

## ANNEX 1: KEY ASPECTS OF A GENERAL APPROACH TO CFP REFORM

The Fisheries Council is now approaching a critical point in the ongoing reform of the Common Fisheries Policy (CFP). Since the release of the reform proposals in July 2011, the Council has been debating the content of the proposals for a new basic Regulation (COM(2011)425), a Common Market Organisation (CMO) (COM(2011)417) and a new European Maritime and Fisheries Fund (EMFF) (COM(2011)804).

The Danish Presidency has made efforts to resolve areas where discussions were fraught, through focused sessions during the Council meetings covering regionalisation, Transferable Fishing Concessions (TFCs), Maximum Sustainable Yield (MSY) and the allocation of funds. From what we understand, it is now the intention of the Presidency to formulate a General Approach at the June meeting, setting out some detailed views of the Fisheries Council in anticipation of negotiations with the European Parliament in the autumn.

### **MSY – the importance of getting it right**

A whole package of proposals is on the table for negotiation, and there are endless details to be debated, but fundamental to this 10-year reform of the Common Fisheries Policy (CFP) is a positive vision for the EU fisheries sector and the core objectives needed to get there.

Today, a majority of European fish stocks are overexploited and a large proportion of the fishing sector is not doing particularly well financially. In order to reverse this situation and create more jobs in fisheries, we need action that will repopulate our waters, ensuring that we do not take more out of the seas than they can replenish. This will require some sacrifices in the short term, but the sooner the steps are taken, the sooner the benefits can be seen.

In 2002 in Johannesburg, the EU committed itself to achieving Maximum Sustainable Yield (MSY) by 2015, where possible. As part of the reform, the Commission has proposed that the EU should aim for exploitation of living marine biological resources that restores and maintains populations of harvested species above levels which can produce the MSY by 2015. Recent Council debates indicate that the concept has the support of Member States, but not the timetable.

The most common argument is that it is not possible to achieve MSY by 2015, even though some stocks already have or can reach the required levels by then. It is true that for several stocks the EU would not be able to reach a biomass that allows the production of MSY ( $B_{MSY}$ ) by 2015 – implementation of the Johannesburg commitment began too late. Stock recovery times depend on regeneration times, age structure and environmental conditions, as well as fishing pressure. However, *we can reduce the fishing mortality (F) straight away to a level that will rebuild a stock to  $B_{MSY}$ , by setting it lower than the estimated fishing mortality at MSY ( $F_{MSY}$ ). This management action, which is necessary if we want a viable and thriving fishing sector, can and should be taken now.*

Current scientific advice structure and management is aiming at achieving  $F_{MSY}$  by 2015. Delaying these necessary restrictions for years – to 2020 and beyond – will only result in a slower recovery, with a loss of jobs and potential profits as a result.

Setting the fishing mortality at, instead of lower than, the estimated fishing mortality at MSY will result in a very long (theoretically even infinite) recovery period, and that is without taking uncertainties due to natural fluctuations and flawed estimates into account. As a general rule: the lower the fishing mortality, the faster the recovery.

An application of  $F_{MSY}$  is possible even for data poor stocks, as other countries such as Australia, New Zealand and the United States have developed proxies for  $F_{MSY}$ . The ICES is in the process of establishing such proxies for data poor stocks in the EU. In mixed fisheries, fishing limits should be set according to  $F_{MSY}$  for the most vulnerable stock.

Another common argument is that speedy implementation would be too costly and would hit the already suffering fishing sector. But publications by the OECD<sup>1</sup>, the World Bank<sup>2</sup>, the European Commission<sup>3</sup> and the new economics foundation<sup>4</sup> all show that European fisheries would profit tremendously from stock recovery. The financial impact of the temporary reduction of fishing opportunities during the first phase of the restoration period could potentially be cushioned by loans, possibly from the EMFF, that could be paid back once stocks are on the road of recovery and fishing opportunities have increased.

