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**COMMUNICATION FROM THE COMMISSION**

**relating to management guidelines for the 4th generation of multi-annual guidance programmes or MGP's.**



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## 1. Aspirations of the new MAGP IV

The Commission's 1991 report<sup>1</sup> on the common fisheries policy stressed the need for a strong link between resource management and fishing effort management, i.e. between the management of outputs through TACs and quotas, and the management of inputs, especially fleet capacity, which is the basic factor in fishing effort, (see Annex I).

This link was forged when the Council debated the MAGP III in December 1993; in view of major surplus capacity in the segments of the Community fleet targeting certain categories of resources, objectives for the reduction of fishing effort were adopted for 1992-95: 20% for demersal species, 15% for benthic species and 0% for pelagic species, considerably less ambitious than the Commission's initial proposal<sup>2</sup>.

These targets were laid down in a series of Commission Decisions on the fleets of the Member States<sup>3</sup> The arrangements were extended to Sweden and Finland on their accession.<sup>4</sup>

We are now approaching the end of the period of application of the MAGP III, and it is clear that, while there has been some decline in the surplus capacity of the Community fishing fleet, the objectives have not been achieved, in particular by certain Member States that had much lost time to make up. Moreover, the technical progress achieved in the industry over the period certainly hampered compliance with the guidelines.

A further exacerbating factor has been the repetition of catastrophic declines in prices in recent years, which has led some fleets to increase fishing to offset the drop in income; this has contributed to increasing fishing effort, further aggravating over-exploitation of resources.

These factors combine to explain why, during the period observed, available estimates of the development of resources do not, in general, reflect significant progress. Indeed, in many cases, there has been a decline in stocks, matched by a deterioration in the economic situation in the sector. In the circumstances, there is no alternative to reprogramming objectives with a view to a further reduction in surplus fleet capacity, so as to:

- **improve stocks;**
- **boost competitiveness and profitability.**

Given their impact on regional social and economic life, fleet restructuring measures must be implemented taking into account the viewpoints of regional community policy and developing these coastal zones dependant on fishing.

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<sup>1</sup> 1991 Report from the Commission to the Council and the European Parliament on the Common Fisheries Policy (SEC (91)2288 final).

<sup>2</sup> Council Decision 94/15/EC of 20 December 1993 relating to the objectives and detailed rules for restructuring the Community fisheries sector over the period 1 January 1994 to 31 December 1996 (OJ L 10, 14.01.94).

<sup>3</sup> Commission Decisions 92/588/EEC to 92/598/EEC of 21 December 1992 on multiannual guidance programmes for fishing fleets for the period 1993 to 1996 (OJ L 401, 31.12.1992), and Commission Decisions 95/238/EC to 95/248/EC of 7 June 1995 amending Decisions 92/588/EEC to 92/598/EEC (OJ L 166, 15.7.1995).

<sup>4</sup> Council Decision 95/577/EC of 22 December 1995 concerning the objectives and detailed rules for restructuring the fisheries sector in Finland and Sweden over the period 1 January 1995 to 31 December 1996; Commission Decisions 96/73/EC and 96/74/EC of 22 December 1995 on multiannual guidance programmes for the fishing fleets of Finland and Sweden for the period 1995 to 1996 pursuant to Council Regulation (EC) No 3699/93.

## **2. The adoption of MAGP IV**

### **2.1 Wide consultations as a preliminary to debate in the Council**

The MAGP IV, like the MAGP III, will be debated at length by the Council. The debate, however, needs to be carefully prepared by means of a series of regional consultations with trade organizations and all those involved in the fishing industry. The Commission is anxious to ensure that all possible has been done to inform the Council of the full implications of a programme to adjust fleet capacity, whose objectives may be difficult to attain.

To this end, 34 regional consultations were organized between November 1995 and March 1996 with the backing of the national authorities in the Community regions most strongly dependent on fisheries. As well as regional meetings, there have been, and will be, several consultations with European fisheries organizations, including consultations with the Advisory Committee on Fisheries on 24 January and 21 May 1996. The Commission will try to profit from the views exchanged in these consultations on the development of the activities of the Community fishing fleet, and the ideas of the trade on the content and application of the MAGP IV and accompanying financial measures.

### **2.2 The principles of the MAGP III retained**

The guiding principles behind the MAGP III, including openness and transparency, fair treatment for Member States, and flexibility, will be retained; this will guarantee that each Member State will be able to find a suitable response, within the operational framework of the MAGP IV, to its specific needs in view of the type of fleet and fishing activities, but without the MAGP IV being used, at any time, as an excuse for special treatment or a means of by-passing the principle of the relative stability of fishing activities.

To ensure openness and transparency, the methodology adopted will be universally comprehensible and susceptible to verification.

Fairness involves asking the Member States to apply the same rates of reduction to the same segments of the industry without discrimination between fleets, types of vessels or types of gear (passive or towed).

Flexibility means allowing the Member States to group certain segments of the fleet together, if they see fit. On the principle adopted for the MAGP III, the rate of reduction applicable to the group as a whole will be that applicable to the most sensitive species in the group.

The adjustment of the fishing effort through the application of structural measures will not affect the relative stability of Member States' take-up of fish as expressed in the mode of allocation of fishing quotas. Indeed, by aiming at profitability for fishing operations through the elimination of over-capacity, the MAGP IV will reduce the risk of fraud while enabling quotas to be fully taken up under normal conditions.

## **3. The classic debate: capacity reduction or mixed measures?**

It will be remembered that the MAGP I and II, which were in force in 1983-91, set fairly modest objectives for limitation of fishing fleet capacity as a whole, for each national fleet. Over the period 1992-96, the MAGP III took a new and different approach, setting ceilings on fishing efforts by segment of the fleet; these ceilings were considerably lower than the earlier objectives.

The new practice of expressing objectives in terms of fishing effort in the MAGP began in the transitional MAGP of 1992, where 25% of the requisite capacity reductions could be achieved through cutting fishing activity. This innovation soon led the Commission to define proper conditions for implementation, which necessarily involved recourse to the concept of fishing effort. Consequently, in the MAGP III, objectives could be expressed in terms of fishing effort, and achieved through measures combining capacity reduction and reduction of activity (mixed approach). However, to retain the structural character of the MAGP III, at least 55% of the objectives were to be achieved by capacity reduction (capacity reduction approach).

Although most Member States nowadays support capacity reduction alone as the best means of eliminating over-capacity, some are particularly anxious to retain a mixed approach. It must be admitted, however, that not even those Member States who take that view have so far exploited the option provided in the MAGP III of implementing the measures for the reduction of fishing activities that could be taken into account for the programme.

In the circumstances, there are grounds for doubting whether this method of fixing objectives in terms of fishing effort, as was done in the MAGP III, can be of further practical use. The question is pressing, since later Community rules developed new arrangements for the management of fishing effort in specific fishing grounds, in parallel to the arrangements for the management of fishing effort by segment of the fleet in the MAGP.

