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Establishing a multi-annual plan for small pelagic stocks in the Adriatic Sea and the fisheries exploiting those stocks

Impact Assessment (SWD (2017)64, SWD (2017)63 (summary)) of a Commission proposal for a Regulation of the European Parliament and of the Council establishing a multi-annual plan for small pelagic stocks in the Adriatic Sea and the fisheries exploiting those stocks (COM (2017)97)

Background

This note seeks to provide an initial analysis of the strengths and weaknesses of the European Commission's [impact assessment](#) (IA) accompanying the above [proposal](#), submitted on 24 February 2017 and referred to Parliament's Committee on Fisheries.

The proposed multi-annual plan for small pelagic stocks in the Adriatic Sea is the third multi-annual plan under the new Common Fisheries Policy (CFP, [Regulation No 1380/2013](#), known as the Basic Regulation). The primary objective of the CFP is to ensure that fishing and aquaculture activities are environmentally sustainable and managed in a way that is consistent with the objectives of achieving economic, social and employment benefits. Article 2 of the Basic Regulation provides that the CFP 'shall apply the precautionary approach to fisheries management, and shall aim to ensure that exploitation of living marine biological resources restores and maintains populations of harvested species above levels which can produce the maximum sustainable yield' (MSY). In order to reach this objective, the MSY exploitation rate shall be achieved 'by 2015 where possible and, on a progressive, incremental basis at the latest by 2020 for all stocks'. The CFP envisages the adoption of multi-annual plans as a specific tool for 'conservation and sustainable exploitation of marine biological resources'. According to Article 9 of the Basic Regulation, 'multi-annual plans shall be adopted as a priority' and such plans should cover, where possible, fisheries exploiting several stocks, taking into account knowledge about interactions between them. Article 10 of the Basic Regulation provides further details about the content of multi-annual plans, which shall include, among other possible elements, the following:

- (a) the scope, in terms of stocks, fishery and the area to which the multi-annual plan shall be applied;
- (b) objectives that are consistent with the objectives set out in the Basic Regulation;
- (c) quantifiable targets such as fishing mortality rates and/or spawning stock biomass;
- (d) clear time-frames to reach the quantifiable targets;
- (e) conservation reference points consistent with the objectives set out in the Basic Regulation;
- (f) objectives for conservation and technical measures to be taken in order to achieve the targets set out in the Basic Regulation, and measures designed to avoid and reduce, as far as possible, unwanted catches;
- (g) safeguards to ensure that quantifiable targets are met, as well as remedial action, where needed, including for situations where the deteriorating quality of data or non-availability put the sustainability of the stock at risk.

The first multi-annual plan, which covers some stocks in the Baltic Sea, was adopted by the European Parliament and the Council in July 2016 ([Regulation No 2016/1139](#)). This was followed by a Commission proposal for the North Sea multi-annual plan covering demersal fisheries ([COM \(2016\)493](#)). The proposed multi-annual plan which is the subject of this appraisal, intends to set the basis for management of small pelagic fisheries in the Adriatic Sea, which is a sub-area within the Mediterranean (geographical sub-areas 17 and 18 of the General Fisheries Commission for the Mediterranean (GFCM)). Anchovy and sardine account for over 97 % of small pelagic catches in the Adriatic Sea, and therefore the proposed plan specifically targets their stocks. Anchovy and sardine stocks have traditionally been managed through effort limitations that regulate, for example, how many hours or days vessels can spend at sea, or which periods are closed for fishing (input management). The proposal would lead to a system of total allowable catches (TACs) and quota-setting to define the maximum allowable catches for individual stocks of small pelagic species in the Adriatic Sea; this would mean a totally different management approach (output management) for the Adriatic fisheries exploiting these stocks.¹ The IA explains the difference between output and input management (IA, pp. 12, 21 and 51).

