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Global Fishing Watch



# **SETTING THE RIGHT SAFETY NET: A FRAMEWORK FOR FISHERIES SUPPORT POLICIES IN RESPONSE TO COVID-19**

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## **SUMMARY**

While disruption in seafood supply chains has brought temporary relief to wild fish populations, this should not be celebrated. This environmental improvement has not come about due to any deliberate transition plan for workers, nor will any environmental relief prove lasting once the public health crisis passes. Environmental improvement is essential, but it should be achieved in a socially just manner.

This is where a principle-based approach is useful. The ten principles in this briefing establish a framework that can be used to assess whether fisheries support policies in response to Covid-19 are appropriate to set a path towards a healthier fishing sector, public, and marine environment. While some policies that have been publicly advocated for violate one or more of the principles, other policies offer promise and should be pursued with urgency.

Based on the ten principles, successful policies should:

- support the acquisition of personal protective equipment such as masks and gloves;
- enhance remote surveillance and non-observer monitoring programmes to ensure that essential data is collected and that IUU fishing does not undercut law-abiding fishers and the marine environment (e.g. cameras, electronic reporting systems);
- improve traceability to ensure that efforts to develop new, localised supply chains can support EU fishers and prevent IUU seafood from entering the supply chain, through digitisation;
- ensure that lost fishing income due to the Covid-19 public health crisis is compensated for through income support schemes (i.e. including the self-employed and fishers whose income is received through a revenue share);

- condition any support for fixed business costs on improved environmental performance (e.g. the adoption of low or lower-impact fishing gear, remote electronic monitoring, and/or stunning equipment to improve fish welfare conditions);
- pursue in-year quota flexibilities to allow fishers the opportunity to utilise their quota allocations (e.g. rollover of monthly allocations, promoting the use of quota swapping/leasing, other means of increasing in-year uptake particular to each Member State).

Based on the ten principles, good policy development and implementation should:

- run for the duration of the crisis and expire at its end;
- respect institutional integrity including the purview of funding bodies;
- be developed, implemented, and have its intended effects within a short period of time;
- be developed in consultation with a range of industry and civil society actors;
- be clear in its goals,
- be transparent about how support will be administered and who recipients are.

Based on the ten principles, a path to build back better should include:

- investment in the marine environment (e.g. policies from the Blue Manifesto);
- more resilient labour models in marine fisheries (e.g. labour representation for non-contracted fishers, wage guarantees, co-ops schemes, sick pay);
- a shift in financial support away from damaging subsidies and towards a system where the industry pays for the costs of fisheries management (i.e. cost recovery), for access to a limited public resource (i.e. resource rent), and for environmental damages (i.e. negative externalities).

While not a Covid-19 response measure in a direct sense, reviewing the typology of support measures against the principles makes it clear that environmental improvements are needed. Fundamentally the Covid-19 economic crisis is about incomes, costs, and livelihoods. Improvements to incomes will be larger and longer lasting if fish populations and the subsequent fishing opportunities are larger. Fishing costs also decrease as more abundant fish populations can be harvested with less effort. Better prices can be secured by ending the ‘boom and bust’ of TAC cycles, so that fish can grow to larger size classes, and eco-certification can be achieved.

**Critically, while Covid-19 response measures may offer support for one year, a sustainable marine environment supports livelihoods for years to come. With the climate and biodiversity crises as the setting, any policy proposal needs to answer the fundamental question: how does this policy allow us to build back better?**

## **COVID-19 HAS DISRUPTED SEAFOOD SUPPLY CHAINS**

The Covid-19 public health crisis has now transformed into a wider economic crisis. Attempts to contain the spread of the virus have kept workers at home and customers out of shops with serious ramifications for many industries. The fisheries sector has not been immune from this wider economic crisis, and some parts of the sector, particularly fresh seafood sales, have proven especially vulnerable.

Global seafood trade has slowed, restaurant sales have evaporated, and even fresh fish counters in many supermarkets have closed. While people are not consuming fewer calories, the response to Covid means sales of fresh fish are down while frozen and canned fish have seen an increase ([EUMOFA, 2020](#)). It remains unclear for how long public health measures - and their economic effects - will continue and if there will be a longtail of recovery. Some fishing businesses will struggle to stay operational if there is a lengthy recovery.

### **SUPPORT POLICY IS NEEDED**

In this context, emergency measures are being designed to support the production of seafood. The European Parliament has approved the European Commission's temporary relief scheme that allows EU Member States to use structural funds to pay for compensation packages, including fleet tie-ups. This has enabled Member States to offer fisheries-specific support packages over the existing social safety net and Covid-19 economic programmes to cover lost wages (including the self-employed and fishers whose income is received through a revenue share). The response has been rapid and expansive, and further programmes are being considered at both the European and Member State level.

