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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

**on Member States' efforts during 2013 to achieve a sustainable balance between fishing
capacity and fishing opportunities**

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OVERALL CONCLUSIONS

Evidence from Member States shows continued progress in the adjustment of fishing capacity of the Member States' fleets in relation to the available fish resources. Member States measures which have been applied in the past, together with the Union's efforts to improve the state of the resources, have contributed, over time, to achieving the balance in many fleet segments between fishing capacity and the fishing opportunities.

The most recent analysis by Member States (reports over 2013) on the balance between capacity and fishing opportunities also reveal the fleet segments where Member States identified structural overcapacity. For these segments the Member States are obliged to develop action plans with the measures and a time line to eliminate the overcapacity. Not all Member States affected by overcapacity have prepared action plans. This is currently examined by the Commission in the context of the negotiation of the new Operational Programmes (OP) that Member States prepare for the implementation of the European Maritime and Fisheries Fund 2014-2020 (EMFF) .

To enable the removal of overcapacity, the Member States concerned have programmed among others permanent cessation measures in their EMFF OPs. Some Member States also continue to use funds available under the European Fisheries Fund 2007-2013 (EFF).

Fleet ceilings are no limiting condition in any of the MS, as (licenced) capacity is nowhere reaching 100%. Nonetheless, this does not allow for increase of capacity, because of the entry-exit regime: no new capacity can be introduced unless the same capacity is removed from the fleet. Non-active vessels are part of the (licenced) capacity under the fleet ceilings. Activation of this non-active capacity is possible, and has the potential to increase the active fishing capacity and therewith the fishing pressure, particularly in situations where fishing opportunities are not limited.

Considering the dynamic nature of both the fishing activities of the Union fleets, and of the resources which are exploited, and given the low level of vessel utilization, it remains important to monitor closely the fleet capacity developments in light of the fish resources and the policy measures related to them.

LEGAL FRAMEWORK AND MEMBER STATE OBLIGATIONS

Under the new Common Fisheries Policy¹ the Member States have to take measures to adjust the fishing capacity of their fleet to their fishing opportunities over time with the objective of achieving a stable and enduring balance between them. Capacity of the individual Member

¹ Article 22(1) Regulation (EU) No 1380/2013 of the European Parliament and of the Council of 11 December 2013 on the Common Fisheries Policy, amending Council Regulations (EC) No 1954/2003 and (EC) No 1224/2009 and repealing Council Regulations (EC) No 2371/2002 and (EC) No 639/2004 and Council Decision 2004/585/EC, OJ L 354/22, 28.12.2013.

States cannot increase, due to the entry-exit regime, and should always remain under the fixed capacity ceilings².

Member States have to prepare an annual report on the fishing capacity³. The Commission has provided guidelines for the preparation of these reports, which were followed by most Member States. If a Member State identifies a structural imbalance, it has to prepare and submit an action plan for the segment(s) concerned, setting out the adjustment targets, tools and a clear time-frame for its implementation⁴. In 2014 the Commission received from Member States six action plans (Annex III). However, discussions are ongoing with some other Member States who have not set out action plans whilst the results of the assessment of their fleets would normally lead to the establishment of such plans.

The assessment of structural imbalance is closely linked to the implementation of the European Maritime and Fisheries Fund (EMFF):⁵ support to permanent cessation under the EMFF is only possible for fleet segments in imbalance, and support for the replacement of vessel engines is only possible for fleet segments in balance.

THE STATE OF THE FISHING FLEET CAPACITY IN THE UNION

Overall, fleet capacity has been further reduced in recent years. However, in some segments imbalances remain.

Between 1 July 2013 and 1 January 2015 the fishing capacity of the EU 28 Member States decreased by 1,1 % in kilowatts (KW) and increased by 0.3 % in gross tonnage (GT). This increase can be explained by the accession of Croatia in 2014. Not counting the Croatian fleet, the EU fishing capacity was reduced by 4% in GT and by 3.3% in engine power (KW) in the period 2012-beginning 2015, with a reduction in the number of vessels by 3.9⁶.

On 1 January 2014, 86.879 vessels were registered in the EU fleet register with an overall capacity of 1.658.033 GT and 6.573.806 KW. This shows a reduction since 2012 (excluding vessels registered in Croatia and in the outermost regions) of 7,8% in number of vessels, 1,6% in GT and 5,4 % in KW (Annex I). The fishing capacity of the EU fleet was 16.4% below the capacity ceilings for tonnage and 10.5 % below the power ceilings.

² Articles 22(7) and 23 of Regulation (EU) No 1380/2013.

