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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 22.4.2009
COM(2009)163 final

GREEN PAPER

Reform of the Common Fisheries Policy

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1. A VISION FOR EUROPEAN FISHERIES BY 2020

Mankind's main source of high-quality animal protein and healthy fat, fish, is a growing market again and has re-established itself as a regular fixture in the diet of the more than half a billion European consumers. The continuous decline of catches by the European fleet came to an end around 2015. Although Europe continues to rely heavily on fish imports, the proportion is starting to reverse. Fish caught or produced in Europe is valued and recognised by consumers as high-quality produce.

Rampant overfishing, with a large impact on coastal economies, has become a thing of the past. Nearly all of Europe's fish stocks have been restored to their maximum sustainable yields. For many stocks, this means that they have increased considerably compared to 2010 levels. Fishermen earn more from these larger fish populations composed of mature and bigger fish. Young people from coastal communities once again consider fishing as an attractive and stable means to make a living.

Europe's fishing industry has become far more financially robust. The industrial segment of the fleet is efficient and independent from public financial support. It operates with environmentally friendly boats and its size is commensurate with the fish it is authorised to catch. At the other end of the spectrum, small-scale fisheries continue to produce high-quality fresh fish consumed locally and marketed under labels of quality and origin that give higher value to fishermen. The ever increasing proportion of Europeans living along the continent's coasts represents a growing demand for high-quality, locally produced food. Their work has also become much more integrated with other economic sectors which are key to coastal communities. Throughout the sector, the production and marketing chain offers full transparency to authorities and consumers on the origin of raw materials "from net to plate." Europe's aquaculture industry is also an important provider of fish to European consumers: it remains at the forefront of technological development and continues to export know-how and technology outside Europe.

The EU Common Fisheries Policy has become streamlined and is now considerably cheaper and simpler to manage. Decision-making allows for specific technical decisions to be taken with closer involvement of fishers. Fishing operators are given incentives to behave responsibly but they are also expected to demonstrate that they comply with the basic principles of the CFP. Stakeholders fully participate in decisions and debates on policy implementation. Fisheries control has become far more effective.

Outside Europe, the EU continues its work to promote good maritime governance and responsible fishing worldwide. Agreements with third countries now give higher priority to enhancing the European contribution to local fisheries development, investment and good maritime governance. New regional programmes to improve the control and scientific monitoring of fish stocks are in place and involve most of the world's larger fishing nations.

2. INTRODUCTION

The above vision for the future is a far cry from the current reality of overfishing, fleet overcapacity, heavy subsidises, low economic resilience and decline in the

volume of fish caught by European fishermen. The current CFP has not worked well enough to prevent those problems.

However, the Commission believes that a whole-scale and fundamental reform of the Common Fisheries Policy (CFP) and remobilisation of the fisheries sector can bring about the dramatic change that is needed to reverse the current situation. This must not be yet another piecemeal, incremental reform but a sea change cutting to the core reasons behind the vicious circle in which Europe's fisheries have been trapped in recent decades.

The fishing industry is essential to supplying food to European citizens and supporting livelihoods in European coastal areas. Ensuring its future is, and must remain, an important policy objective for the European Union. This future must be ensured in a challenging and changing context:

European fish stocks have been overfished for decades and the fishing fleets remain too large for the available resources. This combination means that too many vessels chase too few fish and many parts of the European fleet are economically unviable. The outcome has been a continuous decrease in the amounts of seafood fished from Europe's waters: more than half of the fish consumed on the European market is now imported. The high volatility of oil prices and the financial crisis have exacerbated the low economic resilience of fishing.

The fisheries sector can no longer be seen in isolation from its broader maritime environment and from other policies dealing with marine activities. Fisheries are heavily dependent on access to maritime space and to healthy marine ecosystems. Climate change is already having an impact on Europe's seas and is triggering changes to the abundance and distribution of fish stocks. Competition for maritime space is also on the rise as ever larger parts of our seas and coasts are dedicated to other uses. Fishing economies are heavily influenced by broader trends of employment and development in coastal communities, including the emergence of new sectors offering opportunities for reconversion or income diversification. Re-thinking the CFP therefore requires us all to take a fresh look at the broader maritime picture as advocated by the Integrated Maritime Policy (IMP) and its environmental pillar, the Marine Strategy Framework Directive¹.

Awareness of the prime importance of our oceans and seas is growing, as is the need to preserve them and exploit them sustainably. This has translated into much stronger emphasis on the ecological sustainability of fisheries worldwide. The World Summit on Sustainable Development in 2002 spelled out specific targets for fisheries management, including restoring fish stocks to Maximum Sustainable Yield (MSY)² by 2015, which must be taken on board by all fishery managing authorities. Important steps have also been taken in the United Nations to limit the impact of fisheries in the high seas. Growing concerns about food security in the EU and

¹ Directive 2008/56/EC of the European Parliament and of the Council of 17 June 2008 establishing the framework for Community action in field of marine environmental policy (Marine Strategy Framework Directive) (OJ L 164, 25.6.2008).

² Maximum Sustainable Yield is the maximum annual catch which on average can be taken year after year from a fish stock without deteriorating the productivity of the fish stock. Fishing above MSY in the short term will lead to lower catch opportunities in the longer term as the fish stock is fished down.

worldwide make it ever more important to manage and exploit natural resources responsibly without jeopardising their future. Some of the most fuel-intensive fishing practices are increasingly harder to justify given the need to reduce greenhouse gas emissions.

Consumers, processing and retail sectors increasingly share these concerns and require guarantees that the fish they consume and sell originates from well-managed and sustainable fisheries.

European fishing activities must be clearly based on economically rational principles. Fleets must improve their economic resilience and adapt to changes in the environment and markets. Some steps are being taken to adapt including voluntary laying-off of vessels and a move towards less fuel-intensive fishing practices. Some initiatives have been undertaken to improve quality, consumer information and the match between supply and demand in order to increase economic viability. These steps, however, fall far short of what is necessary to adapt to change and restore the economic viability of the sector.