The MAGP IV should attempt to set objectives for the adjustment of capacity so that for a segment of the fleet carrying out its activity normally in a given fishing ground, the ceilings on fishing effort are not exceeded. The Commission's idea would be to ensure a link between structural measures for the elimination of over-capacity in the MAGP IV and the measures for the management of fishing effort in the new Community rules. The link would be forged in two stages (see annex II).

**First stage (capacity reduction approach):** The MAGP IV would set objectives for the reduction of capacity for each segment of the fleet by 31 December 1996; these objectives would correspond to the objectives for fishing mortality for each type of resource decided by the Council on a proposal from the Commission. For multipurpose fleets, the rate of reduction would be that decided for the most sensitive species concerned.

**Second stage (mixed approach):** In the course of implementation of the programmes, the Member States who wished to control fishing activity could submit fishing effort management programmes for each fishing ground to the Commission. At this stage, the link between fleet segments as defined in the MAGP IV and the fishing grounds subject to controls would have to be accurately established, if possible. At this second stage, the arrangements for managing fishing efforts by fleet segment, as laid down in the MAGP III, would finally disappear. Only those Member states with historical data on the activities of their fleet, and in a position to undertake to monitor fishing activity effectively, could accede to this second stage.

For fleets that target a single species or fishing ground, this framework will be fairly simple; for multipurpose fleets, targeting a variety of resources with differing objectives for fishing effort reduction in different grounds, it is more complicated. For such fleets, the Commission might propose a rate of capacity reduction intermediate between the rates required for the most sensitive and the least sensitive resources, as long as the Member States are capable of organizing an appropriate allocation of efforts directed at the different resources. With this arrangement, ceilings on efforts could be respected through the elimination of over-capacity. Such an approach implies, as an essential condition, that the Member State should guarantee the reduction in fishing effort for the most threatened species.

The Commission is of the opinion that this approach would certainly be preferable to the existing one as:

- it respects the spirit of the structural measures, while ensuring the elimination of over-capacity;
- it ensures a proper link between structural measures and conservation measures (management of fishing efforts);
- it eliminates unnecessary duplication between two schemes for the management of fishing effort, in the MAGP III on the one hand, and in the framework of Community rules on fishing efforts for specific fishing grounds on the other;
- it does not impose systematic capacity reductions in the fishing grounds where reduction in activity will suffice to ensure respect for the ceilings on effort.

#### **4. Treatment of passive gear, and rules on fishing gear**

When the fleet was classified into segments for the purposes of drawing up the MAGP III, it was recognized that the usual measurement parameters for the MAGP objectives (Kw and GRT) could not properly measure the fishing effort due to passive gear. It is clear that tonnage and engine power do not

reveal the fishing effort of a trap setter, as it will depend mainly on the surface of the nets set, or the number of hooks or baskets used, and the length of time they stay in the water.

Since the adoption of the MAGP III, some progress has been made towards improving the selectiveness of fixed nets through technical measures governing mesh sizes. However, nothing has been done about limiting the efficiency of gear. It has now transpired that the fishing effort of these segments of the fleet has not been restricted in the same way as that of the vessels using towed gear.

For passive gear, as for other fishing gear, technical measures are intended to improve selectiveness, but they cannot take the place of restrictions on fishing effort. Restrictions on fishing effort for passive gear still raise a specific problem, in that the relevant restrictions are those affecting the features of the gear rather than the vessels.

However, in very specific programmed cases where technical measures are intended to lead to a substantial improvement in the selectiveness of fishing operations as between species (i.e. reduction in by-catches), the Commission intends to study the effects of these programmes on fishing mortality case by case; the results could then be taken into account in the MAGP.

## **5. Content of MAGP IV**

### **5.1 Report by the group of independent experts, and technical progress**

On the basis of past experience, the Commission decided to form a group of experts, as was done for the MAGP III. This new group of experts recently identified the resources where a reduction in fishing effort is needed. The recommendations of the group match those of the competent scientific bodies, and reproduce their conclusions, with additional considerations on the size of fleets. The overall situation of the stocks targeted by the Community fleet is described.

Of course, the scientists recommend adopting fishing effort reduction measures as soon as possible. Taking account of technical progress, which may be expected to lead to an increase of 2% at the very least over the long term, the objectives for annual reduction must rise by the same percentage to ensure that the decline achieved is not neutralized by technical progress.

### **5.2 The socio-economic impact of reductions**

The impact of fleet reductions on areas dependent on fishing can be measured both socially and economically (see Annex III).

At a social level, a reduction in fishing capacity will have a negative effect on jobs at sea and upstream of fishing (supplies, shipyards and harbour administration). On the other hand, the downstream sector will suffer only during the time required for the "recapitalization" of fish stocks, since the quantities caught will eventually increase, thus increasing the number of downstream jobs (all other things being equal).

In economic terms, the profitability of fishing companies and the competitiveness of European products will improve considerably as a result of the elimination of the overcapacity of Community fleet.

The negative effects of direct and indirect job losses will be taken into account in the Structural Fund measures (FIFG, PESCA, Objectives 1, 2 and 5(b)). Since December 1995, direct job losses resulting from restructuring are covered by special social measures for the sector (part-financing of early retirement schemes and retirement grants).

The Commission thinks that staggering the restructuring measures, together with the financial measures to help the sector, will soften their impact. In other words, and this is a major political issue, the Council's decision to stagger the restructuring measures, which the group of experts thinks should be adopted as soon as possible, will lessen their immediate impact on coastal communities.

On the other hand, it could lead to a prolongation of the structural crisis in the sector. Technical progress, which has been exacerbated by large amounts of aid for modernization in the sector (ECU 740m between 1994 and 1999) should not be allowed to bring to nought the anticipated effects of timid restructuring measures resulting from the unambitious objectives that have been laid down.

### **5.3 Segmentation of fleets and fisheries**

For the MAGP III, the number of segments and their contents were defined by the Member States themselves on the basis of a general framework proposed by the Commission. For MAGP IV, the Commission would like to propose a new general framework based on three elements defining the fisheries as biological management units, groups of species and fishing gear.

Recognition of the special nature of certain fishing activities can be based on the identification of management units. The Commission thinks it is advisable to operate using relatively large biological management units (Mediterranean, Baltic) each time it is possible to identify areas of development and confinement of stocks in relation to the fleets. Fleet segmentation should provide the answer to the often imperfect match between species development areas and the multi-purpose and opportunistic nature of fishing.

The Commission thinks it is essential to organize the restructuring of some fleets into appropriate segments whose objectives will be laid down taking account of access rules not exclusively based on biological considerations. This will involve identification of restructuring measures taken for other reasons (access to Moroccan waters, ban on certain fishing gear, etc.).

