

# The reform of the Common Fisheries Policy



Comments from the Swedish Government



REGERINGSKANSLIET

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# Introduction

The review of the Common Fisheries Policy was initiated by the European Commission through the publication of the green paper on 22 of April 2009. The Swedish government welcomes the analysis by the Commission and agrees with the major structural failings identified in the green paper.

Initially, Sweden would like to emphasise the need for a thorough reform and below some of the most important aspects to consider are outlined.

Specific and prioritised objectives in order to facilitate long-term policy-making as well as effective decision-making are one of the most important issues. The reform also needs to address the decision-making structure, where the Council and the Parliament should focus on fundamental and normative principles. Long-term management plans should be further developed and extended to cover all significant stocks or categories of stocks. Further, overcapacity within the European fleet needs to be addressed. In addition, the future of the external dimension of the Common Fisheries Policy is a fundamental issue which needs to be sufficiently considered.

The work on the reform will not be finalised until 2012 but some actions can already be taken before the reform is in place. Rules simplification must be one of the cornerstones in the work towards a reformed Common Fisheries Policy. An assessment of the cost of the future policy must be made from the point of view of long-term societal benefit as well as economic and ecological sustainability.

## Fundamentals of the Common Fisheries Policy

It is evident from the current basic regulation that the Common Fisheries Policy (hereafter CFP) is to guarantee that living aquatic resources are utilised in a sustainable manner from an economic, environmental and social perspective. However, a basic problem with the policy is that it has several objectives where a lack of prioritising frequently results in conflicts between objectives. The focus in the decision-making process is too often on short-term, economic and social perspectives rather than the long-term benefits. This situation must be remedied by clear and prioritised objectives being established.

The fisheries policy is frequently used as tool for regional policy. This is counter-productive to long-term sustainability and impedes building-up stocks to opti-

mal levels. In reality this means generally poor profits for the fisheries, leading to fisheries diminishing as a source of income, even in communities which were previously dependent on this industry.

Sweden believes that the following general principles should be the basis in a reformed CFP.

a) An ecosystem-based approach to fisheries management

An ecosystem approach to fisheries management entails ensuring goods and services from living aquatic resources for present and future generations within meaningful ecological boundaries. Such fisheries management will strive to ensure that benefits from living marine resources are high while the direct and indirect impacts of fishing operations on marine ecosystems are low and not detrimental to the future functioning, diversity and integrity of these ecosystems.<sup>1</sup> These efforts need to be strengthened within a reformed CFP.

This implies that the reform must include well-defined objectives based on an ecosystem approach. The ecosystem approach requires more comprehensive and long-term decision-making and broader scientific data than what is currently available, above all in biological/ecological respects, but also scientific data that reflects the consequences of the decisions on corporate and public economies.

b) The overarching aim of the policy – to provide a wholesome food

It is important to recognize the main reason for having a common fisheries policy within the Union, namely to provide an important and healthy foodstuff to consumers. To be able to do this, there must be enough fish in the sea for the fishing industry to in a profitable manner utilize this resource. Therefore, a long-term sustainable management of all concerned stocks in line with an ecosystem approach is the very fundament for the common policy. This quite simple and obvious chain - healthy stocks provide for economic profitability that make social welfare possible - must be recognized in the ongoing reform.

Furthermore, there are also other aims with the fisheries policy such as supporting recreational fisheries and fisheries as a generator of tourism as well as

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considerations regarding coherence with other policy areas, which should be taken in consideration when drafting the objectives of a revised CFP.

c) Coherence with other policy areas

The CFP affects, and is affected by, other policies. The reform must therefore take consistency with other relevant policies within the EU into consideration, such as the Maritime Policy, the Marine Strategy and the Water Framework Directive. Regarding environmental policy, the interaction of the CFP with nature conservation policies, such as Natura 2000, needs to be clarified. Coherence between fisheries, aid and development as well as trade policies is also important.

Sweden considers the following four key elements essential to further develop in the revision of the CFP.

# Effective decision making

Currently, too many decisions in the CFP are made at the highest political level, which implies problems with differentiation between principles and implementation. Sweden is of the opinion that the decision-making process need to change with the reform. The ecosystem approach requires more comprehensive and long-term decision-making and a higher degree of regional consideration, than what is currently available. A framework where objectives and guidelines are decided by the Council and the Parliament to be implemented at a different level should therefore be established in a new CFP.