The EU Treaties establish fisheries management as one of the exclusive competences of the Community. This is because fish move across national jurisdictions and fishermen have followed them long before Exclusive Economic Zones (EEZs) were introduced and the CFP was born. We share the marine ecosystems on which our fisheries depend. The activity of one fleet therefore has a direct effect on the future fishing opportunities of others exploiting the same fish stocks and the same ecosystem. Trade in fisheries products is also heavily integrated.

The CFP is now entering a new round of reform. This Green Paper aims to stimulate a debate on the reform to provide the Commission with feedback and guide its work.

3. THE CURRENT COMMON FISHERIES POLICY AND ITS OUTCOMES

The main changes made to the CFP in 2002 included:

- moving towards a longer-term perspective on fisheries management by introducing recovery and management plans;
- increased commitment to ensure the integration of environmental concerns into fisheries management;
- increased stakeholder involvement by establishing the Regional Advisory Councils (RACs);
- a new fleet policy, doing away with compulsory targets for capacity reduction and replacing them with national ceilings under which Member States are free to choose how they conduct their fleet policy;
- introducing fishing effort, such as limiting the days a vessel can operate at sea, as a fundamental tool in fisheries management, notably in the context of multi-annual recovery plans;

- a more selective use of public funds to support the development of the sector by discontinuing the use of public aid to construct new vessels, by a structural policy more coherent with CFP objectives and with more emphasis on diversification in coastal communities;
- new bilateral fisheries agreements aimed at developing partnerships with the third countries concerned.

However, the objectives agreed in 2002 to achieve sustainable fisheries have not been met overall.

The marine ecosystems in Europe's waters have the potential to support a high productivity of fish stocks. However, most fish stocks have been fished down. 88 % of Community stocks are being fished beyond MSY: this means that these fish populations could increase and generate more economic output if they were left for only a few years under less fishing pressure. 30 % of these stocks are outside safe biological limits, which means that they may not be able to replenish³. European fisheries today depend on young and small fish that mostly get caught before they can reproduce. For instance, 93 % of the cod in the North Sea are fished before they can breed⁴. This overall picture conceals considerable variations by marine region and species. Nonetheless, European fisheries are eroding their own ecological and economic basis.

While a few EU fleets are profitable with no public support, most of Europe's fishing fleets are either running losses or returning low profits. Overall poor performance is due to chronic overcapacity of which overfishing is both a cause and a consequence: fleets have the power to fish much more than can safely be removed without jeopardising the future productivity of stocks. Capacity reductions in recent years have not been sufficient to break this vicious circle. Although it varies significantly by marine region and fleet, on average fleets have been reduced by only 2 % a year. Which is broadly offset by technological progress in fishing efficiency (estimated at 2 to 3 % a year). The imbalance between the fleet and available fish was not redressed. The overall result is reduced landings and a heavier reliance of the EU market on imports.

Another important consequence of the vicious circle of overfishing, overcapacity and low economic resilience is high political pressure to increase short-term fishing opportunities at the expense of the future sustainability of the industry. Sustained political and economic pressure has led industry and Member States to request countless derogations, exceptions and specific measures. In many cases, the industry has found ways to counteract the short-term negative economic effects of these measures, leading to the need for even more detailed measures. Documenting, deciding, implementing and controlling the vast and diverse European fisheries through such micromanagement is increasingly complex, difficult to understand and very costly to manage and control.

³ According to assessments by the International Council for the Exploration of the Sea (ICES) in 2008. These numbers refer to stocks for which there is sufficient information to make an assessment of their state. There is no reason to believe that the situation is better for those stocks where there is poor information.

⁴ Based on data provided by ICES.

This situation has arisen in a context of heavy public financial support given to the fishing industry, one of the results being to artificially maintain excess fishing capacity. On top of direct aid from the European Fisheries Fund and similar national aid schemes, the industry benefits from a number of indirect subsidies, the most important of which is the overall exemption from fuel taxes. Unlike other industries, fishing also benefits from free access to the natural resource it exploits and does not have to contribute to the public management costs associated with its activities e.g. control and safety at sea. In several Member States, it has been estimated that the cost of fishing to the public budgets exceeds the total value of the catches. In simple terms, this means that European citizens almost pay for their fish twice: once at the shop and once again through their taxes.

4. OVERCOMING THE FIVE STRUCTURAL FAILINGS OF THE POLICY

The Commission considers that the above outcomes are due to five main structural failings:

- a deep-rooted problem of fleet overcapacity;
- imprecise policy objectives resulting in insufficient guidance for decisions and implementation;
- a decision-making system that encourages a short-term focus;
- a framework that does not give sufficient responsibility to the industry;
- lack of political will to ensure compliance and poor compliance by the industry.

4.1. Addressing the deep-rooted problem of fleet overcapacity

Despite continued efforts, fleet overcapacity remains the fundamental problem of the CFP. Overall, the European fleets remain far too large for the resources available and this imbalance is at the root of all problems related to low economic performance, weak enforcement and overexploited resources. The future CFP must have in-built mechanisms to ensure that the size of European fishing fleets is adapted and remains proportionate to available fish stocks. This is a pre-requisite for all other pillars of the policy to work.

The overcapacity of European fishing fleets has been addressed by various means. The EU has repeatedly tried to implement structural measures aimed at reducing its fishing fleet, including funding for vessel scrapping schemes. However, experience shows that permanent support for scrapping does not effectively reduce capacity, as operators simply factor the scrapping premium into future investment decisions. One-off scrapping schemes are more likely to be efficient.

Use of market instruments such as transferable rights to fishing may be a more efficient and less expensive way to reduce overcapacity, and one for which the industry has to take more responsibility. Several Member States have taken steps in recent years towards using such instruments. This has generally led to more rational

investment decisions and to reductions in capacity, as the operators adapt their fleet to their fishing rights in order to achieve economic efficiency⁵. Such systems can be complemented with proper safeguard clauses to avoid excessive concentration of ownership or negative effects on smaller-scale fisheries and coastal communities.