Problem definition

The IA identifies two main problems for small pelagic fish in the Adriatic, namely:

1. Overfishing: anchovy and sardine stocks are overfished;
2. Ineffective governance: the existing framework is ineffective.

The problems and their consequences are clearly elaborated and substantiated with data on the fishery and status of anchovy and sardine (IA, Annex VI), together with an overview and retrospective evaluation of the current management framework (IA, Annex XI). Furthermore, during the consultation that took place in the context of the preparation of the IA, stakeholders overwhelmingly agreed that fish stocks in the Mediterranean were severely overexploited and that no observed improvement in stock status had occurred, despite the governance framework in place (IA, Annex II).

In addition to this, the IA indicates four drivers underlying the problems above: environmental factors and overcapacity driving the overfishing, and inadequate management measures and complexity of current rules driving ineffective governance. The presentation of these underlying drivers has some weaknesses. Firstly, the IA could have explained why environmental factors were recognised as one of the drivers, but fell 'outside the scope' of the assessment, as stated on page 19 of the IA. Regarding the existing framework, the IA is not entirely consistent, criticising it for being insufficient to achieve the CFP's sustainability objectives, and explaining the reasons for this critique (IA, pp. 21, 23, 28), while at the same time acknowledging that current rules were adopted before the CFP reform and adoption of the Basic Regulation in 2014 (IA, pp. 22 and 151).

Concerning the scope of the problem definition, the IA defines the problem for small pelagic stocks in the Adriatic Sea and the Commission proposal is formulated exclusively for small pelagic stocks. Throughout the IA, however, the potential effects of small pelagic stocks for large pelagic species that prey on them, and hence for the levels of catches and the profitability of large pelagic fisheries (such as blue-fin tuna), are mentioned several times (IA, pp. 20, 27, 42). In addition to this, during the consultation, stakeholders raised the link between the presence of tuna in the Adriatic, in particular of tuna fattening farms, and the decrease of sardine (IA, p. 68). The IA does not explain why large pelagic stocks and potential interaction effects between small and large pelagic species were left outside the scope of the problem definition, despite Article 9, paragraph 3(b) of the Basic Regulation, which provides that multiannual plans shall cover: 'in the case of mixed fisheries or where the dynamics of stocks relate to one another, fisheries exploiting several stocks in a relevant geographical area, taking into account knowledge about the interactions between fish stocks, fisheries and marine ecosystems'.

¹ For further information about the proposal, see Weissenberger, J., [Multiannual plan for small pelagic fish stocks in the Adriatic Sea](#), EPRS, European Parliament, March 2017.

Objectives of the legislative proposal

According to the IA, the *general* objective of the proposal is to contribute to the CFP objectives listed in Article 2 of the Basic Regulation. *Specific* objectives are as follows (IA, p.30):

- to achieve and maintain maximum sustainable yield for anchovy and sardine in the Adriatic by 2020 at the latest;
- to achieve a sustainable fisheries sector for small pelagic stocks in the Adriatic;
- to provide an effective management framework for small pelagic stocks in the Adriatic that is simpler and more stable and provides stakeholders with greater ownership.

According to the Commission proposal (Article 3), the multi-annual plan for small pelagic fish in the Adriatic Sea shall:

1. contribute to the CFP objectives listed in Article 2 of the Basic Regulation;
2. provide an effective, simple and stable management framework for the exploitation of small pelagic stocks;
3. contribute to the elimination of discards by avoiding and reducing, as far as possible, unwanted catches, and to the implementation of the landing obligation established by the Basic Regulation;
4. implement the ecosystem-based approach to fisheries management in order to ensure that negative impacts of fishing activities on the marine ecosystem are minimised.

