



European Economic and Social Committee

NAT/170
Fishing/Consequences of
restructuring

Brussels, 14 May 2003

OPINION

of the European Economic and Social Committee

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 final

On 6 November 2002 the Commission decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, 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 final).

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 1 April 2003. The rapporteur was **Mr Chagas**.

At its 399th plenary session (meeting of 14 May 2003), the European Economic and Social Committee adopted the following opinion by 103 votes in favour, with two against and seven abstentions..

1. **The Commission proposal**

1.1 The action plan proposed by the Commission was intended to address the probable social, economic and regional consequences of restructuring the fishing industry in response to the depletion of certain fisheries resources. It seeks to identify the impact of limiting fishing effort for certain species in certain areas as part of the reform of the Common Fisheries Policy (CFP).

1.2 The Commission feels that, despite the social cost associated with the reform of the CFP and particularly that resulting from a **reduction of fishing effort** within the framework of multi-annual management plans, the cost of postponing the measures now considered necessary would be far more serious. Such effort limitation schemes are likely to be translated by Member States into tie-up schemes. These would involve a reduction in the number of fishing days fishing vessels could target specific stocks, which are likely to result in reductions of income, either because these vessels would have to switch to alternative but less profitable fisheries, or because of tie-ups. Modifications to the fleet aid policy will also involve social costs: the proposed restriction of aid for modernisation, as well as the proposed elimination of aid for renewal and export of fishing vessels and the more attractive scheme to permanently reduce capacity are likely to have consequences for the sector.

1.3 The present Communication from the Commission includes:

- an assessment of the likely socio-economic impacts of fishing effort limitations and reductions in vessel numbers in particular a review of the provisional estimate of lost jobs;
- a review of all the existing means to alleviate these impacts within the existing Community aid regimes (FIFG, ERDF and ESF);
- an overview of additional means which could become available in the short term through the reform of the CFP and the reprogramming of the Structural Funds;

- an analysis of further options for the longer term.

1.4 Among the proposed measures to be financed under the funding available for the period 2000-2006 are:

- the reprogramming of up to €611 million in the FIG programme for social and capacity reduction measures thanks to the phasing out, from 2003 onwards, of aid for fleet modernisation and renewal, as well as aid for the transfer of vessels to third countries;
- special measures in favour of small-scale fishing which accounts for some 70% of vessels and around 50% of employment in the sector;
- improving the image of the sector by improving living and working conditions aboard vessels, as well as social protection in the fishing industry and measures to support young fishermen and the switch to more sustainable fishing activities;
- support for the diversification of activity as part of an integrated development programme for coastal areas.

1.5 The Commission also focuses particular attention on the impact which implementing reductions in the fishing effort under multi-annual management plans will undoubtedly have. This will involve an annual limit on the number of fishing days and the consequent reduction in the income of fishermen and businesses, which may even result in the permanent withdrawal of the vessel.

2. Outcome of the Fisheries Council of 16-20 December 2002

2.1 Discussion of the action plan must take account of the outcome of the Fisheries Council of 16-20 December 2002. The Council adopted new regulations, including one on Community structural assistance in the fisheries sector as follows:

2.2 A simpler system for limiting the fishing capacity of the EU fleet in order to reach a better match with available resources has been adopted. It will replace the former system of Multi-annual Guidance Programmes (MAGPs) which, according to the Commission, has proved to be ineffective at tackling the overcapacity of the EU fleet. The new system will give more responsibility to the Member States to achieve a better balance between the fishing capacity of their fleets and the available resources. It includes the **following measures**:

- reference levels will be set based on the MAGP levels set for 31 December 2002. The reference levels will be automatically and permanently reduced whenever any capacity is withdrawn with public aid. (If a vessel is withdrawn with public aid the reference levels will be reduced by an equivalent capacity);