### **NOT EVERY POLICY IS APPROPRIATE**

Yet the desire to do *something* should not mean an uncritical acceptance of *everything* or *anything*. With the benefit of hindsight, it is often the case that action in response to one crisis situation can create a new crisis or compound another. Already there are concerns that some political leaders are using Covid-19 to pass otherwise unacceptable legislation. Some businesses have been lobbying to cut regulations and the 'coronavirus profiteers' ([Hurowitz, 2020](#)) get bailouts while harming the planet. The Commission has announced a delay to biodiversity and food strategies, and is under pressure to delay everything from a single-use plastics ban to emission targets for vehicles ([Lazarus, 2020](#)).

Similar pressure is underway to pursue the deregulation of fishing activity and its impact on the marine environment ([EAPO & Europeche, 2020](#); [Defra, 2020](#)). These efforts must be resisted. A vast amount of research has been produced on fisheries support measures, their impacts on the health of the marine environment, and the actual effect on livelihoods of fishers (reviewed in [Sakai et al, 2019](#)). Support for the fisheries sector can work to protect the marine environment or it can undermine it.

### **POLICIES SHOULD PROTECT WORKERS AND THE MARINE ENVIRONMENT**

A healthy marine environment leads to improved economic opportunities for the fisheries sector. Studies have shown that if European fish stocks were allowed to recover they could produce more, as we are currently harvesting from a small population. If recovered, there would be an extra €1.6 billion in annual revenue every year and over 20,000 new jobs across the fisheries sector ([Esteban & Carpenter, 2015](#)). Conversely, measures that are sometimes framed as helping fishers, such as setting total allowable catches (TACs) above scientific advice, have ended up hurting fishers by failing to recover fish populations, necessitating even lower scientific advice in the future, losing MSC certification, and delay reaching a state of higher economic potential ([Guillen et al, 2016](#)). It is critical that response measures to Covid-19 should bring us closer to this sustainable potential, not further away.

2020 is a critical year in European fisheries as it marks the deadline for the EU to end overfishing according to the Common Fisheries Policy and achieve Good Environmental Status of European Seas according to the Marine Strategy Framework Directive. Progress up until this point has proven insufficient and 68 out of 136 TACs were set above scientific advice for this year ([Carpenter, 2020](#)). The CFP will fail in its objective to end overfishing if all of the TACs that were set above scientific advice are caught (i.e. full quota uptake). For some species an end to overfishing may be achieved in 2020 due to the disruption in seafood supply chains. However, such reductions in fishing pressure will not last if TACs continue to be set above scientific advice, nor will the marine environment see lasting improvements if the fishing industry continues to use the same fishing techniques in the future (potentially compounded by interannual quota flexibilities).

It must also be recognised that we are in the midst of a biodiversity crisis and a climate emergency that includes the marine environment ([Luybaert et al, 2019](#)). Wild fisheries is the key driver of biodiversity loss at sea to date, according to the 2019 UN IPBES global assessment report on biodiversity ([IPBES 2019](#)). Action on one crisis should not worsen another, for example, by adopting measures that incentivise overcapacity or overfishing. The European Parliament's Committee on Environment, Public Health and Food Safety has been clear that Covid-19 response should further, not hinder, the European Green Deal - a call echoed by environment ministers from seventeen Member States ([European Parliament, 2020](#); [Doyle, 2020](#)). Incentivising fishing pressure would also work against the public health crisis and protective policies to keep people isolated at home.

There is no need to pursue fisheries support policies that risk public health and the marine environment when win-win policies are available. If designed correctly, policy support can lead to a healthier fishing sector and marine environment. This briefing sets out how to solve these crises concurrently.

## **TEN PRINCIPLES FOR ASSESSING FISHERIES SUPPORT POLICIES IN RESPONSE TO COVID-19**

The sheer volume of potential support policies means that rather than assess each policy individually, what is needed is a broader framework that can be applied. Policy appraisal at the level of individual policies is also context-specific and depends on the interaction with other policy measures (e.g. fisheries management measures, social support policy), the fishery itself, and the political realities of the institutions.

The following ten principles provide a framework that should be applied when developing and appraising response policy options, in order to deliver a healthier fishing sector and marine environment.

- 1) **Concurrent crisis response: Policies to address one crisis should have a positive impact on other existing and anticipated crises.** Neither the causes nor the effects of crises can be viewed in isolation. While there can be co-benefits to policies that deliver economic, human, and environmental health, there is also an alternative where action on one crisis can worsen another. But these domains are 'non substitutable': improvements in one domain do not compensate for losses in another. By pursuing concurrent crisis response we 'future proof' policy, ensuring that it furthers our collective longer-term environmental and ethical goals ([Loneragan & Blyth, 2020](#)).