Furthermore, with the Lisbon Treaty the European Parliament has co-decision rights in most issues within the fisheries area. This may result in a more complex decision-making process. Within the fisheries area it is often necessary to take actions with short initiation times. This is yet another condition that advocates that only fundamental and normative regulations should be dealt with on this level.

In principle, the Council and the Parliament should focus on long-term strategic objectives and outcomes, that is, the fundamental and normative regulations that specify the framework for the fisheries policy. Examples include allocation principles, access regulations or fleet capacity. Detailed regulations concerning the implementation of the CFP should not primarily be dealt with by the Council and the Parliament, but instead be delegated. Depending on the type of regulation, delegation could be to the Commission or to the Member States. What decisions or tasks could, or would be appropriate to, delegate to the industry or other relevant stakeholders needs to be discussed and carefully analysed. Examples include fishing gear regulations and other technical regulations, all based on over-arching objectives set by the Council and the Parliament.

In this context, procedures need to be established that ensure the correspondence between the more detailed regulations for implementation and the overarching strategic objectives. A more general strengthening of monitoring and evaluation within the decision-making processes is vital and should contain at least the following three components: initial scrutiny of proposals tabled, continuous evaluation of individual decisions, as well as periodic evaluations in relation to the overall objectives for the CFP.

## **Comitology procedure**

A general delegation of decision-making powers in respect of implementing and other detailed regulations to the Commission should take place through the comitology procedure, whereby member states should be given greater influence over the decision-making process. This delegation should be combined with an extended and more formalised consultation process as part of the elaboration of new proposals.

## **Regionalization**

Delegation to Member States on a regional level could be possible by giving member states common regional management responsibility for specific sea areas, based on guidelines drawn up by the Council and the Parliament. The point of departure should be the sea areas and parts of sea areas in accordance with the Marine Directive. Further division, which might be particularly needed by the fisheries policy, should be defined in conformity with the ecosystem approach.

## **Stakeholder involvement**

The Regional Advisory Councils have developed over the last few years. The Commission should initiate an independent review of how these bodies function and how they should develop and what their role within a reformed CFP should be.

# Long-term management through management plans

A weakness within the present CFP is that some of the decisions taken by the Council focus on short-term economic and social effects. A more long-term process with unambiguous conditions is desirable. Hence the policy needs to be more focused on measures to achieve long-term ecological and economic objectives. The objectives need to be prioritised in order to reduce the risk for conflicting decisions and the present management system needs to account for a more long-term process. The further development of multi-annual management and recovery plans is a prerequisite for a long-term and stable management system.

## Management Plans

In the 2002 reform, one of the main advances was the introduction of long-term management and recovery plans as one of the principal instruments for the management of the European fish resources. Such long-term plans should be further developed and extended to cover all targeted fish stocks or categories of fish stocks. The plans should be one of the cornerstones of a reformed CFP and minimum standards for the plans should be established within a new basic CFP regulation.

In order to improve management, the long term objectives should be established by the Council and the Parliament. The technical details and implementing regulations should be decided by the Commission or at a regional level. The Commission should therefore make a detailed analysis of what regulations is possible to defer to what level of decision-making. However, the deadlines for reaching objectives, in particular regarding biomass and mortality, should be established by the Council and the Parliament along with measures to be taken when objectives are not achieved. In addition, the Council and the Parliament should be informed on an annual basis about progress towards the long-term objectives, and any need for revisions.

## Scientific advice

A strengthened system of long-term management has implications for scientific advice. A modified role for the Council and the Parliament will be facilitated by scientific advice with high credibility. The introduction of long-term objectives requires corresponding

advice that would have to complement the present advice in view of annual management decisions. In addition, assessments and advice have to be available for all stocks exploited as well as for other components of the ecosystems. It is also important to acquire independent analysis and advice on the economic effects of the measures proposed.

Following the recent fundamental reform of its advisory services, ICES is well positioned to further increase the credibility and reliability of its scientific advice from an ecosystem perspective. It is up to the Member States – and the Commission – to ensure that the ICES system is further refined, especially with regard to transparency and the responsiveness to ad hoc requests. It is also up to the Member States to ensure that the statistical information needed for advice is available.

# Fishing capacity and structural measures

The European fisheries sector is characterised by an oversized industry with low profitability. Overcapacity within the EU fishing fleet is also identified in the Commission green paper as perhaps the principal problem to consider in a review of the CFP. A reduction in fishing fleet capacity is necessary to bring about long-term profitability, and the structural policy must be carefully analysed. There are several reasons why a fleet reduction has not succeeded using the current instruments and this needs to be addressed in several ways in order to reach a balance between the viability of the resource and the capacity of the fleet. An important issue in this context is the incentives which lead to the build-up of overcapacity.