- for each gross registered tonne introduced in the fleet with public aid (which will only be available for the next two years, 2003 and 2004), Member States will have to decommission, without aid:
 - an equivalent amount of capacity (1:1 entry/exit ratio) for vessels up to 100 GT (gross registered tonnes) or
 - 1.35 tonnes (1: 1.35 entry/exit ratio) for vessels over 100 GT;
- over the period **2003 - 2004**, Member States that grant public aid for the renewal of the fleet, will have to reduce the overall capacity of their fleets by a minimum of 3% compared to their reference levels;
- it will be up to Member States to ensure that the total fishing capacity of new vessels entering the fleet does not exceed the capacity of those being permanently removed and that fishing capacity is adjusted to the available fish resources.

2.3 Aid for the renewal of fishing vessels is being phased out and will only be available for two more years (**up to the end of 2004**) and only for vessels under 400 GT. It will be restricted to Member States which have met their overall MAGP IV capacity targets and its allocation will have to comply with the entry/exit ratios described above. This two-year plan will allow these Member States to continue modernising their fleets while sending a clear signal that no more such aid, which can contribute to overfishing, will be available after 2004.

2.4 Aid for modernisation of fishing vessels will only be available for vessels that are at least five years old to improve safety, product quality or working conditions, switch to more selective fishing techniques or to equip vessels with the VMS (Vessel Monitoring Systems). When the modernisation is to improve safety, product quality or working conditions, an increase in tonnage will be possible but only for improvements on the vessel's superstructure (over the main deck). However, such modernisation must not increase the ability of the vessel to catch fish. EU aid will be restricted to Member States which have met their overall capacity targets set under MAGP IV.

2.5 A €32 million "**scrapping fund**" has been established, to help Member States achieve additional reductions in fishing effort required under recovery plans. Vessels whose fishing effort has to be reduced by 25% or more as a consequence of a recovery plan will be eligible for aid from this fund; premiums will be 20% higher than those available for decommissioning under FIG.

2.5.1 Aid for permanent transfer of EU vessels to third countries, including through the creation of joint enterprises with third country partners, will be available for two years (until the end of 2004). However they will be limited to exports to countries with which the EU has signed a fisheries agreement or transfer to set up a joint enterprise in one of these countries (unless the Commission decides otherwise). The amount of the premium will be limited to 30% of the FIG scrapping premium for exports and to 80% for joint enterprises.

2.5.2 Aid from Member States to fishermen and vessel owners who have to temporarily stop their fishing activity can now be allocated for three consecutive months or for six months over the entire period between 2000 and 2006 when stoppages are due to unforeseeable circumstances. Aid may be extended from one year to a second year if the temporary interruption results from the implementation of a recovery or multi-annual management plan, or from emergency measures decided by the Commission or Member States. Aid to support the retraining of fishermen to help them reconvert to professional activities outside the catching sector will be extended to supporting the diversification of fishermen's activities outside fisheries, while allowing them to continue fishing on a part-time basis.

3. General comments

3.1 The present action plan has been put forward at a critical time for the European fisheries sector when bold measures are needed to ensure the survival of Community fishing activity on a lasting and sustainable basis. This inevitably involves the recovery of fish stocks, which, in the case of a number of species, are at extremely critical levels. Indeed, the EESC agreed with the diagnosis of the situation in the EU fishing sector reflected in the 2001 Commission's Green Paper and in particular relating to the existing overcapacity in the EU fleet. It must be clear that no sustainable fisheries will be possible if the fleet capacity and especially the fishing effort are kept at their current levels. The EESC considers, however, that the approach to the problem cannot be solely economic or ecological. In its opinion on the Green Paper¹ it underlined that for the regions concerned the importance of fisheries extends far beyond their contribution to GDP. Fisheries cannot be seen as just another sector which the EU has to restructure. In the large majority it is composed of small-scale fishermen whose activities are, in general, respectful of the environment. Fishing constitutes the hub around which a whole series of communities and activities revolve, playing a significant role in terms of social cohesion and regional management, and this is particularly true in the outermost regions and regions which are at present highly dependent on fishing.