³ Article 22(2) of Regulation (EU) No.1380/2013. On the basis of the Member States' reports, the Commission has to prepare an annual report to the European Parliament and the Council on the balance, including the action plans prepared by Member States.

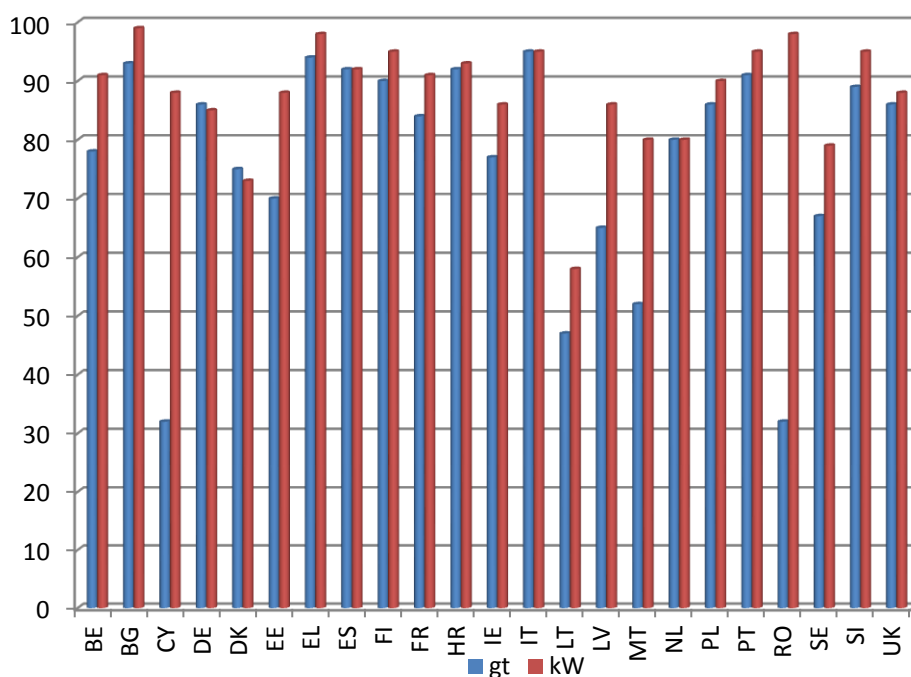
⁴ Article 22(4) of Regulation (EU) No 1380/2013

⁵ The respect of the Commission guidelines is an ex ante conditionality for funding under EMFF, Annex IV of Regulation (EU) No 508/2014 of the European Parliament and of the Council of 15 May 2014 on the European Maritime and Fisheries Fund and repealing Council Regulations (EC) No 2328/2003, (EC) No 61/2006, (EC) No 1198/2006 and (EC) No 791/2007 and Regulation (EU) No 1255/2011 of the European Parliament and of the Council, OJ L 149/1, 20.05.2014.

⁶ The total of EU 28 MS's capacity (number of vessels) was reduced by 1.8% between 1st July 2013 to 1st January 2015; for MS' engine power (KW) the reduction was 1.1% whereas for their tonnage (GT), it increased by 0.3%.

