

REFORM OF THE COMMON FISHERIES POLICY **RESPONSE FROM UNITED KINGDOM FOOD & DRINK FEDERATION TO** **EUROPEAN COMMISSION GREEN PAPER (COM (2009) 163)**

Introduction

This response is sent on behalf of the Food and Drink Federation, which represents the UK's food and drink manufacturing industry – the country's largest manufacturing sector. Our membership includes some 30 companies accounting for about 85% of UK fish processing capacity, with a value of around £2 billion a year. These are major added-value processors and brand owners, as well as co-producers for retailers and the food service sector. As a trade association, we strongly support responsible sourcing of fish and have a good record of working with UK and other regulatory authorities to promote sustainable fishing practices and improved fisheries management. We are major importers of fish and through our European association (AIPCE) have consistently taken a leading role in supporting measures to combat Illegal, Unreported and Unregulated (IUU) fishing.

General Remarks

- **Fisheries are a valuable and renewable (low carbon) source of protein, increasingly important in terms of EU and world food security**
- **The objective of the CFP should be to maximise this potential and rebuild the stocks to meet future demand, not simply to manage the status quo resulting from years of sub-optimal management.**
- **This will require an integrated approach bringing together fisheries management, policy on the marine ecosystems and supply chain issues.**
- **Efficiency of resource use and rational economic operation must also be key policy drivers.**

The FDF broadly supports the vision for European Fisheries in 2020 set out in the Commission's Green Paper. Fisheries are a renewable resource with enormous potential to contribute to future food security in a world where demand is likely to double by 2050 and where agriculture will face severe challenges from the effects of climate change and shortages of land, water and energy. We therefore believe that CFP reform needs to look further ahead and at this wider context. This means putting a corresponding future value on fish stocks and ensuring that they are responsibly managed with the aim of maximising long term yields and as an integral part of the marine ecosystems on which they depend. This will also have to be done in ways which minimise wastage, save energy and generally promote efficient resource use, at sea and on land.

This will require a radical change of approach, taking account of the supply chain as a whole and the wider consumer interest, in addition to the needs of those who currently earn their living directly from the exploitation of a common natural resource.

This means:

- prioritising the sustainable management of fisheries to the highest international standards;
- focussing on meeting the EU's future food needs (in terms of safety, quality, nutritional value, affordability and security of supply).

Policy has to be coherent, across all these different variables, and consistent as between all the operators and authorities concerned. In mixed fisheries, with vessels flying different flags and operating under different national quotas, all these difficulties risk being further compounded.

Addressing the Deep Rooted Problem of Fleet Overcapacity

Key Points

- **Greater use of economic instruments to address overcapacity issues.**
- **Publicly financed scrappage schemes are unlikely to solve the problem and should only be considered as part of any decoupled socio-economic measures.**
- **Important to include whole supply chain in future management regimes.**

The factors identified by the Commission have all undoubtedly contributed to the present situation where the EU, despite having some of the most potentially productive fishing grounds in the world, is unable to meet the majority of even its current consumption needs from its own resources or to sustain the livelihoods of many of those engaged in the industry. Although this is often characterised as “too many boats chasing too few fish”, the imbalance between catching capacity and what stocks will bear is arguably more of a symptom than a cause of these problems.

To reduce overcapacity and to encourage a greater sense of industry ownership, much greater emphasis needs to be placed on the use of economic instruments to promote rational and efficient use of resources. Transferable rights are an obvious example of how this might be achieved. But this is also likely to require a much greater degree of decentralisation and regionalisation of fisheries management, within generally agreed principles and high level objectives. This approach must, however, embrace the whole supply chain, not least to help overcome the frequent current disconnect between catching operations and the needs of processors, retailers and consumers. This should also help fishermen to gain a better understanding of the importance of quality and continuity of supply, as well as the need to maximise efficiency throughout the value chain.

With modern technology, a relatively small number of boats can inflict substantial damage on vulnerable stocks if not properly regulated. What matters is the effort deployed, the gear used, the areas and species targeted, the control arrangements and responsibility for enforcement and sanctions. Legally binding capacity limits are

therefore likely to have little effect on fish mortality and at best could form part of a wider package of measures. Properly enforced management policies based on sound science will ensure a better match between the resource and the fleet's ability to exploit it.

Similarly a one off scrapping fund is unlikely to have a sufficiently significant impact on the problem since decommissioning tends to attract applications from the less active parts of the fleet. Removing those vessels has a limited effect on fishing effort. Scrappage schemes might form part of a package of measures to facilitate fishermen finding new sources of income. But this must be considered alongside other decoupled socio-economic measures rather than as a means of controlling fish mortality.

