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REPORT

on the Commission communication to the European Parliament and the Council on the Action plan to counter the social, economic and regional consequences of the restructuring of the EU fishing industry (COM(2002) 600 - 2003/2039(INI))

Committee on Fisheries

Rapporteur: Giovanni Claudio Fava

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PROCEDURAL PAGE

By letter of 6 November 2002, the Commission forwarded to Parliament a communication entitled 'Action plan to counter the social, economic and regional consequences of the restructuring of the EU fishing industry' (COM(2002) 600, which had been referred to the Committee on Fisheries for information.

At the sitting of 13 March 2003 the President of Parliament announced that the Committee on Fisheries had been authorised to draw up an own-initiative report on the subject, under Rules 47(2) and 163, and the Committee on Budgets and the Committee on Regional Policy, Transport and Tourism had been asked for their opinions.

The Committee on Fisheries had appointed Giovanni Claudio Fava rapporteur at its meeting of 10 December 2002.

The committee considered the draft report at its meetings of 23 January, 18 March, 22 April and 20 May 2003 .

At the last meeting it adopted the motion for a resolution by 21 votes to 1, with 0 abstention.

The following were present for the vote: Struan Stevenson chairman; Rosa Miguélez Ramos and Brigitte Langenhagen, vice-chairmen; Elspeth Attwooll, Niels Busk, Arlindo Cunha, Nigel Paul Farage, Ian Stewart Hudghton, Liam Hyland (for Nello Musumeci pursuant to Rule 153(2)), Salvador Jové Peres, Heinz Kindermann, Carlos Lage, Vincenzo Lavarra, Giorgio Lisi, Ioannis Marinos, Patricia McKenna, Juan Ojeda Sanz (for Hugues Martin), Seán Ó Neachtain, Manuel Pérez Álvarez, Bernard Poinant, Catherine Stihler and Daniel Varela Suanzes-Carpegna.

The opinion of the Committee on Budgets is attached; the Committee on Regional Policy, Transport and Tourism decided on 19/03/2003 not to deliver an opinion.

The report was tabled on 20 May 2003 .

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the Action plan to counter the social, economic and regional consequences of the restructuring of the EU fishing industry (COM(2002) 600 - (2003/2039(INI))

The European Parliament,

- having regard to the Communication from the Commission to the Council and the European Parliament entitled Action plan to counter the social, economic and regional consequences of the restructuring of the EU fishing industry (COM(2002) 600) ¹,
- having regard to its resolution of 6 November 1997 on the common fisheries policy after the year 2002²,
- having regard to its resolution of 5 July 2001 on the proposal for a European Parliament and Council recommendation concerning the implementation of Integrated Coastal Zone Management in Europe³,
- having regard to its resolution of 17 January 2002 on the Commission Green Paper on the future of the common fisheries policy⁴,
- having regard to its resolution of 20 November 2002 on the Communication from the Commission on the reform of the Common Fisheries Policy ("Roadmap")⁵,
- having regard to its resolution of 5 December 2002 on the Proposal of a Council Regulation on the conservation and sustainable exploitation of fisheries resources under the Common Fisheries Policy⁶,
- having regard to its resolution of 5 December 2002 on the Proposal for a Council Regulation amending Regulation (EC) No 2792/1999 laying down the detailed rules and arrangements regarding Community structural assistance in the fisheries sector⁷,
- having regard to its resolution of 12 March 2003. on the socio-economic crisis in the whitefish sector⁸,
- having regard to Rules 47(2) and 163 of its Rules of Procedure,
- having regard to the report of the Committee on Fisheries and the opinion of the Committee on Budgets (A5-0162/2003),

¹ Not yet published in the OJ

² OJ C 358, 24.11.1997, p. 43.