- Should capacity be limited through legislation? If so, how?
- Is the solution a one-off scrapping fund?
- Could transferable rights (individual or collective) be used more to support capacity reduction for large-scale fleets and, if so, how could this transition be brought about? Which safeguard clauses should be introduced if such a system is to be implemented? Could other measures be put in place to the same effect?
- Should this choice be left entirely to Member States or is there a need for common standards at the level of marine regions or at EU level?

4.2. Focusing the policy objectives

The current CFP regulation states that "the Common Fisheries Policy shall ensure exploitation of living aquatic resources that provides sustainable economic, environmental and social conditions"⁶. No priority is set for these objectives and, while direct references are made to adopting a precautionary and an ecosystem approach, it is not clear how this relates to economic and social conditions. There are no clear indicators and yardsticks that could provide more concrete guidance or to help measure policy achievements.

Economic and social sustainability require productive fish stocks and healthy marine ecosystems. The economic and social viability of fisheries can only result from restoring the productivity of fish stocks. There is, therefore, no conflict between ecological, economic and social objectives in the long term. However, these objectives can and do clash in the short term, especially when fishing opportunities have to be temporarily reduced in order to rebuild overexploited fish stocks. Social objectives such as employment have often been invoked to advocate more generous short-term fishing opportunities: the result has always been to further jeopardise the state of the stocks and the future of the fishermen who make a living out of them. It is therefore crucial that any compromises made to cushion the immediate economic and social effects of reductions in fishing opportunities remain compatible with long-term ecological sustainability, including a move to fishing within MSY, eliminating discards and ensuring a low ecological impact of fisheries.

Ecological sustainability is therefore a basic premise for the economic and social future of European fisheries.

⁵ An Analysis of existing Rights Based Management (RBM) instruments in Member States and on setting up best practices in the EU. European Commission study, 2009.

⁶ Council Regulation (EC) No 2371/2002 of 20 December 2002 on the conservation and sustainable exploitation of fisheries resources under the Common Fisheries Policy.

- How can the objectives regarding ecological, economic and social sustainability be defined in a clear, prioritised manner which gives guidance in the short term and ensures the long-term sustainability and viability of fisheries?
- Should the future CFP aim to sustain jobs in the fishing industry or should the aim be to create alternative jobs in coastal communities through the IMP and other EU policies?
- How can indicators and targets for implementation be defined to provide proper guidance for decision making and accountability? How should timeframes be identified for achieving targets?

4.3. Focusing the decision-making framework on core long-term principles

The current decision-making framework of the CFP does not distinguish principles from implementation: all decisions are taken in Council at the highest political level. This has resulted in a focus on short-term considerations at the expense of the longer-term environmental, economic and social sustainability of European fisheries. Another consequence is that the CFP is regulated through extremely detailed Council regulations that leave very little flexibility in implementing them. This highly unsatisfactory situation is without doubt the main reason why the CFP is criticised by stakeholders. “Brussels” – in fact the Council of Fisheries Ministers – is seen as deciding on each and every detail of the implementation of the policy.

Under the Lisbon Treaty, the co-decision procedure (under which the Council and the European Parliament take decisions together) would apply to all fisheries decisions apart from establishing yearly fishing opportunities. This makes it all the more necessary to re-evaluate the current approach on micro-management at the highest political level and bring decision-making under the CFP in line with all other EU policies i.e. a clear hierarchy between fundamental principles and technical implementation.

One option would be to delegate more of the current detailed management to the Commission in cooperation with Member States and the European Parliament through the so-called comitology procedure. Under this procedure, the Commission drafts proposals in close consultation with Member States and the European Parliament.

Another option to be carefully considered would be to rely wherever possible on specific regional management solutions implemented by Member States, subject to Community standards and control. The Treaty stipulates that the policy must be based on exclusive Community competence but this would not prevent implementation decisions from being delegated to Member States, provided they are bound by decisions on principles at Community level. For instance, decisions on certain principles and standards such as fishing within MSY, adapting fleet capacity to available resources or eliminating discards could remain at Community level, but it would then be left to Member States to regulate their fisheries within these Community standards. In most cases this delegation would need to be organised at the level of marine regions because shared fish stocks and shared ecosystems cover wide geographical areas and cannot be managed by individual Member States acting

in isolation. Member States would therefore have to work together to develop the set-ups required. This set-up requires effective checks and balances by the Community to ensure that common standards are safeguarded when policy is implemented.

Putting policy in its right place by letting Council and Parliament focus on principles and delegating implementation decisions to Member States, the Commission and/or self-management by the industry would lead to a simpler and cheaper policy. It would make implementation more sensitive to specific local conditions and give the industry more responsibility in shaping its own destiny. It would enable governments and the industry to adapt the implementation of the policy to their needs and to find the best solutions both technically and economically.

There is also a need to assess the role of consultative structures such as the Advisory Committee for Fisheries and Aquaculture (ACFA) or the Regional Advisory Councils (RACs) under the new set-up. Policy decisions would in any case remain the remit of Community institutions and Member States. Moving to regional set-ups would most likely enhance the advisory role of the RACs.

- How can we clarify the current division of responsibilities between decision-making and implementation to encourage a long-term focus and a more effective achievement of objectives? What should be delegated to the Commission (in consultation with Member States), to Member States and to the industry?
- Do you think decentralised decisions on technical matters would be a good idea? What would be the best option to decentralise the adoption of technical or implementing decisions? Would it be possible to devolve implementing decisions to national or regional authorities within Community legislation on principles? What are the risks implied for the control and enforcement of the policy and how could they be remedied?
- How could the advisory role of stakeholders be enhanced in relation to decision-making? How would ACFA and the RACs adapt to a regionalised approach?

