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**A7-0228/2012**

13.7.2012

# REPORT

on Special report No 12/2011 (2011 discharge): 'Have EU measures contributed to adapting the capacity of the fishing fleets to available fishing opportunities?'  
(N7-0003/2012 – C7-0018/2012 – 2012/2009(DEC))

Committee on Budgetary Control

Rapporteur: Marta Andreasen

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**with observations, in the context of the 2011 Commission discharge, concerning the Special Report No 12/2011 of the Court of Auditors entitled "Have EU measures contributed to adapting the capacity of the fishing fleets to available fishing opportunities?"**

**(N7-0003/2012 – C7-0018/2012 - (2012/2009)(DEC))**

*The European Parliament,*

- having regard to the general budget of the European Union for the financial year 2011<sup>1</sup>,
  - having regard to the Special Report No 12/2011 of the Court of Auditors entitled "Have EU measures contributed to adapting the capacity of the fishing fleets to available fishing opportunities?",
  - having regard to Article 319 of the Treaty on the Functioning of the European Union,
  - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>2</sup>, and in particular Articles 145, 146 and 147 thereof,
  - having regard to Rules 76 and 112 of, and Annex VI to, its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Fisheries (A7-0228/2012),
- A. whereas the special reports by the Court of Auditors are examined by Parliament during the annual discharge procedure;
- B. whereas the special reports of the Court of Auditors provide information on issues of concern related to the implementation of expenditure, and are thus a tool for Parliament in the exercise of its role as the discharge authority;
- C. whereas the Common Fisheries Policy (CFP) and the European Maritime and Fisheries Fund are due for consideration by the legislative authorities;
1. Welcomes the Court's report and notes its damning appraisal of the measures undertaken by both the Commission and Member States;
  2. Underlines that the CFP claims to promote sustainable fishing, which implies the long-term viability of the fishing sector and a balance between fishing resources and the capacity of the fishing fleet in order to avoid overexploitation of fish stocks;
  3. Takes note that, although the reduction of fishing overcapacity has been a recurrent

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<sup>1</sup> OJ L 68, 15.3.2011.

<sup>2</sup> OJ L 248, 16.9.2002, p. 1.

theme in previous reforms of the CFP and has been addressed in the Court's Special Reports No 3/1993 and No 7/2007, the expensive measures taken to date to reduce fishing overcapacity by adapting the fishing fleet to fishing resources have been unsuccessful;

4. Recognises that, as from 1995, the trend for Union fish catches has been declining and that, according to the Commission's April 2009 Green Paper, this decline is largely due to overfishing and forms part of a vicious circle involving fishing overcapacity and low economic performance of the fishing fleets;
5. Is concerned that, since the last reform of the CFP in 2002, fish catches have declined by 1 million tonnes<sup>1</sup> and jobs in the fishing sector have declined from 421 000 to 351 000<sup>2</sup>;
6. Notes that, although there is no official definition of overcapacity, declining catches and lost jobs caused by overfished fish stocks demonstrate *de facto* overcapacity; therefore calls on the Commission to define overcapacity and consider more relevant and robust measures to facilitate actions to balance fishing capacity with fishing opportunities;
7. Believes that it is essential that the Commission urgently draft a report containing the data on existing overcapacity in the Union, broken down by fishery and country;
8. Is concerned, furthermore, that fleet capacity ceilings, as a measure to restrict the size of the fishing fleet, have become irrelevant since the actual fleet size is well under the ceilings and could even be 200 000 tonnes bigger, while still complying with the rules; stresses that, at the same time, due to technological advances, the fishing capacity of the fleets has increased with an average of 3 % per year during the last decade;
9. Notes that the CFP measures vessel capacity in terms of power (kilowatt) and size (gross tonnage) and that, however, these measures do not take into account technological progress in fishing methods, which complicates the task of setting appropriate targets for its reduction; notes that the Commission wants to maintain these static parameters until the end of 2015;
10. Calls on the Commission to enforce the Member States' obligation to correctly update their fleet register, and to establish the obligation to report on their efforts to balance fishing capacity with fishing opportunities;
11. Notes that, in terms of reducing fishing capacity, the Commission's new proposal for the CFP is founded on a new, market-based approach (schemes for granting transferable fishing rights), since the Commission has reached the conclusion that these schemes have a positive role to play in reducing fishing overcapacity;
12. Expresses its concern at the shortcomings encountered in the rules for the treatment of

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<sup>1</sup> Source: Eurostat.