³ OJ C 65, 14.3.2002, p. 174

⁴ OJ C 210, 27.7.2002, p. 1

⁵ T5 - 0555/2002

⁶ T5 - 0586/2002

⁷ T5 - 0587/2002

⁸ T5-0088/2003

- A. Whereas a crucial part of the common fisheries policy is to join the promotion of a viable economic sector of strategic importance to the European Union, with socio-economic cohesion in the Union's coastal regions which are dependent on fisheries,
- B. Whereas the point of departure for reforming the Common Fisheries Policy should be, within the framework of an integrated coastal management approach, a clear medium and long term vision of the fisheries sector in the EU,
- C. Whereas the Commission proposals to offset the socio-economic consequences of the reform are highly theoretical, based on assumptions that have been partially overtaken by decisions made by the Fisheries ministers at the Council Meeting of December 2002; whereas the Action Plan does not take into account the devastating effects on employment as a result of the cod recovery plan nor the impact on the downstream and upstream industries,
- D. Whereas the foundation under the budgetary margin of manoeuvre which was based on the idea of reprogramming available FIFG funds has disappeared due to the Council's amendments to the original Commission's reform proposals; whereas there are insufficient funds available in the FIFG to compensate communities affected by the reform of the CFP and the recovery plans,
- E. Whereas on the one hand, as a result of the Council's decisions from December 2002, the negative effects on the fisheries sector may be less harsh as originally foreseen, while, on the other hand they undermine the availability of funds for socio-economic measures as a result of delaying reprogramming possibilities of the FIFG-funds until after 2004,
- F. Whereas enlargement of the Union will probably cause additional difficulties in the sector,
- G. Whereas small-scale fisheries deserve special attention since it constitutes 75% of the total number of Community vessels and employs 44% of the people working in the sector,
- H. Whereas women account for some 22% of all employment in the fishing industry while their formal and informal role remains generally underestimated,
- I. Whereas the decline of employment of 28 000 on-board jobs, leads to social, cultural and economic desertification of coastal areas which are part of the Union's heritage, which are highly dependent on fisheries and often have little opportunities for diversification beyond fisheries,
- J. Whereas the consultation procedure with Member States, in preparation of the drafting of the proposals, has not been an overwhelming success due to their, at this stage understandable, unwillingness to anticipate the massive job losses as foreseen by the Commission,
- K. Whereas the Commission report neglects to quote the relevant reports by the fishing industry on the action plan to counter the social, economic and regional consequences of the restructuring of the EU fishing industry,

- L. Whereas it is important to start reflecting seriously on the socio-economic consequences to the fisheries sector in the post 2006 period when the current arrangements within the framework of the Structural funds will have expired although there will be a continuing need for support in the fisheries sector,
1. Reaffirms the social, cultural and economic role of the fishing industry, particularly smallscale fisheries in fisheries-dependent regions, and calls on the Commission to ensure that the economic and social measures necessary to guarantee economic and social cohesion in areas dependent on fisheries, including the outermost regions, with an aim to become financially self-reliant;
 2. Calls on the Commission, in the framework of the reform of the Common Fisheries Policy in 2002, to take particular account of the possibilities of Integrated Coastal Zone Management to map out future prospects of fisheries dependent regions;
 3. Welcomes the efforts of the Commission to assess the socio-economic impacts of the reform of the Common Fisheries Policy (CFP) and the subsequent debate on the possibilities to mitigate the social, economic and regional consequences of the restructuring of the EU fishing industry;
 4. Underlines that the amendments to the Commission package on the reform of the CFP by the Council at its meeting of 16-20 December 2002 are unlikely to facilitate the implementation of this reform and the planned re-programming of the Financial Instrument for Fisheries Guidance (FIFG);
 5. Urges the European Commission to provide the Parliament with an updated version of the Action Plan which takes into account the consequences of the decisions taken by the Fisheries Council in December 2002;
 6. Reminds the Budgetary Authority of the financial resources available under Heading 2 of the Financial Perspective for the fisheries sector and the fisheries - dependent areas, which for the period 2000-2006 can be estimated at € 28 billion (€ 3,7 billion under FIFG, € 19,2 billion under ERDF and € 5,17 billion under ESF);
 7. Calls for additional special financing which does not affect the funding which has already been allocated to the sector for structural adjustments (FIFG) in order to counter any negative socio-economic consequences as a result of restructuring measures within the sector, including recovery plans, with an aim to become financially self-reliant;
 8. Recalls that additional EU funding for measures to compensate possible losses incurred by fishermen or coastal communities as a result of conservation measures can only be allocated either under the condition that such funding be compatible with the ceiling of Heading 2 of the Financial perspective, or through recourse to the Flexibility Instrument laid down in Art. 24 of the Interinstitutional Agreement of 6 May 1999; asks the Commission to evaluate the potential negative impact on fishermen or coastal communities and if need be, to make a proposal to the Budgetary Authority for such additional EU funding;
 9. Calls, in accordance with Parliament's Resolution of 12 March 2003, upon the budgetary authority of the EU and the Commission jointly with the Member States concerned to

draw up a plan to compensate for losses incurred by coastal communities as a result of the cod conservation measures, and to allocate up to € 150 million of additional EU funding, acknowledging the contributions that Member States are making to tackle the crisis;