Therefore, objectives 3 and 4 of the proposal do not have an explicit link to the objectives identified by the IA, and objectives 1 and 4 are linked to the CFP objectives listed in Article 2 of the Basic Regulation. As for the third objective, the IA states that discarding of unwanted catches, which was identified as one of the main problems to be addressed by the CFP reform, is negligible in the Adriatic small pelagic fishery, with less than 1 % of anchovy and sardine estimated to be discarded in the Croatian, Italian and Slovenian fisheries targeting these species (IA, p.16). Analytic models underpinning the IA consider discards of small pelagic fisheries as negligible for both pelagic trawlers and for purse seiners (IA, pp. 91, 112). The third objective does not therefore appear to drive any significant change compared to the current situation in the Adriatic. The objectives of the proposal are thus only partially linked to the ones indicated in the IA. *Operational* objectives are set for the monitoring of the impacts of the multi-annual plan (IA, p. 54).

Range of options considered

Two policy options were discarded early on (IA, pp.30-31):

- using non-legislative instruments or 'soft law' to address the problems identified (the IA argues that this is insufficient because 'an individual fisherman simply does not have an incentive to catch less than he can' (IA, p.31));
- managing the small pelagic stocks purely through international measures, under the GFCM. (The IA states that this is too risky because there are no guarantees that the measures proposed will also be adopted and implemented, given that the GFCM management plan has not been implemented in full after three years).

The three retained policy options are summarised below:

Option 1. No policy change - status quo (baseline option)

The management of anchovy and sardine in the Adriatic continues as it has in recent years.

Option 2. EU multi-annual plan

- Sub-option 1: EU multi-annual plan adopted and measures thereunder implemented by 2018.
- Sub-option 2: EU multi-annual plan adopted and measures thereunder implemented by 2020.

The scope of the multi-annual plan would include anchovy and sardine in the whole Adriatic, to ensure that the stocks are managed in their entirety, and all EU vessels fishing within and beyond EU waters. The multi-annual plan would contain the main elements in line with Article 10 of the Basic Regulation (the target fishing mortality range and safeguard values in terms of fish biomass for anchovy and sardine, based on the best available science). It would also lead to a system of TACs and quotas as the management approach. Each year the Council would set the TACs and quotas (based on a proposal by the Commission), compatible with the target fishing mortality ranges and other provisions established in the plan.

Option 3. Attempt to amend the current management framework

Under this option, the national management plans developed under the Mediterranean Regulation and the GFCM management plan should be amended to incorporate the CFP sustainability targets by 2020. Two sub-options are considered:

- sub-option 1: best-case scenario in which all current management tools are updated rapidly and fully in line with the CFP sustainability objective;
- sub-option 2: worst-case scenario in which all current management tools are not amended in time to reach the objectives of 2020.

According to the IA, the *preferred option* is option 2, sub-option 2 (EU multi-annual plan with the deadline of 2020). This is not really surprising, since according to the Basic Regulation, 'Multi-annual plans shall be adopted as a priority', which effectively makes options 1 and 3 redundant. For comparison, the options elaborated in the IA for the Baltic multi-annual plan, besides a baseline scenario, were a management approach promoting lower fishing mortality range (A) and a management approach promoting higher fishing mortality range (B).² In contrast to this, the IA for the Adriatic multi-annual plan just mentions that it would translate the provisions of the Basic Regulation into a specific geographically targeted proposal, while taking into account the most up-to-date scientific information about the small pelagic fisheries in that area, without further details. Therefore, the IA appears to have considered only a limited number of options and presented just one viable one for addressing the problem.

Scope of the impact assessment

The scope of the initiative concerns the Adriatic Sea, which is bordered by three Member States (Italy, Croatia and Slovenia), and their fishermen fishing with purse seiners or pelagic trawlers. To some extent, the IA addresses the difference in the way these Member States might be affected. In Croatia, the catching sector is the most important in terms of income, whereas in Italy and Slovenia it is the processing sector (as a proportion of the total fisheries sector). Of the two pelagic species, sardine is the most important in Croatian landings and anchovy in the Italian landings. The assessment of socio-economic impacts focuses on the fishing sector, while the assessment of impacts on the processing sector is done on a qualitative basis and could thus only be indicative of possible future impacts. Furthermore, Annex II (IA, p. 64) mentions that initially (in 2015) the Commission was considering tabling a proposal for a multi-annual plan limited to the Northern Adriatic, given how minimal Southern Adriatic fishery is (6 % of total landings of anchovy and sardine in 2013).

