

CFP Reform 2002

ANALYSIS OF EU FISHERIES POLICY REFORM PROPOSALS AND COMMUNICATIONS

IEEP LONDON

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ACTION PLAN TO COUNTER THE SOCIAL, ECONOMIC AND REGIONAL CONSEQUENCES OF THE RESTRUCTURING OF THE EU FISHING INDUSTRY (COM(2002)600)

'there can be no doubt that postponing the measures required by the present overexploitation of common fisheries resources would generate far greater social costs.' (Action Plan)

Introduction

One of the central elements in the CFP reform proposals concerns limiting fishing effort or fleet capacity, in order to achieve a real reduction in fishing pressure. While national fleet capacity or effort would be capped, targeted reductions would be secured within the confines of stock-specific multi-annual management plans. Whether fishing effort is reduced by limiting the time vessels spend at sea or the capacity of the fishing fleet overall, balancing EU fishing effort with available resources will necessarily have implications for the EU fishing industry.

The Commission Action Plan to counter the social, economic and regional consequences of the restructuring of the EU fishing industry follows a commitment given in the Commission's 'Roadmap' on CFP reform. One of the stated purposes of the Action Plan was to provide more detailed and precise estimates as to the implications of the reform package, whilst identifying existing opportunities to cushion the socio-economic impacts resulting from the reforms. The Action Plan is also intended to outline additional means and options that could be generated over the longer term.

Despite its title, however, the document lists few concrete actions to be taken by the Commission or the Community as a whole. Rather, it outlines possible avenues available to the Member States as regards existing EU funds, and only very general options to support restructuring beyond 2006, when the new EU aid programmes are developed. This may be an honest approach to the situation, but one that is unlikely to provide great comfort to the fishing industry.

The uncertain impacts of CFP reform

The Commission's CFP Roadmap and accompanying press briefings included estimates of the number of jobs that would be lost if the Member States adopted the reform proposals in their entirety. The estimate was that up to 7,000 jobs would be lost each year for four years, as a result of the introduction of multi-annual management plans (including fishing effort reductions). These figures were compared to the 8,000 jobs that have been lost each year for the last ten years from



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the harvesting sector. The message was that more jobs would be saved by taking appropriate, if severe, management action, than by taking no action at all.

Following bilateral discussions with Member States, it is clear that estimating the socio-economic impacts of the reforms remains 'a largely theoretical exercise' since there are no multi-annual management in place upon which to base calculations of future job losses. In addition, the overall approach adopted towards long-term management plans is likely to differ substantially from that set out in the original Commission proposal, with the Council having watered down many of the key provisions. The possible consequences of multi-annual management plans is therefore uncertain; they should reflect the latest scientific advice, but their actual impact will largely depend on the outcome of political negotiations. The way in which Member States cope with any fishing effort limitations is also as yet undecided, or at least not publicly known. Nevertheless, according to the Action Plan, most Member States consider that actual job losses will be lower than estimated by the Commission.

The Commission's original estimates also assumed that multi-annual management plans would be established for all key stocks, even though this is increasingly unlikely. As noted in the Action Plan, 'It is also likely that only a few plans for some of the stocks identified as threatened in the 'Roadmap' will be proposed and adopted in the short term.' Job losses are therefore likely to be spread out over many years.

Existing opportunities to counter negative impacts

The Commission outlines the main funding instruments available to the fisheries sector over the current programming period (2000-2006), under the Financial Instrument for Fisheries Guidance (FIFG) as well as other more general Structural Funds. The following existing opportunities are identified:

- *FIFG* – Member States are able to include a number of relevant measures in national and Objective 1 FIFG programmes, including measures specifically targeted at early retirement, diversification out of fisheries and compensation for short-term closures of fisheries. There are also other measures to support development of the sector, such as collective projects, small-scale fishing and modernisation of vessels for safety and sanitary reasons. For the period 2000-2006, €3.7 billion is provided by FIFG with additional counter funding to be supplied by the Member States and private interests. Many of the eligible measures are currently under-utilised by the Member States; only 3 per cent of the total financial aid is used for social measures, compared to 22 per cent for fleet renewal and modernisation.
- *European Regional Development Fund* and *European Social Fund* – both Funds are non-sector specific, and can in principle support the fisheries sector and fisheries dependent regions. However, as is the case for FIFG, the budgetary ceiling is set until the end of 2006. Any increased funding to the fisheries sector would therefore depend on a commensurate reduction in funds to other issues or sectors. Nevertheless, fisheries operators could make much



greater use of these funds, including within the framework of the INTERREG III Community Initiative that supports various cross-border, transnational and cooperation projects.

- *European Agriculture Guidance and Guarantee Fund (Rural Development Regulation)* – support can be provided to rural development measures within Objective 1 areas (from the Guidance Section) and outside Objective 1 areas (under the Guarantee Section). Support is available for the adaptation and development of rural areas, including measures to promote integrated rural development and diversification of rural economies. In addition, the fisheries sector can access funds under the Community Initiative LEADER+ to promote new local strategies of sustainable development.