10. Urges the Commission to earmark adequate resources to cope with the difficulties in the fisheries sector arising from enlargement of the European Union;
11. Calls on the Commission to consider quality employment and health and safety conditions at work as one of the objectives of the common fisheries policy, which should include the improvement of safety and working conditions;
12. Welcomes the long term options as proposed by the Commission such as the acknowledgement to improve the image of the sector, the reinforcement of the social dialogue and the enhancement of the role of women in the sector;
13. Requests the Commission to make serious work of consulting Member States and the fisheries sector in the preparation phase of setting up socio-economic measures as follow-up of this Action Plan and urges the Commission to widen the scope of the regional advisory boards as defined in the framework of the CFP reform in order to create greater commitment of stakeholders;
14. Underlines the importance to start a reflection about the socio-economic situation in the fisheries sector in next programming period (2007-2014) when the current arrangements for the Structural Funds will have terminated;
15. Instructs its President to forward this resolution to the Council and Commission.

EXPLANATORY STATEMENT

Introduction

In its Communication on the reform of the Common Fisheries Policy (CFP), the so-called Roadmap (COM (2002) 181), the Commission committed itself to publish before the end of 2002 an action plan outlining its proposals to mitigate the socio-economic consequences of the reform.

Your rapporteur welcomes the publication of this Action Plan by the Commission.

The Action Plan has been assessed on the basis of Parliament's approach that the fisheries sector should be compensated for the negative effects of the reform by the presentation of suitable accompanying welfare measures. These should involve adequate additional special financing which does not affect the funding which has already been allocated to the sector.

Content of the Commission Proposal

This Commission proposal consists of 4 parts:

* An assessment of the possible socio-economic impacts of fishing effort limitations and vessel reduction. The Commission estimates that as a result of the Reform the extra loss of jobs would be 12 000 over the 2003-2006 period (3 000/year). The current loss stands at 8 000 jobs/year of which the Commission considers that 4.000 jobs/year are lost due to vessel decommissioning and another 4.000 jobs/year as a result of modernisation.

Since the implementation of the reform is to a large extent the responsibility of the Member States, the European Commission has held bilateral consultations about the adaptation of current Community aid regimes within the context of the mid-term review of Structural Funds in early 2004. In general, the Member States were unable or reluctant to provide, at that stage, estimates of job losses or other types of socio-economic impact to the sector. The Member States were also unwilling to give information on how they would redirect available means from structural funds.

* A review of all the existing means to soften the negative impact by making use of the available structural funds. According to the Commission the FIFG budget for the present programming period 2002-2006 amounts to €3,7 billion (2,6 billion for Objective 1 and 1,1 billion for other areas). Since 80% of the fisheries-dependent areas are located in Objective 1 or 2 regions, the Commission further sums up the available means from ERDF, ESF and EAGGF. However, the use of structural funds, as the result of reprogramming, will require the assent of Member States.

* An overview of available additional means. The Council in December 2002 approved in principle an additional amount of 32 million of fresh money to complement FIFG allocations for scrapping vessels under multi-annual management plans.

* An analysis of further options for the longer term. The Commission suggests that further support for diversification in fisheries-dependent regions should be sought in the next programming period (2007-2014). Furthermore, the Commission's paper mentions, inter alia, the need to improve the image of the sector in order to attract young people, to better recognise the role of women and to assess the level of dependency on fisheries of coastal areas.

Fisheries Council of December 2002

The Council of Agriculture and Fisheries ministers, meeting from 16 to 20 December, discussed the Commission's reform proposals. Parliament welcomed the fact that the Council had taken heart to many of Parliament's criticisms as expressed in the various reports of the Fisheries Committee. Some of the main changes to the initial proposals of the Commission concerning the conservation and sustainable exploitation of fisheries resources under the CFP (COM (2002)-185), rules and arrangements regarding Community structural Assistance in the fisheries sector (COM (2002) 187) and the Scrapping fund (COM (2002)-190) concern:

- Renewal of fishing vessels, public aid may be granted until 31 December 2004 and only for vessels under 400 GRT;
- New capacity introduced with renewal aid during the period from 1 January 2003 to 31 December 2004 must comply with an entry/exit ratio of 1:1 (for vessels below 100 GT) and 1:1,35 (vessels over 100 GT):
- For modernisation and equipment of fishing vessels, aid will apply until the end of the existing FIFG programme in 2006 but only for improvement of security, working conditions, fishing selectivity and product quality or for reduction of impacts on marine ecosystems;
- Premiums for exports and joint enterprises can be granted, until the end of 2004, for the reduction of the fishing fleet in the case of a permanent transfer of a vessel to a third country with which the EU has a fisheries agreement, including in the framework of a joint enterprise.