4.4. Encouraging the industry to take more responsibility in implementing the CFP

Very little can be achieved if the forthcoming reform fails to motivate the catching sector, the processing and seafood chain as well as consumers to support the objectives of the policy and take responsibility for implementing them effectively. It is critical to the success of reform that industry should understand the need for it, support it and have a genuine stake in its successful outcome. In a mostly top-down approach, which has been the case under the CFP so far, the fishing industry has been given few incentives to behave as a responsible actor accountable for the sustainable use of a public resource. Co-management arrangements could be developed to reverse this situation.

There are two closely linked aspects to involving the industry more closely: responsibilities and rights.

The industry can be given more *responsibility* through self-management. Results-based management could be a move in this direction: instead of establishing rules about how to fish, the rules focus on the outcome and the more detailed

implementation decisions would be left to the industry. Public authorities would set the limits within which the industry must operate, such as a maximum catch or maximum by-catch of young fish, and then give industry the authority to develop the best solutions economically and technically.

Results-based management would relieve both the industry and policy-makers of part of the burden of detailed management of technical issues. It would have to be linked to a reversal of the burden of proof: it would be up to the industry to demonstrate that it operates responsibly in return for access to fishing. This would contribute to better management by making the policy considerably simpler and removing the current incentives for providing false or incomplete information. Proportionality should be observed and the impact on preserving a competitive industry when implementing results-based management.

There are already many examples of such self-management through bottom-up initiatives in the European catching sector. Some Producer Organisations (POs) manage the quota uptake of their members and provide for private penalties against those who overshoot their individual quota at the expense of others. There are examples of groups of vessels that have taken on the burden of proof by providing full documentation of their catches, often as a response to processors' and retailers' pressure to improve traceability. These initiatives could be generalised by turning the POs into bodies through which the industry takes responsibility for documentation and quota/effort management.

Giving the industry more responsibility requires that safeguard mechanisms are in place and implemented by the Community.

There are cases where the catching sector shoulders greater responsibility to adapt the size of the fleet and their management costs. In some cases, this has been achieved by giving *rights* to the industry, which has encouraged them to use their investments more efficiently and eliminate surplus capacity (see 4.1.).

In the context of a CFP which gives more rights to the catching sector and relieves the industry the burden of the micro-management it will be relevant to raise the issue of sharing the costs of fisheries management. So far the fishing industry has been given free access to a public resource and management costs have been largely incurred by taxpayers.

Rights, responsibility and accountability should of course go hand in hand: those who exercise responsibility in a proper and effective manner should be the ones to enjoy the access to fish stocks.

- How can more responsibility be given to the industry so that it has greater flexibility while still contributing to the objectives of the CFP?
- How could the catching sector be best structured to take responsibility for self-management? Should the POs be turned into bodies through which the industry takes on management responsibilities? How could the representativeness of POs be ensured?
- What safeguards and supervisory mechanisms are needed to ensure self-

management by the catching sector does not fail, and successfully implements the principles and objectives of the CFP?

- Should the catching sector take more financial responsibility by paying for rights or sharing management costs, e.g. control? Should this only apply to large-scale fishing?
- When giving more responsibility to the industry, how can we implement the principles of better management and proportionality while at the same time contributing to the competitiveness of the sector?
- Are there examples of good practice in particular fisheries that should be promoted more widely? Should incentives be given for the application of good practices? If so, which?

4.5. Developing a culture of compliance

In a report published in November 2007⁷ the EU Court of Auditors gave an extensive description of the shortcomings of fisheries control in the European Union. Fisheries control has generally been weak, penalties are not dissuasive and inspections not frequent enough to encourage compliance. Moreover, no checks have been built into the system to ensure that, for example, Member States only access Community funding if they fulfil their basic control and conservation responsibilities. Besides heavy overfishing, this has generated strong resistance to implementing the policy and the feeling that enforcement is not applied across the board in a uniform manner. Data collection systems to measure fish catches for short-term quota monitoring and for medium term structural evaluations are not satisfactory and coherence has to be improved.

The Commission agreed with the Court's analysis and considered that, irrespective of other policy options to be adopted in the future, it was urgent to move ahead with an immediate in-depth reform of the control and enforcement system. The Commission therefore made an ambitious proposal in November 2008 that is now being discussed with Member States and the European Parliament⁸.

- How can data collection systems be improved in the short and medium term to ensure coherent information for enforcement purposes?
- Which enforcement mechanisms would in your view best ensure a high level of compliance: centralised ones (e.g. direct Commission action, national or cross-national controls) or decentralised ones?
- Would you support creating a link between effective compliance with control responsibilities and access to Community funding?

⁷ Special Report n° 7/2007 on the control, inspection and sanction systems relating to the rules on conservation of Community fisheries resources together with the Commission's replies.

⁸ Communication from the Commission on the proposal for a Council Regulation establishing a Community control system for ensuring compliance with the rules of the Common Fisheries Policy - COM(2008) 718.

- Could increasing self-management by the industry contribute to this objective?
Can management at the level of geographical regions contribute to the same end?
What mechanisms could ensure a high level of compliance?

5. FURTHER IMPROVING THE MANAGEMENT OF EU FISHERIES

5.1. A differentiated fishing regime to protect small-scale coastal fleets?

Fisheries with their large share of small- and medium-sized companies play an important role in the social fabric and the cultural identity of many of Europe's coastal regions. Many coastal communities remain dependent on fisheries for their income, some of them with limited potential for economic diversification. It is therefore essential to secure a future for coastal, small-scale, and recreational fishermen taking fully into account the particular situation of the small- and medium-sized enterprises.

Bringing and keeping the capacity of the fishing fleets in line with fishing opportunities will inevitably lead to less overall employment in the catching sector. There is a legitimate social objective in trying to protect the most fragile coastal communities from this trend. These social concerns must be addressed in a way which does not prevent larger fleets from undergoing the necessary adaptations.

One way could be to have differentiated management regimes: one for large-scale fleets, where capacity adjustment and economic efficiency are at the core, and another for small-scale fleets in coastal communities with a focus on social objectives. The arrangements for the large-scale segment could then include economic incentives for fleet adaptation such as market-based allocation mechanisms, while small-scale coastal fisheries would be managed through direct allocation of quotas or effort or through collective schemes. The approach to public financial support could be different for the two segments: the large-scale fleet would be expected to be economically self-reliant, while public funding may help the small-scale segment adapt to changing conditions in the wake of the CFP reform, thereby strengthening its economic viability, and maintain its contribution to the life of coastal communities.

