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*Committee on Fisheries*

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**2012/0130(NLE)**

10.7.2012

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## **DRAFT RECOMMENDATION**

on the proposal for a Council decision on the conclusion of the Protocol setting out the fishing opportunities and financial contribution provided for in the Fisheries Partnership Agreement between the European Community on the one hand, and the Government of Denmark and the Home Rule Government of Greenland, on the other hand  
(COM(2012)0247 – C7-0000/2012 – 2012/0130(NLE))

Committee on Fisheries

Rapporteur: Ole Christensen

***Symbols for procedures***

- \* Consultation procedure
- \*\*\* Consent procedure
- \*\*\*I Ordinary legislative procedure (first reading)
- \*\*\*II Ordinary legislative procedure (second reading)
- \*\*\*III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

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## DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the proposal for a Council decision on the conclusion of the Protocol setting out the fishing opportunities and financial contribution provided for in the Fisheries Partnership Agreement between the European Community on the one hand, and the Government of Denmark and the Home Rule Government of Greenland, on the other hand**

**(COM(2012)0247 – C7-0000/2012 – 2012/0130(NLE))**

**(Consent)**

*The European Parliament,*

- having regard to the proposal for a Council decision (COM(2012)0247),
  - having regard to the draft Protocol setting out the fishing opportunities and financial contribution provided for in the Fisheries Partnership Agreement between the European Community and the Government of Denmark and the Government of Greenland (00000/2012),
  - having regard to the request for consent submitted by the Council in accordance with Article 43(2) and Article 218(6), second subparagraph, point (a), of the Treaty on the Functioning of the European Union (C7-0000/2012),
  - having regard to Rules 81 and 90(7) of its Rules of Procedure,
  - having regard to the recommendation of the Committee on Fisheries and the opinions of the Committee on Budgets and of the Committee on Development (A7-0000/2012),
1. Consents to conclusion of the Protocol;
  2. Requests the Commission to forward to it the conclusions of the meetings and proceedings of the Joint Committee provided for in Article 10 of the Fisheries Partnership Agreement, as approved by Council Regulation (EC) No 753/2007<sup>1</sup>; calls for representatives of the European Parliament, acting as observers, to be given the opportunity to attend meetings and proceedings of the Joint Committee ; calls on the Commission to submit a review of the implementation of the Agreement to Parliament and the Council in the final year of application of the Protocol, before negotiations are opened on the renewal of the Agreement;
  3. Instructs its President to forward its position to the Council, the Commission and the governments and parliaments of the Member States and of Greenland.

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<sup>1</sup> Council Regulation (EC) No 753/2007 of 28 June 2007 on the conclusion of the Fisheries Partnership Agreement between the European Community on the one hand, and the Government of Denmark and the Home Rule Government of Greenland, on the other hand (OJ L 172, 30.6.2007, p. 1).

## EXPLANATORY STATEMENT

### Partnership agreements in general

The conclusion of bilateral fisheries agreements with Third countries, termed 'Fisheries Partnership Agreements' (FPA), is a key element of the Common Fisheries Policy (CFP) external dimension. Acting beyond the mere buying of fishing rights for EU vessels, these agreements commit the contracting parties to promoting responsible and sustainable fisheries policies, based on thorough assessments of the available resources. They also ensure that the fishing opportunities to be used have been vouched for by credible scientific opinions and rule out any risk of depleting local stocks or damaging local fishing communities, which, on the contrary, should benefit from targeted assistance programmes financed by the EU financial compensation.

With the entry into force of the Treaty of Lisbon, increased powers have been conferred on Parliament regarding the fisheries partnership agreements: under Article 218(6)(a) TFEU the Parliament now has to give its consent to the conclusion of any such agreement.

### Greenland<sup>1</sup> and the EU

Greenland originally joined the European Communities (EC) as a part of Denmark in 1973, but left the EC following a referendum in 1985. Today, Greenland is one of the overseas countries and territories (OCT) of the Union, within the meaning of Article 355(2) TFEU. Its relationship with the EU is primarily governed by Articles 198 to 204 TFEU, by Protocol No.34 on Special Arrangements with Greenland (annexed to the TFEU) and by the EU-Greenland partnership, as laid down in the Council Decision 2006/526/EG<sup>2</sup>.

