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COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**Reform of the Common Fisheries Policy**

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## 1. INTRODUCTION

The Green Paper on the reform of the Common Fisheries Policy<sup>1</sup> (CFP) concluded that the policy is not achieving its key objectives: fish stocks are overfished, the economic situation of parts of the fleet is fragile despite receiving high levels of subsidies, jobs in the fishing sector are unattractive, and the situation of many coastal communities depending on fisheries is precarious. The outcome of the wide consultation process that followed the Green Paper confirmed this analysis<sup>2</sup>.

Against this background, the Commission is proposing an ambitious reform of the policy. This reform is about putting in place the conditions for a better future for fish and fisheries alike, as well as the marine environment that supports them. The CFP has enormous potential to deliver the building blocks for sustainable fisheries that respect the ecosystem as well as providing high-quality, healthy fish products for European citizens, thriving coastal communities, profitable industries producing and processing fish, and attractive and safer jobs.

The reform will contribute to the Europe 2020 Strategy<sup>3</sup> by working towards sustainable and inclusive growth, enhanced cohesion in coastal regions, and robust economic performance of the industry. By aiming to ensure that living marine resources are exploited sustainably, the reform is also a key component of the resource-efficient Europe flagship<sup>4</sup> initiative.

Sustainability is at the heart of the proposed reform. Fishing sustainably means fishing at levels that do not endanger the reproduction of stocks and that provide high long-term yields. This requires managing the volume of fish taken out of the sea through fishing. The Commission proposes that by 2015, stocks must be exploited at sustainable levels that produce the 'maximum sustainable yield'. The Commission also proposes to eliminate the practice of throwing unwanted fish overboard by 2016. Such discards are an unacceptable waste of resources.

According to best estimates<sup>5</sup>, if stocks were exploited at maximum sustainable yield, this would increase stock sizes by about 70%. Overall catches would increase by around 17%, profit margins could be multiplied by a factor of three, return on investments would be six times higher, and the gross value-added for the catching industry would rise by almost 90%.

Fishing sustainably would free the catching sector from depending on public support. It would also make it easier to achieve stable prices under transparent conditions, bringing clear

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<sup>1</sup> COM(2009)163 final of 22 April 2009.

<sup>2</sup> See also SEC(2010)428 final of 16 April 2010 *Synthesis of the Consultation on the Reform of the Common Fisheries Policy*.

<sup>3</sup> Communication from the Commission *EU 2020 A strategy for smart, sustainable and inclusive growth* (COM(2010)2020 of 3 March 2010) sets out the strategy to help the EU come out stronger from the crisis and turn the EU into a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion. Europe 2020 sets out a vision of Europe's social market economy for the 21<sup>st</sup> century.

<sup>4</sup> Communication from the Commission *A resource-efficient Europe — Flagship initiative under the Europe 2020 Strategy*, COM(2011)21 of 26 January 2011.

<sup>5</sup> Commission Staff Working Paper – Impact Assessment Accompanying Commission proposal for a Regulation of the European Parliament and of the Council on the Common Fisheries Policy [repealing Regulation (EC) No 2371/2002]

benefits for consumers. A strong, efficient and economically viable industry operating under market conditions would play a more important, active role in managing stocks. It would also help to reduce fleet overcapacity, one of the main causes of overfishing today.

Fishing sustainably is essential for the future of coastal communities, which in some cases will need specific measures to help manage their small-scale coastal fleets. The Commission proposes to develop the CFP as part of the broader maritime economy. This will result in more coherent policies for the EU's seas and coastal areas, and a better contribution to helping coastal regions diversify their sources of income so as to ensure a better quality of life there.

Fish is the resource base of the industry. It is also a source of healthy protein for human consumption. Making fishing and aquaculture in coastal and rural areas sustainable is in the interest of society at large, and will help to meet growing consumer demand for quality fish and seafood.

The CFP reform package consists of the following components:

- A legislative proposal for a Basic Regulation (replacing Council Regulation (EC) No. 2371/2002),
- A legislative proposal for a Market Policy (replacing Council Regulation (EC) No.104/2000),
- A Communication on the External Dimension of the CFP,
- A Report on Council Regulation (EC) No. 2371/2002, regarding the chapters *Conservation and Sustainability* and *Adjustment of Fishing Capacity*, and on Article 17(2) on fleet access restriction to 12 nautical miles.