- 2) **Efficiency: Obtain the best results with limited resources.** The direct health emergency will require substantial financial resources, making it even more important to provide targeted support. For example, analysis by the OECD on fisheries support measures has shown that just using existing funds and shifting them from fuel (i.e. fuel tax exemptions) to income support would raise incomes, fish populations, and catches concurrently ([Martini, 2019](#)). It is not just the size of support but also its efficient use that matters.
- 3) **Rationality: Effective policy requires a linkage between the crisis being addressed and the policy proposal.** This includes the time duration of policies -- policy design should include options for review and removal post-crisis. If the problem is little or no income for fishers stuck on land during the crisis then there should be income support policies for that time period, not a catalogue of long-standing requests that will fail to provide income to fishers during the crisis.
- 4) **Speed: A crisis situation requires a rapid response.** Policies need to be developed, implemented, and have their intended effects within a short period of time. The end of the financial year is the absolute deadline, but as many business costs need to be paid much sooner, the earlier a policy can be implemented the better. This implies a small number of policies that can quickly be designed, implemented, and take effect.
- 5) **Institutional integrity: Support measures should respect existing institutions.** Existing policy processes exist in a carefully constructed policy environment. Changing the division of powers, the remit of institutions or the original intent of the source of funding in an ad hoc manner threatens the ability to respond now and in the future (see case study on the European Maritime and Fisheries Fund).
- 6) **Anti-abuse: Ensure that policies are directed towards their intended recipients.** If spent correctly, public funds can be of great help, but not if they are abused. This could include prevention mechanisms such as a requirement that financial support for the same loss is not already covered through other schemes (i.e. no 'double dipping') and/or clawback mechanisms that would require fishing companies to pay back any tax relief, plus interest and penalties, if they are found to have abused the system. Overall, there needs to be a sense of proportionality: the support available must be designed to cover the loss incurred.
- 7) **Consultation: Engage industry and civil society in policy generation.** Civil society is the watchdog of policy impact. It is not the case that the direct beneficiary is the only or even the most important stakeholder. A limited consultation - or no consultation at all - is much more open to abuse. Within the seafood sector it is also important to ensure wide consultation as the effects of Covid-19 vary greatly between sub-sectors and some sub-sectors have more power and representation than others (e.g. [Carpenter et al, 2019](#)).
- 8) **Clarity and transparency: To protect against abuse, policy intent should be stated and outcomes monitored.** It is only with transparent information that past policies used in previous crises have been shown to be subject to abuse (see Pedrógão Grande case study).
- 9) **Conditionality: There should be clear eligibility criteria and transparent procedures for application.** Conditionality is one of the main mechanisms by which concurrent crisis response can be achieved. Public funding should always be conditional on good performance, and crisis response funding is no exception (see case study on how other sectors are using conditionality to build back better).
- 10) **Integration: Fisheries support policies do not exist in a vacuum and should strengthen policies in other areas.** Without integration, policy support in one domain (such as fisheries) could undermine policies elsewhere. Policy integration also requires an international perspective. As a heavily traded

product, seafood in one country often depends on fisheries in another. Mutually dependent seafood market means that economic, human, and environmental health matters across Europe and beyond.

Taken together, these principles establish a framework that can be used to assess fisheries support policies in response to Covid-19. It is not a prioritised list and, like the people, economy, and environment domains, each principle matters in its own right. To some degree, trade-offs are inevitable, The use of conditionality can slow the speed of implementation. However good policy design should aim to achieve these principles while minimising the conflicts between them.

#### Case study on the Pedrógão Grande forest fires: Lack of clarity and transparency leads to abuse

In the summer of 2017, wildfires swept across the Portuguese municipality of Pedrógão Grande. In total 45,000 hectares of land were destroyed and 64 lives were lost. In response to the crisis the Revita Fund was established to help residents who had lost their homes in the fire. Most of the €7.3 million came from private donations but the fund was overseen by the government.

Unfortunately the crisis response to the Pedrógão Grande fires serves as a lesson in mismanagement. A lack of clarity on the governance of the funds and a lack of transparency regarding the recipients resulted in an inefficient programme that was open to abuse. A 2019 Court of Auditors report summarised their assessment as follows:

*“The community was not sufficiently involved, the criteria for granting support were not clear, decisions with external effectiveness were not disclosed; the list of beneficiaries and support granted was not publicized and the accounts provided are also not published” (Sofia Luz, 2019).*

In response, the Revita Fund's Management Board noted that the decisions made need to be seen in the context of “the circumstances of social emergency in which the support took place” ([Diário de Notícias, 2019](#)). Regardless, the effect was that 58% of the total funds ended up with farmers rather than home repair, a share which the Court of Auditors called “excessive” ([Sofia Luz, 2019](#)).

The Pedrógão Grande case highlights the need for **clarity** (i.e who should receive funds) and **transparency** (ie. who did receive funds) in crisis response measures.

## **DEFINING A TYPOLOGY OF FISHERIES SUPPORT POLICIES**

While there are numerous potential fisheries support policies that could be pursued in response to Covid-19, these policies can be broadly grouped into categories based on their approach. Defining a typology helps to determine how the ten principles guide policymaking for each category of policy rather than a detailed appraisal of each specific policy and the different contexts it might be applied in.

