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REPORT ON
REFORM OF THE EU COMMON FISHERIES
POLICY AND THE EEA

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I. INTRODUCTION

One year ago, the European Commission published its Green paper on the reform of the Common Fisheries Policy. The reform constitutes an ambitious yet sobering undertaking which is mired in the industry's intrinsic problems, that the Commission itself characterises by "the current reality of overfishing, fleet overcapacity, heavy subsidies, low economic resilience and decline in the volume of fish caught by European fishermen". The Commission draws the basic conclusion that the current Common Fisheries Policy has not worked well enough to prevent such 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. It states that 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."

The Green paper states that 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 Commission states that 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.

A reformed common fisheries policy will have a wide-reaching impact on EU Member States and its immediate neighbours, the EEA EFTA States, Iceland and Norway being an obvious case in point. Iceland and Norway, with their rich maritime heritage, are natural partners in this process. The co-rapporteurs do not only welcome the initiatives taken by the Commission to formulate a wide-ranging reform of the CFP, they also welcome the way in which third parties with vested interest have been able to contribute constructively to the future common fisheries policy. The co-rapporteurs wish to draw from that experience in the current report. The Commission's Green paper constitutes a holistic approach on par with the ambitious Green book on the Future maritime policy,

which the EEA JPC also discussed in a report in 2007. This report will follow the structure of the Green paper and focus on selected policy areas and the way in which the co-rapporteurs wish to see the respective policies to change.

Iceland and Norway have been a part of the Internal Market through the EEA Agreement since its entry into force in 1994. The aim of the Agreement is to create a single open market governed by the basic EU rules concerning the four freedoms, which allow goods, services, capital and people to move about freely within the EEA, in an open and competitive market, in addition to certain horizontal provisions relevant to the four freedoms, and co-operation in flanking areas, such as research and technological development, information services, education, training and youth, employment, enterprise and entrepreneurship, and civil protection. However, the Agreement does not cover certain EU policy areas, such as the Common Fisheries Policy, the Common Agricultural Policy, Foreign and Security Policy, and Justice and Home Affairs Policy.

It is clear that only some of the areas covered by the Green Paper on reforming the Common fisheries policy are only marginally applicable to the EEA-EFTA States within the framework of the EEA agreement. However, it goes without saying that, given Iceland's and Norway's geographical location, the two EEA EFTA States consider all matters related to the ocean and the seas to be highly important. Both countries participate actively in regional and international organisations that work with maritime issues. The CFP is linked to the inner market and thus has importance for the EEA EFTA States.

II. REFORMING THE COMMON FISHERIES POLICY

The Commission considers that the dire straights in which Europe's fisheries sector finds itself in is due to five structural failings of the CFP: the deep-rooted problem of fleet overcapacity; imprecise policy objectives; a decision-making system that encourages a short-term focus; a framework that does not give sufficient responsibility to the industry; and, lack of political will to ensure compliance and poor compliance by the industry.

1. Fleet overcapacity

The Commission states that 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 co-rapporteurs argue that fleet overcapacity must be correctly defined in terms of economic over-capacity which is specific to individual fisheries and regions and not as is now the case in simplistic terms of GTs and kW. A reformed CFP must also take into

account that economic overcapacity is not uniformly spread over the entire European fleet. As is pointed out in the Norwegian comments to the Green paper, overcapacity is probably the most fundamental challenge to fisheries management, and failure to address this problem will hamper progress in other areas as profitability will remain poor. There are a number of ways to deal with the economic capacity problem; through ever-increasing subsidies which is not a real option by reducing the number of economic entities, increasing prices and or a combination of a reduction in economic entities and price increases. Measures to cap, freeze or in other ways restrict technical parameters are inherently inadequate as they fail to address the economic realities and are easily circumvented. Continual technological advances in the fisheries allow limited fish resources to be harvested with increasing efficiency which is not a problem unless it leads to unsustainable catches. This trend entails structural changes in the fishing fleet and the rest of the fishing industry. As such, the structural policy for the fishing fleet is an essential instrument and should be an integrated part of fisheries management. Without any new fishing opportunities or increases in fish prices the number of vessels and employees in the fisheries will continue to dwindle.

