

**Speech by Commissioner Joe Borg at the conference
organised by the BS RAC and the Swedish Presidency
Stockholm, 1 October 2009
"CFP reform: challenges for the Baltic Sea and the BS RAC"**

Minister, Mr Johansson, distinguished guests, ladies and gentlemen,

Your initiative to bring together Member States and stakeholders around the Baltic to look at the future of fisheries management in the Baltic, on the basis of past and present experiences, is a valuable contribution not only to the management of Baltic fisheries but also to the discussion on CFP reform that is currently underway. For this, you have my warm appreciation.

The Baltic Sea has huge potential to be at the forefront of the development of new concepts and approaches to strengthen sustainable fisheries management. An easily defined and forward-looking region, the Baltic is often one step ahead of developments in other European waters and can thus serve as a useful model for others elsewhere.

There are a number of examples I can think of to back this up, not least the conference that the Baltic Sea RAC organised two years ago in Copenhagen on control and compliance in the cod fishery. Looking at the cod stocks today, I think we can all agree that our concerted efforts over the last two years have made good progress. The state of the stocks *is* improving and we have been able to increase the TACs for both the eastern and western stocks in our proposal on next year's fishing opportunities in the Baltic, in line with the management plan for 2010. This is not to say that Mother Nature has not also had a hand in this. I think we would all agree that she has been most generous.

Of course it would be premature to say that both stocks – and thus the fisheries concerned – are back on a stable and sustainable footing. However, the signs *are* encouraging and I am confident that if we continue our strict application of the management plan whilst doing our best to establish further measures – for example, to minimise discarding - we stand a fair chance of achieving sustainability and the resulting stability that it will bring with it.

First steps to protect the young fish in the stock should indeed be taken as soon as next year while further measures might need some more consideration. Here, I appreciate that the RAC has come forward with a project that will look into further measures to improve selectivity, not only for the sake of eradicating discards but also with a view to strengthening co-operation between the different actors around the Baltic. I hope you will agree with me that, finding the means to support this kind of initiative, should be one of our priorities in light of the declaration we have just signed.

There are of course other areas of the Common Fisheries Policy that are in need of reform. Allow me to take this opportunity to examine some of the issues and challenges that lie ahead in the next few years of the reform process.

To date, I have been rather open in my assessment of the failings of the Common Fisheries Policy. In many ways, the present system is clearly unable to deliver on our key goals of profitability and sustainability, despite progress in certain crucial areas. What we need now is to address the underlying systemic problems and to find real solutions. Ultimately, as I have said on a number of occasions before, our goal must be a profitable fishing industry that provides nutritious food for our citizens whilst maintaining a healthy marine environment.

To achieve this, I believe that we need to look at a number of options. Today I would like to highlight just three, namely: re-ordering the priorities on which the CFP is based; ending the chronic overcapacity of the European fishing fleet; and rationalising responsibilities to make sure that we deliver on our goals.

Despite some real changes in recent years, especially with the introduction of a number of long-term plans, CFP decision-making remains slanted towards short-term interests. We need to reverse this in order to keep looking at the bigger and longer-term picture. Ecological sustainability must be our core principle as without ecological sustainability, there can be no future for the fishing industry, or for the coastal communities that depend upon it.

If we recognise that ecological sustainability has to come first, then we cannot but acknowledge the need to finally tackle the ecological and economic scourge of overcapacity. Overcapacity is eroding the profitability of our fleets and we need the proper tools to address it. Perhaps now, therefore, is the time to explore more imaginative solutions. Could a market-based approach, founded on transferable fishing rights, be the way to introduce a greater dose of economic reality? It works in other places in the world – and, indeed, right here in our own fisheries.

The introduction of transferable rights in the Danish fishery for one, is an example of how things can be tackled differently. Not only were transferable rights introduced but a significant part of capacity was also removed from the demersal segment of the Danish fleet, and this without public aid. The indications we have are that profitability for this fleet segment is improving. Such a positive experience can only encourage us as we examine this issue further in the context of the reform.

I am, in fact, already heartened to see that some of you around the Baltic have also begun discussing the introduction of a system of transferable rights with your stakeholders. I am only too aware that this requires a radical shift in attitudes yet it is clear that this sort of thinking could herald seminally important changes. It is worth pointing out that here, once again, we have another example of Baltic leadership.

For our part, we will only be able to venture down this avenue if we have a strong mandate – not solely from national authorities, but also from the stakeholders concerned across Europe.

In taking this more market-based direction, we will also need to look closely at its implications for fleet segments such as small-scale fisheries and if relevant, be prepared to embark upon a differentiated approach here. As you know small-scale fisheries play a very specific role in maintaining employment and in providing much of the social fabric of coastal areas essential for fisheries-dependent coastal communities. I know that there are reservations in some quarters about a differentiated approach, but, if we are going to think outside the box, then this clearly is another option that needs to be seriously considered.

It also begs another question: if we introduce more market-based instruments, is there then a reason why we should stop at national borders, or ought we to be prepared to go one step further?