<sup>2</sup> Source: European Commission, 'Employment in the fisheries sector' (2006).

fishing rights when fishing vessels are scrapped with public aid, and at the failure to define clear and effective criteria for selecting vessels; considers that the scrapping schemes have, in part, been badly implemented, with examples of tax payers' money being used for the scrapping of already inactive vessels or even being used indirectly for building new vessels; notes, however, that some Member States have had scrapping schemes that have fulfilled their purpose; stresses, therefore, the need of strict safeguards when using scrapping schemes, as a way of reducing overcapacity in order to avoid abuse;

13. Regrets that investment on board fishing vessels funded by the European Fisheries Fund (EFF) could increase the ability of individual vessels to catch fish; considers that the interpretative note, prepared by the Commission and sent to Member States following the Court's Special Report on the ability of the vessels to catch fish in which the Court called for national authorities to enforce stricter checks before deciding on the funding of projects of investments on board, is insufficient;

14. Notes that, whereas paragraph 36 of the Special Report says that, by the end of 2010, implementation of the EFF, in terms of expenditure certified by Member States, amounted to EUR 645 million, or 15 % of the amount available from 2007 to 2013, most of this amount was declared in 2010 and EUR 292 million had still not paid by the Commission as at 31 December 2010, owing to the Council's late adoption of Council Regulation (EC) No 1198/2006 of 27 July 2006 on the European Fisheries Fund<sup>1</sup> and the complexity involved in the initial setting-up of management and control systems by the Member States; notes that certified interim payments sent by Member States by the end of December 2011 amounted to 28 % (EUR 1 188 million) of the overall EFF allocation and welcomes the fact that the pace of absorption of the EFF is now picking up;

15. Recommends that the Member States take measures to
- adapt their fishing fleets to the existing fishing opportunities and to
  - ensure that selection criteria for fishing vessel decommissioning schemes are designed to have a positive impact on the sustainability of the targeted fish stocks and avoid providing public aid for decommissioning inactive fishing vessels;
16. Calls on the Commission to set effective fishing fleet capacity ceilings;
17. Considers that a reform of the CFP is needed to regionalise its implementation and the management of its programmes and measures;

18. Endorses the Court's recommendations that:

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<sup>1</sup> OJ L 223, 15.8.2006, p. 1.

- actions should be developed to effectively reduce overcapacity of the fishing fleet and to better define and measure fishing capacity and fishing overcapacity, while at the same time not disregarding that the remaining jobs in the fishing sector should be maintained;
  - the aid scheme for modernising vessels should be reconsidered and the role of fishing right transfer schemes clarified;
  - clear selection rules should be established for fishing vessel decommissioning schemes;
  - Member States should implement the EFF on time and that any publicly funded investments on board should not have an increased fishing ability as a result;
  - the fleet register should be correctly updated, and Member State reports should contain the required information and be of suitable quality;
19. Considers, moreover, that, in the light of the Court's criticism, it has become clear that the EFF and CFP are currently an ineffective use of our common resources, and therefore welcomes the fact that the scheme will be reviewed in its entirety in the near future; highlights the importance, when re-structuring these schemes, of focusing on the areas within fisheries policy that can best be dealt with at Union level, such as the environmental aspects, rather than on various types of ineffective subsidy scheme;
20. Instructs its President to forward this resolution to the Council, the Commission, the Court of Justice of the European Union, and the Court of Auditors.

## EXPLANATORY STATEMENT

Before the Lisbon Treaty stated it explicitly, in Article 3 TFEU, case law already established long ago that fisheries has already been an exclusive EU competence for a while. Only a part of aquaculture and the freshwater resources are still shared competences.

Even though the CFP has been a failure, the Commission wants us to trust it can come up with reform plans, both for the CFP<sup>1</sup> and for a European Maritime and Fisheries Fund<sup>2</sup>. Although they do not form the scope of this report, both plans are currently being discussed by the EU's legislative authorities. It is your rapporteur's opinion that much will stay the same.

The Special Report's summary, like the titles of its chapters, reads like a verdict where both the Commission and the Council are found guilty on all counts:

(a) there were delays in implementation of projects and in setting up management and control; (b) the sound design and correct implementation of Member States' fishing effort adjustment plans was not assured; (c) there was insufficient justification for objectives for reducing fishing capacity; this increased the risk that fishing fleet overcapacity was not adequately targeted for reduction; (d) investments on board fishing vessels funded by the European Fisheries Fund (EFF) could increase the ability of individual vessels to catch fish; (e) the EU fishing fleet register was not correctly updated with details of fishing vessels scrapped with public aid; (f) the selection criteria for fishing vessel decommissioning schemes were not always well targeted and resulted in scrapping fishing vessels which had little impact on the targeted fish stocks; (g) the public aid rates applied for decommissioning fishing vessels often did not take into account cost effectiveness on the basis of sufficient objective criteria; (h) some Member States that applied the 'fuel crisis regulation' had not obtained the required fishing fleet capacity reductions; (i) reporting of efforts to reduce fishing overcapacity was inadequate.