In broad terms, there are three phases to the disbursement of public funds through an economic crisis:

1. Damage limitation: immediate short-term funding and regulation to fill the hole in household and business cash flow (e.g. rent, mortgage suspension);
2. Targeted bailouts: Targeted intervention to protect larger businesses in key sectors significantly impacted by the Covid-19 fall-out (e.g. aviation, restaurants);

3. Fiscal stimulus: Non-business-specific government revenue and capital spending designed to stimulate economic activity (e.g. infrastructure investment).

Many policies for damage limitation have taken place and we are now mostly operating in the second phase of targeted bailouts (i.e. financial assistance to business to save it from collapse). Fisheries support policies fall into this second phase although there may be policies that step backward into the first phase if there are issues with incomplete coverage or step forward into the third phase if bailout policies have long-term implications for the future structure of the economy, society and natural environment.

The following typology of policy support measures is split into seven categories:

- Policies to ensure safe and controlled fisheries;
- Policies to increase the resilience of seafood supply chains and create new ones;
- Policies to provide financial support for lost income;
- Policies to provide financial support for fishing business costs;
- Policies to provide price support;
- Policies to change regulations and regulatory processes;
- Policies to provide recovery stimulus.

#### Case study: Institutional integrity and the future EMFF

In order to ensure **institutional integrity**, structural funds, such as the EMFF, should not be used to deal with acute crises. The EMFF is the financial instrument to ensure the sustainability of human activities as sea, in particular in the fisheries and aquaculture sector, and to protect the aquatic environment. The fact that the future EMFF (2021-2027) is currently under review and inter-institutional negotiations are taking place, presents a risk of taking decisions that puts us in the wrong path of misusing the future EU fund to respond to the crisis. There are several policy support measures described above that are already possible to implement with the help of EMFF funds, as they are measures that fulfil the original intent of the fund which is supporting the sector in the long-term task of becoming sustainable and protecting the marine environment.

Some of these policies are:

- Policies to ensure safe and controlled fisheries;
- Policies to increase the resilience of seafood supply chains and create new ones;
- Policies to provide recovery stimulus.

On the contrary, allowing the future EMFF to support policies that provide financial support for lost income or for fishing business costs and policies to provide price support would consist of a violation of the **institutional integrity** principle, as the EMFF is not the financial tool to cover these types of costs. Financial support for lost income should be covered by national programmes designed to support workers across the economy and fixed fishing business costs should be equally covered by national government programmes. Using future EMFF funds along these lines would also fail the principle of **concurrent crisis response**, as funds intended to respond to the biodiversity crisis would be compromised and potentially become a source of harmful fisheries subsidies.

## **POLICIES TO ENSURE SAFE AND CONTROLLED FISHERIES**

For fishing vessels that continue to go to sea, there is an urgent need to support the acquisition of personal protective equipment such as masks and gloves. Fishing vessels and fishing ports can be densely packed and without protective measures there are concerns that fishing activity could spread the virus. This concern has led to calls for fisheries closure - sometimes instigated by fishers themselves ([Page & Fequet, 2020](#)) - and has even resulted in fishers from one Member State blocking fishers from another Member State landing in domestic ports ([Mac an tSíthigh, 2020](#)). Some Member States have acted on this and are providing funds for safety equipment through the existing European Maritime and Fisheries Fund ([República Portuguesa, 2020](#)).

Just as some fishing vessels are not going to sea due to safety concerns, the same applies to control vessels and the operation of fisheries observer programmes. This presents a serious risk of illegal, unreported, and unregulated (IUU) fishing from vessels that continue to fish. The European Commission has expressed “deep concern” about the ability for some Member States to monitor commercial fishing activity at sea during the Covid-19 pandemic ([Siggins, 2020](#)).

Experience gained from previous crises adds further weight to the European Commission’s concern. The Food and Agriculture Organisation of the United Nations (FAO) has warned of an increase in IUU fishing based on the outbreak of Ebola in West Africa from 2013-2016 where Fisheries Monitoring Centres (FMC) were left unable to function properly ([FAO, 2020](#)). The FAO commented on the control and enforcement shortcoming, noting that “Fishers who are ‘safely out at sea’ in their microcosm know this and may keep operating or adapt their operations to benefit from the Monitoring, Control and Surveillance’s shortcomings to engage in illicit activities” ([FAO, 2020](#)).

To prevent a similar occurrence during the Covid-19 crisis, the FAO recommend “maintaining levels of monitoring, control and surveillance of fishing activities” and “enhancing, where possible, remote surveillance and non-observer monitoring programmes (cameras, vessel tracking, log-books, electronic reporting systems)” ([FAO, 2020](#)). Similar measures have been advocated by NGOs to fishery managers and Regional Fisheries Management Organisations (RFMOs) in response to Covid-19 ([Nickson et al., 2020](#)). These measures would allow continued control and monitoring without endangering the health of control officials. Such an investment would represent a good use of public funds in the EU given the current proposal for a new EU Fisheries Control System.

