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Response of the Dutch fishing industry to the Green Paper on the reform of the Common Fisheries Policy

General remarks

This paper reflects the position of the Dutch fishing industry, which comprises the catching, trade, and processing of fish and fish products, with respect to the Green Paper on the reform of the Common Fisheries Policy (CFP). Whereas in the Green Paper all aspects of the CFP are considered, this paper focuses only on those aspects that are most relevant to the Dutch industry.

The Dutch fishing industry considers the fishing industry an economic activity like other economic activities. Fishermen are entrepreneurs who ought to be able to make independent decisions about how they run their businesses. The management of the fishing industry by national and international governments must allow for economically sound business practices in the industry. A healthy economic performance (profit) is as essential to sustainability as the ecosystem (planet) and society (people).

1. Necessity of the reform

The European Commission states in the Green Paper that the CFP has failed and that a fundamental reform is therefore necessary. The Dutch fishing industry does not recognize its situation in this analysis. First, increasingly ambitious management goals have been set in the past period (from Safe Biological Minimum through Precautionary Approach to Maximum Sustainable Yield). This has led to a continuous shift in the definition of 'overfishing' and to the high percentages of overfishing arrived at by the European Commission, year on year, based on these definitions.

Second, the most important stocks for the Dutch fishing industry are managed using long term management plans in which a transparent and responsible cycle, ranging from scientific advice to management decisions, is already adhered to. Furthermore, the producer organisations have implemented this management approach, through individual transferable quotas (ITQ) and co-management, in such a way that for years the Netherlands has achieved high compliance rates in the European Commission's yearly control reports (the scoreboards).

Third, a proper implementation of the existing CFP, including effective control and compliance measures, would lead to better management of stocks in the entire EU.

However, the Dutch fishing industry does think the approach adopted in 2002, towards a greater involvement of stakeholders in the decision making process, should be further explored and extended. Also, the Dutch fishing industry sees the need, in light of the new European Treaty (and with it the new co-decision procedure) to restructure the CFP. At Council level the principles and standards for fisheries management will have to be set at a broader level than has been the

case so far. The application and implementation of the Council's framework rules will have to take place at a different (=lower) level than that of the Council.

2. Relative stability and swaps

The Dutch fishing industry feels that the principle of relative stability should be left untouched. The optimisation of fishing opportunities through temporary swaps between individual fishing operators and/or producer organisations from different member states within the TAC (Total Allowable Catch) year must occur quickly and smoothly, i.e. without bureaucratic obstacles. It is the Dutch fishing industry's request that this possibility, to initiate such in-year swaps with third countries (such as Norway and other coastal states), should be accommodated in the new CFP (see Annex 1 for a proposed procedure). Thus far the European Commission has responded to this request by indicating that it does not fit within the current institutional framework. The Dutch fishing industry would like to see this possibility implemented as soon as possible (before the reform). If this proves to be impossible, institutional blockades should be removed in the CFP reform.

3. Overcapacity

The Green Paper states that an overcapacity in the fishing fleet, with respect to the current size of the stocks, is a fundamental and structural problem of the CFP. Although the Dutch fishing industry does not refute that there is overcapacity at the EU level, the following must be taken into consideration:

- overcapacity is not equally distributed across the EU. For example, in the past few years the North Sea fleet has been reduced substantially;
- it is impossible to unambiguously define overcapacity and therefore overcapacity is not quantifiable;
- consequently, it is not possible to make effective policy on this issue. The past also proves this (see MAGP 1 – 4).

It is best to leave the reduction of existing overcapacity to the market. This can only happen under the strict condition that access to, and management of, the fisheries are well organised and strictly monitored.

If specific socioeconomic and/or policy changes make it necessary to rapidly reduce the fishing fleet, the government can allow for a one-time scrapping regulation. This applies all the more should the fishing industry itself urgently request for such a scrapping scheme.

4. CFP goals and priorities

The CFP has two types of goals: goals related to the management of stocks and socioeconomic goals. The Dutch fishing industry believes that the CFP's first priority should be the sustainable exploitation of fish stocks. Socioeconomic goals can only be achieved once the stocks are healthy and exploitable. Ecology and economy are interdependent but first the state of the stocks must be healthy. The ecological goals must be reliable, evidence-based and scientifically sound. The industry should also be more closely involved in fisheries research.