The IA provides an assessment of the environmental, socio-economic and market impacts for each option and sub-option. The results of the comparison of options and their impacts in terms of effectiveness are provided in Table 2 of the IA and in terms of environmental and socio-economic impacts in Table 3 (IA, pp. 46 and 47 respectively). The options are also compared in terms of efficiency, coherence and acceptability to the stakeholders. The environmental and socio-economic impacts of the options by 2021 are quantified and the current situation (baseline) is included for reference purposes in Table 1 (IA, p.41) in line with the Commission's Better Regulation Guidelines. The indicators used to quantify these impacts include salary, profitability, revenue, employment, catches, stock size and the achievement of fishing mortality range compatible with MSY level for

² See Zandersone, L., [Multiannual plan for the Baltic Sea stocks of cod, herring and sprat](#), EPRS, European Parliament, January 2015.

both stock sizes. By 2021, the preferred option 2, sub-option 2 is likely to result in improved stocks (by around 20 % compared to the status quo) and better working conditions for fishermen (an increase in salary of about 5 % and in profitability of around 10 %). The catches of anchovy and sardine are expected to decrease by around 25-30 %, resulting in lower total revenue to the fishing sector (around 25 %) and a decrease in employment of around 10 % (IA, p.6). The Management Scenarios Study underpinning these numbers was carried out by a consortium of research institutes under a contract with DG MARE (summary of results presented in Annex VII of the IA and available on-line)³ for the Mediterranean and the Black Sea.

Subsidiarity / proportionality

According to Article 3.1(d) TFEU, the EU has exclusive competence for the conservation of marine biological resources under the CFP, managed directly through EU regulations. Given its exclusive competence, the initiative is therefore in line with the principle of subsidiarity and fulfils its requirements. The proposal's explanatory memorandum states that 'the proposed measures comply with the proportionality principle as they are appropriate, necessary and no other less restrictive measures are available to obtain the desired policy objectives. There is widespread agreement among stakeholders consulted that the current legislative framework consisting of national legislation, an EU discard plan and measures adopted by the GFCM are not sufficient to achieve the sustainability objectives of CFP' (IA, p.6). This statement corresponds with the findings of stakeholder consultation found in Annex II of the IA. No contributions warranting further scrutiny had been submitted by national parliaments at the time of writing.

Budgetary or public finance implications

According to the IA's executive summary, no significant impacts are expected on the national budgets and administrations, since relevant monitoring and data collection already takes places and only the frequency would need to increase. According to its explanatory memorandum, the proposal would have no budgetary implications.

The system of TACs and quotas developed under option 2 would create some administrative burden, compared to option 1, but, according to the IA, this would fit under the broader annual TAC and quota-setting exercise for which Member States already need to meet in the Council. Italy, Croatia and Slovenia would also need to negotiate the allocation key for their share of the overall TACs at the start of the process, which, according to the IA, 'may be burdensome depending on how easily an agreement is reached' (IA, p. 48).

SME test / Competitiveness

According to the IA, almost all fishing firms and a wide majority of companies in the processing sector in the Adriatic anchovy and sardine fishery are micro-enterprises or SMEs. All the impacts described in the IA would therefore apply to SMEs. According to the IA, under option 1 and option 3, sub-option 'worst case scenario' there would be overall neutral socio-economic impacts, whereas under all the remaining options the impact would be mixed: positive on salary and profitability, and negative on revenue and employment. In view of the major change in the fishing management approach (a shift from input to output control), the IA could have discussed the impact on SMEs at more length and in more detail. It could also have been more specific on the extent to which the financial assistance under the European Maritime Fisheries Fund could mitigate the negative socio-economic impacts in the Member States (IA, p. 51-51 and Annex XI).