In the context of the Multi-annual Financial Framework and the Financial Perspectives, the Commission has scheduled a legislative proposal for the future financial instrument 2014-2020 in support of the CFP for adoption later in 2011.

## **2. OBJECTIVES OF THE REFORM**

### **2.1. More fish to fish sustainably**

Fish stocks should be brought up to healthy levels and be maintained in healthy conditions. They should be exploited at *maximum sustainable yield* levels. These levels can be defined as the highest catch that can be safely taken year after year and which maintains the fish population size at maximum productivity. This objective is set out in the United Nations Convention on the Law of the Seas, and was adopted at the 2002 World Summit on Sustainable Development as a target the world should reach by 2015. This objective would also enable the reformed CFP to make a better contribution to achieving Good Environmental Status in the marine environment, in line with the provisions of the Marine Strategy

Framework Directive<sup>6</sup>. The objective of reaching maximum sustainable yield levels by 2015 is now clearly enshrined in the proposed Basic Regulation.

*Discarding of fish* is no longer acceptable. Discarding casts a negative image on the industry and has harmful impacts on sustainable stock exploitation, marine ecosystems, the financial viability of fisheries, and may influence the quality of scientific advice. The elimination of discards must be part of the objectives of the reformed CFP. An obligation for the industry to land catches of regulated species is introduced in the proposed Basic Regulation. This obligation will enter into force by groups of species under an ambitious, but realistic timeline, and will be accompanied by flanking measures. Species with a high expected survival rate when thrown back into the water after being caught should not be covered by the landing obligation.

*Multi-annual management plans* remain the vehicle for long-term political commitment to sustainable exploitation of resources. These plans will replace the current single-stock-based approach, bringing the vast majority of stocks under multi-stock management plans. Member States in the Mediterranean have to develop national management plans for fisheries carried out in their territorial waters. This should lead to developing EU plans for those Mediterranean fisheries which have an international dimension. The EU should seek similar long-term commitments from non-EU partners.

Fisheries management must be based on *sound scientific advice* and must follow the ecosystem and precautionary approach. The Commission will continue to seek advice from scientific advisory bodies in accordance with guaranteed quality standards. Overlaps in the work of different scientific advisory bodies will be removed, to streamline and maximise synergy in the advisory process.

*Science-industry partnerships* can improve the quality and availability of data and knowledge. They can also foster mutual, common understanding between operators and scientists, without compromising the independence of the latter. Such partnerships should therefore be encouraged.

Complete, reliable *data* are vital for policy-making, both in the preparatory and the implementing and enforcement phases of the policy<sup>7</sup>. The reformed policy will establish clear, renewed obligations for Member States regarding the collection and availability of data. The Commission envisages an integrated European information system for fisheries management. This will respond effectively to the needs of users, improve the quality of data, and allow for advanced fisheries management. It will simplify rules and reporting obligations where possible, and reduce costs. Member States will need to adopt and coordinate national fisheries data collection, scientific research and innovation programmes to make the best use of the EU research framework programmes.

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<sup>6</sup> As defined under Directive 2008/56/EC of the European Parliament and of the Council of 17 June 2008 establishing a framework for community action in the field of marine environmental policy (Marine Strategy Framework Directive).

<sup>7</sup> SPECIAL REPORT No 7/2007 on the control, inspection and sanction systems relating to the rules on conservation of Community fisheries resources together with the Commission's replies.

## 2.2. A future for fisheries and aquaculture industry and jobs

The CFP must provide the conditions for a strong, viable, competitive industry that offers attractive jobs. Fishing and aquaculture industries must operate efficiently and be financially robust, without requiring public support.

