

# EUROPEAN PARLIAMENT

1999



2004

---

*Session document*

FINAL  
**A5-0129/2001**

24 April 2001

\*

## **REPORT**

on the proposal for a Council regulation on the conclusion of the Fourth Protocol laying down the conditions relating to fishing provided for in the Agreement on fisheries between the European Economic Community, on the one hand, and the Government of Denmark and the local Government of Greenland, on the other (COM(2000) 865 – C5-0028/2001 – 2000/0348(CNS))

Committee on Fisheries

Rapporteur: Brigitte Langenhagen

### ***Symbols for procedures***

- \* Consultation procedure  
*majority of the votes cast*
- \*\*I Cooperation procedure (first reading)  
*majority of the votes cast*
- \*\*II Cooperation procedure (second reading)  
*majority of the votes cast, to approve the common position  
majority of Parliament's component Members, to reject or amend  
the common position*
- \*\*\* Assent procedure  
*majority of Parliament's component Members except in cases  
covered by Articles 105, 107, 161 and 300 of the EC Treaty and  
Article 7 of the EU Treaty*
- \*\*\*I Codecision procedure (first reading)  
*majority of the votes cast*
- \*\*\*II Codecision procedure (second reading)  
*majority of the votes cast, to approve the common position  
majority of Parliament's component Members, to reject or amend  
the common position*
- \*\*\*III Codecision procedure (third reading)  
*majority of the votes cast, to approve the joint text*

(The type of procedure depends on the legal basis proposed by the Commission)

## CONTENTS

	<b>Page</b>
PROCEDURAL PAGE .....	4
LEGISLATIVE PROPOSAL .....	5
DRAFT LEGISLATIVE RESOLUTION.....	10
EXPLANATORY STATEMENT .....	
OPINION OF THE COMMITTEE ON BUDGETS .....	

## PROCEDURAL PAGE

By letter of 22 January 2001 the Council consulted Parliament, pursuant to Article 37 and Article 300 paragraph 2 alinea 3 of the Treaty on the proposal for a Council regulation on the conclusion of the Fourth Protocol laying down the conditions relating to fishing provided for in the Agreement on fisheries between the European Economic Community, on the one hand, and the Government of Denmark and the local Government of Greenland, on the other (COM(2000) 865 - 2000/0348 (CNS)).

At the sitting of 31 January 2001 the President of Parliament announced that she had referred this proposal to the Committee on Fisheries as the committee responsible and the Committee on Budgets for its opinion (C5-0028/2001).

The Committee on Fisheries had appointed Brigitte Langenhagen rapporteur at its meeting of 23 January 2001.

The committee considered the Commission proposal and draft report at its meeting of 5 March, 21 March and 24 April 2001.

At the last meeting it adopted the draft legislative unanimously.

The following were present for the vote: Daniel Varela Suanzes-Carpegna, chairman; Rosa Miguélez Ramos, Hugues Martin, vice-chairmen; Brigitte Langenhagen, rapporteur; Elspeth Attwooll, Arlindo Cunha, Pat the Cope Gallagher, Michael John Holmes, Ian Stewart Hudghton, Heinz Kindermann, Giorgio Lisi, Albert Jan Maat, John Joseph McCartin, Patricia McKenna, Francesco Musotto, James Nicholson, Bernard Poignant, Struan Stevenson and Catherine Stihler .

The opinion of the Committee on Budgets is attached.

The report was tabled on 24 April 2001.

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

## LEGISLATIVE PROPOSAL

**Proposal for a Council regulation on the conclusion of the Fourth Protocol laying down the conditions relating to fishing provided for in the Agreement on fisheries between the European Economic Community, on the one hand, and the Government of Denmark and the local Government of Greenland, on the other (COM(2000) 865 – C5-0028/2001 – 2000/0348(CNS))**

The proposal is amended as follows:

Text proposed by the Commission<sup>1</sup>

Amendments by Parliament

(Amendment 1)  
Recital 3a (new)

*Whereas it is important to improve the information supplied to the European Parliament and the Commission should draw up a yearly report on the state of implementation of the Agreement;*

*Justification:*

*Pursuant to the Framework Agreement between the Parliament and the Commission (5 July 2000) as well as the Interinstitutional Agreement on budgetary discipline (6 July 1999), Parliament must be fully informed in all stages of negotiations on international agreements and the application of these agreements.*

(Amendment 2)  
Recital 3b (new)

*Whereas the Commission shall respect the provisions as agreed upon in the "Interinstitutional Agreement between the Parliament, the Council and the Commission on budgetary discipline and improvement of the budgetary procedure" and the "Framework Agreement on relations between the Parliament and the Commission"*

*Justification:*

---

<sup>1</sup> OJ C not yet published.