Simplification and other regulatory implications

An overview of current management measures at national, EU and international level presented in Annex X of the IA paints a very fragmented picture. The results of the stakeholder consultation (IA, Annex II) confirm this.

³ Bitetto et al. [Study on the evaluation of specific management scenarios for the preparation of multiannual management plans in the Mediterranean and the Black Sea](#), Publications Office of the European Union, Luxembourg, 2016.

The IA argues that option 2, after a certain transition period, 'should provide for simplification compared to the Baseline, as the EU multi-annual management plan would replace provisions currently spread out between three national plans and a discard plan and would ensure coherence between the different management tools used for this fishery'. Furthermore, it should result in greater stability and make the process 'clearer and predictable through the annual TACs and quota setting exercise', thereby providing 'more transparency regarding the respective share of catches that each Member State can fish in a given year' (IA, p. 45). Last but not least, the multi-annual plan would enable Member States to make full use of regionalisation within the framework of an EU multi-annual plan to agree on specific measures, which, the IA argues, is 'likely to result in greater ownership of the adopted management measures' (p.46). The IA, however, does not explain further what these claims are based upon.

The IA briefly discusses the coherence between the proposed multi-annual plan, other multi-annual plans in preparation and the adopted plan for the Baltic Sea. Annex XIII, dedicated to coherence, summarises the basic elements of CFP and what the institutions agreed in the Baltic plan (p.158).

Relations with third countries

Albanian and Montenegrin vessels catch anchovy and sardine in the Adriatic, but their catches account for less than 2 % of the total. The IA does not include any analysis of potential implications in relation to these third countries.

Quality of data, research and analysis

The bulk of the analysis cited in the IA report was conducted by the Commission's Scientific, Technical and Economic Committee for Fisheries (STECF), Scientific Advisory Committee (SAC) of the GFCM and a consortium of Mediterranean research institutes working under a framework contract with the Commission (MAREA). Overall, there have been five STECF expert working group meetings, four GFCM-SAC sessions and five scientific studies devoted to multi-annual plans and the small pelagic fisheries in the Adriatic since 2013 (after the CFP reform). The latter include three evaluation studies of the existing governance framework and some external studies (not all of them available on-line). The logic of the IA analysis is not easy to follow, which is in part due to a number of presentation weaknesses, such as missing links, incorrect references (to parts of the reports, tables and annexes), ambiguous legend to the map on page 14, and overall lack of detailed explanations.

Stakeholder consultation

The IA identifies the fishing sector as the primary sector affected by the problems, followed by the processing sector, as well as the retail sector and consumers of anchovy and sardine. The proposed multi-annual plan will be particularly applicable to the SMEs engaged in these sectors.

Most of the consultations have been carried out between 2014 and 2016 by scientists working under the auspices of STECF, GFCM-SAC and MAREA. Annex II of the IA summarises the results of four workshop-type sessions with stakeholders and experts, in addition to an internet-based public consultation carried out from 22 May to 11 September 2015, which generated 15 written contributions. The scope of the public consultation covered only the Northern Adriatic as it took place before the Commission decided to expand the scope to cover the whole Adriatic. The contributions were received from public authorities in the Member States, scientific institutes, fishermen's representative organisations, NGOs, individual citizens and the Advisory Council. The IA does not indicate whether the result of the public consultation was considered representative of all sectors concerned. A summary of this consultation is included in the IA at Annex II. It indicates that the stakeholders were consulted on the management options and on the possible ways to address the challenges posed by the reformed CFP implementation in the area. From the summary, there seems to have been a general agreement on most of the topics, except the introduction of TACs, which was unacceptable for fishermen's organisations.