Where possible segmentation will determine homogeneous groups of vessels to which particular objectives can apply in relation to those fisheries exploited. As a rule the objectives will receive Community financial support (Structural Funds). In some circumstances it will be necessary to ask whether it is justified for some fleet segments, such as tropical freezer tuna seiners, to continue to receive Community investment aid, given how they are fitted out, the extent of their fishing activities and the aid they receive from elsewhere (fisheries agreements and compensatory allowances).

### **5.4 The special case of small-scale fisheries**

Very small-scale inshore fishing from small craft at sea for less than 24 hours provides most jobs at sea, even though many of them are seasonal. Production from small-scale inshore fishing is low in volume but high in value. As a rule it takes place in a narrow coastal band. The sector is going through a natural and continuous fall in fishing capacity and jobs.

With MAGP IV, the Commission would like to identify all non-trawler small-scale vessels fishing for local stocks in order to put them in a fleet segment whose capacity would be defined in terms of numbers of vessels and tonnage. This approach would make it possible for the sector to be modernized for safety reasons and to improve fish processing on board by installing new engines.

This measure would not apply to small-scale vessels fishing for shared stocks, nor to trawlers whose engine power affects the fishing effort, monitoring of which in coastal waters would have to be stepped up considerably. The Commission departments think stricter measures forbidding fishing in certain coastal waters should be adopted (boxes).

### **5.5 The permanent nature of structural measures**

Under the multiannual guidance programmes, the measures to reduce fishing effort have permanent effects for each component (capacity and activity). The structural nature of these programmes is based on the idea that once the capacity of a segment or the activity of a vessel has been reduced, there is no turning back. Based on the law according to which the same causes have the same effects, any renewed increase in capacity, and consequently in fishing effort, would place the sector in the same difficulties it was in before.

It must also be quite clear to everyone that, where a Member State has been able, by means of a fishing effort management system, to undercut the objectives laid down in its MAGP IV in terms of capacity (See Section 3), the effort reductions will then be final and it will no longer be possible for it to increase its fishing activities. For example: the reductions in fishing effort allowed for in the MAGP II for the Netherlands is a measure which has permanently reduced the activity of beam trawlers in that country. Any subsequent increase in that activity would mean a reassessment of the capacity objectives for that segment.

#### **5.6 Period of application of the MAGP IV**

For financial planning reasons related to the Structural Funds, the Commission thinks that MAGP IV should cover the period 1997-1999. Application of MAGP IV will thus coincide with the financial measures under the Structural Funds planned for the same period. However, it is unlikely that this three-year period will be enough to permanently eliminate the overcapacity of the fleet. Therefore, a MAGP V to be applied after MAGP IV cannot be excluded.

#### **5.7 Additional criterion for programme monitoring**

In order to match the licence and special permit schemes to particular fleet segments, the Commission thinks it desirable to add a fourth parameter to the customary fishing effort monitoring parameters (power, tonnage and days at sea) by which, where necessary, the number of vessels per segment is counted (nb). This parameter could prove to be useful in following certain fleet segments (fixed gear, small scale fisheries) in which the fishing effort is not accurately reflected by the usual parameters (GT, KW).

This does not mean that it will be necessary to use the four parameters simultaneously when the objectives of the MAGP are laid down.

#### **5.8 Penalty system in cases of non-compliance with the objectives**

Failure to comply with Community provisions makes the Member States liable to infringement procedures under Article 169 of the Treaty. This will apply to failure to comply with measures adopted under the MAGPs III and IV.

Without prejudice to Article 169 of the Treaty, if the Commission establishes that a Member State has not made the appropriate decrees to ensure that fleet re-structuring objectives are respected, it may submit proposals to the Council on appropriate general measures. The Council decides by qualified majority (Article 25 of Council Regulation (EEC) No 2487/93).

In addition, there is Article 10 of Council Regulation (EC) No 3699/93, according to which the Member States may not take vessel construction or fleet modernization measures producing additional fishing effort if they have not complied with the objectives of the programmes.

In the course of the programme, these provisions applying to the overall intermediate measures and the final objectives for each segment are objected to by those in the trade whose vessel is or was in a fleet segment whose objectives have been attained.

The Commission recognizes the difficulties which these provisions can cause for some beneficiaries of investment projects, and are planning a reform of the present rules which in respect of the investment aid schemes will only require the intermediate and final objectives for each segment to be complied with.

### **6. Adoption procedures**

#### **6.1 Heightening the awareness of the decision-makers and public opinion**

The Commission took pains to prepare the decision-makers, i.e. the European fisheries ministers, for the MAGP IV, and those who will be governed by it, i.e. the trade. Therefore it intervened on several occasions at meetings of the Fisheries Council in the last quarter of 1995 to impress on the Ministers the importance they should attach to eliminating the Community fleet's overcapacity.

On 12 March 1996 a teleconference was organized from Brussels with all the Commission's representation offices to make the press and the trade aware of the need to reduce fleet overcapacity.

## **6.2 Preparatory work**

The Commission will have a number of preparatory documents, all in preparation for its proposal for the Council meeting in June 1996. It is on the basis of that proposal that the Council will lay down the policy guidelines for the MAGP IV.

### **6.2.1 Reports from the Member States**

In accordance with the legal requirements of article 5 (4) of Council Regulation (EC) No 3699/93, Member States should have submitted by 01.01.96 a report on implementation of their MAGP III and on preparation of the MAGP IV. The delays in producing these reports, of which the Commission is aware, mean that they will only be able to be used for an overall synthesis. These national reports will be analysed in the proposed regulation framework which the Commission will make to the June Council in order to establish the direction of MGP IV.

### **6.2.2 The scientific report by the group of independent experts**

The group of independent experts met, as planned, four times between September 1995 and February 1996. The overall report by the group of experts and the synthesis by their president were delivered to the Fisheries ministers during the Council meeting of 22nd April 1996.

You will find a résumé in Annex IV of the group of experts principal recommendations. The work of the group clearly shows a continuing deterioration in the stocks which dictates that steps need to be taken without delay. MGP IV will attempt to fix objectives for the reduction of capacities by fleet segment in relation to fish mortality objectives within each fishery. The fisheries will firstly have been put in the context of maritime region, species or group of species and gear types.

The Commission is aware that for a certain number of stocks facing a critical situation and approaching the collapse of the biomass, some sensitive measures to reduce fishing effort in the short term will have to be proposed to the Council and adopted without concession. On the other hand, for a certain number of stocks for which this danger does not exist and where fish mortality is simply greater than optimal exploitation conditions in the economic plan, the Commission estimates that its proposal and the Council's decision will be able to take into account social factors likely to have a bearing on the time limit for implementing the group of experts' recommendations.