Focussing the Policy Objectives

Key points

- **Socio-economic issues such as dependence on fishing should be subordinate to ecological and long term resource conservation requirements.**
- **Any social element must be completely decoupled from fisheries management and must not distort trade or market operations.**

We agree that current policy objectives are not clearly prioritised, resulting in both confusion and tension between different elements, notably the relationship between ecological sustainability and economic and social criteria. It is, however, increasingly apparent that without substantial improvement in the management of the resource there will be no economic or social future for anyone in the industry.

Dependence on fishing should not in itself be a criterion for some form of special treatment or support, particularly in the case of smaller-scale, less efficient vessels – the rationale being that such activity is intrinsically less damaging to stocks than fishing carried out by more commercially viable operators. But in many cases it is past overfishing which is the cause of decreased profitability, resulting in structural overcapacity and a perverse incentive to fish harder or indulge in practices such as high-grading or discarding to try to maintain income levels. Any social element of the CFP must therefore be completely decoupled from fisheries management and aimed at supporting communities in ways which do not compromise conservation policy or broader resource efficiency objectives or the normal functioning of markets and competition. Sustaining employment in the fishing industry should not be an aim of a reformed CFP. Other policy instruments need to be considered to deal with the social consequences of this.

Focussing the Decision-making Framework on Core Long Term Principles

Key points

- **We support a greater decentralisation of decision making where the overall policy is determined centrally while the detailed**

operational mechanisms are implemented at a regional or devolved level.

- **To ensure that management decisions reflect market realities, we favour the inclusion of representatives from all stages of the marketing chain in the decision making process.**

It is difficult to discuss decision making procedures in isolation from the management tools to which they relate. Annual negotiations of themselves create an element of uncertainty as they necessarily contain the possibility of changes of direction or policy. When coupled with a system of nationally allocated quotas there is also an inbuilt risk of creating a “race to fish”, not least to avoid a “use it or lose it” consequence in the following year. None of this is conducive to longer term management or rational economic behaviour on the part of operators.

There are two further issues which need to be addressed:

- lack of effective communication between policy makers and the industry, between the industry and scientists, between the Commission and Member States and with the wider public.
- lack of political will, especially in the Fisheries Council, to take hard decisions looking beyond short term negotiating objectives based on national interest.

Nearly 30 years on, the structure of the CFP still reflects political compromises struck at its inception, based on historic access rights and fishing patterns rather than the conservation needs of stocks themselves. It is neither centralised enough to manage a common resource under a single authority, nor devolved enough to confer a real sense of ownership or responsibility on the various participants.

We would support the greater decentralisation of decision making. But in order to ensure equality of treatment across all member states, this must be within a centrally agreed framework. Thus, we would favour a system where the overall policy is determined centrally while the detailed operational mechanisms are implemented at a regional or devolved level.

To ensure that management decisions reflect market realities, we favour the inclusion of representatives from all stages of the marketing chain in the decision making process. There is little point in catching fish for which there is no market and it is a waste of scarce marine resource.

Encouraging the Industry to Take More Responsibility in Implementing the CFP

Key points

- **POs are well placed to take more responsibility, but must have a much greater sense of policy ownership.**
- **We agree that the industry should take more responsibility in CFP implementation. But this should include the involvement of all stages**

of the marketing chain to help avoid the current disconnect between the catching sector and the needs of processors and retailers.

- **Devolving powers to industry bodies will need to be backed by appropriate penalties to ensure compliance.**

Producers' organisations already manage quotas and in some cases fishing effort on behalf of their members. But current policies mean that they see their principal focus as safeguarding their members' interests by the short term maximisation of catching opportunities, not the longer term sustainable management of fish stocks. Thus while in principle they are well placed to take wider management responsibilities, they will need to have a much greater sense of ownership of the policy before they are likely to be willing or able to do so. Individual members will also need to give POs greater powers to control their members' activities. Nevertheless, adapting existing PO structures to manage implementation of the CFP is likely to be the most practical way forward rather than attempting to create entirely new organisations.

As the Commission's paper recognises, suitable control and supervision arrangements will need to be in place to ensure that industry bodies fulfil their obligations. But these will only be effective if they are backed by meaningful and sufficiently stringent penalties.

Developing a Culture of Compliance

Key points

- **Improved data collection is a priority for action.**
- **No single management tool is likely to deliver the necessary level of compliance.**
- **We do not support the link between compliance and access to funding as we do not agree with the concept of direct financial assistance.**

In our response to the section on "The Knowledge Base for the Policy", we set out our views on how the data collection could be improved. We see this as a priority for action.

As to enforcement regimes, we favour a mix of the options suggested by the Commission since no single management tool is likely to deliver the necessary level of compliance. We do not support the link between compliance and access to funding as we do not agree with the concept of direct financial assistance. We would however support a system under which compliance with EU rules could enable fishermen to operate under a "lighter touch" enforcement regime e.g. they would be subject to less onerous reporting arrangements.