The proposed Basic Regulation introduces a market-based driver for a strong, profitable fishing industry by phasing in *transferable fishing concessions* to contribute to achieving efficiency under legally-secure conditions. Transferable concessions systems can reduce fishing capacity and increase economic viability at no cost to the taxpayer, as experience both within and outside some Member States has demonstrated. Under the Commission proposal, these concessions would be transferable, but only within a Member State. Member States may define criteria compatible with EU law to establish a real economic link concerning a vessel's fishing operations and the populations dependent on fisheries and related industries. Member States may regulate transferable fishing concessions to ensure a close link between them and the fishing communities (for example, by limiting the transferability within fleet segments) and to prevent speculation. The specific characteristics of small-scale coastal fleets, their particular link with coastal communities and the vulnerability of some of these small or medium-sized enterprises justify limiting the mandatory application of transferable fishing concessions to larger vessels. Member States may exclude vessels up to 12 meters, except for vessels using towed gear, from this system.

Fleet overcapacity remains one of the main obstacles to achieving sustainable fisheries. The new scheme, in which fleets would be reduced on an industry-induced basis via transferable fishing concessions, will not require public funding and it removes drivers for overcapacity. Operators will have an incentive to increase their concessions while others may decide to leave the industry. Under this scheme incomes are projected to raise by over 20% and crew wages by between 50% and over 100% by 2022. Restructuring the catching sector along these lines will improve the performance of the processing industry as well, increasing gross value-added significantly, while creating more job opportunities<sup>8</sup>. The aim of the reform is also to enhance the future development of the fishing industry as well as to limit job losses. The reform will lead to a restructured fishing industry and measures will be needed for the management of the employment dimension of this restructuring. The involvement of social partners at all levels will be of utmost importance to this end.

Transferable fishing concessions also offer a social solution to those that want to leave the sector, as they could sell their rights to others at market value.

*Job attractiveness and decent working conditions* are pressing issues for the fleets in general, and they are particularly important for many small-scale coastal fleets. Together with developing social dialogue at all levels, bringing the catching sector back to profitability is an effective way of making fishing vessels safer and better working places<sup>9</sup>, as well as making

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<sup>8</sup> Commission Staff Working Paper – Impact Assessment Accompanying Commission proposal for a Regulation of the European Parliament and of the Council on the Common Fisheries Policy [repealing Regulation (EC) No 2371/2002]

<sup>9</sup> Swift ratification by Member States of the International Labour Organisation's 2007 Work in Fishing Convention is another important step towards ensuring decent working conditions on board of fishing vessels. This Convention will come into effect when it is ratified by 10 of the ILO's 180 member States (including eight coastal nations). The Convention aims at improved occupational safety and health and

fishing an attractive, secure way of making a living. The reformed CFP needs to contribute to the modernization of the working conditions on board of vessels, to ensure that modern health and safety standards are met. The Commission and the Council have encouraged the Member States to ratify the 2007 "work in fishing convention" of the ILO. In view of the above the Commission will actively engage with social partners.

Promoting the sustainable development of *aquaculture* is essential to meet the growing global demand for fish and seafood. In the EU aquaculture is a varied activity, ranging from extensive and traditional coastal and pond farming to a high-tech industrialised activity, in particular marine fish farming. Aquaculture is also an important economic activity underpinning sustainable economic growth in rural and coastal communities and the aquaculture activity can contribute to the preservation and protection of environmental features, such as for instance extensive aquaculture in wetlands.

The sustainability of aquaculture as well as the quality and safety of its products are crucial factors on which to build the industry's potential and to improve its competitive edge<sup>10</sup>. The EU must promote sustainable, competitive and diverse aquaculture, supported by the most advanced research and technology, overcoming problems of access and administrative barriers.

There is a clear EU dimension, since strategic choices at national level may impact the development in neighbouring Member States. The reform will require Member States to prepare *national strategic plans* based on a set of strategic EU guidelines to create favourable conditions to encourage the economic activity and improve its competitiveness, to support its sustainable development and innovation, and to stimulate diversification. Open methods of coordination may take the exchange of information and best practices among Member States a step further (e.g. access to space and waters, licensing).

### **2.3. Thriving coastal communities**

The Commission is committed to working actively to promote growth and jobs in coastal fisheries and aquaculture-dependent communities. The fishing sector often plays a crucial role in the coastal areas of the mainland EU and in its outermost regions.

The social and economic importance of *small-scale coastal fleets* and aquaculture in certain regions calls for specific measures for these fleets. The measures should support green, smart and inclusive growth and should contribute to sustainable, low-impact fishing and aquaculture, innovation, income diversification, reconversion, improvement of science and a culture of compliance.