The term 'stock management' is confusing. The CFP is about the proper management of human activities that affect stocks: in other words, fisheries management. It is essential that:

1. the objectives regarding stocks and fisheries management are realistic and shared among stakeholders (see also 7) and
2. the measures aimed at reaching these objectives consider the socioeconomic situation of the fleet. This may result in a more gradual adjustment of the fleet without losing sight of the ecological objectives. Specific socioeconomic measures aimed at the fleet can be made by regions or member states; of course in accordance with current state aid criteria to avoid distortion of competition and market.

5. Further regionalisation and stakeholder involvement in the policy cycle

Considering the expected ratification of the Lisbon Treaty and the resulting co-decision procedure involving the European Parliament, a reform of the current decision making process within the CFP is necessary. The multiple decisions about technical and implementation aspects of CFP that are currently taken in Council (micromanagement), can no longer be taken there because it would be too time consuming if these would be dealt with in the co-decision process. The Dutch fishing industry therefore agrees with the proposals in the Green Paper to allow Council to set the general goals and objectives of the policies and to allow the technical and implementation details to be decided at a lower level. This 'lower level' is not necessarily the European Commission.

The Dutch fishing industry believes that truly switching to a form of decentralised decision making while at the same time creating a greater involvement of stakeholders involves the following:

1. To create regional fishery management bodies consisting of member states belonging to these regions. These regional bodies then take political decisions on fisheries management in their region. The European Council of Fisheries ministers then limits itself to decisions on high-level policy considerations and the framework of the CFP.
2. The greater involvement of stakeholders can be realised by giving the RAC's more responsibilities. RAC advices, in particular unanimous advice, to the regional bodies mentioned above, should be binding. It speaks for itself that the RAC's need to be equipped for this role (through more and direct access to the biological/ecological and socio-economic sciences and greater financial and secretarial support).
3. Fishermen, organised in producer organisations, in accordance with the Dutch model, could be more involved in the implementation of management decisions. Producer organisations must be equipped to fulfil this task. The current issue of uncertainty about the question if the role of the PO's under the CFP is in full conformity with EU's competition rules must therefore be addressed and resolved.

The desire to involve the fishing industry more closely in formulating policy and its implementation through co-responsibility and co-management can only be fulfilled if fishermen truly get the feeling of guaranteed ownership with respect to their fishing opportunities. With ownership comes responsibility. In the policy process - from setting objectives via scientific advice, decision making to implementation and control - the setting of objectives is considered to be a political privilege. The fishing industry, organized in RAC's and producer organisations, should at least be heard in

formulating objectives and should fully be involved and given responsibility in all the other components.

With respect to the northern and southern agreements, it is of vital importance that the stakeholders are involved more than they are now. In the current situation the fishing industry is always fully dependent on the attitude of the European Commission's negotiator whether, and to what extent, the knowledge and arguments of the industry are considered in the final decisions. Closer involvement of stakeholders is in line with the proposals in the Green Paper that stakeholder involvement and responsibility are the most important building blocks of the new CFP. That such close stakeholder involvement is possible in the negotiations is demonstrated by other coastal states involved in the northern agreements (Norway, Faroe Islands, Iceland).

6. External dimension of the CFP

The Green Paper poses many questions about how the external dimension in the reformed CFP should take shape. The European Commission seems to interpret the external dimension mostly as the 'southern' fishing agreements and the fisheries management in the high seas that fall under the umbrella of regional fisheries management organisations. These southern agreements are of great importance for the Dutch (pelagic) sector. More than a third of the total catches of the Pelagic Freezer trawler Association are realised in West Africa and the Pacific.

The bilateral and coastal states agreements in the North are also of great importance. Not only in terms of catches (setting catch limits, access and swaps) but also as regards the agreements about management measures and control of fisheries for a number of our most important demersal fisheries in the North Sea and practically all our pelagic fisheries.

We see the southern and northern agreements in conjunction and believe there should be a balance between both, especially for the Dutch pelagic interest. This balance can be viewed as follows:

1. The southern fisheries agreements are for the most part tuna and demersal agreements; only the EU-Mauritania and EU-Morocco agreements have pelagic components. In our opinion a reformed CFP cannot allow the European tuna and demersal fleets to continue using the EU agreements, including the use of EU budget to create catch opportunities in the waters of third countries, while this possibility is not guaranteed for the EU pelagic fleet.
2. The point mentioned above must be seen in conjunction with the fact that for years the pelagic fleets have had to relinquish catching opportunities in the Northern agreements to the benefit of the EU demersal fleet. It is unthinkable that at the same time the pelagic component would end up being removed from the southern agreements altogether.

