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REPORT

on the proposal for a Council regulation on the conclusion of the Agreement in the form of an Exchange of Letters concerning the extension of the Protocol setting out the fishing opportunities and financial contribution provided for in the Agreement between the European Economic Community and the Government of Mauritius on fishing in Mauritian waters for the period 3 December 2002 to 2 December 2003
(COM(2003) 202 – C5-0236/2003 – 2003/0074(CNS))

Committee on Fisheries

Rapporteur: Dominique F.C. Souchet

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)

Amendments to a legislative text

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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PROCEDURAL PAGE

By letter of 21 May 2003 the Council consulted Parliament, pursuant to Article 300(3), first paragraph, of the EC Treaty, on the proposal for a Council regulation on the conclusion of the Agreement in the form of an Exchange of Letters concerning the extension of the Protocol setting out the fishing opportunities and financial contribution provided for in the Agreement between the European Economic Community and the Government of Mauritius on fishing in Mauritian waters for the period 3 December 2002 to 2 December 2003 (COM(2003) 202 – 2003/0074(CNS)).

At the sitting of 2 June 2003 the President of Parliament announced that he had referred the proposal to the Committee on Fisheries as the committee responsible and the Committee on Development and Cooperation for its opinion (C5-0236/2003).

The Committee on Fisheries appointed Dominique F.C. Souchet rapporteur at its meeting of 10 June 2003.

It considered the proposal for a Council regulation and the draft report at its meetings of 8-9 July and 9 September 2003.

At the latter meeting it adopted the draft legislative resolution by 11 votes to 2, with 0 abstentions.

The following were present for the vote: Struan Stevenson (chairman), Rosa Miguélez Ramos (vice-chairman), Brigitte Langenhagen (vice-chairman), Dominique F.C. Souchet (rapporteur), Elspeth Attwooll, Arlindo Cunha, Ian Stewart Hudghton, Salvador Jové Peres, Heinz Kindermann, Albert Jan Maat (for Giorgio Lisi), Ioannis Marinos, Juan Ojeda Sanz (for Hugues Martin), Manuel Pérez Álvarez and Daniel Varela Suanzes-Carpegna.

The Committee on Budgets and the Committee on Development and Cooperation decided on 17 June and 9 July 2003 not to deliver opinions.

The report was tabled on 9 September 2003.

DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a Council regulation on the conclusion of the Agreement in the form of an Exchange of Letters concerning the extension of the Protocol setting out the fishing opportunities and financial contribution provided for in the Agreement between the European Economic Community and the Government of Mauritius on fishing in Mauritian waters for the period 3 December 2002 to 2 December 2003 (COM(2003) 202 – C5-0236/2003 – 2003/0074(CNS))

(Consultation procedure)

The European Parliament,

- having regard to the proposal for a Council regulation (COM(2003) 202)¹,
 - having regard to Articles 37 and 300(2), first subparagraph, of the EC Treaty,
 - having regard to Article 300(3), first subparagraph, of the EC Treaty, pursuant to which the Council consulted Parliament (C5-0236/2003),
 - having regard to Rules 67 and 97(7) of its Rules of Procedure,
 - having regard to the report of the Committee on Fisheries (A5-0289/2003),
1. Approves the proposal for a Council regulation as amended and approves conclusion of the agreement;
 2. Instructs its President to forward its position to the Council and Commission, and the governments and parliaments of the Member States and Mauritius.

Text proposed by the Commission

Amendments by Parliament

Amendment 1
Article 4 a (new)

Article 4a

Before the start of negotiations on renewal of the Protocol, the Commission shall submit a general assessment of its application, including a cost-benefit analysis, to the Council and Parliament.

Justification

The Commission has a duty to submit assessment reports to Parliament so that it has an overall view of the protocols' application. Assessment must include a general but complete

¹Not yet published in OJ.

analysis of the agreement's application, particularly on the increasingly important targeted measures. It must also include a cost-benefit analysis.

Amendment 2
Article 4 b (new)

Article 4b

On the basis of this report, and after consulting Parliament, the Council shall where appropriate mandate the Commission to open negotiations for adoption of a new protocol.

Justification

Parliament must be able to carry out a proper assessment and to give its opinion before the start of negotiations. The Council should give its mandate on the basis of the assessment and Parliament's opinion.

Amendment 3
Article 4 c (new)

Article 4c

Parliament requests the Commission to respect the need for consistency between its policies, particularly between its fisheries, development and commercial policies.

Justification

There must be complete consistency between the various Community policies: the Commission's commercial policy must not have the effect of jeopardising the positive effects of the fisheries agreements it is concluding elsewhere.

Amendment 4
Article 4 d (new)

Article 4d

The Commission shall ensure that it preserves the particularly positive economic and social effects of its tuna fishing agreements with the ACP countries, such as Mauritius, and that to this end it maintains a customs differential for its imports of canned tuna from those countries.