An important factor in this respect is the development of the gross productivity. When the overall economic development is positive, the fishing industry must improve its own efficiency in order to stay competitive or at worst not to drop (even further) behind other sectors. Paradoxically, in the case of economy-wide decline, the fishing sector can allow itself a little more leeway. This is, however, to a certain extent an irrelevant point, especially given a situation where the economic capacity, measured by gross investments and employment, from the outset is far greater than the resource base ever will allow for. In such cases the only way forward is to introduce tough measures to tackle the economic overcapacity. This is a difficult and complex problem to address but on the other side the alternatives are not especially tempting: continued overfishing, stock collapse, industry protests, bankruptcies and escalating subsidies.

The co-rapporteurs argue that it is important that fisheries are treated like other economic sectors within the EU and that it is equally important that measures are taken to make the fisheries sector economically self-reliant. An obvious prerequisite for an economically self-reliant fisheries sector is the elimination or phasing out of public subsidies. The best way to bring about these changes, to eliminate overfishing and economic overcapacity, and bring the level of fisheries to a sustainable level, is to apply appropriate management systems that are in accordance with the principle of maximum sustainable yield

2. Focusing the policy objectives

The Green paper argues that economic and social sustainability requires 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 a more gradual reduction in the

fishing opportunities. It is therefore crucial that any compromises made to cushion the immediate economic and social effects of reductions in fishing opportunities remain compatible with longterm ecological sustainability, including a move to fishing within MSY, eliminating discards and ensuring a low ecological impact of fisheries.

Similarly the Norwegian contribution to the CFP Reform explains that successful fisheries management rests on the basic premise of sustainability, *i.e.* productive fish stocks and healthy marine ecosystems. However, traditions and the link between fisheries and rural coastal areas with few alternative employment opportunities in many cases distort the policy objectives. Consequently, fisheries policy objectives encompass divergent or even conflicting goals. The challenge is if or how the different objectives can be balanced and pursued simultaneously. Without long term ecological sustainability any other objective will be redundant, as they all rely upon streams of revenue from the fisheries. In this respect it is essential to formulate the objectives in a fashion which leaves no trace of doubt about the hierarchy of the objectives.

The co-rapporteurs share the view expressed in the Green Paper that while ecological, economic and social factors should remain as core objectives of the Common Fisheries Policy, the ecological factor should be given the highest priority as the other two depend on ecological health in the long term. Ecological sustainability is therefore a basic premise for the economic and social future of European fisheries. It is important that the negative impacts on the economic and social factors of affording ecological factors the highest priority are phased in over an appropriate time period.

3. Decision-making framework on core long-term principles

The Green paper explains that 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.

Fisheries management has to be conducted on the basis of long term planning. This is dictated by both ecological realities and industry concerns. Given the natural variations of stocks, the call for stability in the management regime is rather obvious. Inherently, decisions which are adopted for the duration of one year are more prone to short term

perspectives. Annual decisions must therefore be based on long term objectives, and a commitment to improve the long term management.

The co-rapporteurs agree with the Green paper whereas it argues that one option would be that the reformed CFP would 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 economic 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 setups 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, effective 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.

The introduction of regional management structures has the potential provided they have real devolved responsibilities to create a simpler, cheaper and more effective CFP. Localized management structures would create many positive effects including increased responsibility on the part of stakeholders and the establishment of a CFP more sensitive to local concerns. It must also be noted that a regional structure is not relevant for all fisheries. For example, pelagic species are widely distributed across regions and joint stock management agreements exist with third countries therefore a regional structure is not appropriate.

The co-rapporteurs are thus supportive of the concept of regionalization (with the exception of pelagic species where a difficult structure is required) which clearly supports that a Member State should take decisions on the management of local fish stocks within its exclusive economic zone and that such decisions should not be taken at the Community level. In the case of fish stocks shared by two or more Member States, it would also be fully consistent with the rationale if the relevant Member States would take decisions on the management of such stocks. That is to say, if the fishery can be better managed by the Member State or Member States directly involved than at the Community level, there is no reason to maintain the authority to manage at that level. As the Icelandic contribution to the Green paper states, the aforementioned rationale does not call for decisions on the management of individual fish stocks to be taken at the

Community level and decisions should only be taken at that level in the case of questions of general principles. This approach is consistent with the principle of subsidiarity as well as provisions of global fisheries instruments, such as the UN Fish Stocks Agreement, and with the general agreement in global discussions on fisheries management that decisions are best made at the national (local stocks) or regional (shared stocks) level.