Many vessels are small scale and have a limited environmental impact but small-scale fishing can also be harmful to sensitive coastal habitats and its aggregated impact can be significant with real consequences on the state of the stocks. There are cases where small and large-scale fleets target the same fish stocks. A differentiated regime would have to be carefully designed to secure the ecological sustainability of the stocks on which these fishing communities ultimately depend. While the overall principles and standards would have to apply EU-wide, specific decisions concerning small-scale fleets should be taken as close as possible to the coastal community.

- How can overall fleet capacity be adapted while addressing the social concerns faced by coastal communities taking into account the particular situation of small- and medium-sized enterprises in this sector?
- How could a differentiated regime work in practice?

- How should small-scale fisheries be defined in terms of their links to coastal communities?
- What level of guidance and level-playing field would be required at EU level?

5.2. Making the most of our fisheries

The MSY concept was accepted by all Member States at the 2002 World Summit on Sustainable Development as an objective to achieve by 2015. It was also part of the 1995 UN Fish Stocks Agreement. This international commitment should now be enshrined as a principle for stock management in the future CFP.

Most EC fisheries outside the Mediterranean are managed by setting Total Allowable Catches (TACs) of which each Member State gets a national quota. This system of management by landing quotas seems relatively simple but it has also proven sub-optimal in several ways. In mixed fisheries targeting several species of fish, it creates unwanted by-catches when the quota of one species is exhausted while quotas for other species remain, which leaves fishermen with no choice but to discard the fish which they are no longer allowed to land. In addition to being a waste of precious resource, discarding has prevented several stocks from recovering in spite of low quotas. The future CFP should ensure that discarding no longer takes place.

Management based on fishing effort such as limiting the days a fishing vessel can go to sea would remove this problem but it may not be sufficient to achieve the objectives of the CFP.

- How can long-term management plans for all European fisheries be developed under the future CFP? Should the future CFP move from management plans for stocks to fisheries management plans?
- Should we consider reforming the CFP in two steps, with specific measures to move to MSY prior to 2015 followed by measures to maintain MSY as the upper exploitation level after that date?
- How could the MSY commitment be implemented in mixed fisheries while avoiding discards?
- What should the main management system be for Community fisheries and to which fisheries should it apply? Catch limitations? Fishing effort management? A combination of the two? Are there any other options?
- What measures should be taken to further eliminate discards in EU fisheries? Could management through transferable quotas be useful in this regard?

5.3. Relative stability and access to coastal fisheries

Relative stability was established as a principle of the first CFP in 1983. It means that each Member States' share of each Community quota should remain constant over time.

Relative stability has had the merit of establishing a mechanism to distribute fishing opportunities among Member States. However, it has also given rise to very complex practices such as quota swaps between Member States or out-flagging by fishing operators. The addition of fishing effort management targets has blurred the picture even further. After more than twenty-five years of policy and changes in fishing patterns, there is now a considerable discrepancy between the quotas allocated to Member States and the actual needs and uses of their fleets. In short, it is fair to say that relative stability no longer provides a guarantee that fishing rights remain with their fishing communities.

The principle also limits the flexibility to manage the CFP in at least three different ways:

- it reduces the flexibility of the fishing sector to make efficient use of its resources and to adopt different fishing activities, techniques and patterns;
- it is one of the key reasons that have led national administrations to focus on increasing TACs, and thereby their share of fish, at the expense of other longer-term considerations. In many cases it creates inflationary pressure on TACs because a Member State that wants a higher quota has no other option but to seek an increase of the whole Community TAC;
- it contribute to discards because it creates many national quotas that generate their own discarding constraints: one national fleet may not have exhausted its quota for a certain species but another national fleet which exhausts its quota, or has no quota at all, is forced to discard it.

For the above reasons, it is important to address the continuation of relative stability, in its current form. One option would be to replace relative stability with a more flexible system, such as allocating fishing rights. Another alternative could be to retain the principle, but introduce flexible arrangements to address the above shortcomings and align national quotas with the real needs of national fleets.

Another historical restriction of fishing opportunities is the 12 nautical mile regime, which reserves Member States' inshore areas to their national fleets (except for specific access rights for other fleets based on historic fishing patterns). This has generally worked well and could even be stepped up if a specific regime is developed for coastal small-scale fleets.

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| <ul style="list-style-type: none">• How could relative stability be shaped to better contribute to the objectives of the CFP? Should it be dismantled or if not should it become more flexible and if so, how? How could such alternatives be set up?• Should access to the 12 nm zone be reserved for small-scale fishing vessels? |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

5.4. Trade and markets – from catch to consumer

Europe's fishing industry (whether fisheries or aquaculture) generally receives a small share of the price the consumer pays for the fish at the counter. Overall, first sale prices of fish have been stagnating, even at times of extraordinary variations in fuel prices such as those in 2008.

This has had three important consequences:

- (1) Persistent low prices encourage fishers to seek high quantities;
- (2) The inability to pass on to the consumer increases of production costs leads to chronic low profitability and again acts as an incentive to overfish;
- (3) This increases the fishers' dependence on public aids with the result that they become an integral and permanent feature in the business plans of the fishing industry.

There are several reasons for this situation.

First, European seafood producers are very fragmented and they have not organised themselves in order to market their products so as to ensure that a higher part of the value returns to them. This is in stark contrast with a highly concentrated distribution sector through which 90 % of the production is channelled.

Second, consumers tend to turn increasingly towards processed or frozen products at the expense of fresh ones. These products enjoy low energy and transport costs and it has been argued that this is because their prices do not factor in the cost of their carbon footprint. Nor are they faced with the same immediate constraints as fishermen in situations of external shocks e.g. due to oil prices. It raises the relative costs of other ingredients, processing and marketing and reduces the relative share of fish in the final consumer price.