### **6.2.3 Socio-economic report following regional consultations**

With the support of national authorities, the Commission organized 32 regional consultations in those European regions most dependent on fishing as well as additional meetings with European organisations from the fisheries chain in order to gather information and ideas from the industry on fishing activity developments and on preparation of MAGP IV. The information and opinions received by the Commission have been carefully compiled in the form of a synthesised report which shows the positions of those involved in the chain with regard to the MGPs.

A résumé of this report, which will be sent to the Council as was the independent experts report, is shown in annex V to this document;

These consultations clearly illustrate that the fishermen do not dispute MGP as a tool for regulating fishing capacities, but would like to see this tool used in a more flexible manner and not exclusively of other means of reducing fishing effort where the stock situation permits it.

The Commission will take into account the opinions of professionals in order to ensure the most flexible possible application of the Council policy/guidelines to national fleets.

### **6.3 The two-tier decision-making system (Annex VI)**

This document is intended to bring about an exchange of views between those responsible for European fisheries on the context, objectives and general content of MAGP IV. The Commission services think this discussion will be very useful for preparing the draft Council decision to be adopted in June, in particular as regards the general approach to be taken under the various MAGP's IV. Although it is useful for developing ideas on the MAGP IV, this document does not legally bind the Commission.

#### **6.3.1 Council decision in June 1996**

The Council debate in June 1996 will determine the real extent of measures to reduce the overcapacity of the Community fleet. This debate results from its obligation set out in Article 11 of Council Regulation (EEC) No 3760/92<sup>5</sup> determining the conditions for restructuring the sector. Any delay in adopting a Council decision laying down these measures would seriously impair the Commission's ability to adopt its own decisions by the end of 1996.

The Commission will seek in its proposal to the Council to reconcile the recommendations of the independent experts and the wishes expressed by the professionals in the sector in order that measures to reduce the overcapacity of the Community fleet should be implemented within a reasonable time-limit. The facility will exist within this proposal to distinguish those stocks on the edge of collapse from those which could temporarily support the current rates of exploitation. However, some measures must also be adopted for the latter.

#### **6.3.2 13 Commission decisions in November 1996**

Following on from the Council's decision, the Commission will organize bilateral meetings with the 13 Member States concerned to apply the Council's policies to the various fleets, in Commission decisions which will apply to each individual Member State. All 13 draft decisions will have to be submitted to the Management Committee for Fisheries and Aquaculture by November at the latest, and the drafts will be adopted by the end of the year.

In contrast with the preceding phase of establishing MGP IV orientation where the uniqueness of the Council stage must be safeguarded, during this 2nd phase the Commission will take into account the particularities and specifics of situations highlighted within the framework of professional consultations.

The plan attached shows the different phases of the Council/Commission decision making process leading to the adoption of MGP IV.

## **7. Conclusion**

The present decline in fish stocks is confirmation of the inadequacy of previous multi-annual guidance programmes, and suggests that a new MGP IV should be adopted with a more detailed approach than in the past. Over-fishing is due to over-capacity in the Community fleet. The elimination of fleet over-capacity is thus a powerful means to serve the essential objectives of the Common Fisheries Policy which are the continuity of fishing, maintaining profitable exploitation levels for the sector and the preservation of jobs.

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<sup>5</sup> Council Regulation (EEC) N° 3760/92 of 20 December 1992 establishing a Community system for fisheries and aquaculture (OJ L 389, 31.12.1992).

The Commission will bring in whatever steps are necessary to improve management machinery for the forthcoming programme, which will be adopted in such a way as to ensure openness and transparency, and fair treatment for the Member States, their fleets, and the different types of gear. The Commission proposal will ensure genuine adjustment of fishing effort, to take account of the effect of technical progress. To this end, a new method of fixing objectives will be proposed, to enable capacity reduction measures to be linked to schemes for managing fishing effort. The MAGP IV will also need to consider further capacity reductions where necessary according to methods capable of taking into account the social aspects of restructuring.

The Commission believes that the policy issue in the debate of June 1996, when the Council will have wide margins for manoeuvre, consists in the timing of the reductions in fishing effort called for in the scientific recommendations. It is appropriate in this respect to clearly distinguish the following:

- those stocks in very poor condition and even on the brink of biological collapse for which radical measures having an immediate effect should be adopted without delay
- those stocks which are over-exploited and badly exploited to which measures must be applied as soon as possible in order to improve their exploitation
- those stocks which do not pose any problem and for which it will be appropriate to follow their evolution in order to adapt fleet capacity and avoid allowing the situation to deteriorate

The consensus to be reached should aim at striking a reasonable balance, over the period allowed, between the level of biological limitations along with the effects of technical progress on the one hand, and the socio-economic consequences in areas dependent on fisheries on the other.

The Commission is concerned that it should make MGP IV acceptable to the fishermen and the populations of those areas dependent on fishing. It must be clear, however, that in adopting and implementing MGP IV the Member States and the Commission aim at a lasting balance between a fleet whose competitiveness will have to be assured and the available resources. This is not to suggest, though, that this means the Commission is disinterested in job losses which, initially, could be linked to restructuring of the sector. On the contrary, restoring the stocks means that Community waters must produce, in time, superior riches to those produced today and thus new jobs. Businesses in the chain will thus also be able to generate more wealth.