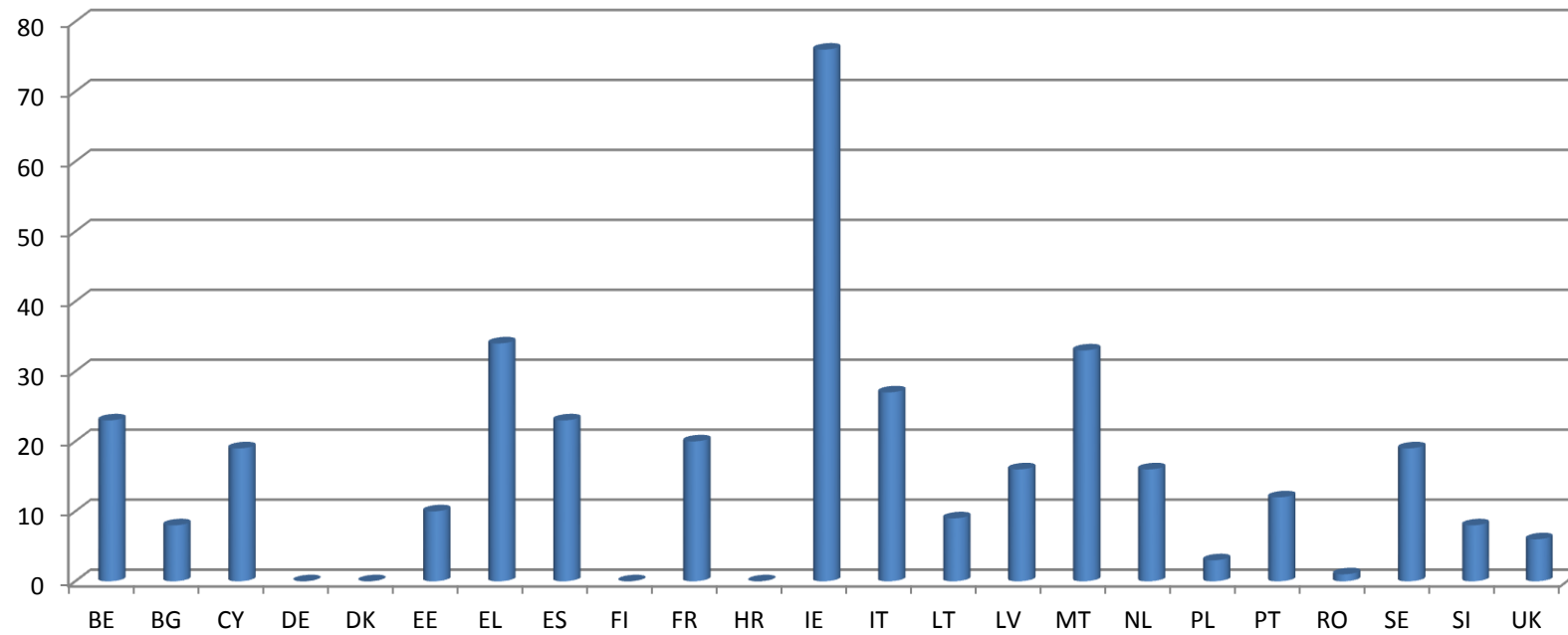
Graph 1: Compliance with capacity ceilings, at 31 December 2013

Effective capacity as percentage of capacity ceiling, by Member State (excluding outermost regions)



In the period 2007-2013 Member States have actively used the decommissioning instrument under the EFF. Between 2007 and 31 May 2014, 4.156 vessels were decommissioned with public support, with total public expenditure of almost 900 million euro, of which 527 million euro EFF contribution (Annex IV). Vessels decommissioned with EFF public aid cannot be replaced. A further 2.620 vessels were removed from the fleet without public aid, but this privately withdrawn capacity can be brought back into the fleet.

Graph 2: percentage from EFF resources for decommissioning (2007-May 2014)



Fleets in the outermost regions of Spain, France and Portugal are also below their respective capacity ceilings. These fleets are considered separately from the mainland fleets in the Annex II of Regulation (EC) 1380/2013. On 31 December 2013 the total of the ceilings of these fleets had been adapted to include Mayotte: the overall ceilings for the outermost regions were increased to GT 107.568 and KW 579.296, and the total number of fishing vessels was 4.621.

MEMBER STATES' ANNUAL REPORTS AND ACTION PLANS

All 23 coastal Member States have submitted their reports to the Commission. According to the Scientific, Technical and Economic Committee on Fisheries (STECF) most of the Member States have used the Commission's guidelines, and the consistency and completeness of the reports continues to improve.

In preparation of its report the Commission has requested STECF to assess the reports. The STECF has done an analysis on the basis of the indicators developed in the context of the guidelines for the Member States. STECF analysed 85% of fleet segments, covering 71% of the number of active vessels and 98% of the reported value of landings in 2012⁷.

OBSERVATIONS ON THE BASIS OF THE MEMBER STATES REPORTS AND THE STECF ANALYSIS

After assessing the STECF analysis, the Commission makes the following observations:

1. Steady progress is being made towards achieving a balance between fishing capacity and fishing opportunities for the whole of the EU fleet. Many Member States have used the EU guidelines to report on the balance. However, not all fleet reports conclude on the identification of fleet segments which are not in balance with fishing opportunities over time. Only six Member States have identified fleet segments with structural overcapacity. These imbalances need to be addressed. Other Member States have not set out action plans whilst the results of the assessment of their fleets would normally lead to the establishment such plans.
2. The ex-ante conditionality between the annual fishing fleet capacity reports of the Member States and EMFF financial assistance possibilities represents a significant element in the new CFP to contribute to achieving a healthy and sustainable balance between the capacity of EU fleets and their fishing opportunities.
3. The Commission has not received action plans for all fleet segments with identified structural imbalance. Most submitted action plans propose a combination of measures to cater for the imbalance; for the fleet segments concerned some Member States choose to use the instrument of

⁷ STECF assessment of balance indicators for key fleet segments and review of national reports on Member States efforts to achieve balance between fleet capacity and fishing opportunities (STECF - 15-02).

decommissioning with public aid⁸, while others hope to address the structural imbalances through other mechanisms (such as ITQs). The action plans are a transparent and effective means in the pursuit of the balance between the fishing fleet capacity and the fishing opportunities over time.