The European Commission itself admitted in December 2011 that the vessel decommissioning, at a cost of EUR 1.7 billion, was a failure.<sup>3</sup>

Even before the Commission's Green Paper of April 2009, sustainable fisheries had been named a priority for the combined French, Czech and Swedish rotating presidencies in their 18-month working programme, approved in June 2008. A sense of urgency seems to be lacking.

Replying to a question why it had not assessed the fleet overcapacity since 1997, the Commission said that since 2002 the Council had decided a different approach. To five paragraphs and one recommendation of the Court regarding this issue, the Commission replies in three lines that it is "technically complex" and that it is not them but the Member States'

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<sup>1</sup> [http://ec.europa.eu/fisheries/reform/com\\_2011\\_425\\_en.pdf](http://ec.europa.eu/fisheries/reform/com_2011_425_en.pdf)

<sup>2</sup> [http://ec.europa.eu/fisheries/reform/com\\_2011\\_804\\_en.pdf](http://ec.europa.eu/fisheries/reform/com_2011_804_en.pdf)

<sup>3</sup> See sub 6: 'The removal of overcapacity through public aid such as scrapping has proven ineffective; despite €1.7 billion spent since 1994, actual fishing capacity has not decreased in most of EU fleets. The EMFF will therefore not support scrapping anymore and deploy thus saved financial resources towards more effective forms of assistance to sustainable fishing.'

fisheries administrations who have the knowledge and data to reach appropriate conclusions.

On overfishing, the Commission's Green Paper of April 2009 said that an alarming 88 % fish stocks were being fished at unsustainable levels and that of these stocks, 30 % were outside safe biological limits.

For overfished stocks especially it is infuriating that perfectly healthy fish is discarded.

For a 'Closer dialogue with the fishing industry and those affected by the common fisheries industry' (budget line 11 04 11) the Union committed over EUR 6.25 million annually when over the first four the outturn was on average EUR 4.68 million. The dialogue is over-budgeted.

On the structure of the Court's Special Reports in general your rapporteur is of the opinion that the usefulness would increase if, apart from the Commission's point of view also the member states' opinions were incorporated. Some national audit institutions make observations in their reports on the auditee's comments, a procedure that the European Court of Auditors currently might want to consider taking over.

Unfortunately, scrutiny is currently limited over how the Court's recommendations will be addressed. The Fisheries Working group meeting in the Brussels-based Borschette or Justus Lipsius buildings could decide to publish its minutes, for a start.

This report underlines what we all know about the CFP: that it is an unmitigated failure. Since its creation it has replaced sound national policies that preserved stocks and set boundaries with an expensive and wasteful free-for-all system which the Commission fails to control. The future sustainability of fishing in the EU cannot be guaranteed at all. The Commission has not taken any effective measures to monitor the situation. To your rapporteur, the solution is clear: the policy should be left to the national governments. If this does not happen, it has to be feared that there will not be any meaningful fishing industry left in Europe before long.





21.6.2012

## **OPINION OF THE COMMITTEE ON FISHERIES**

for the Committee on Budgetary Control

on Special Report No 12//2011 (2011 discharge): Have EU measures contributed to adapting the capacity of fishing fleets to available fishing opportunities?  
(N7-0003/2012 – C7-0018/2012 – 2012/2009(DEC))

Rapporteur: Guido Milana

### **SUGGESTIONS**

The Committee on Fisheries calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Notes that, in its report, the Court of Auditors:
  - a) indicates other instruments of the common fisheries policy as possible ways of reducing fishing capacity and, purely by way of example, analyses transferable fishing concessions without identifying beneficial effects in them;
  - b) recommends that Member States should fulfil their obligation to keep the fishing fleet registers up to date so that the Commission may find a balance between fleet capacity and fishing opportunities, which is currently impossible (paragraph 77);
  - c) fails to consider the features specific to each area and types of fishing, e.g. the difference between small-scale and industrial fishing;
  - d) notes that the total catches in the Union have decreased with over 1 million tonnes over the last decade;
  - e) considers that overcapacity continues to be one of the reasons of the failure of the CFP aiming at assuring sustainable fisheries;
  - f) denounces the inadequacy of the information supplied by Member States and the consequent difficulties in identifying policies which can reduce fishing over-capacity and in assessing the results of such policies.
2. Believes that it is essential that the Commission urgently draft a report containing the data on existing overcapacity in the Union, broken down by fishery and country.