*The Framework Agreement goes beyond the mere exchange of information by also providing the taking into due account of Parliament's views before the start of negotiations in so far as possible and to include members of Parliament with the status of observer in their negotiating teams.*

(Amendment 3)  
Article 2a (new)

***Every year and also before any renewal of the Protocol, the Commission shall submit to the Council and the European Parliament a report on the application and conditions of implementation of the Agreement. This report also includes a cost benefit analysis.***

*Justification:*

*In order to be able to follow the application of fisheries agreements Parliament needs to be informed on a regular basis, at least annually. Since this fisheries Agreement contains a number of "open end" provisions e.g. concerning joint ventures and experimental fishing such regular debriefings are particularly important.*

(Amendment 4)  
Article 2b (new)

***On the basis of the report on the application of the agreement and following consultation of the European Parliament, the Council shall grant the Commission a mandate to negotiate the application protocols for this Agreement.***

*Justification:*

*Before any start of international negotiations the Commission should be given the Council's official mandate but only after the Parliament is consulted.*

(Amendment 5)  
Article 2c (new)

***Before the start of preparations concerning the Mid Term Review of the Agreement the Commission shall consult the Parliament on the terms of reference of this review.***

*Justification:*

*The mid term review is an important moment in this agreement concluded for the period of six years. The mid term review offers the Community the opportunity to improve the agreement especially in the area of distinguishing financial compensation for the fishing possibilities and the financing of the development needs of Greenland. However this can only be done with the assent of the Greenland authorities since the legal basis would not permit otherwise.*

(Amendment 6)  
Article 2d (new)

***During the drafting of the mid term review the Commission shall keep the Parliament fully informed and invite it to take part in the capacity of observer if the Parliament requests so.***

*Justification:*

*As has been agreed between Parliament and Commission in their Framework Agreement Parliament will be involved in negotiations on international agreements. In these circumstances Parliament will have the status of observer.*

Amendment 7  
Article 2 e (new)

***Before the start of preparations concerning the mid-term review of the Protocol the Commission shall consult Parliament on the terms of reference of this review, which must be in line with the specifications contained in the Council's mandate, particularly as regards the instructions contained in point 4 of Chapter II of the mandate.***

*Justification*

Parliament's involvement in the mid-term review of the Protocol should have a practical purpose and, inter alia, Parliament should check that the terms of reference are in line with the Council's mandate.

(Amendment 8 BUD)  
Article 2(a)(new)

***In the review provided for in Article 14 of the Protocol the Community will propose inter alia amendments in order to***

- involve shipowners benefiting from the fishing opportunities created by the agreements in the sharing of the costs by instruments such as licence fees with the aim to reduce the direct financial compensation from the EU budget,***
- exclude those part of the financial compensation from the agreement which is not directly related to fishing opportunities and ensure financial assistance to Greenland in the framework of economic and development cooperation;***

*Justification:*



*The review provided for in Article 14 of the protocol before 30 June 2003 gives the opportunity to debate and possibly correct the weak points of the 4<sup>th</sup> protocol.*

- *The Community delegation had already mentioned the question of licence fees in the negotiations, but this idea was this time refused by Greenland. However, it seems reasonable that the fishermen who profit from payments out of the EU budget participate in the costs such as this is the case in most of the Community's fisheries agreements.*
- *It is obvious that a significant part of the compensation (about € 14 out of 42.82 million in an optimistic calculation) is not related to fishing opportunities, but - having historical reasons – can be considered as a kind of budgetary assistance to Greenland. For the sake of budgetary transparency this part should not be paid in the framework of a fisheries agreement, but either from another budget line in heading 4 (external actions) or by the European Development Fund taking into account the OCT status of Greenland.*

## DRAFT LEGISLATIVE RESOLUTION

**European Parliament legislative resolution on the proposal for a Council regulation on the conclusion of the Fourth Protocol laying down the conditions relating to fishing provided for in the Agreement on fisheries between the European Economic Community, on the one hand, and the Government of Denmark and the local Government of Greenland, on the other (COM(2000) 865 – C5-0028/2001 – 2000/0348(CNS))**

**(Consultation procedure)**

*The European Parliament,*

- having regard to the Commission proposal to the Council (COM(2000) 865<sup>1</sup>),
  - having been consulted by the Council pursuant to Article 37 and 300 paragraph 2, alinea 3 of the Treaty (C5-0028/2001),
  - having regard to Rule 67 of its Rules of Procedure,
  - having regard to the report of the Committee on Fisheries and the opinion of the Committee on Budgets (A5-0129/2001),
1. Approves the Commission proposal as amended;
  2. Calls on the Commission to alter its proposal accordingly, pursuant to Article 250(2) of the EC Treaty;
  3. Calls on the Council to notify Parliament should it intend to depart from the text approved by Parliament;
  4. Asks to be consulted again if the Council intends to amend the Commission proposal substantially;
  5. Instructs its President to forward its position to the Council and Commission.

---

<sup>1</sup> OJ C not yet published.