4. Given the fact that under EMFF public support for permanent cessation schemes are phased out by end 2017 (and the financial allocation is also capped), Member States should utilize the decommissioning support in a targeted way, for segments for which Member States have identified structural overcapacity on the basis of balance indicators provided in the Commission guidelines.

5. Active fleet capacity management by Member States remains essential, given some of the outcomes of the analysis by STECF of the Member States' reports. This analysis shows that some fleet segments are active on stocks that are currently fished above MSY (see Annex II).⁹.

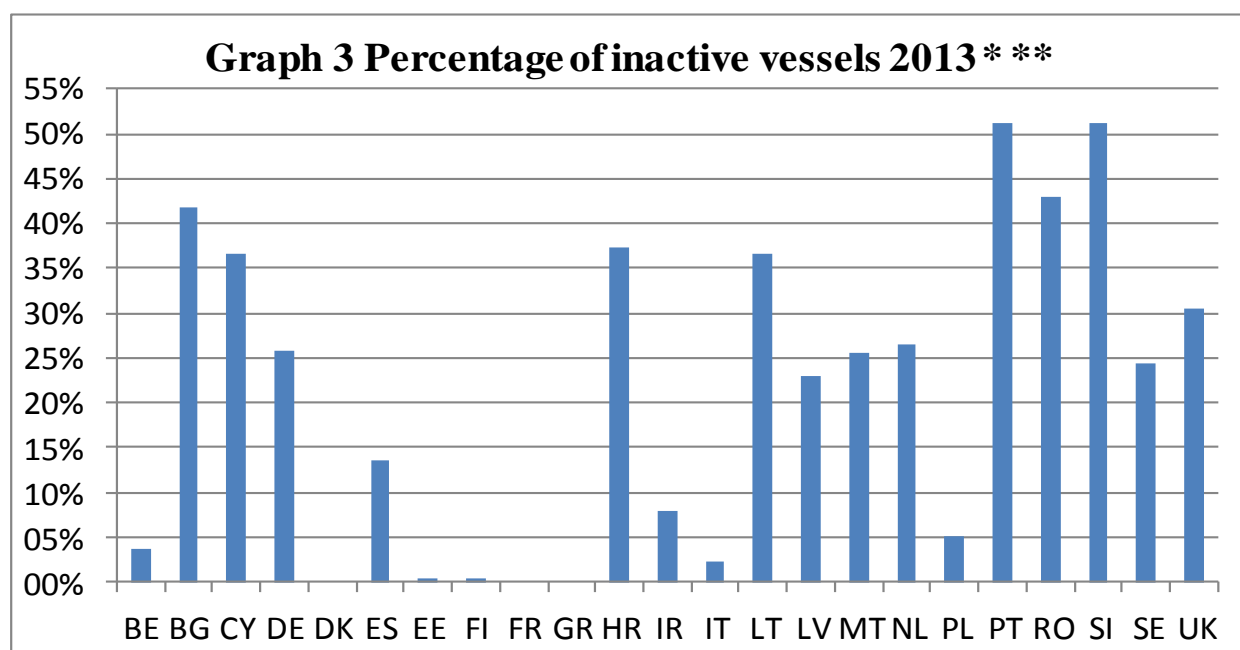
6. To enable adjustments where these may be required, Member States need to continue monitoring the fishing capacity of their fleets in order to achieve viable fleets that operate and exploit sustainably marine biological resources. The annual fleet reports of the Member States play an important role in this context.

7. The analysis by STECF shows that not in all cases the indicators included in the Commission guidelines could be calculated for all fleet segments. This is either due to lack of data or, in the case of economic and technical indicators, due to clustering of segments (which is done in order to ensure the protection of commercial confidentiality).

8. Low vessel utilisation is also observed frequently, and in many Member States the percentage of inactive vessels is significant, reaching even 50 % in the most extreme cases (see graph below).

⁸ Under Article 34 of Regulation (EU) No 508/2014.

⁹ See Annex III of STECF assessment of balance indicators for key fleet segments and review of national reports on Member States efforts to achieve balance between fleet capacity and fishing opportunities (STECF – 15-02). According to Annex III STECF's report the percentage of the stocks overfished is 31%.



*Source: STECF assessment of balance indicators for key fleet segments and review of national reports on Member States efforts to achieve balance between fleet capacity and fishing opportunities (STECF _ 14_12 and STECF _14-21)

** . Notes: For DK, FR, GR no data is available.