A national system would mean that rights would be marketed among fishermen within the country. A vessel owner could decide either to use his rights himself or to rent them or sell them to another vessel owner, thus helping us move towards a smaller fleet that is more in line with our resource base. However, this would only

work to good effect if the existing allocation among countries actually reflected their fishing interests. The fact that we are already witnessing widespread quota-swapping indicates to me that operating this on a purely national scale might not be good enough. Our discussions could therefore usefully extend to analysing whether ITQ-like arrangements operating beyond national borders could work.

I know that such talk normally prompts concern about the principle of relative stability and Member States' quota rights. These are real fears that we most certainly need to address, however they cannot be a reason for *a priori* refusing to discuss new ideas. For example, one possible way forward would be to maintain today's system of relative stability and set up a rights-based management system that works within it. The rights apportioned to a Member State would remain unchanged, while the use of those rights would be flexible, thus allowing them to be leased on a regional or European scale.

To some, such radical thinking may come as a shock. Yet I believe that there must be no 'no-go' areas in the discussion at this stage. We need to be able to explore every avenue if we are to make our fisheries policy truly "fit for purpose" in the 21st century. And, as I have said before, we have a vast toolbox of instruments at our disposal. It would be foolish not to examine all the options that this toolbox has to offer.

Let me now turn to the third issue which I referred to earlier, namely redistributing, or broadening, responsibility. By this I mean bringing the CFP closer to those whom it actually affects, making it simpler, and moving away from centralised micromanagement.

I think it is logical to expect that Council and Parliament will continue to decide the general framework of the common fisheries policy. But the CFP could well benefit from an additional, regional dimension through which decisions would be taken on how the principles adopted at a general level could be put into practice on the ground. For instance, Council and Parliament would set the overall target for a certain fishery, the timeframe within which it should be attained and any other relevant conditions, the details of how this should be reached could then be fleshed out at a regional level – at the level closest to those it will impact directly.

A certain degree of flexibility in choosing the right instruments to reach the set targets could be thus introduced and detailed arrangements could be worked out to adjust to local conditions. Stakeholders and national administrations would be jointly responsible for drawing up these regional plans, which once finalised, would then be assessed in Brussels. We could go even further and involve regions in the implementation, monitoring and evaluation of policies, and in so doing help to create a policy that is more responsive to regional and local needs. It would also mean that policies would be shaped by those closest to the issues with the added benefit of having their wealth of expertise brought to bear.

I mentioned implementation, a crucial element to any plan. How can we involve the industry more closely in implementing policy? I believe that by encouraging the industry to "manage itself" we could unleash immeasurable creativity. The fishing industry would not only design policy but also become directly responsible for its choices and actions. This would enhance industry's stewardship of the CFP and provide the much-needed and oft-requested flexibility that the sector needs.

I invite you to reflect on this proposal assessing what your future role would be if a more regionalised system were to come into play. Further discussion will be needed to determine the shape and form any such regional approach would eventually take. I am aware that this will need a lot more work and would require a comprehensive dialogue between all the relevant actors, before a workable solution could be arrived at, however, already, I can see huge potential in such an approach.

With about 90% of its fishery resources and maritime territory lying within the Community, the Baltic Sea is *ideally* placed to examine how a regionalised version of the CFP could take shape. In the Baltic, we have one of the most highly developed regional advisory councils; several regional legal instruments such as the annual TAC and quota regulation and the technical measures regulation for the Baltic Sea; and, only recently, we have also agreed on a Regional Strategy for the Baltic Sea to bring together all sectors and policies under one conceptual planning framework.

Re-thinking the way we do things today, will allow us to put fisheries into a broader context. Fisheries can no longer be viewed in isolation from other policies which affect our seas and oceans. In an interconnected world characterised by increasing globalisation, and with all that we have learnt from our own Integrated Maritime Policy, it is clear that sectoral policy-making is a thing of the past.

The closer the links we can forge between the Common Fisheries Policy and the Integrated Maritime Policy, not to mention other cross-cutting strategies, the better it will be for both. One obvious example of this interaction is the Marine Strategy Framework Directive, the environmental pillar of the Maritime Policy, whose regional quality objectives will have a direct bearing on CFP

implementation. We could also look at how maritime economic activities with their huge growth potential could help fishermen put their considerable skills and experience to use in alternative spheres of employment. Furthermore, as part of a maritime cluster, fisheries stands to benefit from the increased competitiveness which such clustering activities bring.

Integrated thinking, such as improved co-ordination of maritime initiatives, maritime governance and the development of cross-cutting policy instruments like spatial planning, surveillance and knowledge-gathering, can all help create a more supportive environment for the kind of sustainable fishing industry that Europe wants and needs.

Tomorrow I will be attending the last in a series of workshops on maritime spatial planning, which has been one of the more tangible successes of our Integrated Maritime Policy so far. A progress report on the implementation of the maritime policy action plan will be adopted shortly and sent for endorsement by the European Council in December. And as ever, we will be counting on stakeholders and Member States to maintain their support for the goals of the Integrated Maritime Policy.

Ladies and gentlemen,

You have chosen the right moment for this conference in light of the present CFP reform process. The declaration signed today will also set the scene for further steps. Looking around, I can see a wide range of stakeholders and experts in fisheries whom I know we can rely on to provide input to shape a future Common Fisheries Policy.

(2300 words)