Larger, rebuilt stocks will also lower the costs of fishing operations, as the “cost per unit of effort” (CPUE) will be lower when fish are more abundant. This will potentially enable exploitation of European fisheries at Maximum Economic Yield (MEY), which at times of recession, inflation, and with oil prices likely to rise would be greatly desirable.

### **No to mandatory TFCs**

We welcome the move of the Council to abolish the *mandatory* introduction of transferable fishing concessions. We still emphasise the importance to allocate fishing opportunities to those fishing in the most sustainable way and having a track record of following the objectives of the CFP. Such allocation should take place in a transparent manner based on transparent criteria. This would also create an incentive for continuous improvements in fishing practices.

### **Discards**

Discarding is a serious problem in the EU due to the use of unselective gear, conflicting regulations and high-grading. A discard ban can be part of the solution and would also provide us with better data on fishing mortality. We support implementation through a fishery-by-fishery approach. However, the discard ban needs to be coupled with serious efforts to reduce unwanted catches in the first place, through gear modifications and (temporary) closures.

We strongly support an exclusion from the discard ban of species for which fishing is prohibited, as well as species for which there is evidence of high survival rates. However, recent recommendations from the Scientific, Technical and Economic Committee of Fisheries (STECF) do not present a clear picture and do not cover the possibility of delayed mortality at a later stage after releasing the fish.

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<sup>1</sup>OECD: The economic value of rebuilding fisheries (2012): [http://www.oecd-ilibrary.org/agriculture-and-food/the-economic-value-of-rebuilding-fisheries\\_5k9bfqnmptd2-en](http://www.oecd-ilibrary.org/agriculture-and-food/the-economic-value-of-rebuilding-fisheries_5k9bfqnmptd2-en)

<sup>2</sup>World Bank: The Sunken Billions: The economic justification for fisheries reform (2009): <http://siteresources.worldbank.org/EXTARD/Resources/336681-1224775570533/SunkenBillionsFinal.pdf>

<sup>3</sup>European Commission impact assessment (SEC(2011)892): [http://ec.europa.eu/fisheries/reform/sec\\_2011\\_891\\_en.pdf](http://ec.europa.eu/fisheries/reform/sec_2011_891_en.pdf)

<sup>4</sup>new economics foundations: Jobs Lost at Sea (2012): [http://www.neweconomics.org/sites/neweconomics.org/files/Jobs\\_Lost\\_at\\_Sea\\_0.pdf](http://www.neweconomics.org/sites/neweconomics.org/files/Jobs_Lost_at_Sea_0.pdf)

A potential increase in the TAC equivalent to the estimated unwanted catch is foreseen, and also flaunted as an incentive to support the ban. However, even with “fully documented fisheries”, we do not believe that a landing obligation should automatically result in a higher TAC. Whether this is appropriate depends on whether the stock is well-managed and management targets have already been reached, such as MSY by 2015 as well as more ambitious long-term targets. To simply add the best estimate for current discards to the TAC would also remove a major incentive to develop more selective ways of fishing.

Finally, as was pointed out by almost every minister in the Council debate on the discard ban on 19 March, no measures should be put into place facilitating the creation of a market for undersized and juvenile fish, neither for human nor for non-human consumption.

### **Regionalisation**

We fully support a more regional approach to management of European fisheries; one better tailored to finding appropriate regional and local solutions to management issues.

The Commission proposals and non-paper have been rather unclear on how regionalisation would work, but essentially two pathways have been outlined: multiannual plans (MAPs) and technical regulations. The Commission has also referred to ongoing regional collaboration such as BALTFISH and the Scheveningen Group as possible vehicles for regional discussion and agreement between Member States. It also foresees continued involvement by the [Regional] Advisory Councils (ACs) for stakeholder input and advice.