3.1.1 In its opinion on the Roadmap document adopted by the Commission in 2002², the EESC pointed out "the need to meet an adequate balance between profitability and efficiency of fishing vessels on the one hand, and sustainable employment on the other."

3.2 The EESC has repeatedly called for restructuring policies and measures for the fisheries sector to be accompanied by corresponding social and economic measures to help reduce the predictable impact on workers and businesses. It has also argued that it is essential for the latter to be involved in defining these measures and policies from their inception.

¹ CES 1315/2001, OJ C 36, 8.2.2002, point 2.1.2

² CES 1369/2002

3.3 When the Commission submitted the first set of measures for the present reform in May 2002, the fact that it was not accompanied by a set of proposals addressing the justified concerns of the sector helped to create a climate of rejection and opposition among workers in the sector and the various Member States, which could have been avoided if they had been involved from the start.

3.4 The Committee would add that, as the Commission stated in its Roadmap document³, the present document was drawn up on the basis of bilateral consultations with the Member States. However, the EESC feels that the social partners, boat owners and trade unions should have been involved in this consultation exercise so that the socio-economic measures they put forward could be taken into consideration from the start.

3.5 As pointed out before, the Commission proposal must be seen within the context in which it was submitted, that is, as an attempt to address the consequences that the measures put forward in a first set of proposals would have in social and economic terms. However, in the light of the decisions adopted by the Council of Ministers in December 2002, some of these consequences will be partially limited and the available funding lower since, according to the those decisions, some of the measures the Commission was intending to do away with while reallocating the respective resources are to remain in place.

3.6 Having said this, the EESC feels that, although necessary, the action plan does not address the concerns of entrepreneurs and fishermen as it is too vague on some points and lacks the necessary financial resourcing on others.

3.7 In the action plan, the Commission revises downwards its previous estimates of job losses from 28,000 to 12,000 over a period of four years. In fact, after consulting the Member States, the Commission concluded that it should consider job losses due to the reform and those put down to "natural wastage" over the last few years as separate items. Meanwhile, in view of the current difficulty in recruiting new workers in the sector, some countries are seeing a labour shortage which may absorb some of those made unemployed.

3.7.1 Although the Council decisions may suggest a less severe impact on employment, there is considerable uncertainty about the real effect of the multiannual management plans. The Commission also mentions that EU enlargement will probably cause additional difficulties for employment in the sector. The EESC calls on the Commission to earmark adequate resources to cope with these difficulties and the well-known shortfalls in technical resources, infrastructure and training.

3.7.2 The drastic reductions imposed on cod and hake catches in the North Sea will also have a major impact on employment in the region to an extent which the Commission could not predict and which has not therefore been taken into account.

³ COM(2002) 181 final

3.8 The EESC also notes that no allowance has been made for the possible impact of the measures proposed and/or adopted on other sectors closely linked to fishing, like marketing, processing or shipbuilding and repair. The reduction in fishing activity, the number of ships and the volumes of catches will have a considerable impact on these sectors and the EESC urges that provision be made for appropriate support measures. As mentioned earlier, the importance of fishing in certain communities is vital in terms of economic and social cohesion and any imbalance can have profound repercussions, both upstream and downstream. The Commission itself recognises that in some communities the only alternative to fishing may be unemployment or emigration.

3.9 Equally worrying is the scenario whereby fishermen and vessels continue to operate, but fishing opportunities, in terms of either the fishing days or quotas allowed, are so limited that they spell bankruptcy in the short term. The EESC feels there is a need for a **serious and detailed debate on the model to be implemented as regards fishing in Community waters**: the option for a small number of large, modern and extremely economical vessels to the detriment of a proportion of medium-sized vessels, which may be less profitable but employ more labour, has to be questioned. This would lead in time to the creation of monopolies and the possible privatisation of fishing resources, with quotas being traded. The EESC cannot endorse this prospect.