Justification

The economic and social effects of tuna fishing agreements, particularly the agreement with Mauritius, are today under threat from a recent proposal put forward in the WTO with the aim of introducing a standard zero customs duty for the world canning market. To preserve the effectiveness of such fishing agreements, and enable the developing countries and the European countries to obtain lasting benefit from these favourable economic and social effects, it would seem necessary to maintain a preferential economic area, with a differential customs tariff, in the Doha round negotiations.

EXPLANATORY STATEMENT

INTRODUCTION

The Commission proposal concerns *extension of the protocol for the fishing agreement between the Community and the government of Mauritius*. The extension runs from 3 December 2002 to 2 December 2003. Pending its entry into force the Fisheries Council decided, at its meeting of 12 June 2003, to implement extension of the protocol on a provisional basis. The financial compensation amounts to EUR 412 500.

The last protocol expired on 2 December 2002. The two sides agreed to extend the protocol for a year while Mauritius obtains scientific opinions and reports on the state of stocks. We can only approve the reasons for deciding to postpone negotiations on concluding a new protocol, but we must regret the fact that Parliament has been consulted at a late stage, preventing payment of the financial compensation that was supposed to occur by 1 June 2003. The Commission was late in submitting its proposal for technical reasons, and the Council refused to agree to urgent consultation procedure. The delay is likely to place the Community in an awkward position at the negotiations on the next protocol beginning in September, at the very moment when Parliament will be giving its opinion in plenary on the extension and thus allowing payment of the financial compensation.

As this is a straightforward extension it is not possible to change either the fishing opportunities or the financial compensation. Its main purpose is to enable Community shipowners to continue fishing in the exclusive economic zone (EEZ) of Mauritius pending the negotiations on amendments to the Protocol.

BACKGROUND

- Situation of Mauritius: geography and economy

Independent since 12 March 1968, the Republic of Mauritius consists of three islands in the south-west Indian Ocean, east of Madagascar, the largest being Mauritius, and lays claim to the islands of Tromelin and Diego Garcia, respectively under French and British sovereignty. Its main port of unloading is the capital, Port Louis.

Its land area is 1 865 km²; it has a coastline of 177 km; it has a territorial sea of 12 miles and an EEZ of 200 miles. The Republic of Mauritius is a member of the Indian Ocean Tuna Commission (IOTC). It is a contracting party to the UN Convention on the Law of the Sea and the Straddling Stocks Agreement.

The Mauritian economy is based mainly on tourism and duty-free textile production. Apart from the tourist industry's 'big game' fishing, local fisheries play a limited role in the national economy. However, the fishing agreements with the Community help greatly to create direct and indirect employment and attract foreign currency. The agreements have led to the development of a tuna canning industry. The industry's viability depends directly on the importation of such canned tuna products into the European market duty-free as a result of the preferences granted to ACP countries by the Cotonou Agreement.

- Assessment of tuna stocks

Tropical tuna is the world's leading fishery, and has been so since it began (in the 1950s). The IOTC, as the competent regional authority for conservation and management, assesses tuna stocks through accredited scientific establishments. The fisheries agreement between the EC and Mauritius only covers *surplus stocks*, in the Mauritian EEZ outside the 12-mile territorial sea, in accordance with the Law of the Sea. In view of tuna's extremely migratory nature, tuna fishing tends to fluctuate considerably in any given area depending on the migration seasons. So the protocol lays down an expected tonnage based on the average catch in previous years.

II. THE FISHING AGREEMENT: a trade agreement with substantial implications for a developing country

- Part of an inter-dependent network of tuna-fishing agreements in the Indian Ocean

The fishing agreement with Mauritius was signed in 1989 and entered into force in 1990. It is a traditional commercial agreement (fishing opportunities granted to Community fishermen in exchange for financial compensation) and tuna is the main component. Although from the budgetary and catch weight point of view the agreement remains relatively modest, it is vitally important because it forms part of a network of tuna-fishing agreements in the Indian Ocean, made necessary by tuna's highly migratory nature. The Community has concluded similar agreements with Seychelles (the largest, for 45 000 tonnes of tuna), Madagascar and The Comoros. An equivalent agreement is due to be concluded in July with Tanzania, and the Commission plans to open negotiations with Kenya.

This agreement is implemented in the form of protocols renewed every three years, specifying the fishing opportunities and the amount of the financial compensation. The most recent protocol to expire was the fourth, covering the period from 3 December 1999 to 2 December 2002.

- Content of the extended protocol
 - The fishing opportunities amount to 5 500 tonnes of tuna a year (16 500 for three years). They are allocated by purchase of a licence to 43 tuna seiners, 40 surface longliners and some vessels fishing by line. This is an industrial fishery, with a fleet comprising large vessels, often including freezer vessels.
 - The distribution between Member States is:
 - tuna seiners: Spain 20, France 20, Italy 2, United Kingdom 1;
 - surface longliners: Spain 19, France 13, Portugal 8;
 - vessels fishing by line: France 25 grt per month, based on an annual average.
 - The *shipowners' contribution* amounts to EUR 25 per tonne of tuna, the Community contribution being EUR 75. Anticipated payment is made by purchasing a licence, issued in exchange for an annual sum of EUR 1 750 per tuna seiner, representing duty due for an annual catch of 70 tonnes, and EUR 1 375 per surface longliner of over 150 grt, representing an annual catch of 55 tonnes.