However, the Commission proposals would require Member States to transform regional agreement into national legislation. This could result in incoherent rules due to differences in national interpretation and may cause problems for vessels fishing in the same region but under different national jurisdictions. Moreover, many Member States have voiced concerns that this procedure would increase their workloads.

We suggest that proposals for MAPs are developed by stakeholder groups representative of the fishery which is the subject of the plan, including resource users, government representatives, scientists, control agencies, environmental organisations and other interest groups. For fisheries involving more than one Member State, there will be a need to co-operate at fisheries level to develop plans.

The regionally developed proposal for a multiannual plan would then be submitted to the European Commission, which would assess whether, in the case of each plan, it meets the overall objectives and requirements of the CFP. If deemed to be the case, the plan – agreed at regional level – could be adopted by the Commission as an implementing act, thereby ensuring coherence and accountability. This line of thought is reasonably similar to that presented to the Council by the Scheveningen Group on 24 April 2012.

### **EMFF**

The EU provides substantial amounts of structural funds to the fishing sector, and from the recent Council debate it is clear that a majority of Member States wants to continue to do so. We call on ministers to consider that these are public funds and that their use must be for the public good, underpinning the conservation and management efforts set out in the CFP. In the current proposal, the vast majority of the available funding will be allocated to measures that often benefit a handful of operators rather than the entire sector.

In light of this, we welcome initiatives to set minimum amounts for spending on control, enforcement and data collection, increasing the flexibility of Member State allocation of funds to this end.

We re-iterate the importance of *not providing any funding to measures that increase or maintain the current overcapacity* of European fleets. In order to prevent this, a thorough assessment needs to be conducted of the current fleet capacity in relation to potential fishing opportunities. Only fleets without excess capacity should be eligible for subsidies for vessels and gears. Funding for the building of new vessels should continue to be impossible under the new EMFF. It is also important that storage aid is phased out as proposed.

Furthermore, funding aimed at making best use of unwanted catches from commercial stocks will undermine the aim of a landing obligation to promote more targeted and selective ways of fishing, and should not be provided. Rather funding should be made available to reduce unwanted catches, for example through research in order to develop more selective and environmentally friendly gear.

Finally, we stress our concern about the lack of environmental guidance in the measures aimed at making European aquaculture competitive and promoting its products. This may lead to the same problems of over-establishment, negative environmental impacts and poor profitability as are currently found in the catching sector. If aquaculture is to contribute to future food security, the reformed CFP and EMFF must ensure that this industry develops into a net producer of fish protein, based on sustainability and sound environmental processes. Crucially, to achieve this, the CFP must ensure that European aquaculture does not rely on nor lead to the overexploitation of feed fisheries (from lower trophic levels) to feed farmed carnivorous fish.

## **CMO**

The proposed Common Market Organisation enhances the role of producer organisations (POs) and gives them more responsibilities. It is therefore important to ensure that POs represent and support all segments of the industry. Currently especially small-scale interests are generally not well represented and we stress our concern that the conditions for recognition and the objectives of the POs may turn out to be discriminatory against the small-scale and artisanal sector, and may work against local sustainable production. Also, these fisheries should not be subject to market rules established by a PO at which they are not well represented.

Another question to arise from the CMO is the connection with the proposed landing obligation and the knock-on effects related to the handling of unwanted catches. We support the change from the original Commission proposal, removing the possibility to distribute these catches to charitable organisations for free, as this could have encouraged a black market to develop and would have been difficult to control.

It is important that the previously unwanted catches (juvenile, undersized and overquota fish) are sold at market price, so as to ensure they do not represent a subsidised industrial input. Profits accrued from their sale should go to national administration bodies to assist with the financing of control and other management tasks, while also covering the expenses of fishermen and POs, in order to prevent them becoming a disincentive to improve the selectivity of fishing activities.

On labelling and consumer information, we advocate that the information 'date of catch' and whether a product has been frozen or defrosted remain in the proposal for all fishery products. This will allow consumers to make informed choices in favour of more sustainably fished products.