3. Recommends that the Commission:
  - a) take the initiative to develop actions to effectively reduce overcapacity of the fishing fleet, to address the above weaknesses, including better defining fishing capacity, setting effective limits for fishing fleets capacity;
  - b) establish whether the scheme of public aid for on-board investments needs to be reconsidered in light of the difficulties in avoiding investments which increase fishing ability.
4. Takes the view that:
  - a) the European Maritime and Fisheries Fund makes no provision for compensation to fishermen who lose their jobs owing to the scrapping of vessels, or to women who are affected by a stoppage of fishing activity;
  - b) in the interest of reducing fleet size, it is essential to allow for an adequate transitional period before the final withdrawal of public funds for scrapping, by providing support measures for crews and for those women whose jobs are linked to the activity of each vessel;
5. Takes the view that the report by the Court of Auditors should neither pass political judgment nor prejudge the methods for distributing fishing opportunities or fleet management tools that would be used to achieve the CFP objectives, which should be decided by the legislator.
6. Recommends that the Member States take measures to:
  - a) adapt their fishing fleets to the existing fishing opportunities;
  - b) ensure that the fishing fleet registers are timely and correctly updated;
  - c) ensure that any public aid to investments on board is strictly applied and does not increase fishing ability;
  - d) ensure that selection criteria for fishing vessel decommissioning schemes are designed to have a positive impact on the sustainability of the targeted fish stocks and avoid providing public aid for decommissioning inactive fishing vessels.
7. Considers that the recommendations of the Court of Auditors should be acted upon urgently, in particular:
  - a) the definition and accurate measurement of fishing capacity based on the FAO Technical Consultation on the Measurement of Fishing Capacity; and
  - b) the adoption of a set of qualitative environmental criteria guiding the fleets capacity management programmes;
  - c) fishing overcapacity needs to be defined and quantified in the CFP and EMFF

regulations. Suggests a possible definition of fishing overcapacity in terms of economic overcapacity where each individual or group of fishing vessels is assessed as to whether or not it is economically viable with the available fishing opportunities. This will lead to properly determining the extent of the fishing overcapacity problem in the different fisheries and fleets.

8. Notes that although there is no official definition of overcapacity, declined catches and lost jobs caused by overfished fish stocks demonstrates a de facto overcapacity. Therefore, calls on the Commission to define overcapacity and consider more relevant and robust measures to facilitate actions to balance fishing capacity with fishing opportunities.
9. Considers that a reduction in fishing effort is needed to reach maximum sustainable yield:
  - a) making available the funding needed for the proper implementation of the multiannual management plans and the achievement of the MSY;
  - b) reducing pressure on resources in reproduction and recovery areas, particularly during reproduction phases;
  - c) stepping up fishermen's participation in developing and implementing local fleet management plans, in line with the CFP objectives;
  - d) encouraging additional, complementary sources of income for fishermen in order to improve their living and working conditions while ensuring the sustainability of resources;
  - e) encouraging specific funding for the use of more selective and environmentally friendly fishing equipment, in particular under the framework of specific programmes supporting artisanal fishing, traditional aquaculture and small-scale fishing, including shellfish gathering and mussel breeding in the natural environment;
  - f) collecting data, for which purpose it is desirable to increase the rate of EU cofinancing;
  - g) planning targeted scrapping per area;
  - h) improving the checks and respecting the capacity ceilings that are in place.
10. Calls on the Commission to set effective fishing fleet capacity ceilings.
11. Considers that a reform of the CFP is needed to regionalise its implementation and the management of its programmes and measures.
12. Calls on the Commission to enforce Member State's obligation to correctly update their fleet register and to establish the obligation to report on their efforts to balance fishing capacity with fishing opportunities.

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	20.6.2012
<b>Result of final vote</b>	+: 13 -: 8 0: 1
<b>Members present for the final vote</b>	Antonello Antinoro, Alain Cadec, Chris Davies, João Ferreira, Carmen Fraga Estévez, Pat the Cope Gallagher, Dolores García-Hierro Caraballo, Carl Haglund, Ian Hudghton, Werner Kuhn, Isabella Lövin, Gabriel Mato Adrover, Guido Milana, Crescenzo Rivellini, Ulrike Rodust, Raúl Romeva i Rueda, Struan Stevenson, Jarosław Leszek Wałęsa
<b>Substitute(s) present for the final vote</b>	Jean-Paul Besset, Barbara Matera, Jens Nilsson, Mario Pirillo, Nikolaos Salavrakos, Antolín Sánchez Presedo

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	9.7.2012
<b>Result of final vote</b>	+: 18 -: 1 0: 0
<b>Members present for the final vote</b>	Marta Andreasen, Inés Ayala Sender, Andrea Češková, Jens Geier, Gerben-Jan Gerbrandy, Ingeborg Gräble, Monica Luisa Macovei, Crescenzo Rivellini, Petri Sarvamaa, Theodoros Skylakakis, Bart Staes, Georgios Stavrakakis, Søren Bo Søndergaard, Michael Theurer
<b>Substitute(s) present for the final vote</b>	Chris Davies, Christofer Fjellner, Edit Herczog, Ivailo Kalfin, Barbara Weiler