The current reform of the Common Fisheries Policy has put fisheries subsidies in the spotlight in the EU, in particular with regard to EU fisheries funding being reshaped into a new European Maritime and Fisheries Fund. In order to support these important developments, a series of briefing notes produced by Policy Department B provide concrete figures on public funding of the fisheries sector in Europe and worldwide.

**Background**

Fisheries subsidies are most commonly defined as financial contributions from public entities that provide private benefits to the fishing sector. Subsidies provided by governments in the early 1930s and late 1940s were originally intended towards investment in the fishing sector – the "infant industry" argument. With rapid technological advancement in boat building, gear design and preservation methods from the late 1940s to the 1970s, and the creation of 200 nautical miles Exclusive Economic Zone, fishery subsidies acted as drivers for the "race to fish" phenomenon. Fisheries subsidies have been a matter for policy concern since the early 1990s, when the FAO made an argument based on economic theory that such government transfers contributed to excess fishing capacity and over-exploitation.

**Global fisheries subsidies**

This briefing note is an analysis of the current state of fisheries subsidies worldwide. The note reviews previous investigations of subsidies issues, gives a brief overview of the impact of subsidies on key aspects of the fisheries sector, and addresses trade issues and the negotiations of fisheries subsidies at the World Trade Organization. The note presents the various types of subsidies proposed in the literature, and how they are likely to affect our ability to manage fisheries sustainability through time. Based on the potential impact of subsidies on the sustainability of the fishery resource, three categories of subsidies are discussed: beneficial, capacity-enhancing and ambiguous (Figure 1).

Moreover, the note provides a new estimate of global fisheries subsidies: 35 billion dollars per year, 22% of which consist of fuel subsidies. The note analyses the estimates in different regions and top fishing countries by categories of subsidies. The results show that subsidies contributed by the governments of developed countries are much higher than those of developing countries (65% vs. 35%), and that subsidies generally disadvantage small-scale fisheries.

**Figure 1: Global fisheries estimates by categories of subsidies.**

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Fuel subsidies in the EU fisheries sector

This briefing note analyses the tax allowances on fuels used by the EU fishing fleet, as provided by the Directive 2003/96/EC. According to this Directive, a full tax exemption is usually applied to the fisheries sector. The note gives an overview of tax allowances for fuel in different Member States. Fuel subsidies for fishers in the EU consist mainly of fuel tax exemptions or reductions with respect to the excise taxes directed at specific fuels. The level of tax exemption depends on the Member State, as fuel taxes that should be paid in the absence of the exemption differ across the EU.

The note estimates the effects of the Directive in terms of forgone revenue by Member States at approximately 1.05 billion euros. It also makes a comparison of the benefits derived from the tax exemption across fleet segments, in terms of competitiveness.

Profitability of the EU fishing fleet

This note provides an overview of the profitability of the fishing fleet in each EU coastal Member State and in the EU as a whole, based on the analysis of the latest information available through the Data Collection Framework. Economic performance indicators of the fishing fleets are analysed by Member State and by fishing technology. The note also addresses the contribution of the fishing sector to the GDP, which is shown to be very low. At EU level, the sector contributed to less than 0.03% of the EU GDP, while at national level it represented less than 0.2% in all Member States.

The note provides a quantification of the amount of direct income subsidies received by the fishing fleet in each Member State. According to the data submitted by Member States, the total amount of direct income subsidies granted to the EU fleet in 2011 amounted to 98 million euros. The amount of direct income subsidies and their contribution to fleet profitability vary substantially across Member States and fleet segments, with some fleets relying heavily on subsidies. The note discusses the level of dependence of EU Member States on direct income subsidies (Figure 2).

As regards the EFF 2007-2013 financial support to the fishing sector, the note shows that EFF funding for priority axis 1 fluctuates widely across member states, and in some cases the support is much higher than the value added. However, on average the EFF funding amounted to around 3% of the income produced by the fishing sector, and 5% of the gross value added.

Figure 2: Level of dependence of EU Member States on direct income subsidies

![Figure 2: Level of dependence of EU Member States on direct income subsidies](image)

Source: JRC (2013)

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**Feedback**  If you wish to give us your feedback please e-mail to Poldep-Cohesion Secretariat:  
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