### Fisheries in Greenland

Greenland's economy is highly dependent on fisheries and the export of fishery products to the EU. In 2010, exports to EU markets amounted to €331 million (92.7% of total exports), while imports from the EU were nearly twice as high (€614 million). Since 2007 some 220.000 tons of fish per year have been caught in Greenlandic waters, of which 65% were shrimps<sup>3</sup>. The fisheries sector generates 6.500 jobs (17% of total employment), but only 2.000 full-time equivalents are directly employed by the fish catching sector, suffering from a 6%

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<sup>1</sup> Greenland covers an area of 2.166.000 km<sup>2</sup>, of which 84% are covered by ice, with a population of 56.700. While being an integral part of the Kingdom of Denmark, Greenland enjoys a large autonomy in many key policy areas since 1979 ("Home Rule Act"). Following a referendum in 2009, this autonomy was subsequently extended and a "Self Government" introduced. While retaining functions such as defence and monetary affairs, Denmark remains *inter alia* responsible for fisheries inspections. Greenland's per capita Gross National Income amounts to 29,300 EUR (2010), but as most everyday goods have to be imported, it runs a significant trade deficit, covered by an annual Block Grant from Denmark.

<sup>2</sup> Council Decision 2006/526/EC of 17 July 2006 on relations between the European Community on the one hand, and Greenland and the Kingdom of Denmark on the other (OJ L 208, 29.7.2006). On 13 June 2012, an additional "Letter of Intent" was signed, establishing to explore ways to reinforce the EU-Greenland dialogue on mineral resources.

<sup>3</sup> The other principal fisheries are Greenland halibut, cod, redfish, snow crab and capelin; shrimps account for 56% of fisheries exports, with halibut, crab and cod making up the rest

decline rate due to low profitability and retirements<sup>1</sup>.

Greenland has a very large Exclusive Economic Zone (EEZ) of 2.184.254 km<sup>2</sup> falling within the remit of ICES (East Greenland) and NAFO (West Greenland). Both regions are very rich fishing grounds, also due to nutrient salts from the melting snow and ice that lead to abundant plankton growth, in turn creating the basis for the food chain of over 200 different species of fish, mussels and crustaceans.

The Greenlandic fishing fleet comprises some 750 vessels<sup>2</sup>, most of them small. Furthermore, 1.000 to 2.000 dinghies are used for fishing and hunting. The industrial fleet comprises 47 vessels operating within its EEZ and in international waters.

The majority of Greenland's fish processing industry is managed by two companies, Royal Greenland A/S, owned by the Government of Greenland<sup>3</sup>, and the privately owned Polar Seafood A/S, both of which operate industrial shrimp fleets.

### **The EU-Greenland FPA**

The first fisheries partnership agreement with Greenland was established after its withdrawal from the EC in 1985, on the basis that the Community could retain its traditional fishing rights by paying an annual financial compensation in return. The FPA between the EU and the former Home Rule Government of Greenland was adopted on 28 June 2007<sup>4</sup> with the current Protocol, which sets out the yearly fishing opportunities and financial contributions until 31 December 2012.

The current Protocol provided for a yearly EU financial contribution of 14.3 m€, of which 22.8% (3.2 m€) were earmarked to improving and implementing sectoral fisheries policies. In addition to this yearly contribution, an overall 9.24 m€ were set aside as financial reserve for the payment of additional cod and capelin catches by EU vessels. This income accounted for approximately 1.3% of the yearly government budget.

### **Evaluation of the current Protocol**

The ex-post evaluation of the FPA with Greenland, carried out on behalf of the European Commission in the first half of 2011 and published in September 2011<sup>5</sup>, delivers some key findings on the effectiveness of the current Protocol, even though it couldn't take into account the last 18 months of its duration:

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<sup>1</sup> In comparison, government employments account for 44% of jobs

<sup>2</sup> 2007 data, see Commission ex-post study 2011, page ii

<sup>3</sup> Following a significant operating loss in 2009/10 and a subsequent Government capital injection, the company reportedly returned to profit in 2010 and is being considered for privatisation

<sup>4</sup> Regulation (EC) No 753/2007

<sup>5</sup> "Ex-post evaluation of the current Protocol to the Fisheries Partnership Agreement between the EU and Greenland, Final report" (September 2011) by Oceanic Développement & MegaPesca Lda. (ref.: FPA 35/GRL/11/NC) - years covered: 2007 to 2010

