentally friendly fishing techniques, such as trading in drift nets for less harmful gear. And, we need to be certain that these payments are having the intended positive effect.



WWF—Canon/Hartmut Jungius



- ***Do fishing subsidies skew competition and distort international trade?*** Governments routinely claim their fishing subsidies have no effect on international markets. However, without sufficient data to tell which fish products are subsidized and which are not, these claims are nearly impossible to test or conclusively disprove.

- ***Are fishing subsidies administered honestly and competently?*** Fraud and waste are often the result of government payments made behind closed doors. In the only known public audit yet conducted on a fishing subsidy programme, the European Court of Auditors revealed “major failures... due, in no small part, to poor monitoring and control procedures.”²

- ***Are fishing subsidies administered equitably?*** With supports to the fishing industry generally kept out of sight, distribution of subsidies is often lopsided, with fishers from different nations receiving varying support whilst competing for the same stocks.

- ***Are national subsidy programmes consistent with sustainable development overseas?*** Most large fishing subsidies are provided by nations that are relatively rich. But what are the impacts of these programmes on fishing communities in developing countries? Are they consistent with the pro-development policies that their governments espouse?

The foregoing questions are not meant to imply that all fishing subsidies are bad. In fact, subsidies that are properly designed and openly administered may sometimes play a positive role in helping achieve sustainable fisheries. But as national and international debate about reforming fishing subsidies gathers steam, questions like the ones outlined above will need to be addressed.

Effective reform of fisheries subsidies regimes worldwide needs to be sustained on accurate information.



Closed Books and Invisible Ink

For years, governments have failed to provide adequate information on fishing subsidies. Without transparency, the public cannot be assured of government accountability, nor can stakeholders concerned with fisheries management judge the effect of these subsidies on their interests. Even the economic benefits that governments claim as a reason for justifying these payments cannot be verified when there is so little monitoring and accountability.

A leading example is governments' failure to abide by the rules of the WTO, which require detailed disclosure of subsidies, including many fishing subsidies. This "notification" requirement is a centerpiece of the WTO's regime. Compliance with it has been called critically important by senior WTO officials. Yet, despite repeated calls over the past several years, reporting remains not much better than 10 percent. This constitutes a serious violation of an important international legal obligation.

Similarly, a recent study by the OECD on government subsidies to the fishing industry produced some updated information about national subsidy programmes. Even though the study underscored the importance of understanding the impacts of these payments, the study itself did not provide sufficient information to do so. As further confirmed in a new report issued by the London-based Foundation for International Environmental Law and Development (FIELD), which examined the public's "right to know" about government subsidies to the fishing industry, "Effective reform of fisheries subsidies regimes worldwide needs to be sustained on accurate information."³

The public – and sometimes even policymakers – have little access to reliable and detailed information about how fishing subsidies are really used.



Examples of failure to disclose fishing subsidy payments at the domestic level also abound. In the United States, concern over domestic fishing subsidy programmes led the Congress to create a federal task force to review federal fishing supports. After a two-year investigation, the task force concluded that the available data were "simply not adequate to permit proper empirical analysis of the various government programmes that affect capacity in the fishing industry."⁴

In Japan, public access to government information is often more challenging than in the United States or in other OECD countries, and attempts to obtain detailed data about fishing subsidies have so far borne little fruit. Furthermore, the quality of Japan's reporting on its fishing subsidies to the WTO and to other international bodies has been particularly disappointing especially considering the high level of Japanese government support for its fishery sector.

A Telltale Report

In 1998, the European Court of Auditors made a rare attempt to audit subsidies aimed at reducing the Community's fishing fleet. The report revealed numerous examples of widespread misuse and multiple administrative failings. Among the improper subsidies described in the report, some bordered on the absurd.

For example, the report found that subsidies – sometimes in the millions of ecus – had been paid to support:

- *Fishing activities of vessels that had already sunk or had been inactive for a long time;*
- *The removal of fishing capacity from EU waters after other subsidies helped create that capacity in the first place; and,*
- *Operating vessels that were not technically fit for the subsidized activity.*

The report found repeated instances of subsidies paid to companies that had misrepresented important facts in their applications for support. It even noted that EU monitoring mechanisms could not really track how much public support had been given to any particular boat. The Court found the government made no effort to recover misspent aid, and concluded that the subsidies programme had failed to meet its intended purpose of reducing overall fishing activity.

In Europe, the situation is more complex and equally troubling. On one hand, the EU provides more transparency for its fishing subsidies than any other major subsidizing government. It has gone further to comply with WTO notification obligations, and it has produced the only public audit known to date on its fishing subsidies programmes. In addition, the EU requires at least rudimentary reporting by its member states about their subsidy programmes. But even in these areas, the transparency of the EU's subsidies programme is still far from adequate.