The fact that there is significant overcapacity in the European fishing fleet is generally accepted, but there is a need for improved data to describe the true size of this overcapacity. A detailed analysis is required, on a fishery-by-fishery basis including spatial distribution. Such data is required to produce more long-term managerial decisions. In order to make this possible, reporting from member states concerning the relationship between fishing capacity and fishing resources could be significantly improved.

In addition, when regulating fisheries in a specific area, the Commission would need to not only have access to biological data but also have information on the optimal fishing effort that would produce maximum sustainable yield. However, regulating fisheries in accordance with single-species maximum sustainable yield is only a first step. A major goal of an ecosystem based management is the restoration of a healthy ecosystem that is able to provide ecosystem services. To achieve this, the adoption of additional management principles that restore the ecosystem structure will be necessary.

The entry-exit regime applying to fleet capacity, measured in terms of tonnage and power, has not been sufficient to adjust capacity sufficiently to achieve a balance between fishing capacity and fishing opportunities. The existing indicators need to be supplemented with indicators that reflect the fishing fleet's relation to available resources. It needs to be considered if each Member State should also be imposed with an annual capacity reduction to counteract the effects of technical developments, which is usually estimated at increasing capacity with between two and four

percent per year. If, after further analysis, this does not prove sufficient to achieve true reductions in capacity, further compulsory cutbacks could be considered.

Another aspect of the regulation of fishing capacity that should be considered is the situation for small-scale fisheries. There ought to be a threshold to prevent inactive capacity in the smaller vessel segments from being used to compensate for an imposed reduction in capacity in the larger vessel segment. Measures should also be taken to prevent that inactive capacity become reactivated.

Overcapacity will not be possible to eliminate as long as the incentive for overinvestment remains. It is still profitable for individual fishermen to plan in the short term, at the cost of stocks and the economy within the fisheries as a whole. The policy should counteract this and the present exemptions from entry and exit regulations, which allow for an increase in capacity in order to improve safety, working conditions, hygiene and product quality, should be removed.

Subsidies also play an important role in the build-up of excess fishing capacity. It is crucial that the subsidies available are reviewed in the context of the prevailing situation of excess fishing capacity, and that capacity-driving subsidies are removed.

# The external fisheries policy

Multilateral, regional and bilateral cooperation are an indispensable part of the CFP. The EU is a major international player and has a crucial role to play in ensuring responsible fishing also outside EU waters. The basic principle of compatibility and coherence between internal and external aspects of the CFP should be maintained. In particular, fishing by EU vessels in areas outside areas regulated by the CFP should be conducted according to the same principles as inside.

## **Regional Fisheries Management Organisations**

Regional fisheries management organisations (RFMOs) are the cornerstones of the international system established by the UN Agreement on Straddling and Highly Migratory Stocks. The ongoing process of performance reviews has showed a mixed picture of success and weaknesses. Each recommendation for improvements from evaluation panels in all RFMOs needs to be carefully and urgently considered and actions taken.

## **Fisheries agreements**

The Union holds fisheries agreements with third parties, such as Norway, the Faeroe Islands and Iceland, where fishing opportunities are exchanged. These relationships have developed over the years and a new CFP need to support this process.

## **Fisheries Partnership Agreements**

The Union has about 15 Fisheries Partnership Agreements where access to fishing is remunerated. The agreements have generally moved closer to their stated objectives since the review undertaken in 2003-04, but further improvements are needed to ensure in particular that the stocks fished by EU vessels are managed in responsible way. The trend towards higher financial contributions from vessel owners should be accelerated aiming at a gradual phasing out of EU funds.

One important area for improvement is a strengthening of scientific assessments to ensure reliability and credibility. External peer review – which is systematically undertaken for other CFP assessments – is a cost-effective measure that should be undertaken regularly, possibly with EU funding.

Monitoring, control and surveillance is another area with room for improvements in several respects to en-

sure standards similar to those prevailing for other EU fisheries. EU funding for this purpose should continue.

A third area of improvement is a streamlining and sharpening of ex-ante and ex-post evaluations as foreseen in the Council conclusions of 2004. Minimum standards should urgently be developed to ensure that these external evaluations meet high scientific standards and are undertaken in a consistent manner.