Despite the range of options available to the sector, experience has shown that the Member States and the sector itself under-utilise existing opportunities. Little use is being made of the FIFG socio-economic measures. ‘One of the difficulties confronting the fisheries sector or the regions dependent on fishing’ according to the Commission, ‘is that their socio-economic weight is relatively low and hence they receive scant attention’ in Objective 1, 2 and 3 programmes.

While the Commission’s assessment of existing use of funds is probably fair, there are isolated cases of the different funds being used to support innovative projects relating to the fisheries sector. Exchange of experience and awareness raising activities could go some way to generate more widespread take-up of opportunities in the future.

Additional measures available in the short term (2003/2004)

The CFP reform proposals include important provisions that would increase the amount of aid available to help the sector adjust to reductions in fishing opportunities. These include increased co-financing rates from FIFG, in cases where a management plan requires more than 25 per cent reduction of activity. New money amounting to €2 million would also be made available under a separate scrapping fund, again linked to effort reductions set out in the management plans. There are also provisions to increase eligibility for individual compensatory payments to help fishermen leaving the sector.

Other proposed changes to the FIFG aid rules, notably ceasing aid for the setting up of joint enterprises and the construction of new vessels, and limiting aid for modernisation, would lead to approximately €11 million being freed up. This money could be diverted to support socio-economic measures, although how the funds are in fact used will be left to the Member States to decide.

Similarly, other Structural Fund interventions could be reprogrammed to help the fisheries sector adjust, as part of the 2003/2004 mid-term review of the Structural Funds. A particular option is to include areas hard-hit by the reforms, but not already covered by Objective 1 or 2 designation, in Objective 2 areas. Overall, however, it is considered unlikely that Member States will reprogramme non-FIFG funds in a significant way at the mid-term review.



Long-term options to help the sector (beyond 2006)

While FIGG offers some short-term opportunities, it is focused on the fisheries sector and in its current form therefore of limited value in terms of diversifying out of the sector. A broadening of the scope of FIGG is unlikely before 2007, however, and the Commission therefore suggests that greater take-up of other Structural Funds opportunities should be encouraged, based on improved dialogue with the relevant national and regional authorities.

The Action Plan has a certain focus on the small-scale, coastal part of the industry, which has been identified as more labour-intensive and therefore more important from an employment perspective. Aid measures for this part of the sector have not yet had the desired effect. The Commission suggests a number of ways in which the Member States could help to protect the small-scale, coastal fleet from competition with larger vessels, for example, by restricting access to inshore waters to smaller vessels. It also suggests that the structural aid regime could eventually be adapted to meet the needs of this part of the sector, although there is no suggestion as to how this would be done in practice.

The image of the capture sector should also be improved, in particular to attract young people. Specific initiatives could be taken to increase awareness of environmental issues, or to improve safety on board and improve other living and working conditions. The Commission also emphasises the need to involve more women in the sector (although not in the capture sector directly) and develop better methodologies to assess the dependence on fisheries of different coastal areas.

One of the more innovative aspects of the Action Plan falls under the heading of 'A strategy to support sustainable coastal development'. The suggestion is that fleet restructuring should aim at diversification of activities, eg by combining fishing with other professions, or offering employment on land. Importantly, the Commission highlights the need for an integrated approach involving all significant economic sectors operating in the coastal zone, levels of administration and stakeholders in integrated coastal zone management. The Commission suggests that a reflection on the future of the structural policy for the fisheries sector (after 2006) should be launched, for example, by convening a conference early in 2004.

Conclusions

Interestingly, the analysis and the consultations with the Member States have resulted in lower estimates of the impacts of CFP reform, particularly for employment in the catching sector. In a majority of the Member States, it is already difficult for many boat owners to find crews for their boats, and many are therefore recruiting crewmembers from third countries, such as Candidate Countries and North Africa. The capacity or effort reduction required under long-term management plans is also likely to be less than initially proposed. The Commission consequently confirms that the initial estimate of 28,000 jobs being lost in the catching sector over the next four years is a scenario unlikely to come about.

The overall picture, however, is that the amount of additional aid made available to counter the socio-economic impacts is also likely to be more limited than initially suggested by the Commission. Changes resulting from reprogramming of FIFG and other funds are uncertain, but are not expected to generate significant additional funds. Apart from the €2 million under a proposed new scrapping fund, substantial changes are only likely to appear after 2006, if at all.

There seem to be three specific steps that could usefully be taken in the short term to improve options for the sustainable development of the sector:

- firstly, increasing information and awareness raising actions to identify alternative funding options under all four of the Structural Funds;
- secondly, encouraging Member States to divert remaining FIFG funds to suitable socio-economic measures; and
- thirdly, developing ideas on a new fund that could support integrated coastal development, beyond 2007.



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