In general, recognising also the important role that transparency within the global fishing sector can have in tackling IUU fishing efforts, coastal, flag and port States, civil society, RFMOs, industry and international institutions should enact and enforce transparency and good governance measures such as those advocated by the EU IUU Coalition ([Environmental Justice Foundation et al, 2019](#)). Similarly, increasing [transparency](#) in the implementation of the EU fisheries control system would contribute to creating a culture of trust, collaboration and compliance ([Environmental Justice Foundation et al, 2019](#)).

Unfortunately examples are already being recorded of IUU fishing due to the reduced enforcement capacity during the Covid-19 crisis, for example large-scale vessels fishing in areas designed for small-scale vessels



([Cabico, 2020](#)). Like many forms of IUU fishing, this activity harms both fish populations and the fishing activities of legal operators. Investing in policies to ensure safe and controlled fisheries therefore represents a good use of public funds that promotes **concurrent crisis response**.

## **POLICIES TO INCREASE THE RESILIENCE OF SEAFOOD SUPPLY CHAINS AND CREATE NEW ONES**

As global seafood supply chains have become disrupted, many export-oriented seafood supply chains have had to search for alternative markets for seafood products. This includes not just export markets, but also seafood supply chains such as brown shrimp which is harvested in Europe, peeled in Morocco, and then sold back again in Europe ([ICES, 2020](#)).

Dozens of success stories are now emerging of fishing businesses offering direct (i.e. door-to-door) sales to consumers ([FARNET, 2020](#)). All else equal, a more localised supply chain could lead to environmental improvement by reducing transport emissions (in particular fresh seafood sent by air freight) and better connecting consumers and their diets to the environment around them. Direct sale also tends to diversify diets rather than focusing on a small number of supermarket species which concentrates fishing pressure. Unfortunately, given that many fish populations in Europe are overexploited, it is sometimes the case that seafood imports are more sustainable than local catches (e.g. imported cod from the Barents or Icelandic Sea is more sustainable than cod from nearly all EU waters).

Supporting business innovation as an emergency response and larger government industrial strategy *can* meet some of the ten principles. There is however the potential for **abuse** if sales are made without proper registration. Innovative governance solutions are needed to match business innovations. It is also important to recognise the problems with promoting local sales where it could lead to more pressure on overfished stocks, especially once international markets return. These cases would violate the first principle of **concurrent crisis response**. As with many market interventions in fisheries, ultimately it comes back to the government to ensure that the system is sustainable ([Carpenter, 2019](#)).

Given the recent enthusiasm for local sales, there is an opportunity to not just promote local supply chains, but also to improve traceability. Currently, most EU-caught seafood products are traced through a paper-based system. Ensuring that adequate information is passed along the supply chain to ascertain the legality of EU-caught products, and transforming to an improved and digitised traceability system would help combat illegal, unreported and unregulated (IUU) fishing, deliver healthy fish stocks, and safeguard the livelihoods of fisheries-dependent communities ([ClientEarth et al, 2019](#)).

By improving traceability (for example through the revision of the EU Fisheries Control System) - and importantly by improving the status of European fish populations - efforts to develop new, localised supply chains can support EU fishers while also improving the marine environment and deliver on the first principle of concurrent crisis response.

## **POLICIES TO PROVIDE FINANCIAL SUPPORT FOR LOST INCOME**

Many EU Member States have introduced programmes to support the incomes of workers across the economy. As marine fisheries have unique forms of labour compensation it is important to ensure that lost fishing income due to the Covid-19 public health crisis is covered by these income support programmes (i.e. that they include the self-employed and fishers whose income is received through a revenue share).

As a loss of income is the main economic harm caused by Covid-19 in the fisheries sector (e.g. in the supply chains for fresh seafood), a policy that offers financial support for lost income has a strong **rational** linkage and is therefore an **efficient** policy approach. Compared to other policies, income support is also better (i.e. less harmful) for the marine environment. As OECD analysis on the relative effects of fisheries support summarised: “Support based on fisher’s income appears to provide the greatest benefit to fishers and is relatively less likely to increase capacity or fishing effort” ([Martini & Innes, 2018](#)).

To the extent that financial support for lost income incentivises fishing vessels to remain in port (i.e. is conditional on a decrease in fishing activity) there are potential public health and environmental co-benefits. By fishing less in 2020, fish populations can reproduce to greater numbers in future years. In this respect a tie-up scheme would provide a ‘no catch investment’ for EU waters ([Crilly & Esteban, 2012](#)). Any environmental gain would be quickly lost however if fishing capacity remains at the same level (see Deepwater Horizon case study).

More problematic is a scheme where income support is provided to the fisheries sector specifically while fishing activity continues (e.g. Scotland’s seafood sector support: [Marine Scotland, 2020](#)). The **rationality** principle requires that financial support for lost income is for *lost* income, and is therefore ‘tie-up’ aid rather than ‘top-up’ aid. In addition, any programme for financial support for lost income needs to be consistent in its treatment of circumstances across sectors (including other sectors within seafood supply chains) as described by the **integration** principle.