# EXPLANATORY STATEMENT

## 1. History and Background

The fisheries agreement between the European Community and Greenland entered into force on 1 February 1985 and was the direct result of the decision of Greenland to withdraw from the EC in the same year. The mentioned Agreement provided for fishing vessels flying the flag of a member state to fish in the waters of Greenland for a period of 10 years. In this period two protocols were in effect (1985 – 1989 and 1990 - 1994). In return for the fishing possibilities the Community was to pay compensation. At the same time the agreement could be considered to be the continuation of the co-operation between both parties as it existed before 1985. The special relation with Greenland is also found in the OCT (Overseas Countries and Territories) status the country was granted.

The Fisheries Agreement with Greenland was automatically extended for six years until 31 December 2000 as neither party terminated it nine months in advance of the expiry date in 1995 and again, recently, until 31 December 2006.

Negotiations between the European Community and Greenland on a fourth protocol concerning the implementation of the agreement, were concluded at 13 September 2000 during meetings between the two delegations in Copenhagen. In the "Agreed Record of Conclusions" of both parties, issued at the end of the negotiations, the Commission delegation states that it regretted it was not able to reach agreement on the distinction between financial compensation for genuine fisheries components and funding for development needs of Greenland. On the basis of assessments of the Commission an amount of 28 million € reflects the value of these genuine fisheries components.

Parliament received at the end of December 2000 the proposal for a Council Regulation (COM (2000) 865) containing the text of the new proposal. At the request of the Parliament the Commission forwarded on 9 February 2001 a Technical Evaluation Paper on the fisheries agreement with Greenland. Parliament did not receive the proposal for a Council Decision concerning the provisional application of the new protocol. This proposal for a Council Decision, adopted at the Fisheries Council of 14/15 December 2000, enabled the Commission to guarantee an uninterrupted continuation of the fishing operations under the Agreement.

### *The new protocol in relation with Greenlandic economy/Greenlandic fisheries sector*

Although the Greenlandic government is putting effort in developing the tourism and the mineral resources industry the fisheries sector continues to dominate the national economy. In 1999 catches were reported to amount to more than 203 000 tonnes (Greenland 2000 - 2001 Statistical Yearbook). Three quarters of these catches were taken by the Greenlandic fleet, consisting of about 450 vessels and around 5 000 small sized dinghies. The remaining one quarter concerns catches made by EU and vessels from other countries with which Greenland has concluded fisheries agreements (Norway, Iceland, the Faroe Islands and Russia). The most important species fished are Prawns (in volume about 40% of total catches), Capelin (over 20%), Greenland Halibut (over 15%) and Atlantic Redfish (over 10%). As for other living resources, in 1998 more than 167 000 seals and 190 large whales (1999) and 3 981 small whales (1998) were reported to be caught (Greenland Statistical Yearbook 2000 -2001).

Fish and fisheries products levelled more than 90% of the total Greenland's exports, being 1.930 million DKK (1€ = 7,4634 DKK, exchange rate February 2001) in 1999. Main export

commodity were prawns and prawn products (1 238 million DKK). Greenland is highly dependent on exports to the EU. In 1999 total exports to the EU countries amounted up to 1 649 million DKK. Since Greenland's withdrawal from the EU on 1st February 1985 Greenland has the status as an OCT (Overseas Countries and Territories)-country. This special status allows that fish products originating from Greenland are exempt from custom duties and excise. Under the former protocol Greenland received 37,7 million ECU per year in return for fishing rights for EU - vessels. Under the current protocol it is increased to 42,82 million € annually, being -in financial terms- the second most important agreement after the one with Mauritania (not taking into account the previous agreement with Morocco).

Total revenues to the Greenlandic government were 4 510 million DKK in 1999, including 2 654 million DKK as a block grant from the Danish state and 288 million from fishing licences. The countries that -on the basis of the principle of relative stability- benefit from the former and the current protocol are Germany, Denmark, the United Kingdom and France. The Judgement of the Court of Justice of 13 October 1992 (cases C-63/90 and C-67/90) confirmed the exclusion of other parties from this agreement.

## 2. Evaluation of the previous protocol

Per species the fishing possibilities have varied widely reaching a utilisation rate in the 1995 - 1998 period from 105% (halibut), 87,7% (for shrimp), 85,74% (Capelin) and 83,76% (Greenland halibut) to 24,4% (Roundnose Grenadier), 19,68% (Redfish), 2,2% (deep water Roundnose Grenadier), 0,84% (Cod) and 0% for Blue Whiting and Polar Cod according to the Technical Evaluation Paper provided by the European Commission.