Monitoring and evaluation

The IA lists the following indicators for monitoring the achievement of the plan's objectives: anchovy and sardine stock size (annual), total catch levels by species (annual) and catch levels by species by Member State (monthly) (IA, p. 54). Monitoring of some of the effects of management measures is done as part of the routine CFP implementation work and the necessary data required to monitor the three indicators are already collected by Member States under EU legislation. According to the IA, the mechanisms and obligations for the monitoring of TACs and quotas, such as the IT equipment to record and transmit information on catches, are already in place in the Adriatic, because the vast majority of vessels are 12 meters or more and are required to have them under the fisheries Control Regulation. The IA states that introducing TACs and quotas under the multi-annual plan will only change the frequency of reporting from quarterly to monthly (IA, p. 56). Furthermore, under the multi-annual plan, the obligation to have electronic logbooks will be extended to vessels of 8 metres or more engaged in targeted fishing for anchovy or sardine (Article 12 of the proposal). The reasons behind this extension are not clear, since the IA does not cover vessels under 12 meters. Article 14 of the proposal provides that five years after the entry into force of the plan, and every five years thereafter, the Commission shall ensure an evaluation of the impact.

Commission Regulatory Scrutiny Board

The Commission's Regulatory Scrutiny Board (RSB) issued a positive opinion (SEC (2017)106)⁴ on the draft IA report on 13 June 2016. The major critical comment of the RSB was that the problem definition, the policy objectives and corresponding options should be made more specific to the Adriatic Sea. Within the options description, the possible content of the multi-annual plan should be better defined. Annex I of the IA report (pp.58 and 59) explains how the RSB recommendations were addressed, in particular regarding the contents of the plan. In doing so, it refers to section 5.2.2.2. with details on option 2: EU multi-annual plan. A section with this number does not exist in the IA and the content of the proposed multi-annual plan is found in section 5.2.2. It follows the main elements prescribed by the CFP and remains quite general.

Coherence between the Commission's legislative proposal and IA

According to its explanatory memorandum, the legislative proposal appears to follow the recommendations of the IA insofar as the preferred option 2, sub-option 2, an EU regulation to manage small pelagic stocks with 2020 as a target date, is the basis for the proposal. In Annex I of the Commission proposal the target fishing mortality ranges are listed for anchovy and sardine based on STECF 2015 advice, which are used in the IA.

Conclusions

The overall conclusion is that the IA could have deepened the analysis and perhaps discussed more thoroughly the scope of the plan in terms of areas and stocks specific to the Adriatic Sea. For instance, the potential interaction effect between small and large pelagic species and the interaction effect between fisheries and environmental factors could have been given more attention. The underlying drivers of the problems could have been analysed more thoroughly. The objectives of the proposed plan are quite general, only partially linked to the objectives stated in the IA, and one of them (the elimination of discards) would probably make limited difference for small pelagic stocks in the Adriatic Sea. The range of options considered in the IA is very limited as only one viable option is presented. The choice in favour of this option seems rather pre-determined since the establishment of multi-annual plans is already a priority under the Basic Regulation. Quality of data appears to be reasonable and external studies were used. The problems and their consequences are clearly elaborated and substantiated with data. General views of stakeholders seem to be reflected in the IA, although the initial scope of the public consultation was limited to the Northern Adriatic. The IA could nevertheless have discussed at more length and in more detail the impact on SMEs and the possibilities for financial assistance to mitigate the negative socio-economic impacts.

⁴ RSB opinion not available on-line at the time of writing.

This note, prepared by the Ex-Ante Impact Assessment Unit for the European Parliament's Committee on Fisheries (PECH), analyses whether the principal criteria laid down in the Commission's own Better Regulation Guidelines, as well as additional factors identified by the Parliament in its Impact Assessment Handbook, appear to be met by the IA. It does not attempt to deal with the substance of the proposal. It is drafted for informational and background purposes to assist the relevant parliamentary committee(s) and Members more widely in their work.

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