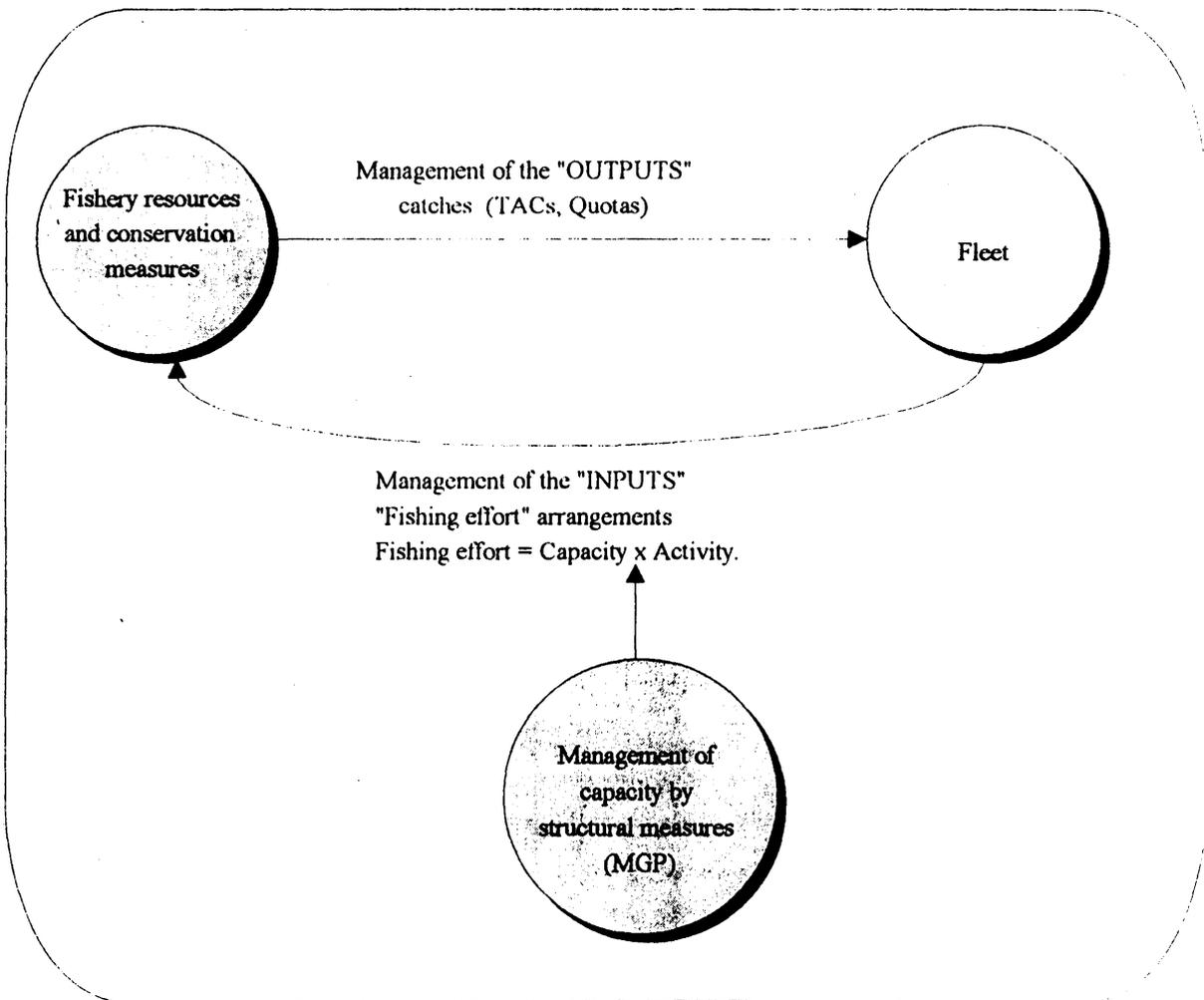
However, it must be made clear for all that, independently of the expected benefits of this exercise, the sector could continue to suffer an erosion of its employment level linked to the modernisation of businesses obliged to continually adapt to the market; In this case, one cannot dismiss the theory of applying to coastal zones an ad hoc development policy which would in turn establish development policy and rural diversification. Safeguarding jobs must, effectively, remain a central concern.

If the guidelines set in June do not hold out the hope of a sufficient reduction in Community fleet capacity between 1997 and 1999, further arrangements would need to be considered for later periods, when technical progress is likely to generate even more surplus capacity. In these conditions, it is to be feared that the Council will be called upon to take measures at regular intervals to control over-capacity in the Community fleet, and to adopt successive reductions over an unforeseeable period.

The Commission will base its June proposition as much on biological recommendations as on socio-economic considerations.

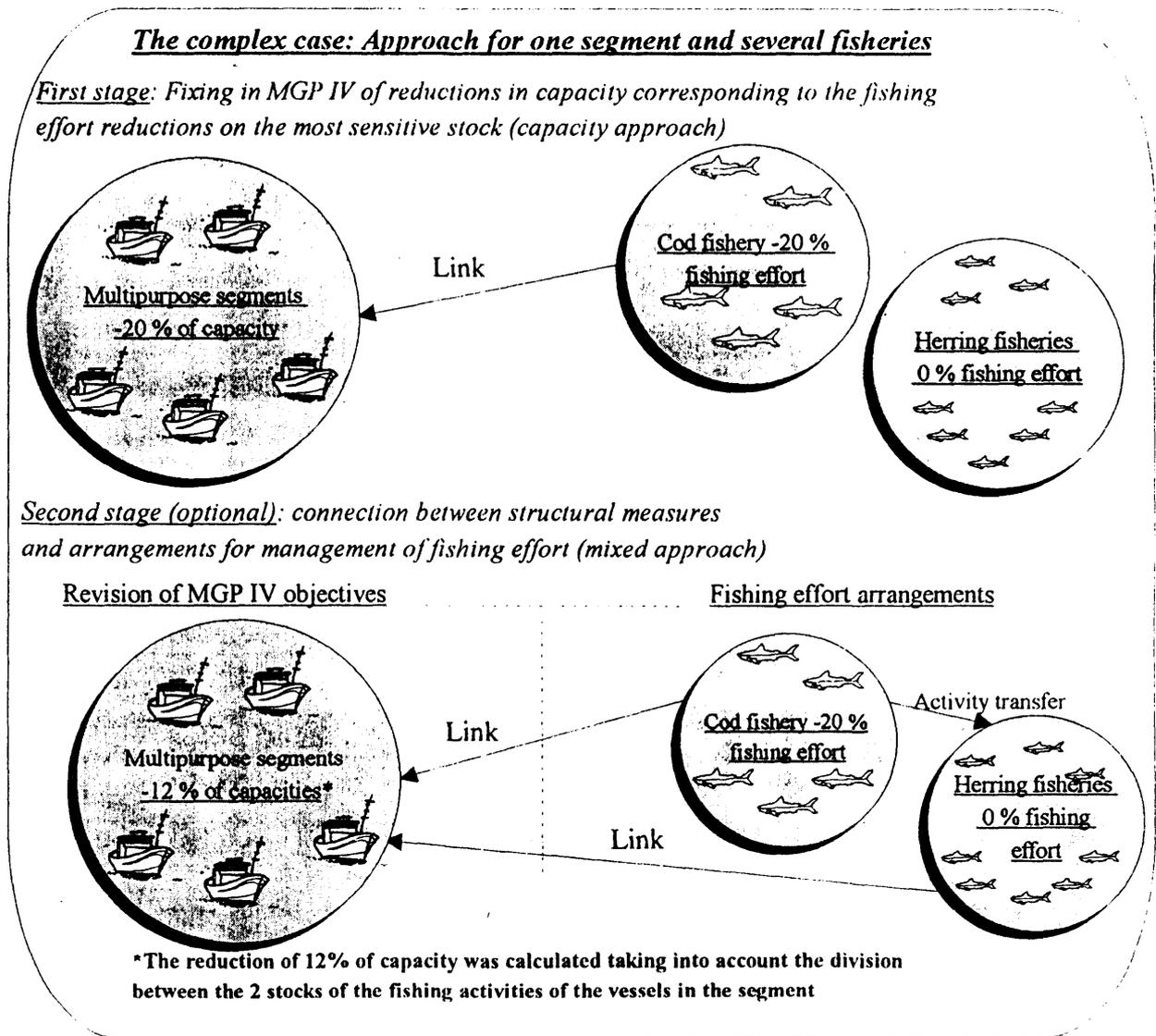
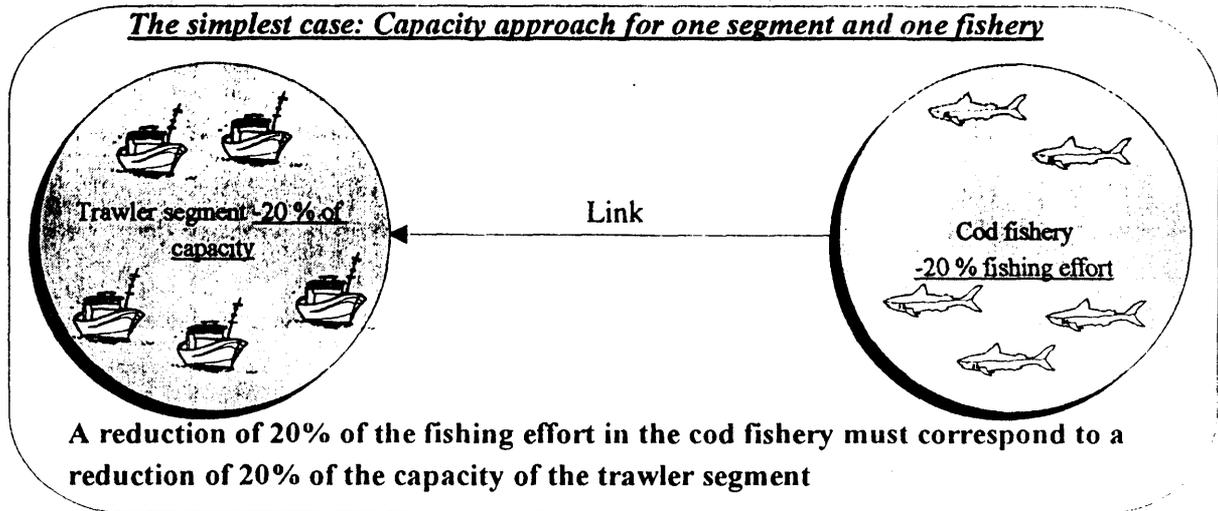
# Annex I