Generally speaking catches were very disappointing, especially for the "important" species Cod and Redfish. Expectations at the moment the previous protocol was concluded proved to be far too optimistic. In spite of a number of measures taken to improve the using of fishing possibilities, e.g. by introducing the "rollover" system the level of catches turned out to be much lower than laid down in the protocol. As can be seen from the table in paragraph 4 fishing possibilities in the 1995 - 2001 protocol went up in order to reach a better cost/benefit ratio of the agreement. The increased financial compensation (from 34 250 000 million ECU to 37,7 million ECU) was based on the assumption that more fish would be taken, which was not the case. This again shows that there only is a thin line between the fishing possibilities of this agreement and the so called financial compensation. This is also expressed in the report drafted by the research institutes IFREMER/CEMARE/CEP. If based on a cost/benefit analysis the fisheries agreement would be very disputable generating about 14 million € in direct added value for the EU-countries and about 28 million € in indirect value leading to a poor cost/benefit ratio of 1,1 (over the 1993-1997 period). However, the IFREMER-report, published in 1999, acknowledges also that there is an extra dimension to this agreement because it allows the Community to conclude other important fisheries agreements such as the ones with Norway and Iceland. From the latter agreement more member states benefit than just the four countries directly involved in the Greenland agreement.

Apart from the financial compensation which was paid in the 6 consecutive years the agreement was in force, the Commission paid an additional 3,4 million ECU for supplementary catch possibilities. The average annual cost of the Agreement from 1995 - 2000 therefore reached the amount of 38,28 million €.

Almost as disappointing as the reported catches was the utilisation of possibilities to set up joint

ventures. In its evaluation paper the European Commission states that it took a long time for the Greenland authorities to establish basic rules for the joint ventures implementation mainly due to the fact that these operations were new to them. Secondly, several proposed projects were not in line with the conditions for the creation of these joint ventures. In spite of these setbacks Greenland continues to show strong interest in the setting up of joint ventures. Therefore the Commission remains optimistic about this type of co-operation. Since temporary joint ventures and joint enterprises are in the interest of both the EC and Greenland giving access to additional fishing resources the rapporteur supports the continued inclusion of these provisions in the protocol. In order to be able to follow developments in this area the rapporteur would like to see an evaluation on this issue included in the 2003 - mid term review.

### 3. Evaluation of negotiations with Greenland

It is no secret that negotiations between the delegations of the European Commission and the Greenland government have encountered quite a number of difficulties since they started in the beginning of 1999.

As can be seen from the "Agreed record of conclusions" issued by both delegations on 13 September 2000 in Copenhagen the differences of opinion have not been completely bridged during the many negotiation rounds. One key element in the opposing points of views remains the incapacity to agree on the principle to distinguish the genuine fisheries components in the renewed protocol. According to its own assessments the European Commission identifies the amount of 28 million € to be related to genuine fisheries. Greenland questioned this amount and objected to the approach to isolate the fisheries component from the protocol since this would not be in line with "the total nature of the relationship hitherto known", according to the above mentioned "Agreed record of conclusions". Greenland considers the amount of 28 million €, also laid down in the Financial Statement added to the Protocol, much too low once full use of the fishing possibilities will be made. Both parties agreed to review their relationship no later than 2003, although Greenland seems reluctant to consider this mid term review the moment for drastic changes.

The rapporteur regrets that the Parliament has been kept totally ignorant during the process of negotiations. Though it is not the wish of the Parliament to take part in negotiations (except in the capacity of observer at own request) in former reports it has explicitly asked to be consulted before the Council grants the Commission a negotiating mandate. This clearly expresses the interest the Parliament puts in the negotiations.

Parliament is satisfied with the supply by the Commission of the Technical Information Paper regarding the application of the third protocol as well as on the additional information requested concerning the fourth protocol.

With the Framework Agreement between the Commission and the Parliament in force since it was signed on 5 July 2000, the Commission has taken up the obligation to inform the Parliament at all stages of international negotiations. In the case of the relationship with Greenland this means that Parliament shall be informed about the preparations, progress and results of talks the Commission will hold in the context of the mid term review. 4. Analysis and judgement of the new Protocol

The table given below shows the differences between the latest protocol and its two predecessors.

#### EC - Greenland Fisheries Agreement (last three protocols)

	1990 - 1994	1995 - 2000	2001 - 2006
Cod	31000	31 000	2 000
Redfish	52 320	52 320	31 000
Greenland Halibut	5 600	6 000	6 300
Shrimp	4 350	4 350	5 675
Halibut	200	400	400
Catfish	2 000	2 000	600
Blue Whiting	30 000	30 000	15 000
Capelin	30 000	70% of Greenland share of TAC	25 000 +70% of Greenland share of TAC
Roundnose Grenadier		8 000	3 350
Polar Cod		2 000	
Financial compensation/year	34,25 million ECU	37,7 million ECU	42,82 million €

### Main differences

The main differences between the renewed protocol and its two predecessors concern the following issues.

