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Committee on Budgets

2005/0206(CNS)

6.2.2006

OPINION

of the Committee on Budgets

for the Committee on Fisheries

on the proposal for a Council regulation concerning the conclusion of the Partnership Agreement between the European Community and the Federated States of Micronesia on fishing in the Federated States of Micronesia (COM(2005)0502 – C6-0353/2005 – 2005/0206(CNS))

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PA_Leg

SHORT JUSTIFICATION

The EU has negotiated a total of three fisheries agreements with the island states in the Western Pacific - Kiribati (currently in force), the Federated States of Micronesia (the subject of the present opinion) and the Solomon Islands (currently also being approved by the EU machinery). The latter two are the new "partnership" agreements, whereas that with Kiribati is a classical fisheries agreement.

The agreement with Micronesia is a new one, to last for a period of nine years (compared to three years for the Solomons). The protocol, though, is very similar to that of the Solomons.

It allows for six purse seine vessels and twelve longliners to operate in the waters of the Micronesia for a period of three years, beginning when the approval procedures are completed. If the status of the stocks is favourable, the number of purse seiners can be increased during the second year.

The financial compensation is fixed at EUR 559.000 per year, but if the number of purse seiners increases then the compensation increases by EUR 65.000 per vessel. For that amount, the EU vessels can catch a total of 8.600 tonnes per year; if catches exceed that then the payment is increased by EUR 65 per tonne.

Total indicative financial cost on intervention (COM(2005)0502, Legislative Financial Statement, p. 46) is presented in the following table:

EUR million (to 3 decimal places)

| | | | | | | | | |
|---|---------|------|-------|-------|-------|----|----|-------|
| TOTAL CA including cost of Human Resources | A+c+d+e | Min. | 0.636 | 0.636 | 0.676 | -- | -- | 1.948 |
| | | Max. | 1.754 | 1.884 | 1.924 | | | 5.562 |
| TOTAL PA including cost of Human Resources | B+c+d+e | Min. | 0.636 | 0.636 | 0.676 | -- | -- | 1.948 |
| | | Max. | 1.754 | 1.884 | 1.924 | | | 5.562 |

Other aspects of the agreement are typical, although it is mid-way between the old style of fisheries agreements and the new style of fisheries partnership agreements. For instance, it adopts the approach of a multiannual sectoral programme to encourage responsible fishing (18% of the total financial compensation compared to 30% in the Solomos agreement), as FPAs do. A Joint Committee will develop annual and multiannual guidelines for spending the money, as well as criteria and procedures for evaluating the results obtained each year. While this seems like a positive development, its actual effectiveness can only be judged after it has been in effect for a few years. On the other hand, there is no specific exclusivity clause to prevent EU-flagged vessels operating in Micronesia outside the terms of the agreement.

The agreement also seeks to encourage the creation of joint ventures and, apparently, "the transfer of Community vessels to joint enterprises". Given that subsidies for the export of vessels are no longer possible under the EU structural funds, one has to wonder what is meant

by this - are partnership agreements intended to create another means for the export of EU vessels?

Since there is no history of official EU involvement in the country upon which to base any *ex post* evaluation, there is only a short *ex ante* evaluation. According to that, the EU should derive a significant financial benefit, an added value of up to EUR 1.14 million, while the Micronesia would benefit to the tune of EUR 895.000, depending on the amount of EU fishing. Though the Commission promises that the full evaluation would be available on the DG Fish website, it was not available as of 12 January 2006.

Finally, a word on the environmental impact of the agreement. The impact study states that there are concerns over **bigeye tuna** in the area, as well as a number of other species that may be caught as bycatch, including marine mammals, turtles, seabirds and, especially, sharks. Purse seiners tend to catch quantities of juvenile bigeye tuna in certain types of fishing operations. Further, at the most recent scientific meeting of the Western and Central Pacific Fisheries Commission, in August 2005, it was concluded that **yellowfin tuna** was probably being over-fished, although the status of the stock was not yet problematic. For these reasons, the impact of the addition of fishing vessels by the EU needs to be carefully monitored, for if the stocks are over-exploited, there are obvious consequences for the benefits, financial and otherwise, of the agreement.

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 Commission¹

Amendments by Parliament

Amendment 1
Article 2 a (new)

Article 2a

The Commission shall report annually to the European Parliament and the Council on the results of the multiannual sectoral programme referred to in Article 5 of the Protocol.

Justification

¹ OJ C ##, ##, p. ##.

In order to evaluate whether the compensation paid by the EU is properly accounted for and does in fact promote the sustainable use of fishery resources, the Commission should report annually to Parliament.

Amendment 2
Article 2 b (new)

Article 2b

Prior to expiry of the Protocol and before the beginning of new negotiations for a possible renewal, the Commission shall submit to the European Parliament and the Council an ex post evaluation of the Protocol, including a cost-benefit analysis.

Justification

An evaluation of the current protocol is necessary before new negotiations begin in order to know what changes, if any, should be included in any possible renewal

PROCEDURE

| | |
|---|---|
| Title | Proposal for a Council regulation concerning the conclusion of the Partnership Agreement between the European Community and the Federated States of Micronesia on fishing in the Federated States of Micronesia. |
| References | COM(2005)0502 – C6-0353/2005 – 2005/0206(CNS) |
| Committee responsible | PECH |
| Opinion by Date announced in plenary | BUDG 15.11.2005 |
| Enhanced cooperation – date announced in plenary | |
| Drafts(wo)man Date appointed | Helga Trüpel |
| Previous drafts(wo)man | |
| Discussed in committee | 31.1.2006 |
| Date adopted | 31.1.2006 |
| Result of final vote | +: unanimity -: 0: |
| Members present for the final vote | Laima Liucija Andrikienė, Gérard Deprez, Valdis Dombrovskis, Bárbara Dührkop Dührkop, James Elles, Salvador Garriga Polledo, Ingeborg Gräßle, Louis Grech, Nathalie Griesbeck, Catherine Guy-Quint, Anne E. Jensen, Sergej Kozlik, Zbigniew Krzysztof Kuźmiuk, Janusz Lewandowski, Vladimír Maňka, Jan Mulder, Gérard Onesta, Giovanni Pittella, Wojciech Roszkowski, Antonis Samaras, Esko Seppänen, Yannick Vaugrenard, Ralf Walter |
| Substitute(s) present for the final vote | Bogusław Liberadzki, Hans-Peter Martin |
| Substitute(s) under Rule 178(2) present for the final vote | |
| Comments (available in one language only) | ... |