## Expression of the relationship between Resources - Fleet - Structural Measures



## Annex II

### Extreme examples of the implementation of MGP IV



## Annex III

### Social and economic impact of measures for reducing the overcapacity of the Community fleet.

#### The foreseeable socio-economic trends

		<u>Social impact (employment)</u>			<u>Economic impact</u>	
		Upstream	At sea	Down stream	Profitability of fishing enterprises	Competitiveness of European products
Non-realisation of objectives	Realisation of objectives	↓	↓	↗	↗	↗
	Without collapse of stocks	→	→	→	↘	↘
	With collapse of stocks	↓	↓	↓	↓	↓

## **ANNEX IV:**

### **Principal recommendations of the independent experts report**

#### **1. General evolution of fish stocks**

The general trend expressed by the experts is clear; those fish stocks fished by Community vessels are over-exploited and significant reductions are required in order to remedy the situation.

In all the zones analysed, a large proportion of stocks is exploited at a higher fish mortality level, and sometimes considerably higher, than the limit for a sustainable level. The report concludes that there is an urgent necessity to reduce fishing effort applied to these stocks immediately.

As for those stocks which could, in principle, sustain the current levels of exploitation, the report notes that large exploitation gains would be made if measures to reduce fishing effort were similarly applied.

#### **2. Quantifying measures to reduce fishing effort**

Taking into account certain imprecisions in relation to the available statistics on stocks, the report advises an evolving approach which would consist of aiming at reductions in effort and periodically analysing the effect;

For those stocks in greatest danger, the report considers that a mortality reduction by fishing of less than 20% would be insufficient, in the sense that it would only have an insignificant effect on restoring the fish population. For those same stocks, reductions greater than 40% could not be calculated precisely.

#### **3. Review of stocks and reference fishing mortality**

**3.1 Coastal resources.** The lack of available information and the wide variety of circumstances militates in favour of adopting technical measures and spatial and temporal regulation of fishing activities.

### 3.2 Offshore resources

#### Baltic Sea

Stocks	Minimum reduction in F (%) required	Critical stock	Comment
Cod	> - 40	Cod 25-32	
Herring+Sprat			Neither growth nor sustainability arguments for an effort reduction
Salmon	closing of the fishery	All wild salmon stocks (18) in the Sweden and Finland	The advised closure of the fishery is with the objective to save the wild salmon stocks

#### Kattegat-Skagerrak (Div. IIIa), North Sea (Div. IV), The eastern Channel (Div. VIId) and West of Scotland (Div. VI)

Fisheries	Minimum reduction in F (%) required	Critical stock	Comment
Roundfish(Cod, Haddock, Whiting, Saithe) +Anglerfish+Megrin <i>Nephrops</i>	> - 40	Cod IV Haddock IV Saithe IV Cod VIa Haddock VIa Whiting VIa	
Flatfishes (Plaice + Sole)	-33	Plaice IV Sole IV	
Industrial species (sand eel + Norway Pout+ Sprat)			Conventionalbiologicalreference points do not provide a basis for changing the present exploitation level
Pelagics (Herring+Mackerel)	> - 40	Herring IV Mackerel	
Shrimp			-5 % based on growth utilisation
Deep water species		NK	No assessment available

**Southern Shelf (Div VII except VIId  
(the eastern Channel), VIIa,b)**

Fisheries	Minimum reduction in F (%) required	Critical stock	Comments
Northern Hake+Anglerfish+ Megrim+Nephrops	-17	Northern Hake	
Flatfishes	> -40	Sole VIIa Sole VIIf,g Plaice VIIg	
Roundfish (Gadoids)	- 26	Cod VIIa Cod f,g,h	
Small pelagics	> -40	Herring VIIg	
Deep water species		NK	No assessment available

**Off Portugal and Spain (Div VIIIc + IXa)**

Fisheries	Minimum reduction in F required (%)	Critical stock	Comment
Demersals (Southern Hake+Anglerfish+ Megrim+ Horse mackerel +Blue whiting)	-21	Southern Hake	
Small pelagics (Sardines + Anchovy)	-33	Sardine	
Shrimp+Nephrops+Deep waters species	-		Nephrops (Males) overexploited

**Mediterranean**

Fisheries	Minimum reduction in F required (%)	Critical stock	Comment
Small Pelagics (sardines and Anchovy)			Conventional biological reference points do not provide a basis for changing the present exploitation level
Demersals Shallow water (Red mullet)	> - 40	Red mullet	Red mullet appear to be overexploited nearly everywhere on the continental slope
Demersals Deeper water (Hake)	> - 40	Hake	Hake appear to be overexploited nearly everywhere on the continental slope