- The fishing possibilities. These have been reduced to a more realistic level given the catch results in the previous protocol.
- The financial compensation in the previous protocol has been adjusted in 1995 upwards with around 10%. The current protocol shows an increase of 13%.
- The possibility of creating joint ventures is still included in the protocol though funding should come from the FIFG (Financial Instrument for Fisheries Guidance) and no longer special funding (in then former protocol a total of 6 million ECU) is available.
- A number of provisions, as laid down in the Financial Statement to the Protocol, have been included to reach a better cost-benefit ratio e.g. by allowing increased East - West flexibility and the carry-over of the third protocol cod bank.

### Judgement

The EP welcomes the fact that the fishing possibilities in the renewed protocol are more in touch with reality. According to article 1.3 of the protocol the Community may fish up to the reference quantities -without financial compensation- in the situation that more fish is available. However, the rapporteur would have liked to see the application of the principle of "money for fish" meaning the separation of financial compensation for fishing possibilities on the one hand and funding for development needs on the other. The fact that fishing possibilities have been strongly diminished while financial compensation has gone up considerably shows the inconsistency of this protocol. The European Commission in the Financial Statement added to the Protocol and its press release acknowledges this discrepancy by stating: "It aimed to structure the financial compensation so that the genuine fisheries components could be clearly differentiated from the rest. However, Greenland refused to include such a provision in the Protocol." According to the estimations of the European Commission the real fisheries components of this Agreement amount to some 28 million €. The rapporteur understands both the position of the European Commission and the Greenlandic government. Obviously the Greenlandic government does not want to jeopardise the amount of money involved nor its discretionary use. On the other hand the European Commission rightly wants to make the distinction between the value of fishing rights and more development oriented funding. In this way the European Commission aims to prevent that budget posts include elements which do

not belong there. Principally the rapporteur supports the latter approach. The headings to budget posts should reflect their real content. But the "cleaning" of the fisheries agreement should not be at the detriment of Greenland and therefore must take place with mutual approval. While the rapporteur regrets it that in the current protocol apparently it has not been possible to make the distinction between the financial compensation for fisheries and the funding for development needs, the path of splitting these up should nevertheless be followed. Therefore the Parliament firmly supports the setting up by the Commission of an internal working group in which take part several directorate-generals with the objective of working out the development component of the current fisheries agreement as part of future co-operation with Greenland. The Parliament wants to be fully informed on progress made.

The rapporteur welcomes the fact that the new protocol still includes preferential treatment for joint ventures. Although in the past the setting up of joint ventures has been quite unsuccessful and no money has been used from the funds available for this purpose, the rapporteur considers that every opportunity should be seized to utilise fishing opportunities available in the Greenlandic waters, especially in the light of the positive attitude the Greenland authorities have on the subject of joint ventures.

In the light of the insecurity regarding the development of the fish stocks in the course of the period this protocol is in effect, effort should be made to look into the possibilities of exploiting experimental fish stocks as foreseen in article 9 of the new protocol. The rapporteur would like to see an active role to be played by the European Commission, encouraging this -possibly promising- activity.

While recognising improvements in the way it is informed by the Commission, Parliament remains critical towards the quality of the information supply during the period of application of the previous Protocol, in the run up to and during the latest negotiations and -finally- at this moment on the discussions on a new relationship with Greenland. The Framework Agreement between the Parliament and the Commission, signed in July last year, explicitly lays down that Parliament is fully informed at all stages of international negotiations. The 1999 Interinstitutional Agreement between Parliament, Commission and Council on budgetary discipline and improvement of budgetary procedures (of 6 May 1999)<sup>1</sup> states that the Commission undertakes to keep the Parliament regularly informed about the preparation and conduct of negotiations. The rapporteur's conclusion can be no other than that the Commission only partly lived up to its commitments. The Commission has also upheld the payment of the first instalment until the Parliament has expressed its opinion by adopting this report in plenary. Thus the Commission acts in the spirit of the unilateral declaration to this Interinstitutional Agreement in which Parliament expresses that "The European Parliament considers that, as far as possible, fisheries agreements will leave six months between the initialling of the agreement and the payment of the first financial compensation so as to allow the European Parliament to deliver its opinion." The rapporteur regrets it that Greenland apparently has not been informed during the negotiations on this gentlemen's agreement between the EU-institutions. She calls on the Commission to inform the parties involved on these internal EU- rules in future negotiations and to explicitly include the terms of payment in protocols.

## 5. Recommendations for mid term review in 2003

---

<sup>1</sup> OJ C 172 of 18.06.1999, p. 1-22

The European Parliament welcomes the inclusion of the mid term review in an agreement which is running over a long period and where such a considerable amount of money is involved. This opportunity should be seized to assess:

- The results of the discussions held within the Commission on the possible new framework for relations with Greenland. As stated before the rapporteur is very much in favour of cleaning the agreement from elements that have no relation with fisheries activities. The mid term review could offer the opportunity to make the first step towards a clean fisheries agreement.
- The utilisation of the fishing possibilities. There have been vague signals that cod stocks are recovering. The Parliament wants to be informed about the developments of all fish stocks, the use of fishing possibilities and the functioning of the flexibility measures as laid down in the Financial Statement added to the Protocol (point 9).
- The establishment of joint ventures including the efforts made to promote the use of this instrument. The mid term evaluation might give the opportunity to adjust conditions (e.g. using financial instruments) for setting up joint ventures.
- The results of experimental fishing activities including the actions undertaken to stimulate these activities. In the case of promising results new fishing opportunities could be included in the protocol for the 2004 - 2006 period.