- Catches under the current Protocol amounted to 48.502 t/year (16.472 t caught by EU vessels and 32.030 t by Third country vessels). The annual catches taken by EU vessels in Greenlandic waters are estimated at 0.3% of total EU catches.
- Over the past five years, EU vessels utilized on average 63% of the available fishing quota: however, including the quotas transferred to other Third countries (Norway, Iceland, Faroese Islands) in bilateral exchanges, the overall utilisation of fishing licences by the EU reaches 90% of the available quota.
- On nine occasions (for the years 2007-2011), Greenland has not been able to deliver all of the fish quotas, as set out in the Protocol, in particular for capelin (all years), cod (2010, 2011) and Greenland halibut (2011), with an average annual deficit of 35.530 t (39% of annual quantity). The compensation mechanism allowing Greenland to offer alternative fishing opportunities worked well for small fluctuations in quota availability, but was unable to cope with the “debt” for larger quantities of capelin. However, a satisfactory compensation form was agreed on between the parties.
- Significant differences appeared in the utilisation of quotas, with shrimp, halibut and cod being highest in demand. The system of intra-community quota exchanges between Member States was well used and helped to keep steady utilisation levels. In the first two years, some fleets reportedly complained about quotas being released too late in the year to allow effective planning, but a system of earlier swaps has evolved accordingly. By-catches were reported as minimal.
- Over the current period, 37 EU-flagged vessels<sup>1</sup> have benefited from the agreement, with quotas allocated according to the principle of relative stability.
- Average revenues<sup>2</sup> derived from the FPA were 45.6 m€/year, 70% of which went to EU vessels (31.9 m€) and 30% to Third country vessels. Member states which appeared to benefit most were Germany (42%), Denmark (11%), Poland (7%) and the UK (4%).
- Net value-added benefits were estimated at 20.3 m€/year, suggesting for the EU a cost/benefit ratio of 1.3 (i.e. €1.30 in return for every Euro invested). This was considered a positive return, in line with other large “mixed” agreements.
- Looking at employment, the FPA accounted for approximately 330 full time EU jobs at sea, suggesting possibly a total of 500 EU jobs directly depending on fishing opportunities in Greenland.
- Overall, including the sector support, the EU contribution amounted to 30% of the fishery products' sales value, i.e. €286/tonne. The overall access costs to the resource were split in ratio of 85:15 between the EU and the fleet operators, a public contribution in line with other mixed FPA.
- For Greenland, the FPA has generated income from resources which it may not otherwise have been able to exploit: on average 15.8 m€ per year in financial contributions, comprising 1.9 m€ in licence fees. However, it has not been effective in delivering significant benefits to the local economy such as investments in joint ventures, increased on-board employment or higher amounts of landings.
- The sector support programme, implemented by the Ministry of Fisheries, Hunting and Agriculture, in line with Art.4 of the Protocol, was found to have achieved positive results on measures related to fisheries research, training of staff, and fisheries control, thus contributing to the improved sustainability of the Greenland fisheries sector. However, the

<sup>1</sup> 13 vessels from Spain, 6 from Portugal, 5 from Germany, 4 from the UK, 3 from Lithuania, 2 from Poland and Estonia, and 1 from Denmark

<sup>2</sup> Revenue data based on fish prices published in Iceland



ex-post assessment claims it has failed so far as to achieve substantial structural adjustments of coastal fisheries, as the budgetary support appears to have been used for investments, rather than current expenditures (example: buying of a research vessel).

- Some concerns were expressed regarding the sustainability of three of the ten stocks falling under the FPA, with some evidence that cod, Greenland halibut (in East Greenland) and redfish (deep pelagic stocks) were subject to unsustainable levels of exploitation. However, other quotas (shrimp in East Greenland, Greenland halibut in West Greenland, capelin and snow crab) were all considered to be subject to sustainable management. All fisheries reported low rates of by-catch and there were no known negative ecosystem impacts.

### **The new 2013-2015 Protocol**

Empowered by the Council mandate of 19 July 2011<sup>1</sup>, the European Commission has held three rounds of negotiations<sup>2</sup> with the Government of Greenland incl. representatives from the Government of Denmark to renew the Protocol due to the expiration of the current Protocol on 31 December 2012. On conclusion of these negotiations, a new Protocol was initialled on 3 February 2012 covering a period of three years<sup>3</sup> starting on 1 January 2013.

The new Protocol provides for an EU financial contribution of 17.85 m€ per year, comprising:

- a) an annual amount for the access to the Greenlandic EEZ of 15.1 m€  
This amount shall include a financial reserve of 1.5 m€ to compensate for additional quantities of species made available by Greenland.
- b) a specific amount of 2.74 m€ per year for the support and implementation of Greenlandic sectoral fisheries policy.

Under the new Protocol, the Joint Committee will decide on the fishing opportunities for the subsequent year, taking into account scientific advice, the precautionary approach, the needs of the fishing industry and the minimum quantities for maintaining Greenlandic fishing activities. Vessel owners' contributions will be defined in fixed prices for each stock, replacing the previous licensing system.