Furthermore the Council took its annual TAC's and quota decisions, and agreement was also reached on urgent recovery measures for some cod stocks, entering into force on 1 February 2003.

Comments

General

The Commission acknowledges that its own assessment of the socio-economic impact of the CFP reform remains a largely theoretical because it tried to envisage the potential impact of recovery plans without knowing yet how many of these plans would be adopted by the Council. Because of this abstract nature, the document does not provide sufficiently concrete answers to the problems the fisheries sector is facing these days. Furthermore, the document merely focuses on scrapping vessels and cutting jobs and thus paints a very bleak picture of the future of fisheries in the European Union. There is a need for a serious and detailed debate on the model of the future of fisheries in Community waters: whether to opt for a small number of large, modern and extremely economical vessels or a large number of small and medium-sized vessels, which may be less profitable but employ more labour.

Besides, during the Council Meeting of 16-20 December 2002, decisions have been taken which seriously amend the Commission's initial proposals on which this Document is based. In fact, the best way forward would be to ask the Commission to redraft this proposal or, at least, to prepare impact assessments for each of the future recovery plans it might bring forward.

Having said this, your rapporteur thinks that the aid to mitigate the consequences of the reform should in the first place focus on small-scale fisheries in areas that are most dependent of fisheries, including outermost areas. These, economically, weak fisheries might be hit hardest by the reform and therefore deserve support and solidarity from the Union. Moreover, about half of the employment in the extractive fisheries is found on the small-scale fisheries fleet that consists of over 75% of the fishing vessels in the EU. The Commission recognises

that "aid measures in favour of small-scale fisheries have not had the desired effect of protecting the sector". This seems to be an argument to act swiftly. Instead the Commission only addresses artisanal fisheries in the paragraph on "long term options" while action is urgently required.

Job losses

Your rapporteur is not optimistic about employment opportunities in the fisheries sector if the Commission plans were to be adopted unaltered. As a result of the Commission's reform proposals, 12 000 jobs (3 000/year) until the end of 2006 extra would be lost in fisheries, on top of the already gradual decrease of annually 8000 jobs of which 4000 jobs are lost because of labour saving technologies which make fishing vessels increasingly efficient. It is not clear what the impact will be of the Council decisions on the Commission's predictions with regard to the number of vessels to be scrapped, the job loss and the available funds. On the one hand one could argue that job losses would be less massive than foreseen as a result of the less drastic setting of TACs. On the other hand figures could be much more dramatic because of the effects of the cod emergency measures. In any case, the Commission should slow down the process of job losses, in particular in the fisheries-dependent regions, and encourage Member States to consider reprogramming structural funds e.g. in the case of underutilisation in certain sections.

The Commission should also take into account job losses in downstream and upstream sectors, e.g. in the European processing industry which employs about 100 000 people. The Commission argues that because of the current labour shortage in the fish-harvesting sector, impacts on loss of employment to workers from the EU will be less severe. This might be true in some regions of the EU where boat owners recruit crewmembers from third countries. However, in particular in small-scale fisheries, such as in the Mediterranean, this is absolutely not the case. On the other hand, one could ask oneself why, apparently, people from within the EU seem to be deterred from looking for jobs in this sector.

Recovery Plans

Within the framework of socio-economic measures, the rapporteur is also concerned about the consequences of the emergency recovery decisions and the long term recovery plans. During the March I Plenary session, Parliament adopted by an overwhelming majority a resolution which draws the attention to the grave consequences of the recovery measures to the fisheries sector around the North Sea. In the resolution, the necessity of the action is not questioned but rather the lack of accompanying measures to mitigate the effects for the fishermen, in particular in the areas that are fully dependent on fisheries.

Available funds

With regard to allocating additional financing, the possibilities for reprogramming the FIFG are very limited because of the Council decisions last December and because of the unwillingness of Member States. At its meeting, the Council decided to maintain the aid for reconstruction and modernisation of vessels as well as for the transfer of EU vessels to third countries until the end of 2004 and even afterwards as long as the legal obligations are concluded before 31 December 2004. During discussions on this issue in the Fisheries Committee, the Commission suggested a number of possibilities to address this problem. In the first place it might be possible to make use of the mid-term review of the Structural Funds to try to get additional money from other structural funds. Another possibility would be to redirect the objective 2 zones. The Commission also suggested the use of the flexibility instrument. Your rapporteur thinks that the European Commission should have mentioned the

possible recourse to the flexibility instrument in the Action Plan.