The Parliament acknowledges that the current protocol is in effect until the end of 2006 and no changes can be imposed without the explicit agreement of the Greenlandic authorities. Parliament can only make an appeal on Greenland to co-operate as far as it concerns changes which are in line with the recommendations made in this report.

The Parliament insists that it is informed on the preparations of this mid term review which -in concreto- means it wants to be informed about the terms of reference of this evaluation. Should the mid term review lead to renegotiations with Greenland the Parliament stresses the necessity to be involved.

## 6. Conclusions

\* In spite of reservations concerning

- the disappointing utilisation of the last fisheries protocol,
- the fact that financial compensation for genuine fishing possibilities have not been separated from the total financial contribution,
- the lack of transparency concerning the way the Parliament has been informed during the recent negotiations,

the rapporteur recommends the approval to the "proposal for a Council Regulation (EC) on the conclusion of the protocol laying down the conditions related to fishing provided for in the Agreement on fisheries between the European Community, on the one hand, and the Government of Denmark and the Home Rule government of Greenland, on the other." The main reasons for recommending the approval of the protocol are:

- the agreement offers irreplaceable fishing opportunities to EU vessels in the Greenlandic waters;
- the agreement plays a key role for the conclusion of other fisheries agreements such as the one with Norway;
- the historic, cultural and political relations between the EU and Greenland being part of the Kingdom of member state Denmark.

\* In Fisheries agreements financial compensation should in principle only be paid in exchange



of fishing possibilities. Other development related as well as elements which have little or nothing to do with fisheries should be dealt with separately. Therefore the fisheries component on the one hand and the development oriented aspects on the other should be untied in order to reach a "clean" fisheries agreement.

\* In respect to the Framework Agreement between the EC and the EP (of 5 July 2001) Parliament as well as the Interinstitutional Agreement on budgetary discipline (6 May 1999) the EP insists :

- to be informed on the preparation of the mid term review;
- to be informed on proceeding regarding the interservice group within the European Commission working out the partnership relation with Greenland;
- to be informed annually about the implementation of the current fisheries agreement with Greenland;
- to be informed about and involved in the preparations for the renewal of the current fisheries agreement.

21 March 2001

## OPINION

of the Committee on Budgets

for the Committee on Fisheries

on the proposal for a Council regulation on the conclusion of the Fourth Protocol laying down the conditions relating to fishing provided for in the Agreement on fisheries between the European Economic Community, on the one hand, and the Government of Denmark and the local Government of Greenland, on the other (COM(2000) 865 – C5-0028/2001 – 2000/0348(CNS))

Draftsman: Bárbara Dührkop Dührkop

## PROCEDURE

The Committee on Budgets appointed Bárbara Dührkop Dührkop draftsman at its meeting of 27 February 2001.

It considered the draft opinion at its meeting of 21 March 2001.

At the last meeting it adopted the following amendments unanimously.

The following were present for the vote: Terence Wynn, chairman; Kathalijne Maria Buitenweg, Carlos Costa Neves, Den Dover, Markus Ferber, Salvador Garriga Polledo, Jutta D. Haug, Anne Elisabet Jensen, Wilfried Kuckelkorn, Juan Andrés Naranjo Escobar, Giovanni Pittella, Per Stenmarck, and Ralf Walter.

## BACKGROUND

The agreement on fisheries between the European Economic Community, on the one hand, and the Government of Denmark, and the local Government of Greenland, on the other, was concluded in 1985 and entered into force at the same date as the Treaty amending, with regard to Greenland, the Treaties establishing the European Communities. This Treaty confirmed the decision of Greenland to withdraw from the European Community. The historic background gives this agreement a status which is different from other fisheries agreements of the European Union with third countries.

From the beginning, the agreement could not be seen as only securing fishing opportunities for Community vessels, but had, at least implicitly, a component to support the Greenland economy in order to replace the loss of payments through the EU budget from the period 1973 to 1985 when Greenland was a region of the European Community. The agreement is accompanied by a protocol which determines the conditions relating to fishing in the Greenland waters, in particular, the annual quotas for catches and the financial compensation to be paid by the European Union.