**Resources in International Waters**

Fisheries	Minimum reduction in F required (%)	Critical stock	Comment
Oceanic Redfish			No analytical assessment available. The stock is at present considered to be within safe biological limits
Blue Whiting			No assessment. Available data suggest that there are no immediate concern about this stock.
Atlanto-scandic Herring			Presently very large resource available; however EU share uncertain

Fisheries	Minimum reduction in F required (%)	Critical stock	Comment
Greenland halibut in SA 2 + 3.	NK		Fishing mortality is considered above sustainable levels. Current TAC advice implies a 50 % reduction of 1994 fishing mortality
Cod and Redfish on Flemish Cap	> -40	Cod on Flemish Cap	
Shrimp on Flemish Cap			No assessment is available

## Annex V

### **Synthesis of professional contributions during the regional consultations.**

The regional consultations allowed certain facts to be stated and professional requests made which should be taken into account in the procedures and contents of MGP IV. These consultations were organised in such a way as to allow the fishermen and other trades of the chain and the local collectives to express themselves on conditions for implementing MGP in the general context of the evolution of the sector. To this end, the debate was organised into two parts; the first on the evolution of fishing activities and the other on implementing MGPs.

#### **1. THE EVOLUTION OF FISHING ACTIVITIES**

##### **1.1 Fishing activities seen today**

The evolution of such activities in those zones dependent on fishing, such as they appear in certain statistics that are available, express a constant and preoccupying fall in direct employment, notably in sea fisheries. The fleet and its activities upstream are the worst affected. Between 90 and 95 Brittany effectively lost 40% of its offshore fleet in a global loss of 24% of its fisheries jobs over the same period. Ongoing studies on the restructuring of the Spanish fleet operating in international waters or under fishing agreements suggest reductions of a similar size over a short period.

The available statistics show a strong tendency towards a deterioration of the level of fishing jobs which is classically seen in the other primary sectors of the economy, (agriculture, forestry). The only regions which appear able to check this fall in direct employment are those bordering British waters. The best stocked in the Community and capable of benefiting from a certain de-localisation of fishing activities tied to the implementation of the single market. But even these regions have experienced difficulties in getting regular landings from newcomers, (quota-hoppers).

##### **1.2 Upstream fishing activities**

They are totally perturbed by the reduction in fishing activities. Shipyards have experienced the closing of sites and concentration of activities as the more competitive parts of the single market took advantage. Some shipyards preserve a reputation and a "know-how" which makes them essential and justifies their claims to export (tropical-tuna segment). The aid from fleet modernisation programmes (700 million ECU during the period 1994/99) will help in supporting the shipyards activities but the most recent subsidy ceilings for construction in Regulation 3699/93 provoke the clientele into considering offers from outside the Union.

The supplies businesses suffer directly from reduced numbers of vessels and jobs, as well as the use of materials over lengthening periods of time, as an effect of the crisis.

##### **1.3 Downstream fishing activities**

They have clearly suffered the effects of lack of resources and thus the dwindling of contributions under auction, to the dealing rooms and the processing industry. However, it's a long time ago that this latter sector, for which permanent transformation came about several decades ago, as per the agro-food sector, obtains supplies on the international market and no longer counted on its only productive national sector.

Downstream they know about job losses, and in the short term MGP IV could aggravate this tendency; It could be that after having expanded the auctions must look at reconversion by specialisation or even to the attractions they can offer to visiting fleets. Business activities could be preserved in the ports which have taken a chance on diversifying into different species (deep sea fish ) or contributions (importations).

#### **1.4 Solutions put forward by the professionals**

The professionals have sometimes sought responsibility for over-exploitation of resources in factors which, while they exonerate fishing effort management regimes, contribute to a vessels overall turnover. Low prices for fish were denounced and provoked demands for a revision of the Common fisheries Policy. The effects of terrestrial pollution, notably on coastal juvenile stocks were judged responsible for the state of certain stocks and have been cited as a demobilising factor in the profession, in the same way as the unfair competition exercised by certain "foreign" fleets operating in International waters with inferior constraints to those of community fishermen, or by certain "false amateurs" who, exempt from the burdens of social and fiscal charges, show themselves to be serious competitors and professionals.

The anxiety of professionals faced with the most important reduction in fishing activities in the fishing zones expresses itself in a conservative stance (the small fleet syndrome, training of young fishermen to save the profession), and a reluctance to diversify (you will never turn fishermen into managers of creperies or pizzerias). Beyond these emotional demonstrations, the fisherman himself recognises a real collective responsibility which, however, he has enormous trouble in assuming at the level of his own personal behaviour unless driven by economic arguments, (increasing activity to compensate for scarcity of resources and/or falling prices). The notion of overfishing remains, however, generally the fault of others.

Putting forward the attraction of a port for foreign vessels, initiatives to group together activities, grouping landings, and relocating closely linked activities from fishing areas are rarely brought about spontaneously and are sometimes felt to be provocative. Diversification into other sectors is generally considered carefully, but the profession thinks that it will only have a slight effect given the few alternatives to jobs lost in those regions dependent on fishing. Among the proposed solutions one will recall that they are aimed at preserving trade and existing ports by discovering new fisheries financed by countryside exploration aid.

For the downstream sector, the idea that restoring stocks will infer, in the mid or long-term, new jobs in the chain is judged as doubtful by those in the profession. Beyond the social effects tied to restructuring, the operations of the profession relative to the positive effects of successful restructuring of network business accounts and the competitiveness of European products are not manifestly central to their thoughts.

During these consultations on the evolution of the fishing activities of the ZDP, the profession revealed the nature of its everyday preoccupations. The sector as a whole suggested that it was living in a precarious and difficult situation justifying, in its eyes whilst waiting for the stocks or the market to recover, a better accountability of its difficulties, either by a modification of the regulations (market, access to resources) and financial aid for new production investment or research of new resources.

## **2. MULTI-ANNUAL GUIDANCE PROGRAMMES AND THEIR IMPLEMENTATION.**

### **2.1 Understanding of the current regime**

#### **2.1.1 The regulatory context of the PCP: controls and sanctions**

During these consultations, the relative aspects of the proliferation of regulatory texts relative to the PCP, their controls and sanctions foreseen for their non-respect had been at the centre of almost all the debates. If some professionals had estimated that the MGPs were useless, in the sense that they have no effect on the sector, the majority of them recognised that, at the community level, a tool for following and orienting fleet capacities is indispensable. Many consider however that they have sufficiently reduced the fleet and that it will be difficult to take it further;

The profession confirmed that in these conditions it was in favour of a strict application of existing regulations which seemed, to them, quite sufficient. They demand a strengthening of controls without which the PCP cannot work. They insist that the MGP should be planned as transparently as possible and apply to all equally. For those countries not respecting the MGPs they suggest a reduction of quotas and stopping investment aid;

### **2.1.2. MGP objectives**

Destruction of vessels is judged to be the most certain means of eliminating community fleet overcapacities, so long as those leaving are not compensated for by new arrivals (management of entries/departures from the fleet by licensing regimes) and the fleet does not age. Aids to exportation and the formation of joint ventures are sometimes considered as factors aggravating competition in fisheries.