### **2.4. Satisfying the real needs of informed consumers**

The *marketing* of fishery and aquaculture products must do more to take into account the interests of consumers and to reinforce confidence in these products. The proposal will enhance the publication of information for consumers on product and production

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medical care at sea, sufficient rest for their health and safety, the protection of a work agreement, and the same social security protection as other workers.

<sup>10</sup> Communication from the Commission to the Council and the European Parliament: Building a sustainable future for aquaculture — A new impetus for the Strategy for the Sustainable Development of European Aquaculture — COM(2009)162 final of 8 April 2009.

characteristics, and where needed voluntary labelling on, for instance, production techniques or environmental claims can be facilitated.

Producers' organisations will be equipped to plan their production more successfully with annual plans that reconcile sustainable fishing activities with adjusting supply more accurately to demand, both in terms of quantity and quality. This will help to meet specific demands and improve product quality. Improved information gathering and dissemination through *market intelligence* will enhance the understanding of fishery and aquaculture markets and consumer demands.

## **2.5. Better governance through regionalisation**

A centralised, top-down approach makes it difficult to adapt the CFP to the specificities of the different sea-basins in the EU. Member States and stakeholders will take more responsibility for resource management at fisheries level, as well as for the coherence of such management with other actions in each sea basin.

The Commission proposes an agenda that is ambitious as regards regionalisation and simplification. EU fisheries legislation adopted centrally should focus on objectives, targets, minimum common standards and results, and delivery timeframes. While key decisions remain at EU level, Member States will have the flexibility to decide on other measures for fisheries management, under the supervision of the Commission, in full compliance with the provisions of EU law.

To ensure effective management, Member States could adopt, for example, the desired mix of technical conservation measures and anti-discard measures. They would then individually implement these measures in their national legislation. Regionalisation is continued all the way down, and would include more self-management for the fishing industry by increasing *fishermen's involvement* in the policies and acceptance of them, thus contributing to better compliance with the rules. The Commission proposes to boost the role of fishermen's organisations, and to provide them with additional opportunities for sustainable resource exploitation, both in planning and execution. Effective producers' organisations will become active players in planning their members' fishing activities and stabilising the markets, in managing their quotas, fishing effort and fleets optimising their quota uptake and in ending discards by swapping and leasing quotas and handling of unwanted catches.

Based on existing experience the Commission envisages to maintain and extend the role of the *Advisory Councils* in advising on conservation policy under the regionalisation model. Similarly, Advisory Councils could extend their activities to other areas of marine management that affect fishing activities. Considering the specificities of the Black Sea, an enclosed sea basin shared with four states that are not members of the Union, the Commission proposes to set up a Black Sea Advisory Council. This body could advise the Commission on conservation policy, research, data collection and innovation and boost co-operation between Romania, Bulgaria and their sea basin neighbours. It could play an essential role in fostering a regional model of co-operation adapted to the specificities of the Black Sea.

The specific nature of the aquaculture sector requires a focalised body for stakeholder consultation and advice on defined elements of the policies that may affect aquaculture. To this end, the Commission proposes to set up a new Advisory Council for Aquaculture.

For issues not covered by the Advisory Councils, the Commission wants to ensure the broadest possible involvement of all interested parties in a cost-effective manner. A flexible, streamlined mechanism will also be developed to provide advice and expertise to the Commission.

The success of the proposed reform of the CFP depends greatly on a winning combination of *compliance* by operators and effective *enforcement* by public authorities. The reform proposals build on the new Control and IUU regulations<sup>11</sup>. Additionally, the proposed Basic Regulation introduces the principle of *conditionality*, according to which the availability of certain financial or other resources for either the Member States or individual operators is linked to compliance with CFP rules.

## **2.6. Smarter financing**

Future *EU financial support*, while covering the whole range of activities, from primary production to processing and marketing, should be strictly geared to achieving the reformed CFP's objectives. Future public funding for the sector will be thoroughly reformed and simplified, mirroring the objectives of the proposed new CFP. It will be fully aligned with the Europe 2020 objectives. The Commission also proposes to modernise the *intervention regime* under the Common Market Organisation. This system no longer reflects the changing balance in supply and demand. Spending public money to destroy fish is no longer justifiable. The current regime will be replaced by a simplified storage mechanism to foster a minimum level of market stability.