The 3<sup>rd</sup> protocol expired on 31 December 2000. The 4<sup>th</sup> protocol was initialled on 13 September 2000 for a period of duration from 1 January 2001 to 31 December 2006. The Commission submitted its proposal for a Council Decision on the conclusion of the protocol to Parliament on 22 December 2000. Council officially consulted the Parliament with letter of 22 January 2001. Meanwhile, the Commission had presented and the Fisheries Council had adopted on 14 December 2000 the Council Decision on the provisional application of the Protocol<sup>1</sup>. In the provisional application in form of an exchange of letters the payment of the first annual instalment is foreseen in the beginning of the fishing year.

The 4<sup>th</sup> protocol contains annual quantities of catch possibilities for the Community which differ significantly from the 3<sup>rd</sup> protocol (1995-2000), which contained only slightly different quota arrangements compared to the 2<sup>nd</sup> protocol (1990-1994). In particular, the quotas for three important species are reduced heavily: cod from 31 000 to 2 000 tonnes, redfish from 52 320 to 31 000 tonnes and blue whiting from 30 000 to 15 000 tonnes. These figures are closer to the reality of factual catch possibilities as the figures given in the former protocols. On the other hand, the annual financial compensation per year is increased from € 37.7 to € 42.82 million.

Quotas agreed in the protocol are allocated mainly to the EU Member States Denmark, Germany, the United Kingdom and France. Additionally the quotas agreed with Greenland are of importance for the Community to exchange quotas in the framework of the fisheries agreements with Norway, Iceland and the Faroe Islands. In the framework of these agreements vessels flying the flag of other Member States can, therefore, benefit indirectly from the agreement was Greenland.

As did the 3<sup>rd</sup> protocol, the 4<sup>th</sup> protocol contains the possibilities for joint ventures and joint

---

<sup>1</sup> Council Decision of 14 December 2000 on the conclusion of an Agreement in the form of an Exchange of Letters concerning the provisional application of the Fourth Protocol laying down the conditions relating to fishing provided for in the Agreement on fisheries between the European Economic Community, on the one hand, and the Government of Denmark and the local Government of Greenland, on the other hand, OJ L 329, 27.12.2000, p. 46.

enterprises between EU and Greenland enterprises, but the special financial assistance through the EU budget foreseen in the 3<sup>rd</sup> protocol (maximum of € 6 million for the duration of the protocol) is replaced by the reference to the possibilities included in the FIFG Regulation for joint enterprises only.

Over the duration of the 4<sup>th</sup> protocol additional financial requirements may arise from the possibility to buy supplementary catch possibilities, which exceed the catch capacities of the Greenland fleet and which Greenland is obliged to offer to the Community according to the agreement. The costs for the supplementary catch possibilities have been € 616 789 in 1998, € 556 707 in 1999 and € 518 039 in 2000. The costs may be reduced under the new protocol as a quantity of 20 000 tonnes cod equivalent can be by the Community to pay up to 50% of the additional quotas.

## CONCLUSIONS

The conclusion of the 4<sup>th</sup> protocol in the framework of the fisheries agreement of the Community with Greenland (and Denmark) can be welcomed. It is important to secure direct catch possibilities for the fishermen of 4 Member States and indirectly to guarantee the fisheries agreements with Norway, Iceland and the Faroe Islands.

The costs for the EU budget for the annual financial compensation was increased by about € 5 million compared to the 3<sup>rd</sup> protocol. The financial assistance for joint ventures and enterprises of € 6 million in total for the 3<sup>rd</sup> protocol has been abolished. In fact, this possibility was only used once during the period of the 3<sup>rd</sup> protocol for an amount of € 544 134 in 2000. The possibility to use a quantity of maximum 20 000 tonnes cod equivalent to pay up to 50 % of the supplementary catch possibilities is certainly an advantage in the interest of the European taxpayer.

The financial compensation of € 42.82 million per year is the second highest for a Community fisheries agreement in force. Only the agreement with Mauritania provides for a higher amount (average of € 53.4 million per year). Without taking into account the significantly different market values between the various species and the strongly differing exploitation costs in the waters off Greenland and the coast off African countries a comparison between the costs for the Greenland protocol and the agreements with developing countries might give a rough indication. € 75 per tonne of authorised catches has to be paid by the EU budget in the framework of the „South agreements“ in average. In the Greenland protocol Community quotas for a total of 91 325 tonnes are fixed. Calculated on the basis of € 75 per tonne of possible catches the costs for the EU budget would be about € 6.85 million. The Commission stated that an amount of € 28 million out of the financial compensation could be deemed to reflect the genuine fisheries components of the financial compensation. This calculation is based on market prices for the various species and a coefficient applied for the exploitation costs.

Taken into account the political importance of the agreement, the importance for the fishing industry of some Member States, the Greenland economy and the quota exchange with other countries, your rapporteur would nevertheless deplore that two important elements could not be included in the protocol: The participation of the fishing industry benefiting from the catch possibilities, for example through licence fees, and the separation of the part of the financial

compensation which is clearly not reflecting the fisheries components (i.e. about € 15 million minimum). This amount should not be covered in a fisheries agreement (budget line B7-8000), but either in the framework of assistance to third countries covered by heading 4 of the financial perspective or by the European Development Fund (aid to Overseas Countries and Territories). In particular, those two elements should be raised by the Community in the review that is foreseen in Article 14 of the Protocol as a new element which might increase the flexibility of the agreement.