4. Industry responsibility in implementing the CFP

The Green paper explains that very little can be achieved if the forthcoming CFP 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. The paper argues that co-management arrangements could be developed to reverse this situation and cites two closely linked aspects to involving the industry more closely: responsibilities and rights.

It says that 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.

Furthermore, 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.

The Green paper says that 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.

The co-rapporteurs are of the opinion that in order to achieve industry responsibility it is paramount that the stakeholders must depend on the success of the fisheries management. The long term interests must be more important than the short term, which means that the stakeholders must be sure that if they comply with the rules in the short run, it will be profitable for them in the long run. An important condition for this is that there must be incentives to reward compliant stakeholders, so that the stakeholders that have to make sacrifices in the short run will make profits in the long run.

The co-rapporteurs also argue that it is essential that the fishing industry are allowed to play a more constructive and positive role in the reformed CFP. For example, where Producer Organisations are involved in management plans and quota management there have been very good results. A greater role for stakeholders has led to improved relationships between fishermen and managers, improved compliance and fisheries management systems. This approach must be further developed under the reformed CFP.

5. Developing a culture of compliance

The Green paper cites a report published in November 2007 where the EU Court of Auditors gave an extensive description of the shortcomings of fisheries control in the European Union. The report states that 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 fulfill 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 co-rapporteurs agree with the Norwegian contribution that the term “culture of compliance” could perhaps be criticized for being vague. Nevertheless, the term covers a fundamental aspect of sustainable fisheries, in the sense that norms generally accepted by fishermen, vessel owners, buyers - and fishing communities at large - are the best safeguards against unethical and illegal fishing. In the Norwegian context, and in other places as well, this has been a controversial issue in the fishing industry. The fishermen’s organizations have argued that they share a strong culture of compliance. Nevertheless, controls have revealed that unreported fishing may take place also in small coastal communities. The present demands of ever increasing productivity/efficiency, strong competition and low prices all contribute to put pressure on traditional norms of good fishing practices. Needless to say, overcapacity does not improve this situation. Presence of fishing inspectors is the most immediate and realistic countermeasure to deal with this problem.

The Green Paper recognizes that there is a serious lack of compliance with current fisheries rules within the EU. The co-rapporteurs stress that compliance is a fundamental issue in any fisheries management and a reform of the Common Fisheries Policy will be

in vain unless the new rules are effectively implemented and complied with. To a large extent, improvements in compliance are dealt with in a separate process that is parallel to the reform of the Common Fisheries Policy. The new EU Control Regulation will hopefully strengthen fisheries control considerably but given the fundamental importance of compliance, it should also be considered what can be done in the context of the reform process to promote better compliance. The co-rapporteurs are of the opinion that a reformed CFP must standardize Member State compliance and enforcement regimes and to ensure a level playing field for all parties in terms of control. To this end, the European Commission is therefore encouraged to introduce a system of administrative sanctions as opposed to criminal sanction systems.

III. LOOKING TOWARDS THE FUTURE – FURTHER IMPROVEMENTS

1. Protection of small-scale coastal fleets

The co-rapporteurs agree with the Green paper in that 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 economic 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.

The co-rapporteurs recite the Norwegian contribution in stating that there is a common assumption that small-scale coastal fisheries are more vulnerable than the large scale, industrialized fleet. However, this is probably only the case to a certain extent, and it depends entirely on the regulatory framework. It is also important to acknowledge that small-scale fisheries consist of small business entities, which have to be profitable in order to survive. The Norwegian experience is that it is possible to secure a future for coastal, small-scale fisheries alongside the larger-scale fisheries.

The social concerns faced by coastal communities can hardly be solved by merely improving the conditions for the small-scale fishing fleet, but profitable small and medium sized enterprises are important to secure employment and settlement. Still, the problem of overcapacity can be just as serious in the case of small-scale fisheries as for the large-scale fisheries and must consequently be addressed in this part of the fisheries sector as well. As pointed out earlier the capacity adjustment schemes can be designed with safeguards or restrictions, but when a large part of the fishing fleet actually consists of small-scale vessels the capacity issue must be dealt with in an adequate manner. It is possible to ease the necessary transition in both the fisheries and coastal communities

through broader community programs and an integrated approach. It is furthermore important to accept that it is unrealistic to hinge the future of coastal communities on small-scale fisheries alone.