The Commission says that the take-up of licences obtained by shipowners in the period 1999-2002 was satisfactory. Catches, of around 75 %, were generally lower than the reference weight.

Community shipowners are required to notify the Mauritian authorities of the details of their catches. At their request vessels must take on board an observer mandated by the Mauritian authorities to inspect catches.

- *Financial compensation* amounts to EUR 412 500 for the extension. (It was EUR 1 337 500 over three years for the extended protocol.) Of this sum, 50 %, or EUR 206 250, is allocated to *targeted measures*, compared with 30 % for previous protocols, with the aim of helping Mauritius develop a sustainable fishing industry. The targeted measures concern scientific and technical programmes designed to promote better management of fisheries and living resources, set up a vessel monitoring and control system, and finance study grants and training courses in various fishery-related subjects. The government of Mauritius is required to send the Commission an annual report on implementation of the measures and results obtained. The Commission says the Mauritian authorities made satisfactory use of the amount allocated to these measures in the period 1999-2002.

It should be noted that the annex to the protocol contains an article on supplying the tuna canneries. The article stipulates that Community tuna fishers should endeavour to sell part of their catches to the Mauritian tuna canneries.

The Commission proposes to make an assessment of the results obtained (catches and catch value) and the ensuing consequences (number of jobs created and maintained, and the relationship between the protocol's cost and the value of catches) in the period 2002-2003, and to do so before the expected renewal of the protocol in December 2003.

THE NEED FOR CONSISTENCY WITH THE COMMERCIAL AND DEVELOPMENT POLICIES

The European tropical tuna industry has drawn attention (as it did at the hearing at Parliament held by the Fisheries Committee on 11 June 2003) to the need to preserve, in the Doha round negotiations, a preferential economic area to ensure that the benefits from the industry for both the developing countries and European fisheries can be sustainably maintained.

- Development of real tropical tuna fish industry between Europe, the ACP countries and the drug-related GSP countries:

The fishing agreements between the Community, the Indian Ocean ACP countries and the drug-related GSP (Generalised System of Preferences) countries have brought about the growth of a European tropical tuna fishing fleet supplying substantial industrial processing capacities in both the developing countries and Europe.

The canning industries benefit from consolidation of the customs regime and the tariff suspension mechanism.

- The agreements with ACP countries, with which the Community has from the start endeavoured to establish special relations, allow the development of a controlled and sustainable fishing industry and are a significant factor in the development of such countries, as they set up a preferential trading area with exemption from customs duties for tuna cannery products.

These agreements have made it possible to create canning industries in the ACP countries, supplied partly by Community fleets. Such industrial establishments, 15 in number, have become an indispensable component in the economic growth of those countries. They supply the European market.

- The drug-related GSP countries also benefit from preferential conditions for canned products. This has attracted European investment in the processing industry. It is this industry which supplies the European market.

The economic and social benefits from the industry are significant, both in Europe and in the ACP and GSP-drug countries.

- But the future of the whole industry could be compromised if the recent proposal made in the WTO, to bring all the developing countries into line with the GSP-drug countries, thus introducing a zero rate of customs duty as standard for the world canning market, were to be adopted.

The proposal, purporting to meet the objectives of Doha, in fact goes against the proclaimed aim of sustainable development for the developing countries. Indeed, to open up the market in this way would quite simply result in the disappearance of the ACP and GSP-drug countries' canning industries, as they would be unable to withstand the fierce competition from the countries of south-east Asia, especially from Thailand. An after-effect would damage the viability of the tuna-fishing fleets themselves. In that event some ship-owners envisage relocating to third countries and dropping the flag. The risk of transferring production and processing activities to south-east Asia is very real.

And the south-east Asian countries (Thailand, the Philippines and Indonesia) enjoy highly advantageous economic conditions: concentration of tuna resources (50 % of world production) fished outside any regulatory framework for safeguarding sustainable development, low cost of materials and production factors (oil), a specialised workforce with particularly low wage costs, and logistical advantages. These countries deliver more than 90 % of their production to world markets. In spite of the 24 % customs duties that they have to pay to enter the Community market, and the ACP and GSP-drug countries' exemption from duty, they supply between 20 and 25 % of Community imports. We are bound to observe that the present system in no way prevents their access to the Community market.

CONCLUSION

It would seem clear that consolidation of the customs regime benefiting the ACP and GSP-drug countries' cannery products in the Doha round negotiations is a condition for safeguarding the future of the tropical tuna fishing industry, whose fishing agreements have enabled development to the mutual benefit of the developing countries and European fisheries.

To prevent the dismantling of the industry, which would undermine our partners' development and weaken our own fishing industry, there must therefore be the greatest possible consistency between the Community fisheries and development policy and the commercial policy conducted by the Commission. That consistency will involve consolidating the customs duty on canned tuna at its present level (24 %). This is a determining factor for the balance and stability of the market, and thus of the tropical tuna fishing fleet.