A fourth area that should be further strengthened is the coherence with the Union's aid and development policies and the principles that these entails. As part of this, the Union needs to continue to work for capacity building in the fishery sector in the partner countries. Closer co-operation between DG Mare and DG Dev in this respect would be beneficial.



# Other issues to be addressed in the reform

There are many other important issues that the reform needs to deal with. Some of those important aspects of fisheries policy that Sweden believes warrant further discussion are listed below.

## **Eliminating discard**

There have been several initiatives in the EU to reduce discards. This process should be strengthened and the Commission should investigate how discards could be eliminated in a new CFP. One way to tackle the problem with discards is to strengthen the development of selective fishing techniques, a process currently ongoing in for example the Baltic Sea. Increased selectivity should be combined with measures such as changed minimum sizes, area and temporal closures, the implementation of a discard ban, catch quotas, and systems with fully documented fisheries.

## **Rights based management**

Common rights as defined in rights based management are access to a restricted area, right to fish for a number of days and the right to make a specific catch from a stock during a certain period. Defined fishing rights can be an instrument to reduce fleet capacity. Individual quotas, which may be transferrable, are already a part of fisheries management in many Member States. Hereto this has been a national issue and it has not been possible to sell and buy rights across national borders. Whether this should remain so will be an important discussion in the reform. The Commission should make an analysis of what could be the possible implications of a system with transferable quotas on Union level and how the small-scale fleet can be protected in such a system.

## **Relative Stability**

A transition to more input regulated management means that the system for allocation of fishing opportunities may need to be reviewed. Future relative stability should be structured as a consequence of management reform and not be a restrictive factor for reform. If the new CFP provides the possibility of trade in quotas or fishing opportunities between Member States there is still a prospect of maintaining a relative stability for fishing in a coastal zone where only vessels with a deep-seated association to the area receive access.

## **Small-Scale coastal fisheries**

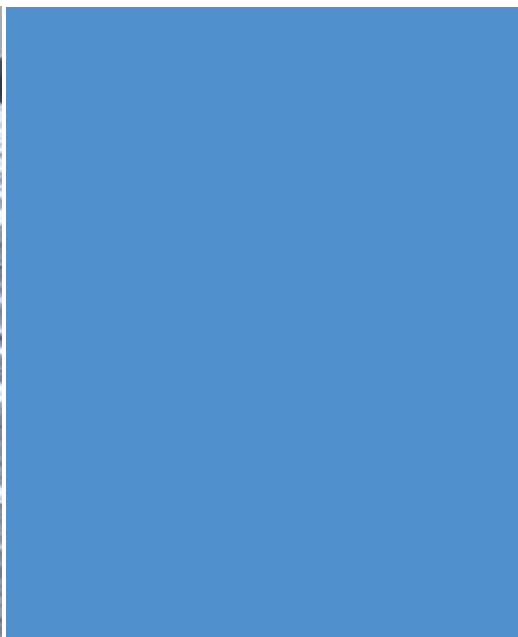
Member States have set up different measures to protect or favour smaller or local vessels, such as differentiated treatment within the framework of social security or tax regimes and access restrictions to coastal fisheries for larger vessels. There are still coastal communities that are dependent on small-scale fisheries but the situation varies considerably between Member States. A vital small-scale fishery has the potential of providing multiple benefits; it focuses on fishery for human consumption; in some respects it has less environmental impact than larger-scale fisheries; it can have positive effects for the local economy; it provides employment opportunities in rural areas; and it contributes to the maintaining of basic infrastructures in coastal communities. Whether it is necessary with specific management instruments focusing on this fishery on both national and Union level must be further discussed. Irrespective of this, the exemptions for small-scale fisheries must not deviate from the objectives of ecological sustainable fisheries.

## **Recreational fisheries and fisheries tourism**

Recreational fisheries as well as fisheries tourism may generate important sources of income for rural and coastal areas. They are also an important part of an active lifestyle and can therefore promote good public health. Whether recreational fisheries should be regulated in a new CFP depends on its impact. The Commission should make an analysis of the impact of different types of recreational fisheries as a starting point for discussion about the place for recreational fisheries in the implementation of the CFP.

## **Trade and markets**

The EU market for seafood is dependent on a large and important share of import for many market segments. The Commission has pointed to the need for a reform of the Common Market Organisation. It is important that these reforms are undertaken in parallel so that the review of the Common Market Organisation is an integral part of the work with the reform of the CFP. The added value of the existing regime as well as of combining the two pillars should be presented by the Commission.



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