Third, the price of certain fisheries products is also influenced by the very high proportion of products imported into the EU market. Trade regimes have an important part to play in this respect: they should ensure supply of the market at best prices, but they should also support sustainable development. The EC should aim to promote that fisheries products come from sustainably managed fisheries to ensure a level-playing field on the EU market.

The existing market intervention system under the Common Market Organisation (CMO) entails direct public action when fish prices for a range of species fall below their established targets. This system does not reflect the changing supply and demand balance and has proven increasingly complex to manage. The poor state of the resource as well as the very large dependence of the EU market on imports, have gradually reduced its importance⁹.

There would still be space for a CMO that would abandon direct support to prices but that would put much stronger emphasis on improving the way producers organise themselves. In addition to possible reinforced fisheries management powers, producer organisations could play an increased role in marketing their products. The resulting strengthening of interbranch relationships would enable producers to better anticipate demand in terms of timing, quantity, quality and presentation. It would also allow them to address the growing demand from consumers and thus retailers for guarantees on the sustainable origin of fisheries products in the form of certification, better labelling and traceability. This strategy of “fishing to sell” and

⁹ The present CMO set-up is up for review in 2009 and the public consultation is ongoing.

focusing on quality could ultimately lead producers to getting better value for their catches.

- How could market mechanisms be used to encourage the development of fisheries that are market efficient as well as sustainably exploited?
- How can the future CFP best support initiatives for certification and labelling?
- How can traceability and transparency in the production chain be best supported?
- How could the EU promote that fisheries products come from sustainably managed fisheries, providing a level playing field for all?
- How can the POs better work to match production with market needs? Which new market based policy instruments could be implemented through POs? How can fishermen improve their position towards processing and distribution?
- What is the role of trade policy in balancing the interests of producers, consumers and our relations with exporting countries?

5.5. Integrating the Common Fisheries Policy in the broader maritime policy context

The fisheries sector interacts closely with other maritime sectors. The Integrated Maritime Policy (IMP)¹⁰ addresses interactions between all EU policies and maritime affairs. The future CFP must take this a step further with an integrated approach:

- an ecosystem approach to marine management, covering all sectors, is being implemented through the Marine Strategy Framework Directive, which is the environmental pillar of the IMP and sets the obligation for Member States to achieve Good Environmental Status in 2020. The future CFP must be set up to provide the right instruments to support this ecosystem approach¹¹. This is also in the interest of the fishing sector because this approach will address the impacts of other sectors on fisheries resources in a proportionate and coherent way;
- climate change will impact severely on the marine environment. Marine ecosystems and biodiversity, already under pressure from pollution and overfishing, will be further affected by warmer temperatures and acidification, with changes in species reproduction and abundance, changes in distributions of marine organisms and shifts in plankton communities. The new Common Fisheries Policy has to play a role in facilitating climate change adaptation efforts concerning impacts in the marine environment. Climate change is an added stress on marine ecosystems which makes a reduction of fishing pressure to sustainable level even more urgent. Sustainable fishing therefore has to replace overfishing which has rendered marine ecosystems more vulnerable to climate change and thus less capable of adapting;

¹⁰ An Integrated Maritime Policy for the European Union - COM(2007) 575.

¹¹ The role of the CFP in implementing an ecosystem approach to marine management. Communication from the Commission - COM(2008) 187.

- capture fisheries and aquaculture compete increasingly with other maritime sectors for marine space. Marine spatial planning is an important element of the IMP with which the future CFP must be integrated;
- the IMP's strong focus on sustainable development in coastal regions, e.g. in the form of sustainable tourism, could make a substantial contribution to alleviating socio-economic impacts of reducing capacity in the catching sector. Coastal Community development cannot be undertaken by the CFP alone but must be seen as a wider undertaking within the context of the IMP and EU cohesion policy;
- there is strong synergy between the various maritime sectors, including fisheries, in terms of surveillance, data, knowledge and research.

Crucial challenges such as climate change, emission policies and energy efficiency must be factored in when defining the future CFP and its role in shaping the future of the fisheries and aquaculture sector. Ensuring adequate funding of the wider IMP goals must also be addressed either through the EFF or through other financial tools.

- In which areas does the fishing industry interact closely with other sectors? Where specifically is integration within the IMP required?
- How can the future CFP contribute to the continued access of fisheries, including both fishing fleets and aquaculture, to marine space, within an integrated spatial planning framework?
- How can the future CFP best ensure consistency with the Marine Strategy Framework Directive and its implementation?
- How can the future CFP support adaptations to climate change and ensure that fisheries do not undermine the resilience of marine ecosystems?

5.6. The knowledge base for the policy

Scientific knowledge and data are of vital importance to the CFP, because policy decisions must be based on robust and sound knowledge on the level of exploitation that stocks can sustain, of the effects of fishing on marine ecosystems and on the impacts of changes such as climate change. The human and institutional resources available to provide this advice are increasingly limited and the questions to address have become increasingly numerous and complex.

Future long term CFP-oriented research programmes must tackle new challenges such as the need to promote synergy at European, national and regional level, to integrate fisheries policy with other maritime issues, (especially the ecosystem approach and climate change) and further development of policy instruments and governance. The Communication on a European Strategy for Marine and Maritime Research¹² recently published by the Commission is a first step to addressing this integration.

¹²

A European Strategy for Marine and Maritime Research - COM(2008) 534.

Improving communication between scientists, policy makers and stakeholders, particularly ACFA and the RACs and securing their full commitment, should remain a priority.

- How can conditions be put in place to produce high-quality scientific research regarding fisheries in the future, including in regions where it is currently lacking? How can we best ensure that research programmes are well coordinated within the EU? How can we ensure that the resources are available and that young researchers are educated in this area?
- How can the resources available best be secured and utilised to provide relevant and timely advice?
- How can we better promote stakeholder involvement in research projects, and incorporate stakeholder knowledge in research-based advice?