Furthermore, the co-rapporteurs highlight the need to introduce a de-bureaucratized and separate regime for inshore fisheries and small islands. Such small scale fisheries have little or no impact on stocks and for the most part are fishing non quota species. It is accepted where they target the same stocks particularly quota stocks as the larger fleets an integrated management approach is required. In addition, the definition of small scale fisheries varies from region to region across Europe and therefore an emphasis should be put on a regional approach to defining small scale fisheries. One size fits all is not appropriate.

2. Making the most of fisheries

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 suboptimal 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.

The co-rapporteurs argue that the future Common Fisheries Policy should ensure that discarding, which not only has been authorized but mandatory, will no longer take place. To address the problem of discards, the system should provide for some flexibility, for example by including transfers of catch quotas between years, between vessels and between species. Any changes to the quota system would need to be carefully examined and the co-rapporteurs are not in favour of abandoning the TACs and quota system in favour of an effort based system, which can have very negative consequences. When TAC is established and distributed among the vessels, technocratic effort restrictions are redundant as they are easy to circumvent and hamper efficiency. While the co-rapporteurs agree that the current system is far from ideal, they favour the introduction of new measures designed to re-adjust the current system to better meet today's needs. The co-rapporteurs strongly believe that the way forward is to continuously work for improvement of the current system and not to develop large and complex effort systems. In this context the co-rapporteurs wish to draw attention to measures undertaken by Norwegian authorities to tackle the problems of discards in the field of technical regulations. Discards or IUU (illegal, unregulated and unreported) fishing undermine the TACs that have been set. In order to reduce the problem of discards, Norway has established a set of regulations and other management measures with the main objective to promote an exploitation pattern where recruits and undersized fish are spared, and where unwanted by-catch can be minimized. These efforts include for example regulations aimed at the fishing activity; closure of areas; special surveillance

programmes in the Barents Sea; development of selective gear; and quotas connected to individual vessels.

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.

Then Green paper says that the principle also limits the flexibility to manage the CFP in at least three different ways: first, it reduces the flexibility of the fishing sector to make efficient use of its resources and to adopt different fishing activities, techniques and patterns. Second, 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. And thirdly, it contributes 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.

The Green paper argues that 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.

The co-rapporteurs consider that historic rights have previously been protected by the principle of relative stability and that any new management regime should retain the benefits to coastal communities that have accrued from relative stability. They also consider that any new management model should build on the existing arrangements based on relative stability. At the same time it is inevitable that the future CFP will have to recognise the current situation regarding the use of quotas, giving the system sufficient flexibility to stop hampering the economic effectiveness and profitability of investments. The co-rapporteurs maintain that the management system for the fisheries sector must

abandon a top-down approach but instead lay emphasis on the principle of regionalisation and subsidiarity. This should not lead to regional discrimination or to disruption of the common implementation of fisheries policy on the redefinition and increased flexibility of the principle of relative stability.

4. Trade and markets

The Green paper argues that 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, which has had three important consequences: Persistent low prices encourage fishers to seek high quantities; 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; and 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.

Several reasons are given for this situation. First, European seafood producers are very fragmented and they have not organized 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 channeled. Second, consumers tend to turn increasingly towards processed or frozen products at the expense of fresh ones. Third, the price of certain fisheries products is also influenced by the very high proportion of products imported into the EU market.

Moreover, the Green paper points out that 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 importance.

The co-rapporteurs argue that the strengthening of EU Producer Organisations (POs) may enhance stakeholder involvement and responsibility in day-to-day management and marketing. Moreover, the role of POs should be enhanced and adequately funded to improve competition in the market. More focus should also be placed on the interrelationship between resource related and marketing related mechanisms which may provide for a more balanced outtake adapted to market demand. The co-rapporteurs also argue that proper marketing, promotion and labeling of seafood is needed to strengthen the position of European seafood products in the market. Furthermore, the promotion of sustainable fisheries and other environmental considerations by the integration of various mechanisms in the EU external trade policy may enhance the reputation and legitimacy of the fisheries policy.

5. The broader maritime policy context

The fisheries sector interacts closely with other maritime sectors. The Integrated Maritime Policy (IMP) addresses interactions between all EU policies and maritime affairs. The future CFP must take this a step further with an integrated approach. The Green paper lists several factors that have a bearing on this: An ecosystem approach to marine management, covering all sectors, which is being implemented through the Marine Strategy Framework Directive; climate change will impact severely on the marine environment; capture fisheries and aquaculture compete increasingly with other maritime sectors for marine space; the IMP's strong focus on sustainable development in coastal regions could make a substantial contribution to alleviating socio-economic impacts of reducing capacity in the catching sector; there is strong synergy between the various maritime sectors, including fisheries, in terms of surveillance, data, knowledge and research.