### Case study on the Deepwater Horizon oil spill: Support measures support fish populations

The explosion and subsequent oil spill from the Deepwater Horizon drilling rig in April 2010 closed significant fisheries areas for part of the year. While the oil spill had ecologically damaging effects on the surrounding marine environment in the Gulf of Mexico, subsequent analysis has revealed that the decrease in fishing pressure led to improvements to biomass due to the 'closure reserve effect' and higher catch rates ([Fodrie and Heck, 2011](#); [Schaefer et al., 2016](#)).

Payments to fishers for lost income included the Vessels of Opportunity Program (\$283 million), Seafood Compensation Program (\$2.2 billion) alongside emergency claims for general business economic losses (\$6.7 billion). This total of \$9.2 billion greatly exceeded the commercial revenue for all GoM key species or groups over the same time period (\$3.8 billion from 2010 to 2014) ([Cockrell et al., 2019](#)).

The counterintuitive result is that while there was exit from the fishery in 2010, this occurred at a significantly lower rate than the historical average (5% vs 20%) implying that because of the crisis fishers remained in the fleet that otherwise would have left the industry ([Cockrell et al., 2019](#)).

The economic effects of fisheries support policies developed in response to the Deepwater Horizon oil spill illustrate the problems of **inefficiency** associated with overlapping support programmes and the **abuse** that these programmes can generate. The ecological effects illustrate the failure to consider fishing capacity and the need to deliver **concurrent crisis response**.

### **POLICIES TO PROVIDE FINANCIAL SUPPORT FOR FIXED BUSINESS COSTS**

While fishers undoubtedly benefit from the income support programmes described previously, there has also been pressure for bespoke fisheries support measures to cover ongoing business costs, for example port dues and insurance ([NFFO, 2020a](#); [NFFO, 2020b](#)). Some Member States have responded by implementing programmes of financial support for ongoing costs while other Member States have stated that they do not intend to pursue such programmes as there are signs that prices have not declined as expected and key seafood supply chains are beginning to return to normal ([Siggins, 2020](#)).

Financial support for fixed business costs is **less efficient** than income support at targeting the stated problem, it is more problematic from an environmental perspective and it fails the principle of **concurrent crisis response**. In their modelling of fisheries support policies the OECD concluded that payments based on vessel costs are the "most likely of all policies to result in overcapacity of the fishing fleet" ([Martini & Innes, 2018](#)).

If financial support for fixed business costs is provided, environmental conditions should be applied (see case study on other sectors using conditionality to 'build back better'). This ensures that public money generates a return for the environment and wider society as well as fishing businesses for **concurrent crisis response**. Conditions that could be applied to fishing businesses to simultaneously improve the marine environment include, where applicable, the adoption of low or lower-impact fishing gear, remote electronic monitoring, and/or stunning equipment to improve fish welfare conditions.

To prevent **abuse**, the design of support schemes should be targeted at fixed costs, for example using fleet economic data on costs by fleet segment (e.g. Scotland's shellfish sector support scheme) which could be assessed with relative **speed**. Eligibility requirements should be **clear** and **rational**, such as which vessel groups and levels of fishing activity (i.e. part-time fishers) are included.

Other non-income financial support proposals include VAT reduction and tax exemptions or deferrals ([EAPO & Europeche, 2020](#)). VAT reduction is problematic for different reasons as it is very likely to lead to **abuse** with the scheme being used for goods and services not specific to the business. As such, VAT relief has been analysed and dismissed as an option in other sectors such as mining ([IGF & ATAF, 2020](#)).

VAT payments are also related to operating costs, not vessel costs, that are even more problematic for their environmental impacts. In general, support for variable costs incentivises fishing pressure whereas support for fixed costs incentivises capacity. In their modelling of fisheries support policies the OECD conclude that:

*“Support that is based on the costs of fishing, such as help to purchase fuel, gear or bait, can increase fishing effort more than other policy options. These types of support are the most likely to increase IUU fishing effort and to lead to stock depletion. They also tend to favour larger fishers, to the point where others in the fishery may be made worse off by support”* ([Martini & Innes, 2018](#)).

Tax deferral could be considered and is a common tool used in government bailouts. Indeed some Member States are already offering this option for all businesses, suggesting the option to pursue **integration**.

Storage aid for fisheries products could be considered as a business cost or as an investment in supply chains (see earlier section). While this may offer some promise in particular fisheries, in others it could be extremely **inefficient** and is unlikely to deliver **concurrent crisis response**. As Shane McIntyre, director of the National Inshore Fishermen's Association, explained: “A tie-up which would allow fish to recover in the sea would be far better than paying for freezing capacity for fish which might only fetch 80c a kilo” ([Siggins, 2020](#)). Going further, the Low-impact Fishers of Europe (LIFE) believe that in some instances storage aid could make their members worse-off as “storage aid would most likely have a depressing effect on fish prices once the crisis eases. What active fishers need most is income support, and support to sell their fish direct to consumers.” ([LIFE, 2020](#))

Financial support to the fisheries sector in response to Covid-19 should also be set in the context of the longer term direction of fisheries management. For example, the OECD's analysis suggests that existing fisheries support for costs such as the fuel tax exemption should be shifted to income support which would not only have the intended effect of raising incomes, it would also increase fish populations and catches and, presumably, lower greenhouse gas emissions ([Martini, 2019](#)). Like other fisheries support policies in response to Covid-19, a longer-term perspective is needed so that actions taken today set us on the right path toward thriving fisheries operating in a healthy marine environment.