5.7. Structural policy and public financial support

Public financial support to fisheries is substantial, whether through EU fisheries funds or various Member State aid and support measures, including tax exemptions. It also often contradicts with CFP objectives, in particular the need to reduce overcapacity, and has sometimes appeared as compounding structural problems rather than helping to solve them.

The 2002 reform of the CFP made important progress in the right direction by removing some of the financial support that directly contributed to overcapacity and overinvestment. However, synergy is not sufficiently developed and there is very little conditionality in the way Member States can spend their fisheries funds. In addition, the current system is not designed to address new challenges or rapidly changing circumstances. It needs to be able to adapt for example to the development of IMP, the implementation of the Marine Strategy Directive and the adaptation of coastal areas to climate change. The current distribution of EFF funds is based on regional convergence criteria rather than on the composition of the European fleet and its structural deficiencies.

This demonstrates the need for a much closer link between public funding (notably the European Fisheries Fund) and the objectives of the policy and the new challenges affecting marine activities. The next reform will have to ensure structural deficiencies of the industry are addressed while ensuring safeguards against any unwanted side effects of the reform. It should promote and facilitate the restructuring and modernisation of the European industry, help it improve its long-term economic viability, and avoid artificially maintaining overcapacity.

- What should be the top priorities for future public financial support and why? What changes can the sector not manage to bring about on its own and therefore require public financial support?
- How can we change the focus of EU financial resources to promote innovation and adaptation to new policies and circumstances? Does any new policy area require funding? Should public financial support be focused on specific

transitions such as eliminating discards in the fishing industry?

- How can synergy and coherence of possible CFP funds with other EU and national instruments be ensured?
- How can a synergy between the pillars of a future CFP be achieved? Should public assistance be conditional on Member States' achieving policy objectives?
- How can EU financial resources be developed to provide the flexibility needed to respond swiftly when a crisis occurs?
- Should public financial support apply equally to all sectors (small and large scale)? Should the European Fisheries Fund continue to distinguish between convergence and non-convergence regions?
- Should indirect support such as services related to fisheries management (access, research, control) continue to be provided free to all sectors of the industry?
- Should permanent fisheries subsidies be phased out, maintaining, on a temporary basis, only those aimed at alleviating the social impacts of the restructuring of the sector?

5.8. The external dimension

Under the Treaty, the scope of the exclusive competence of the Union in terms of conservation of aquatic resources extends to the management of the fishing activities of the EU fleets in non-EU waters.

The main objective for activities under the external dimension of the Common Fisheries Policy should be to extend the principles of sustainable and responsible fisheries internationally. This objective must be placed fully within the aims of the IMP on good governance of the sea and the sustainable development of coastal regions. Other objectives that currently guide the external dimension of the CFP, such as maintaining the presence of an EU fleet internationally and ensuring that this fleet supply the EU market, may be less relevant today.

The idea that the presence of EU vessels worldwide supports EU legitimacy and influence in Regional Fisheries Management Organisations does not seem so obvious today: even in the absence of fishing interests, many international partners have demonstrated the ability to influence global fisheries governance as well as an active presence in international fora. Furthermore, the sheer importance of the EU market in world trading of fisheries products provides sufficient legitimacy for our action in regional and other multilateral fora. It must also be said that the logic of the EU external fleet supplying the EU market is being undermined by our large and increasing dependence on imports.

Coherence with other EU policies must be ensured within all parts of the CFP. In the case of the external component, the EU development and environment policies have a particular role to play.

It is crucial therefore that the objectives of the external dimension be reviewed and redefined so that they meet the needs of the 21st Century.

A future CFP should continue to promote responsible fisheries in international fora such as the UN General Assembly and FAO, as part of the EU's overall responsibility and effort to achieve better global governance of the seas. We need to continue to work on issues such as the Law of the Sea, the protection of vulnerable marine ecosystems from destructive fishing practices and also in the negotiations to develop an international agreement on marine genetic resources beyond national jurisdiction.

Regional Fisheries Management Organisations (RFMOs) are so far considered to be the best instruments for fisheries governance in particular for straddling and highly-migratory fish stocks in the Exclusive Economic Zones (EEZs) and in the high seas. However, their performance is uneven and they have not always been effective in adopting stringent conservation and management measures or ensuring compliance with these measures or in their means of control. There is a need therefore to strengthen their commitment in this respect as well as their overall performance. Work with international partners will continue to be crucial to achieve this.

The 2002 CFP reform led to a transition from traditional fisheries agreements, mostly based on the principle of “pay, fish and go”, to the more comprehensive and cooperative approach under the current Fisheries Partnership Agreements (FPAs). Along with providing access to EU vessels, present FPAs seek to strengthen partner countries' capacity to ensure sustainable fisheries in their own waters.

Most of the financial contribution attached to these agreements helps partner countries strengthen their fisheries policy, including scientific research and control and monitoring of fisheries activities in their waters. However, these agreements require very “heavy maintenance” and have proven problematic to implement in many countries because of political turmoil or slow – or even sometimes lack of – uptake of the assistance provided for the fisheries policy. Conversely, parts of the EU fishing industry – in particular the tuna sector – express a strong interest in extending the networks of agreements in order to better cover the trail of migratory species they target in neighbouring EEZs. EU fishermen are also interested in deploying their activities in EEZs where EU agreements provide a high level of legal security and transparency.

The greatest virtue of FPAs is that they help improve fisheries governance in waters of developing countries. Nevertheless scientific analysis and research capacity should be reinforced to better assess the conservation status of the stock and determine sustainable catch levels.

The support to the fisheries sector, in particular in the framework of FPAs; has contributed to the development of this industry but not in a way to have a significant impact on the fight against poverty and the achievement of the Millenium Development Goals. The external fisheries policies should better take into account in the food security strategies of the third countries.

The current architecture of our agreements should therefore be revisited in order to explore alternative forms of arrangements with third countries that would better meet

the needs of our industry and those of our partners. The introduction of regional forms of cooperation may be worth exploring in this regard especially at a time when regional integration is being promoted as a tool for development.