### **2.1.3 Parameters for measuring MGP objectives**

The framing of parameters for power, and sometimes tonnage, has been criticised as a factor in preventing fleet modernisation for reasons of navigational security and respect for hygiene conditions or increasing the value of production on board. The United Kingdom would prefer a cocktail of parameters mixing power and tonnage (Vessel capacity units).

Many professionals have criticised the introduction into the MGP of objectives expressed in fishing effort as opening the door for measures to reduce fishing activities in a framework which ought to remain structural. The activity reductions are not considered as measures with a definite effect, and present control difficulties.

Other professionals are, on the contrary, attached to this new approach which is the only one which allows polyvalent fleets to be dealt with. Certain producers organisations representatives have suggested that an improvement in steering the market relies on a better management of the vessels activities and that this management could be taken into account in MGP.

## **2.2 EXPLORING NEW AVENUES**

### **2.2.1 Selective gears**

The majority of professionals think that resorting to more selective fishing gears is desirable and request financial aid in order to popularise their use. They also request that their effects on fishing effort should be accounted for in MGP.

### **2.2.2 Stock recovery period**

The profession is in favour of stock recovery periods and request that their effects should be accounted for in MGP and that their implementation should be financially compensated by IFOP.

## **2.3 SPECIFIC POINTS ABOUT MGP IV**

### **2.3.1 Accounting for technical progress**

Few professionals recognise any effect. The Commission's estimation of 2% annually has only been shared by Denmark, those others concerned estimating it to be at a level rarely higher and often nil.

### **2.3.2 Base line**

Few comments on this point. It seems to be admitted that fixing objectives for MGP IV must be based upon previous objectives.

### **2.3.3.**

#### **Segmentation**

The profession showed that it understood the parameters and understood the constraints linked to a more or less fine approach to segmentation. These witnesses expressed a relative satisfaction with the current situation even though some wished for a finer approach and above all an exemption from penalties for those placed in segments which fulfil the programme objectives.

### **2.3.4. Fixed gears**

The profession was largely in favour of taking account of fixed gears but was divided over the opportuneness of doing so.

## **2.4 Accompanying measures**

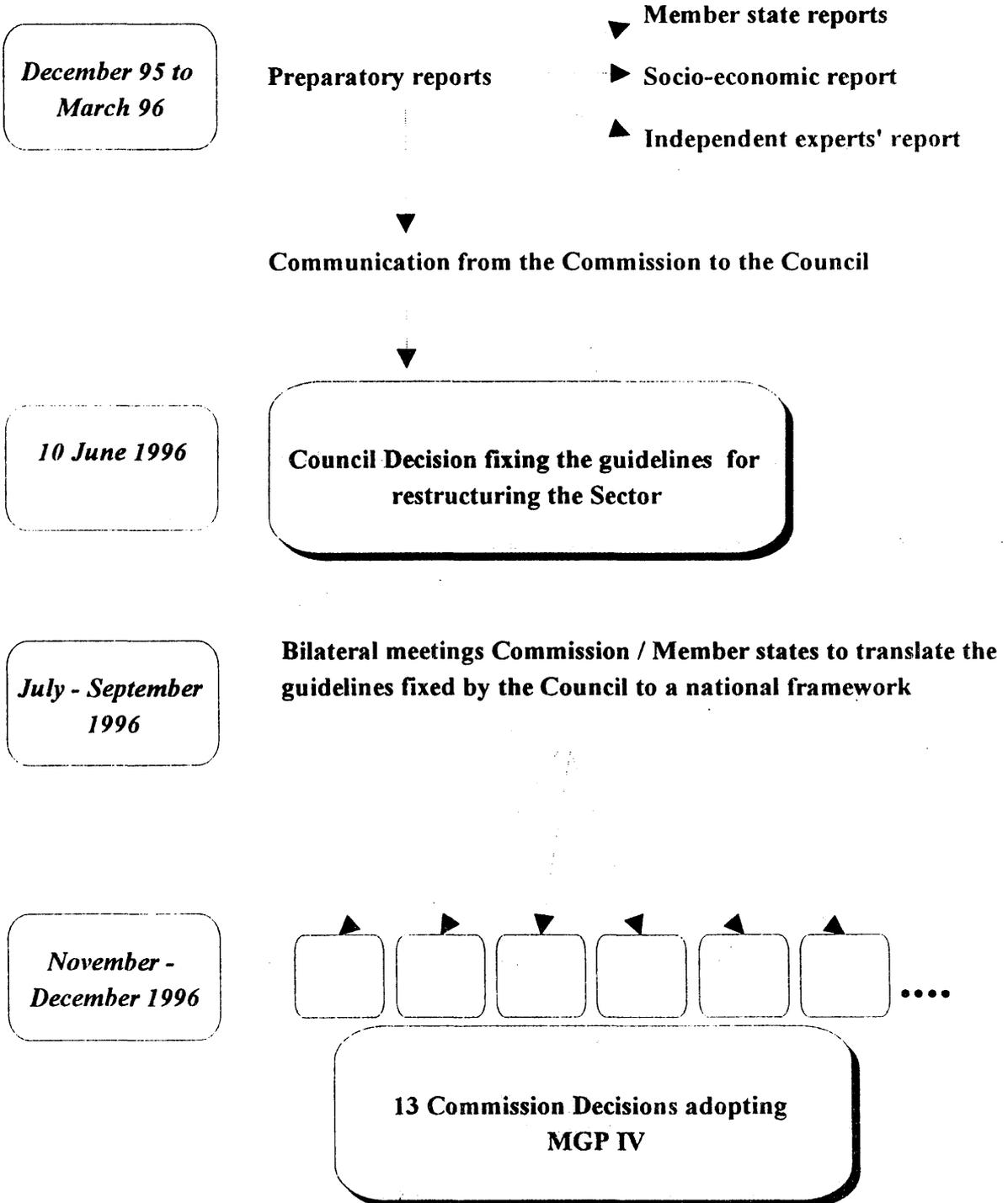
### **2.4.1 Subsidies for temporarily and finally stopping fishing.**

The fall in the level of subsidies with the age of vessels ( notably those which have been modernised) has been criticised despite the recent modification to regulation 3699/92. The subsidies for temporarily stopping are considered as indispensable but too difficult to access.

### **2.4.2 Subsidies for leaving fishing and pre-retirement**

These recent measures did not give cause for much comment . They seem to have been well received, even if they are often seen as a first step in the right direction;

**Illustration of the decision-making process relating to the adoption of MGP IV.**





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