The co-rapporteurs maintain that as the fisheries sector interacts closely with other sectors in the marine and maritime areas, close integration is necessary in order to adopt an ecosystem approach to marine and maritime management. Furthermore, access to fishing grounds and marine space is essential for the fisheries sector and it is crucial to incorporate the views of the sector in the institutional framework for spatial planning. Climate change is a serious concern for marine ecosystems and the CFP should be developed with sufficient precaution and flexibility to allow rapid adaptations to changes in the marine ecosystem.

6. The knowledge base for the policy

The Green paper emphasizes that 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.

Policy decisions must be based on robust and highly qualified knowledge about the fish stocks, the ecosystem, and the environment. This kind of science as basis for the fisheries management has been crucial when it comes to rebuilding overfished stocks and maintaining them at a productive level. Improved knowledge and detailed data regarding the targeted resources and the ecosystem which they are part of will be even more important if new and more advanced management strategies are to be implemented. This development warrants increased research efforts and progressive work to continuous improvement of the knowledge base.

However, scientific research, monitoring and data collection is costly and demanding. In this respect there can be gains to be made from further coordination of research effort and infrastructure and closer cooperation between states and scientific institutions. Another path to be considered in order to improve the output from the scientific community is to include the experience and competence of stakeholders, and to involve stakeholders in

the data collection processes. Furthermore, such trust based cooperation between stakeholders and scientists can reduce tensions and build a common understanding, as well as improving the foundations for stock assessments and fisheries management.

The co-rapporteurs agree that sustainable management of fisheries depends upon robust scientific research and that cooperation and coordination between states and scientific institutions can improve the overall output from the scientific community. Moreover, it should be emphasized that involvement of stakeholders in research programs tends to reduce tension builds mutual trust and respect and that fishing vessels can be cost-efficient suppliers of data, and provide valuable supplements to scientific cruises and aggregated catch data. The contribution of fishermen to the body of scientific advice can not be ignored. The STECF (Scientific, Technical and Economic Committee for Fisheries) needs to be overhauled to include greater stakeholder representation. In the same way as fisheries are progressively being managed by long-term management plans and an ecosystem approach a similar approach should be established including the provision of accurate scientific advice to manage predators of fish.

7. Structural policy and public financial support

The Green paper points out the facts that 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. It argues that 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.

The co-rapporteurs argue that a fisheries policy based on subsidies is simply not sustainable, and the European Fisheries Fund should only be a temporary supplement to the CFP. While there can be some merit to the use of public funds to ease the transitional challenges which arise from structural adjustment programs and economic capacity reduction, there must be a clear linkage between the use of public funding and the policy objectives. The success of the fisheries policy reform should not be depending on public financial support.

Public financial support should be targeted and incentive based in order to create a self-sustained industry where there is a link between the outcome of the fisheries policy and the individual business prospects. The co-rapporteurs also note that public financial support can also be used to promote generic improvements in gear and technology to

achieve environmentally sound fisheries practices. It is important to stress that subsidies are not a natural pillar of a sustainable fisheries policy, and the concept where public assistance is conditional on the achievement of policy objectives should be further explored, as this holds the potential to create a healthy set of incentives. In this context the co-rapporteurs state that there should be an absolute requirement that public financial support underpins the objectives of the fisheries policy.

8. Aquaculture

The Green paper argues that 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 co-rapporteurs point out that the aquaculture sector in Europe has enormous potential and can offer coastal communities a very valuable source of job creation and economic growth. However, more needs to be done. FAO estimates that an extra 30 million tones of seafood per annum will be needed by 2030 in order to meet future food demand.

The co-rapporteurs strongly support measures to improve the competitiveness of the European aquaculture sector and support measures to encourage research and technological development in the sector and to encourage better planning of coastal areas and river basins to create additional space. Funding for the development of more intensive systems allowing water to be recycled must also be made available. The European Commission should also put in place measures to realize the potential that exists for offshore aquaculture in Europe. It is equally important that aquaculture policy should fully integrate environmental considerations in order to fulfil environmental objectives and to meet the expectations of the market. Also, from a policy perspective it is important to consider the interrelationship between wild capture fisheries and aquaculture as the emphasis of sustainable production is rapidly increasing.