A recent report commissioned by WWF, authored by the Institute for European Environmental Policy (IEEP), highlights the need for accessible information on EU funding to the fishing sector. In addition, it says this information is necessary in order to effectively evaluate the impact of these funds on the environment.⁵



Ian Rica Roxas



WWF-Canon/Edward PARKER

The need for improved transparency in the EU is further illustrated by WWF's own experience. Starting in July 2000, WWF launched an effort to obtain specific information about fishing subsidies from 10 European countries. WWF was especially interested in receiving information about subsidies contributing to overcapacity. These requests were submitted formally, in accordance with EU and national law. At the time of publication, responses to these requests were, with rare exceptions, far from satisfactory, and in some cases may have fallen short of EU member state legal obligations to release information to the public. An update on the status of this information gathering effort can be obtained from WWF's Endangered Seas Campaign.

The bottom line is that in the EU and in every other country where significant governmental financial support is given to the fishing industry, public access to information about fishing subsidies is not sufficient to guarantee accountability or good policy.

Without more details about how fishing subsidies are used, it is nearly impossible to evaluate their full impact.

Improving Transparency and Accountability

The health of our oceans and the fishing communities which depend on them will require governments to remove the veil of secrecy from their fishing subsidy programmes. Accordingly, WWF is calling on governments to take immediate steps to shed more light on their financial involvement in the fishing industry. In our view, the following elements are essential to ensuring government accountability and to promoting the public's confidence that fishing subsidies are not contributing to the demise of our ocean resources:

- **Freedom of Information:** Citizens should be given an effective "right to know" about fishing subsidies. In those jurisdictions where decent right to know laws exist on the books, they must be fully implemented. Citizens should have a right to ask where and how their money is being spent, and to receive detailed answers.

- **Strict Monitoring and Accountability:** Governments should create and fully comply with better systems for proactive monitoring and reporting on the environmental impact of their fishing subsidies. Financial and policy audits should be routine. Data created through these reports should be detailed and available to the public, and mechanisms for their independent verification should be a regular part of the system. WTO members should also put an end to their remarkable disrespect for WTO subsidy transparency requirements.

- **Public Participation:** Governments should create meaningful avenues for stakeholder participation in the planning and administration of fishing subsidies. Access to information about fishing subsidies will not lead to significant changes in government policies if interested citizens are unable to influence the design and implementation of subsidy programmes.

Without effective transparency and accountability, fishing subsidies are all but certain to do more harm than good. The result will be continued over-exploitation and violation of internationally established norms for responsible fishing.

Governments must act now to meet their obligations to inform the public and reveal in detail how they are using public funds to support fishing activities. It is time to put an end to government-subsidized fishing in the dark.

Endnotes

- 1 See, e.g., The International Plan of Action for the Management of Fishing Capacity (UN FAO 1999); Milazzo, Matteo, Subsidies in World Fisheries: A Reexamination, World Bank Technical Paper No. 406 (World Bank 1998); WTO Committee on Trade and Environment, Environmental Benefits of Removing Trade Restrictions and Distortions (Note by the Secretariat), WTO Doc. No. WT/CTE/W/67, (WTO 1997).
- 2 EC Court of Auditors, Special Report 18/98 Concerning the Community Measures to Encourage the Creation of Joint Enterprises in the Fisheries Sector, European Commission, 1998.
- 3 The Application of European Right to Know Laws on Fishing Subsidies – A Technical Report, FIELD, 2000.
- 4 Federal Fisheries Investment Task Force Report to US Congress, 1999
- 5 Reforming EU Fisheries Subsidies, IEEP, 2000.

Printed on recycled paper

WWF's Endangered Seas Campaign

1250 24th Street, N.W.
Washington, D.C. 20037, USA
Tel: 1-202-293-4800
Fax: 1-202-293-9211
www.panda.org/endangeredseas/

WWF International

Avenue du Mont Blanc
1196 Gland, Switzerland
Tel: +41 22 364 9028
Fax: +41 22 364 0526
E-mail: lhurt@wwfint.org

WWF's The European Policy Office

36 Avenue de Tervuren – box 12
1040 Brussels, Belgium
Tel: +32 2 743 8800
Fax: +32 2 743 8819
www.panda.org/epo



WWF's Endangered Seas Campaign is creating a Sea Change for fisheries by:

- safeguarding fisheries and marine biological diversity by establishing marine protected areas
- reducing harmful government subsidies contributing to overfishing
- promoting new market incentives for sustainable fishing through the Marine Stewardship Council's certification initiative.