If fishing opportunities are lower than pointed out in Table 1, Greenland is expected to compensate for the deficit. Any by-catch by EU vessels should be limited to 10% of the targeted stock, except for Northern Prawn (by-catch levels limited to 5%).

### **Table 1: Level of fishing opportunities in the current and new Protocol (t/year)**

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<sup>1</sup> Adopted as "A" item by the 3108th meeting of the Council (Agriculture and Fisheries) on 19/07/2011

<sup>2</sup> September 2011 (Ilullissat); November 2011 (Brussels); 31/1 to 2/2/2012 (Copenhagen)

<sup>3</sup> The shorter time-frame of three years (as compared to six years in the current Protocol) was proposed to allow the subsequent Protocol to ensure full coherence with the reformed CFP and with any decisions affecting the Overseas Territories or any future EU Arctic Policy framework.

Stock components	Current Protocol		New Protocol
	2007	2008-2012	2013-2015
Cod (NAFO Subarea 1)	1000	3500	2200
Pelagic redfish (ICES Subareas XIV&V, NAFO Subarea 1F)	10838	8000	3000
Demersal redfish (ICES Subareas XIV&V, NAFO Subarea 1F)			2000
Greenland halibut - (NAFO Subarea 1 - South of 68° North)	2500	2500	2500
Greenland halibut (ICES Subareas XIV&V)	7500	7500	4315
Northern prawn (NAFO Subarea 1)	4000	4000	3400
Northern prawn (ICES Subareas XIV&V)	7000	7000	7500
Atlantic halibut (NAFO Subarea 1)	200	200	200
Atlantic halibut (ICES Subareas XIV&V)	1200	1200	200
Snowcrab (NAFO Subarea 1)	500	500	250
Capelin (ICES Subareas XIV&V)	55000	55000	60000
Grenadier spp. (ICES Subareas XIV&V)			100
Grenadier spp. (NAFO Subarea 1)			100
By-catches (NAFO Subarea 1)	2600	2300	

The reduction of fishing opportunities for some species (i.e. halibut in ICES subareas) were in line with scientific advice targeting MSY 2015 catch levels.

Regarding other important clauses contained in the new Protocol, both parties agree to promote the principles of responsible fishing and to ensure the sustainable use of fishery resources in the Greenlandic EEZ.

The standard suspension and review clauses, potentially affecting the payment of the yearly financial contribution, are also included. More specifically, in case of failure in duly implementing the sectoral fisheries policy support programmes foreseen by article 2, paragraph 2(b) and in case of any ascertained breach of human rights, as laid out by Article 6 of the TEU - in the case of Greenland a rather improbable scenario.

## Conclusions

In the light of the foregoing, your rapporteur considers that the current Fisheries Partnership Agreement with Greenland is coherent with the aims of the Common Fisheries Policy and with the principle of sustainable fishery and that it has been of great mutual benefit to both parties. He equally considers it as an important cornerstone in the cooperation between EU and Greenland and in the Nordic cooperation of fishery resources and therefore recommends it to be approved.

Your rapporteur welcomes the fact that during the negotiation process of the Protocol relevant

stakeholders were heard and scientific advice was taken seriously and that the new Protocol includes simplifications on a number of technical issues.

He is convinced that that the positive effect of the sectoral support measures for the local economy and the coastal communities, particularly in relation to local job creation, will prove over the long term and should therefore be thoroughly assessed by the Commission at the expiration of the new Protocol. Parliament should also be given the opportunity for a closer monitoring all along the implementing process of the multiannual sectoral support programme.

In conclusion, the following requests are reiterated to the Commission:

- The Commission should send Parliament the conclusions of the meetings and proceedings of the Joint Committee provided for in Article 10 of the Agreement, as well as the multiannual sectoral programme referred to in Article 3(2) of the Protocol and the findings of the annual assessments;
- Representatives of the European Parliament, acting as observers, should be allowed to attend Joint Committee meetings and proceedings;
- The Commission should submit an implementation review of the Agreement to Parliament and the Council before the Agreement is renegotiated;
- Parliament and the Council should be treated fairly both as regards the right to be immediately and fully informed and in connection with monitoring and assessment of the implementation of international fisheries agreements and with negotiations on their revision.

It reminds the Commission and the Council that the requirement to inform Parliament also mirrors the more general obligation incumbent on the Institutions to practise 'mutual sincere cooperation' in accordance with Article 13(2) of the TEU.