Other important reasons why the Dutch fishing industry wishes to continue the pelagic southern agreements are:

- a. Fishing under the umbrella of an EU agreement under the CFP is by definition a responsible fishery. An EU agreement protects the EU fleet governed by this agreement from accusations by non-governmental organisations that their fishing activities are irresponsible.

- b. A fleet within an EU agreement can count on legal protection by the EU government, which is important considering the often weak legal systems in the third countries with whom the agreements are made.
- c. Modern EU agreements always include an array of governance aspects of the fisheries and these are partly co-financed. This includes scientific research, the development of management plans, control, and involvement of stakeholders.

See point 5 for comments on the involvement of stakeholders in EU agreements with third countries.

See point 2 for comments on swaps between EU industries and third countries.

7. Core approach in management

The Dutch sector believes the management of fish stocks needs to continue to be based on Total Allowable Catches (TAC). To maintain relative stability within the European Union, TAC's are an essential tool. If measures are taken to regulate fishing effort, effort should always be subordinate to TAC (which is the current situation).

We have our doubts about the management goal of Maximum Sustainable Yield (MSY), agreed in 2002 and to be achieved in 2015 for all stocks. We are repeatedly confirmed in our conviction that this goal is unachievable and therefore very harmful to a new CFP. In effect, this MSY resolution, seriously jeopardizes the CFP reform. There are various reasons for this:

1. Setting a goal that is unattainable is not only demotivating for everyone involved in the policy (science, managers, industry) but also demonstrates poor policy making.
2. Scientists, including ones from Dutch fisheries institutes, doubt whether it is possible that all fished stocks in Europe can be at the MSY level at the same time. The stocks influence each other (among others, via the food chain) and it is unknown whether marine ecosystems can even produce the biomass resulting from MSY application.
3. Economic behaviour is also important. If (a few) stocks would be at MSY and the fleet capacity has been adjusted to this level, the economic gains from the fisheries will be very high and therefore attractive. This will lead to large pressure from potential participants wishing to enter the market and to have a share of the profits. The managing body will only be able to withstand this pressure at very high control costs.
4. The MSY approach is management based on individual fish stocks. Despite the ongoing discussion within the EU on the need for multispecies fisheries management, the reality is that there still is only single species management. Aiming for MSY through single species management will not lead to successful fisheries management.

For the time being, a more realistic approach would be to stick to the precautionary approach agreed in 1998. Openly parting with the MSY principle in the new CFP will require political courage because it means breaking with the Johannesburg agreements.

8. Small scale versus large scale fisheries

Member states who wish to stimulate their small scale fisheries can make complementary policies to achieve this. However, one must not forget that many small boats can still have a considerable impact on a fish stock. To guarantee a level playing field all fishing activities should be subjected

to the same obligations. If local fisheries need to be maintained or stimulated from a cultural and/or social point of view, it should be for member states to deal with this objective but it should not be part of the CFP. And of course under the condition that the market is not distorted. On the other hand, the CFP should take its socioeconomic consequences into account (see also point 4.2).

9. Subsidies

In general, there are two types of direct subsidies. The first type is subsidies for the fisheries management system, not for fishing companies themselves. These subsidies go to member states and cover the policy system, control and research and are meant to keep the policy system running. These are governance subsidies and should be financed by EU and national governments.

Project subsidies, the second category, are aimed at the transition of the fishing industry towards the aims of the new CFP. Considering that policies should be formulated in a more bottom-up fashion, the current organisations at that level need to be given the financial means to do so. The usual rules of accountability and control should apply to the expenditure of these funds. When allocating these subsidies, careful consideration must be taken of the actual issues that need addressing in each member state. If a member state is in transition, it could temporarily receive more financial support.

10. The CFP and the marketing of fish

In the reform of the Common Market Organisation, the European Commission proposes greater involvement of producer organisations. The involvement of producer organisations in the implementation of the CFP is also an important condition for the success of this new CFP.