- The core objective of the CFP is to promote responsible and sustainable fisheries. Is there any reason why the external dimension of the CFP should be driven by different objectives?
- How could the EU strengthen its role on the international stage to promote better global governance of the sea and in particular of fisheries?
- How can the EU cooperate with its partners to make RFMOs more effective?
- Contrary to the current free access principle in international waters, should fishermen pay for the right to fish in the high seas under the governance provided by RFMOs?
- How can objectives such as investment promotion (creation of joint-ventures, transfer of know-how and technologies, investments and capacity management for the fishing industry ...), creation of jobs (on vessels, in ports, in the processing industry) or promoting good maritime governance be pursued in the framework of future international fisheries agreements?
- Are the FPAs the best instrument to achieve sustainability beyond EU waters or should they be replaced by other forms of cooperation? Should the regional perspective be explored and either substitute or complement a streamlined bilateral one?
- How could we make scientific research to assess the sustainability of fish stocks and the control of the fishing activity more transparent and efficient?
- How can we assure better cooperation and compliance with new regulations in developing countries?
- Should EU operators cover all the costs of their fishing activities in third country waters or should the Community budget continue to support part of these costs?
- How could we contribute to increasing the fisheries management capabilities of developing countries, e.g. through targeted assistance?
- Should the integration of European fishing fleets and interests in third countries be actively pursued as an objective of the external dimension of the CFP with a view, in particular, to support the development of the concerned partner countries?
- How can we reinforce the synergies between the different forms of support and the different partners in the fisheries sector reinforced and the development strategies of coastal states?
- Should aquaculture be included in future partnership agreements?

- How could the potential of small-scale fisheries in third countries for sustainability, ecological and social benefits be enhanced?

5.9. Aquaculture

Aquaculture represents a growing contributor to the production of aquatic food worldwide. In the EU, aquaculture production is an important economic activity in many coastal and continental regions but has remained stable in recent years. The Commission has addressed the specific, short and medium term problems of aquaculture in a separate communication¹³. It is, however, important to discuss the role of aquaculture in a reformed CFP.

- What role should aquaculture have in the future CFP: should it be integrated as a fundamental pillar of the CFP, with specific objectives and instruments, or should it be left for Member States to develop on a national basis? What instruments are necessary to integrate aquaculture into the CFP?

6. THE NEXT STEPS

Work on the reform will not stop work on making the CFP more effective within its existing framework. Much can and will be done during the time leading up to the implementation of the reform. This includes:

- reforming the control policy to ensure that decisions are properly implemented and that there is a level playing field across Member States;
- continued drive to combat Illegal, Unregulated and Unreported fisheries, in order to combat such fisheries in European waters and the importation of any products originating from such fisheries;
- new initiatives to eliminate discards and protect sensitive species and habitats;
- continued integration of the CFP within the IMP, including support to implement the Marine Strategy to ensure environmental protection of marine ecosystems;
- a new strategy on aquaculture addressing the bottlenecks that prevent this sector from developing;
- establishing and implementing additional long-term management plans to reduce the fishing pressure on overexploited stocks and restore them to MSY;
- enhanced transparency for consumers and further improvements to the traceability of production along the market chain.

These initiatives will aim at fixing urgent short and medium term problems while the reflection on the longer term review of the policy framework takes place. To the

¹³ Communication from the Commission to the Council and the European Parliament: Building a sustainable future for aquaculture - A new impetus for the Strategy for the Sustainable Development of European Aquaculture- COM(2009) 162.

extent possible, they will be developed in line with the emerging orientations for this reform of the Common Fisheries Policy.

Together with contributions from stakeholder organisations, the research community, Member State governments, civil society and third countries, this Green Paper should form the basis of a public debate on the future CFP. The Commission wishes this debate to engage a wide array of policy-makers and citizens, ranging from those directly involved in the fisheries sector to other policy areas to European citizens at large, as consumers, citizens and taxpayers. Representatives and stakeholders from developing countries are encouraged to contribute to the discussion from their perspective as well.

Taking into account the outcome of the Budget Review and without pre-empting the future discussion on the next Financial Framework, the Commission will sum up the debate by first half of 2010 and produce conclusions on the direction of the CFP reform. An impact assessment will then be conducted and after further consultations with stakeholders, the Commission will draft a proposal for a new basic regulation which will be presented to Council and the European Parliament together with all other legal base proposals in the context of the new Financial Framework after 2013.

7. HAVE YOUR SAY

The purpose of this Green Paper is to trigger and encourage public debate and to elicit views on the future CFP. The Commission invites all interested parties¹⁴ to comment on the questions set out in this Green Paper and to urges them to submit them with any additional comments by 31 December 2009 to:

European Commission – Directorate-General for Maritime Affairs and Fisheries

"CFP Reform"

B-1049 Brussels

Belgium

or by email to: mare-cfp-consultation@ec.europa.eu

Contributions will be published on the Internet. It is important to read the specific privacy statement attached to this consultation for information on how your personal data and contribution will be dealt with.

Supporting documents and further information on the consultation are available on the following website: <http://ec.europa.eu/fisheries/reform>

¹⁴ Professional organisations are invited to register in the Commission's Register for Interest Representatives (<http://ec.europa.eu/transparency/regrin>). This Register was set up in the framework of the European Transparency Initiative with a view to provide the Commission and the public at large with information about the objectives, funding and structures of interest representatives.

8. ACRONYMS

CFP	Common Fisheries Policy
ACFA	Advisory Committee for Fisheries and Aquaculture
CMO	Common Markets Organisation
EFF	European Fisheries Fund
EEZ	Exclusive Economic Zone
FPAs	Fisheries Partnership Agreements
ICES... ..	International Council for the Exploration of the Sea
IMP	Integrated Maritime Policy
MSY	Maximum Sustainable Yield
POs	Producers Organisations
RAC	Regional Advisory Council
RFMOs	Regional Fisheries Management Organisations
TACs	Total Allowable Catches