3.10 The EESC insists on the need to take action to clamp down on IUU (illegal, unreported and unregulated) fishing activity and that done by ships operating under flags of convenience, including through import controls on fisheries products, as well as leisure fisheries, so as to ensure uniform and fair implementation of the Community rules.

3.11 The Communication carries out an analysis of the various existing Community funds which could be combined to fund socio-economic measures. In addition to the programmes specific to the sector, such as FIGF, there are other possibilities under the ERDF, the EAGGF or the ESF, for example.

3.12 It is worth reiterating the view expressed earlier by the EESC that, although it was not exploited to the full, while it was operative, the PESCA programme allowed greater involvement by workers and businesses from the sector in that it took a less remote approach and identified more with the sector. In particular, given that some Member States have decided not to institute specific social measures for the sector, it would be useful to devise a new programme allowing all workers in the sector direct access to social support measures.

3.13 The aquaculture sector has development potential which should be exploited in all its aspects, especially as regards job creation, as it can absorb some of the workers forced to give up working at sea. Fiscal and other measures should be adopted to promote this process⁴.

3.14 The Committee also notes that the Commission bases its proposals on the reprogramming of funds already allocated to the Member States which could no longer be used as a

⁴ cf. CES 1412/2002 fin adopted by the section on 1 April 2003

result of the restrictive measures proposed in the May package. However, in the light of the Council's decision not to accept all the cuts proposed by the Commission, it will be more difficult to reprogramme some of these funds for socio-economic measures. In addition, some Member States have already earmarked a sizeable portion of these funds for fleet renewal measures. The EESC feels that a sustained framework of support for the sector and workers in it will only be possible by increasing FIG resources and creating a specific support line for social questions.

3.15 In this respect, the EESC applauds the European Parliament's initiative to propose to the budget authority and the Commission the adoption of an action plan to compensate for the consequences of measures to recover cod stocks and the earmarking of an extra €150 million in funds.

3.16 The Commission addresses the situation of those who will remain in the sector under the heading "Further options, for the longer term": a possible broadening of the FIG to support measures aimed at reducing the level of dependency of coastal communities on fishing, support for small-scale fishing, improving the image of the sector, increasing women's involvement in associated activities and enhancing their role, better assessment of the dependency of certain regions on fishing and some thoughts on the future of structural policy for the sector after 2006. The EESC endorses this approach, urging the Commission and the Member States to implement the necessary measures as soon as possible.

3.16.1 Once again the Commission mentions that it intends to consult the social partners, particularly through the Social Dialogue Committee, on measures intended to improve working conditions and live aboard ship. It should be pointed out here that, although the Communication was published with no prior consultation of that Committee, the social partners did adopt a common position in November 2002 which presented a number of concrete proposals in this respect. The EESC recommends that this contribution from the social partners be duly taken into consideration and that they be involved from the very start of the decision-making process, at both European and regional and local level.

3.16.2 Such cooperation will be essential for improving the image of the sector, which, as the Commission advocates, must involve greater safety, more concern for the environment, and the introduction of gainful forms of employment to give young people stable prospects and greater job security.

3.16.3 The Commission also states that it intends to review the legislation in force to improve working conditions and social protection in the sector. The EESC welcomes this intention which it has been calling for for quite some time. In particular, a greater commitment by the Member States to the ratification of the STCW-F Convention and the Protocol to the Torremolinos Convention would be desirable.

3.17 The EESC also feels that some consideration should be given to ways of utilising the knowledge and experience of workers who give up fishing, particularly in training and cooperation projects with non-EU countries.

3.18 Finally, the Commission should launch a debate on measures to improve the use of Community support with a view to bettering social conditions in the sector. Access to these funds should be conditional upon compliance with minimum social standards common to the whole sector.

Brussels, 14 May 2003.

The President
of the
European Economic and Social Committee

The Secretary-General
of the
European Economic and Social Committee

Roger Briesch

Patrick Venturini