In addition, the future of fisheries management in EU Member States should see a mature industry paying for the cost of management (i.e. cost recovery), for access to a limited public resource (i.e. resource rent), and for

environmental damages (i.e. negative externalities). This model of industry payments is common across resource industries including forestry, mining, and even radio and cellular services ([Carpenter, 2018](#)). Industry payments are just as relevant to the fishing industry and over the past two decades countries around the world from Iceland to the United States to Namibia have implemented programmes to recover costs for fisheries management -- but not in EU Member States ([Carpenter, 2017](#)). This is especially unreasonable as profits in the EU fisheries sector are actually higher than in other sectors (STECF, 2019). Any action on fisheries support taken now should be part of a clear path in the direction of longer-term cost recovery (e.g. any cost support is given as a business loan and policy announcements are made about longer-term cost recovery).

#### Case study: Other sectors using conditionality to 'build back better'

Other economic sectors, like the fisheries sector, are envisioning what their future looks like after Covid-19. In some cases, new policies are being developed that attempt to 'build back better' by integrating environmental and social goals with policies to spur economic activity and resilient public health systems. These follow a similar model to the 2009 bailout of General Motors and Chrysler in the US where businesses restructuring plans were required that included fuel efficiency and emissions requirements.

As a condition for the aviation sector to receive bailout support, the Austrian government is requiring a linkage to climate targets. This may include a reduction in short-haul flights, increased cooperation with rail companies, use of lower emission fuels and larger tax contributions ([Morgan, 2020](#)).

As a condition for any business to receive bailout support, the governments of Denmark and Poland are forbidding the use of tax havens. The Danish government explained that: "Companies based on tax havens in accordance with EU guidelines cannot receive compensation, insofar as it is possible to cut them off under EU law and any other international obligations" ([Bostock, 2020](#)).

An alternative option is for these conditions to be applied "retrospectively" if the government takes equity in companies and steers the direction of the business ([Loneragan & Blyth, 2020](#)). The partial (or complete, in some cases) nationalisation is unlikely in fisheries given the scale of businesses.

## **POLICIES TO PROVIDE PRICE SUPPORT**

An alternative to supporting lost income or 'tie-up aid' is to provide price support. A price floor would establish a minimum price, although this approach is more often used to combat market power and may lead to fewer sales and is thus unlikely to serve as a Covid-19 response.

In their proposal, EAPO and Europeche propose the establishment of "minimum price mechanisms through POs, in which the State helps finance these activities" ([EAPO & Europeche, 2020](#)). The implication seems to be that governments would pay the difference between the offer price and the minimum price, in which case the system is ripe for **abuse** with buyers simply making one cent offer prices (and the additional problem that all offers in the market become identical). Price support offers little promise then, and is certainly **inefficient** compared to income support when supermarkets have been clear that they will not run out of food and income support offers ecological co-benefits (see Deepwater Horizon case study). Price support could also have the unintended effect of endangering workers practicing social distancing by incentivising an increase in fishing activity.

Better prices can be secured by ending the ‘boom and bust’ of TAC cycles, so that fish can grow to larger size classes, and eco-certification can be achieved. Increasing market resilience through local supply chains could also improve prices (see previous section on resilient supply chains).

## **POLICIES TO CHANGE REGULATIONS AND REGULATORY PROCESSES**

Like other sectors ([Lazarus, 2020](#)), the fisheries sector in Europe has been lobbying for deregulation from a catalogue of measures. Some of the suggested deregulation is not linked to Covid-19 and thus fails the principle of **rationality**.

One of the major deregulation policies EAPO & Europeche propose is increasing the interannual TAC flexibility from the 10% specified in the CFP basic regulation to 25% for the 2021 fishing year for all commercial species as some fisheries may fail to use the entire TAC in 2020 ([EAPO & Europeche, 2020](#)). Proposals in this vein fail the principles of **concurrent crisis response** and **rationality**. If it were ecologically manageable to have interannual flexibility at 25% then it would have already been at that level in the CFP. Covid-19 does not change the underlying biology of fish populations, nor does it resolve the problem of compounding TACs and removing an entire year-class of fish.

Increasing interannual flexibility also fails the principle of **anti-abuse** because any underuse of TAC in one year is already incorporated into stock assessments as abundance improves. For this reason, calls for more interannual flexibility have already been rejected in other fisheries administrations such as South Africa ([TimesLive, 2020](#)). Offering both interannual flexibility and income support would also fail the principle of **anti-abuse** as interannual flexibility would mean income is not being lost but rather deferred for a future year.