We would favour a more decentralised system with the high level objectives being set at an EU or national level but with detailed management rules being set at a regional level.

A Differentiated Fishing Regime to Protect Small-scale Coastal Fleets

Key points

- **Socio-economic concerns should not form part of the CFP and should be dealt with by specific, decoupled mechanisms.**
- **Where there is a demonstrable public good in maintaining certain communities, these should be funded through socio-economic measures.**

Socio-economic concerns should not form part of the CFP and should be dealt with by specific, decoupled mechanisms. The CFP's principal aim ought to be the sustainable management of fish stocks, not the preservation of particular communities or employment in the fishing sector. Small scale fisheries still impact on the stocks they target so they have to shoulder their share of the measures to manage them. Where there is a demonstrable public good in maintaining certain communities, these should be funded through socio-economic measures.

There are also substantial difficulties in trying to define what constitute small-scale operations, as practice varies substantially between Member States in respect of fishing opportunities. Allowing national discretion to decide would risk serious competitive distortions, within and between different fleets. All vessels should in principle be subject to the same conservation policies to protect the resource.

Making the Most of our Fisheries

Key points

- **The long term management aim has to be the maintenance or rebuilding of stocks to levels consistent with the maximum economic yield (MEY) concept.**
- **Approach should be based on individual management plans for specific fisheries, using a range of methods as appropriate.**

The long term management aim has to be the maintenance or rebuilding of stocks to levels consistent with the maximum economic yield (MEY) concept. Unfortunately there are not always sufficient data to provide reliable assessments and the measurement and recording of landings does not give a full picture of fishing mortality, particularly in mixed fisheries. The adoption of a common target date for achieving MEY across all stocks is also somewhat arbitrary, given the various different circumstances involved. This would tend to argue for an approach based on individual management plans for specific fisheries, using a range of methods as appropriate, including catch (rather than landing) quotas, effort management, use of more selective gears, closed areas and some form of transferable rights to provide economic incentives for more responsible behaviour.

Relative Stability and Access to Coastal Fisheries

Key points

- **Relative stability concept has acted as a disincentive to member states taking a longer term view in setting TACs as it is the only way an individual country can increase the resources available to its fleet.**
- **Separate arrangements for small scale fleets should not form part of a CFP management regime so we would not support reserving the coastal zone for a particular group of producers.**

The Commission have rightly identified that the relative stability concept has acted as a disincentive to member states taking a longer term view in setting TACs as it is the only way an individual country can increase the resources available to its fleet. Consequently, there is a clear case for revisiting the relative stability model and we would support this.

Access to the 12 nm zone should be decided on the basis of the requirements for the sustainable management of the stocks being fished. We have already set out our view that separate arrangements for small scale fleets should not in principle form part of a CFP management regime.

Trade and Markets –from Catch to Consumer

Key points

- **Processors and retailers are already leading the agenda, supported by consumers and NGOs in respect of traceability and certification schemes.**
- **The market for fish is a global one and that international trade has a legitimate and important role in balancing supply and demand.**
- **We agree with the Commission’s analysis of the present market intervention system’s shortcomings and would wish to see this ended.**
- **All sections of the marketing chain to be involved in decision making. If too much emphasis is placed on artificially maintaining the catching sector’s income or preserving coastal communities, the interests of processors, retailers and consumers will suffer.**
- **Structural measures must not distort the market nor prevent market forces from encouraging the necessary changes in fleet structures.**
- **Trade policy should ensure a stable supply of fishery products to the EU market and to enable the processing industry to access alternative supplies. It should not attempt to maintain artificially high prices for fishery products by restricting supplies.**
- **Maintaining an efficient processing industry brings benefits to the wider economy through direct employment and employment in allied industries and by providing markets for catchers.**

Processors and retailers are already leading the agenda, supported by consumers and NGOs in respect of traceability and certification schemes. Fish caught in accordance with a properly managed CFP ought not to need third party certification as to their sustainability, which is itself a measure of the improvement still to be made in terms of public confidence in a reformed policy. There also needs to be increased awareness that the market for fish is a global one and that international trade has a legitimate and important role in balancing supply and demand, complementing regional conservation policies by ensuring that consumption needs are met so that markets are not lost if catches need to be reduced. FDF members also fully support efforts to tackle IUU fishing and are actively working with UK and other authorities to ensure successful implementation of the new EU regulations from 1 January 2010.

The present CMO already provides for POs to take action to match supply and demand. But in the majority of cases, they see this as secondary to their quota management activities. Nor do POs have either the powers or the capacity to control their members' activities. If POs are to have a real impact on better matching supply and demand, there needs to be a step change in individual members' attitudes and a much greater willingness for co-operative action among members of each PO. We agree with the Commission's analysis of the present market intervention system's shortcomings and would wish to see this ended.