It is clear that the, already disputable, calculation used by the Commission to determine the availability for reprogramming FIFG-money in the Proposal concerning "establishing an emergency Community measure for scrapping fishing vessels" is losing ground. The point of departure for the Commission's calculation is the total number of 8 592 vessels (tonnage of 351 791 Gross Tonnes) that would need to be removed from fishing in order to achieve the reduction of fishing mortality proposed in multiannual management plans. According to the Commission, 80% of the mentioned tonnage would have to be scrapped at a cost of €1 376m. It is not clear what is left of this calculation after the Council decisions in December. In the Resolution that was adopted by Parliament at the March I session, an urgent call on the institutions and Member States is made to draw up a plan to compensate for losses incurred by coastal communities as a result of cod conservation measures. It is calculated that up to €150 million of additional EU funding is needed, acknowledging the contributions of the Member States.

As for the options proposed for the longer run, your rapporteur in general agrees to the Commission's text. The idea of "a strategy for sustainable development of coastal areas" and the Integrated Coastal Management approach should have been a leading principle of the current reform.

Conclusion

It is regrettable that major parts of the Commission's Action Plan cannot be judged because of the unknown impact on the plan of the decisions taken by the Fisheries Council on 16-20 December 2002. For the short term, additional money will be required to offset the socio-economic impact of the reform and of current and future recovery plans.

In general terms, the rapporteur agrees to the Commission's options for the longer term.

A logical request would be to ask the Commission to redraft those parts of the Action Plan that are most affected by the Council decisions and, for future recovery plans, to add socio-economic impact assessment and the measures to counter negative effects.

30 April 2003

OPINION OF THE COMMITTEE ON BUDGETS

for the Committee on Fisheries

on the Communication from the Commission to the European Parliament and the Council
action plan to counter the social, economic and regional consequences of the restructuring of
the EU fishing industry
(COM(2002) 600 - 2003/2039(INI))

Draftsman: Bárbara Dührkop Dührkop

PROCEDURE

The Committee on Budgets appointed Bárbara Dührkop Dührkop draftsman at its meeting of
25 March 2003.

It considered the draft opinion at its meeting of 29 April 2003 .

At this meeting it adopted the following conclusions unanimously.

The following were present for the vote Terence Wynn (chairman), Anne Elisabet Jensen
(vice-chairman), Franz Turchi (vice-chairman), Bárbara Dührkop Dührkop (draftsman), María
Antonia Avilés Perea, Joan Colom i Naval, Den Dover, Catherine Guy-Quint, María Esther
Herranz García, Juan Andrés Naranjo Escobar, Joaquim Piscarreta, Encarnación Redondo
Jiménez and Ralf Walter.

CONCLUSIONS

The Committee on Budgets calls on the Committee on Fisheries, as the committee responsible, to incorporate the following points in its motion for a resolution:

Budgetary Aspects

1. Welcomes the efforts of the Commission to assess the socio-economic impacts of the reform of the Common Fisheries Policy (CFP) and the subsequent debate on the possibilities to mitigate the social, economic and regional consequences of the restructuring of the EU fishing industry;
2. Underlines that the amendments to the Commission package on the reform of the CFP by the Council at its meeting of 16-20 December 2002 are unlikely to facilitate the implementation of this reform and the planned re-programming of the Financial Instrument for Fisheries Guidance (FIFG);
3. Reminds the Budgetary Authority of the financial resources available under Heading 2 of the Financial Perspective for the fisheries sector and the fisheries - dependent areas, which for the period 2000-2006 can be estimated at € 28 billion (€ 3,7 billion under FIFG, € 19,2 billion under ERDF and € 5,17 billion under ESF);
4. Recalls that additional EU funding for measures to compensate possible losses incurred by fishermen or coastal communities as a result of conservation measures can only be allocated either under the condition that such funding be compatible with the ceiling of Heading 2 of the Financial perspective, or through recourse to the Flexibility Instrument laid down in Art. 24 of the Interinstitutional Agreement of 6 May 1999; asks the Commission to evaluate the potential negative impact on fishermen or coastal communities and if need be, to make a proposal to the Budgetary Authority for such additional EU funding.