In the Netherlands, producer organisations manage the catching opportunities of their members. They therefore play an important role in the sustainable management of the fish stocks. Within the CFP the producer organisation was created to be a market participant, throughout the fish market chain, with the aim of maximising the value of the catch for its members. Producer organisations do this by adjusting the availability of fish to market demand by adjusting landings.

To operate as a professional player in the market, the producer organisation needs to be equipped to do so. Furthermore it is necessary that within the CFP serious criteria are defined that producer organisations must meet and on the basis of which they will be officially approved and regularly scrutinized.

The producer organisation must have competences that are clearly described and do not interfere with European competition regulations. For example, the producer organisations in the Dutch shrimp industry were left paralysed after being faced with a court case initiated by the Competition Authority. We therefore request an alignment of the CFP and the European competition rules. This should result in a clear decision on the competence of the producer organisations both within the CFP and the EU competition policy.

11. Compliance and enforcement¹

Monitoring and control of fishing operations should be better coordinated by the Community Fisheries Control Agency (CFCA). Community inspectors can become specialised and inspections and sanctions should be further harmonised. Specific components of monitoring and control can be delegated to the producer organisations. These can specify their fishing plans, control plans and management plans within their yearly programmes. When fishermen are more closely involved in policy this will certainly create a positive interaction whereby co-responsibility can be expected when it comes to compliance. This will increase the level of compliance.

The harmonisation of sanctions and controls within the EU will strengthen the level playing field. Within regions sanctions can also be harmonised. In itself this would guarantee a higher level of compliance. It is of prime importance to allow fishermen to be part of the system. Then, producer organisations can monitor infractions and the government can oversee the producer organisations. Independent European inspectors, who are neutral with respect to the fishermen and member states, would also increase the level of compliance.

12. Closing remarks

- a. Spatial planning and the CFP:
Fisheries is just one of the users of community waters. The measures that apply to areas within EU waters which have been designated for uses other than fishery (for example wind parks, Natura 2000 areas, and offshore functions) should be uniform within all EU waters.
- b. European Marine Strategy and Maritime Policy:
In our opinion the CFP should not be fully integrated with the European Marine Strategy and Maritime Policy. The CFP should remain as independent policy and, where necessary, be coordinated with other European policy areas.
- c. Communication and the CFP:
In our opinion, the perception of the CFP's performance has been negatively influenced in the past years by the manner in which the European Commission has communicated about the CFP. It is important that in the new CFP a positive communication strategy is developed whereby more is communicated about the specific situation of fisheries management in different regions (these can be TAC/Quota regions or RAC regions). A generalised, EU view can be misleading.

Rijswijk, October 2009
Dutch Fish Product Board

¹ written before the Council decision on the new Control Regulation

Annex 1

Procedure to arrange international swaps between coastal states
(as seen from an EU perspective)

A swap procedure can be divided into 3 parts:

1. Between the different Coastal States industries (not part of the formal procedure)
2. Internal EU-procedure
3. Coastal State procedure

1. Between the Coastal State industries

- a. The industry of an EU member state has been in contact with the industry in another coastal state to see if an international swap is possible. Quantity and exchange rate are agreed among the industries.
- b. The industry of the EU member state informs its authorities about the request to formally proceed with the swap.
- c. After approval by the authorities in the member state, the authorities notify the European Commission. Through this notification the EU member state guarantees the amounts that will be swapped (based on the agreed quantity and exchange rate).

2. Internal EU-procedure

- a. The European Commission checks with the other coastal state if the swap can be approved and executed.
- b. The European Commission informs all member states of the intended swap and asks if other member states would like to participate in the swap. There is no obligation for member states to participate. In the procedure a limited reflection time for the other member states will be included.
- c. If other member states participate, the share in the swap will be based on the relative stability key of the incoming fish.
Example: If EU mackerel (MAC) will be swapped against Norwegian blue whiting (WHB), the allocation of the MAC to be paid by the participating member states and the allocation of the WHB to be received by the participating member states will be based on the relative stability key for WHB.

3. Coastal State procedure

- a. Both Coastal States confirm the swap.
- b. Other Coastal States are informed of the swap.

Elements to be used in a formal procedure to arrange international swaps between coastal states

1. A Coastal State informs the other Coastal State of a possible swap
2. After agreement the swap is confirmed by both Coastal States
3. Other Coastal States are informed of the swap
4. International swaps between coastal states do not change the existing access regimes between the coastal states involved.
5. International swaps do not change the allocation key between Coastal States