Increasing interannual flexibility could also have the unintended consequence of crashing prices in 2021 due to large increases in landings (see discussion of storage aid). In this case there would be both short-term financial losses and environmental losses.

Importantly there are alternatives to meet the same policy intent, for example Member States can change in-year quota flexibilities from adjusting monthly allocations to annual allocations or promoting quota swapping, leasing, and other means of increasing in-year uptake. In principle, greater in-year flexibility also allows fishers to target fish populations when they are more abundant and avoid them during spawning season.

Rather than deregulation, what is needed is new policies that ‘build back better’ by pursuing **concurrent crisis response** and meeting the other principles outlined. Other sectors can provide an inspiration model for EU fisheries (see transport policy case study).

### Case study: Combining health and environmental measures in transport policy to 'build back better'

Covid-19 and the need for social distancing presents a transport challenge in cities and dense areas serviced by public transport in particular. Several cities have responded with plans to promote cycling and walking by changing the way passenger vehicles are used in the city. In Milan, policies include a maximum speed limit of 30 km/h, new cycle lanes and new and widened pavements. Marco Granelli, a deputy mayor of Milan, explained:

*"We worked for years to reduce car use. If everybody drives a car, there is no space for people, there is no space to move, there is no space for commercial activities outside the shops. Of course, we want to reopen the economy, but we think we should do it on a different basis from before"* ([Laker, 2020](#)).

In Brussels, policies include a maximum speed limit of 20 km/h and pedestrians and cyclists will have priority on the roadways and no longer only sidewalks and cycle paths. These measures come into force at the beginning of May and apply across the whole inner city zone ([Le Soir, 2020](#)).

Action at the level of national governments has been slower, with suggestions including pro-EV scrappage schemes, charging infrastructure and grid upgrades, and public money in exchange for higher emissions targets ([Poliscanova, 2020](#)).

It is hoped that these measures will not only promote public health through physical distancing but also through increased activity. A shift in transport use towards walking and cycling would also prevent air pollution from rising - itself linked to mortality from Covid-19 ([The Guardian, 2020](#)).

## **POLICIES TO PROVIDE RECOVERY STIMULUS**

While much of the policy attention in response to the Covid-19 public health crisis has focused on policies to deal with the immediate impacts, there is also a need to look beyond the crisis to ensure that we 'build back better' as a society. For the fisheries sector there is a clear need for the marine environment to build back better through ecosystem restoration. Earlier this year the *Blue Manifesto - The Roadmap to a Healthy Ocean in 2030* was launched to provide this longer-term vision. The 10 year policy guide was signed by over 100 environmental organisations and calls for: at least 30% of the ocean to be highly or fully protected by 2030, shifting to low-impact fishing, securing a pollution-free ocean, and planning of human activities that support the restoration of thriving marine ecosystems ([Seas at Risk et al., 2020](#)).

The World Bank has set out a framework of short-term stimulus and job creation, medium-term growth, and long-term sustainability. Using this framework, the authors note that "Many projects can score high on all three dimensions. Energy efficiency, nature conservation, clean energy options, and the sustainability of transport are clear win-win areas for stimulus investments" ([Hallegatte & Hammer, 2020](#)). Given the combined environmental and economic potential of marine fisheries in the EU (detailed earlier), the marine environment is ideally placed for a stimulus investment and green stimulus should be made blue. It is not only the case that stimulus should be sustainable, sustainability is the stimulus.

The Covid-19 crisis has also revealed the vulnerability of the labour model used in fisheries. While self-employed fishers operating on a 'crew share' is fairly common, it is not without problems and a long-term plan for fisheries means ensuring that fishers have more secure protections when a crisis (of any kind) hits. Developing new labour models should of course be done in close consultation and is unlikely to be mandatory, but policy developments could include the formal representation of fisheries workers through unions or other means, minimum payments for crew (currently the law in Belgium), and/or a co-op scheme with members from multiple fisheries to ensure a greater regularity of income, sick pay, payment of bills, and access to savings and credit accounts as required.

## **A NEW VISION**

Our relationship with nature is our link to life; and that link is strained. The Covid-19 global pandemic requires emergency action to address immediate health concerns and to cushion economic impacts. Yet, such emergency action must be taken in the context of a wider plan for Europe's future and guided by an ambitious European Green Deal to avoid exacerbating the pre-existing climate and nature crises while dealing with the pandemic. We need to remedy the broken relationships that endanger our planet and deepen inequalities within our society. The ocean is the source of all life, yet we are putting it under unrelenting pressure. Easing that pressure and restoring ocean health will deliver enhanced resilience to the impacts of climate change and safeguard key natural elements that may equip us with countless more solutions to future and unexpected challenges.

The Covid-19 crisis has prompted a range of support measures to be proposed, with more likely to come in the weeks ahead. The ten key principles outlined in this document should be used to develop and appraise fisheries support policies in response to Covid-19 and the typology can help to determine how the ten principles can guide policymaking for each category of policy.