## **2.7. Projecting the principles of the CFP internationally**

The EU's external actions must be consistent with the principles and objectives of the CFP, namely sustainability and the need to safeguard marine ecosystems. Action taken will be guided by developing and using the best available scientific knowledge, and stronger cooperation to ensure better compliance. The Commission has presented the new orientations for the external dimension of the reformed CFP in a separate Communication.

The EU will play a stronger role in Regional Fisheries Management Organisations so as to strengthen them. It will do likewise in multilateral bodies such as the UN or the Food and Agriculture Organisation, to the same end. The EU will also promote sustainable resource management through enhanced dialogue with key partners and further engagement with non-EU countries. It will also step up actions, particularly as regards the fight against illegal, unreported and unregulated activities and reducing fleet capacity.

Sustainable Fisheries Agreements (SFAs) with non-EU countries need to be reoriented towards achieving more sustainable management of fishery resources through a transparency clause that ensures that EU vessels only fish resources that the partner country cannot or does not wish to fish itself. SFAs must focus more on science, monitoring, control and surveillance. A human rights clause should be included in all future agreements.

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<sup>11</sup> Council Regulation (EC) No 1224/2009 of 20 November 2009 establishing a Community control system for ensuring compliance with the rules of the common fisheries policy, and Council Regulation (EC) No 1005/2008 of 29 September 2008 establishing a Community system to prevent, deter and eliminate illegal, unreported and unregulated fishing.

The EU will continue to promote and apply the objectives of the CFP for the so-called *northern agreements* which provide for shared resource management between the EU and non-EU countries with which the EU shares stocks in the North-Atlantic, Arctic, Baltic and North Sea waters.

## Summary of new measures proposed in the CFP reform package

Conservation and sustainability	Maximum Sustainable Yield as conservation target with deadline (2015)
	Elimination of discards through landing obligation and necessary management rules with timeline for introduction
	Multi-annual plans focused on essential objectives, targets, boundaries and time frames, based on the ecosystem-based approach to fisheries management
	Authorisation for Member States to take measures under EU law on multi-annual plans and technical conservation measures
	Fast-track procedures to adopt fisheries measures needed under environmental management (Natura 2000)
Data and Science	Obligation for Member States to collect and provide data, and to prepare (regional) multi-annual data collection programmes
	National fisheries research programmes with regional coordination among Member States
	Focusing the work of STECF on essentials
Access to resources and fleet capacity	Transferable fishing concessions mandatory for large-scale fleets — with transferability at national level
	Moving away from fleet-related subsidies
Aquaculture	National strategic plans 2014-2020 on promotion of aquaculture
	Set up of a new Advisory Council for Aquaculture
Market policy	Empowerment of Producers Organisations and Inter-branch Organisations to increase their role and responsibility on production and marketing planning with emphasis in sustainable fishery resource management and reducing the impact of the aquaculture activities
	Modification of intervention regime, by setting up one single intervention mechanism for storage
	Fixing intervention prices at decentralised and adequate level
	Strengthened consumer information and review of marketing standards
Governance	Expand the role of Advisory Councils in the implementation of the CFP at regional level
	New approach to stakeholder involvement on horizontal issues not covered by the Advisory Councils
Financial instrument	Full alignment with the Europe 2020 Strategy
	Conditionality provisions on compliance with the rules — both applicable to Member States and to individual operators
External dimension	Regional Fisheries Management Organisations — enhanced EU involvement in Regional Fisheries Management Organisations to strengthen science, control and compliance within these fora in order to improve their performance.
	Multilateral — joint actions with EU's most important partners aimed at combating IUU fishery and reducing overcapacity.

	Better coherence between EU fisheries, development, trade and environment policies.
	Sustainable Fisheries Agreements — enhanced science base and clear identification of surplus resources in partner countries to ensure sustainable fishing practices in these countries by our fleet. Larger financial contribution by industry and establishment of a high-quality governance framework. Human rights clause should be included in all future agreements