Concerning the procedural side, your rapporteur reminds the declaration of Parliament to Annex VI to the Interinstitutional Agreement of 6 May 1999, in which the Parliament considered „that, as far as possible, fisheries agreements will leave six months between the initialling of the agreement and payment of the first financial compensation so as to allow the European Parliament time to deliver its opinion“. The 4<sup>th</sup> protocol was initialled the 13 September 2000 and the first payment is foreseen in the Agreement on the provisional application for the beginning of the fishing year. The appropriations for commitments and for payments were transferred from the reserve assigned to budget item B7-8000 to the line in the 2<sup>nd</sup> reading of the 2001 budgetary procedure in agreement between Parliament and Council given the fact that the 4<sup>th</sup> protocol was already initialled. The rapporteur can accept that the Commission had already made the commitments for the annual financial compensation in order to ensure Greenland that the payment will be made in due time. She stresses that the Commission shall only make the payment after the opinion of Parliament has been delivered as stated in the above-mentioned declaration. The right of Parliament to be consulted according to Article 300(3) EC Treaty would be undermined if the payment were made before consultation of Parliament. The rapporteur deplors the fact that the timetable established by Council and Commission (presentation of the proposal for a Council regulation on the conclusion of the protocol on 22 December 2000, the consultation of Parliament through Council with letter of 22 January 2001 and the date for the first payment to Greenland at the beginning of the fishing year) makes it impossible that the interinstitutional procedure including the consultation of the Parliament is concluded before the date set for the first payment, leading to the result that the payment to the local government of Greenland can only be effected later than expected by this country.

## AMENDMENTS

The Committee on Budgets calls on the Committee on Fisheries, as the committee responsible, to incorporate the following amendments in its report:

Text proposed by the Commission<sup>1</sup>

Amendments by Parliament

(Amendment 1)  
Article 2(a)(new)

***In the review provided for in Article 14 of the Protocol the Community will propose inter alia amendments in order to***

- involve shipowners benefiting from the fishing opportunities created by the agreements in the sharing of the costs by instruments such as licence fees with the aim to reduce the direct financial compensation from the EU budget,***
- exclude those part of the financial compensation from the agreement which is not directly related to fishing opportunities and ensure financial assistance to Greenland in the framework of economic and development cooperation;***

*Justification:*

*The review provided for in Article 14 of the protocol before 30 June 2003 gives the opportunity to debate and possibly correct the weak points of the 4<sup>th</sup> protocol.*

- The Community delegation had already mentioned the question of licence fees in the negotiations, but this idea was this time refused by Greenland. However, it seems reasonable that the fishermen who profit from payments out of the EU budget participate in the costs such as this is the case in most of the Community's fisheries agreements.*
- It is obvious that a significant part of the compensation (about € 14 out of 42.82 million in an optimistic calculation) is not related to fishing opportunities, but - having historical reasons – can be considered as a kind of budgetary assistance to Greenland. For the sake of budgetary transparency this part should not be paid in the framework of a fisheries agreement, but either from another budget line in heading 4 (external actions) or by the European Development Fund taking into account the OCT status of Greenland.*

---

<sup>1</sup> OJ C (not yet published).

Amendment 2  
Article 2b(1)(new)

***1. In the course of the Protocol's application, and, in particular, before the start of negotiations on the review provided for in Article 14 and before its possible renewal, the Commission shall submit to Council and European Parliament a general assessment report including a cost benefit analysis.***

*Justification*

*The previous fisheries protocol between the European Community, on the one hand, and the Government of Denmark and the local Government of Greenland, on the other, expired on 31 December 2000. The European Commission did not inform the Parliament before the opening of the negotiations for the new protocol in a detailed and adequate way on the implementation of the 3<sup>rd</sup> protocol. The Committee on Budgets reiterates its demand for a general assessment report to be presented by the Commission before the beginning of negotiations in order to allow an evaluation of the costs and the benefits of the fisheries agreements and protocols.*

Amendment 3  
Article 2b(2)(new)

***2. The Council shall, on the basis of these reports and taking account of the European Parliament's opinion thereon, authorise the Commission, where appropriate, to start negotiations with a view to the review of the Protocol and with a view to the adoption of a new Protocol respectively.***

*Justification*

*The Council shall only give authorisation to the Commission to start negotiations on the basis of the assessment report and the opinion of the European Parliament. The position reflected by the two amendments is in line with conclusion N° D of the Working Document on European Community Fisheries Agreements (PE 289.538) approved by the Committee on Budgets on 23 May 2000. It is also in line with the position taken by the Parliament on several other fisheries agreements.*