In considering this aspect of the reform, it is essential for all sections of the marketing chain to be involved. If too much emphasis is placed on artificially maintaining the catching sector's income or preserving coastal communities, the interests of processors, retailers and consumers will suffer. Thus, structural measures must not distort the market nor prevent market forces from encouraging the necessary changes in fleet structures.

The main role of trade policy is to ensure a stable supply of fishery products to the EU market and to enable the processing industry to access alternative supplies. It should not attempt to maintain artificially high prices for fishery products by restricting supplies. Such use of trade mechanisms artificially to underpin producers' incomes makes the price of fishery products uncompetitive with other protein products and reduces the overall size of the market for fishery products. Finally, maintaining an efficient processing industry brings benefits to the wider economy through direct employment and employment in allied industries and by providing markets for catchers.

Integrating the Common Fisheries Policy in the Broader Maritime Policy Context

Key points

- **Fish stocks are an integral part of wider marine ecosystems, not least in terms of food chains. Fishing is by no means the only cause of mortality.**
- **A much greater research effort is needed to understand these interactions.**

- **The CFP must consider issues other than catch levels and be based on a broader approach to resource management in ecosystem terms.**

Fish stocks are an integral part of wider marine ecosystems, not least in terms of food chains. Fishing is by no means the only cause of mortality. Natural predation, pollution, ocean temperature changes and oxygen and acidity levels all have significant impacts and are often interlinked. There are examples of stocks remaining stable despite intense fishing pressure and of others which continue to decline even though closures and other rigorous management plans are in force. This all points to the need for a much greater research effort to understand these interactions and to devise strategies which are mutually reinforcing in terms of promoting the health of ecosystems and the viability of fish stocks. The CFP must therefore consider issues other than catch levels and be based on a broader approach to resource management in ecosystem terms.

The Knowledge base for the Policy

Key points

- **There is a clear case for a step change in public funding to support improved data collection and research justified by current market failure.**
- **There also needs to be improved communication between fisheries scientists, policy makers and industry and other stakeholders, to promote greater shared understanding and to pool knowledge.**

The quality of the evidence base is crucial to successful fisheries management. Given the longer term strategic importance of fisheries in relation to future food security, there is a clear case for a step change in public funding to support improved data collection and research justified by current market failure. Much greater use also needs to be made of other information sources, such as data collected by fishermen themselves and evidence from observers on vessels in addition to traditional research voyages. Data also need to be looked at in the context of other variables in marine ecosystems, an area where computer modelling would seem to have substantial potential. There also needs to be improved communication between fisheries scientists, policy makers and industry and other stakeholders, to promote greater shared understanding and to pool knowledge. This has to be a top priority for a reformed CFP, judged in relation to the potential future benefits rather than the current economic performance of the sector.

Structural Policy and Public Financial Support

Key points

- **A top priority for future public financial support is the need for improved research.**
- **Public financing of socio-economic measures has to be decoupled from fishing operations in order to avoid compromising resource management objectives**

- **Direct aids to reduce capacity through decommissioning are both expensive and ineffective in reducing fishing mortality.**
- **Restructuring and capacity reduction are best achieved through economic drivers, which will in themselves also promote energy saving and other forms of efficiency gain**

A top priority for future public financial support is the need for improved research to provide a better and more robust evidence base for fisheries management, integrated with improved understanding of marine ecosystems more generally, including impacts of climate change. This is currently an obvious area of market failure and the scale, complexity and wider importance of the issues go well beyond what the industry itself could be expected to fund. Similarly, any public financing of socio-economic measures has to be decoupled from fishing operations in order to avoid compromising resource management objectives and should ideally be aimed at encouraging diversification or the development of alternative economic activities. Experience has also shown that direct aids to reduce capacity through decommissioning are both expensive and ineffective in reducing fishing mortality. They can also serve to increase the efficiency of the remainder of the fleet, thus increasing pressure on stocks. Modernisation grants also work against conservation objectives by improving performance or reducing operating costs. Restructuring and capacity reduction are best achieved through economic drivers, which will in themselves also promote energy saving and other forms of efficiency gain.

The External Dimension

Key points

- **EU policy for external waters should be guided by the need to ensure sustainable exploitation of the relevant fisheries resources.**
- **Such subsidies only serve to keep unnecessary fishing capacity that in turn leads to unnecessarily high pressure on fish stocks.**

EU policy for external waters should be guided by the need to ensure sustainable exploitation of the relevant fisheries resources and where appropriate, the development needs of local communities. It should not be a means effectively to export surplus EU fishing effort to third country waters. Fisheries Partnership Agreements should be financed privately and not from public funds. Such subsidies only serve to keep unnecessary fishing capacity that in turn leads to unnecessarily high pressure on fish stocks