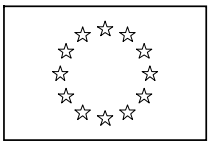


COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 10.5.2000
COM(2000) 272 final

REPORT FROM THE COMMISSION TO THE COUNCIL

Preparation for a mid term review of the Multi-annual Guidance Programmes (MAGP)

REPORT FROM THE COMMISSION TO THE COUNCIL

Preparation for a mid term review of the Multi-annual Guidance Programmes (MAGP)

Introduction

The objectives of the fourth multi-annual guidance programmes[1] were fixed in accordance with Council Decision 97/413/EC of 26 June 1997 concerning the objectives and detailed rules for restructuring the Community fisheries sector for the period from 1 January 1997 to 31 December 2001 with a view to achieving a balance on a sustainable basis between resources and their exploitation[2].

The present report reviews the performance of the MAGP IV over its first three years of application, as required by Article 9, paragraphs 2 and 3 of Decision 97/413/EC, which state that :

> *"the Commission shall present to the Council, by 30 March 1999 at the latest, a report to the Council on the state and evolution of fish stocks and of fisheries based on the most recent scientific advice available and an assessment of the effects of the Multiannual Guidance Programmes on the state of the resources and on the sector".*
>
> *"The Council, on a proposal from the Commission, shall decide, in accordance with the procedure laid down in Article 11 of Regulation (EEC) No 3760/92 by 31 December 1999 at the latest on the basis of the scientific advice and other information in the report from the Commission, on any necessary adjustments to the targets for fishing effort for the period from 1 January 2000 to 31 December 2001".*

It was not possible to meet the deadline of 30 March 1999 specified in Article 9(1). The negotiations in the Council concerning the MAGP IV guidelines lasted many months, which delayed the publication of Decision 97/413/EC in the Official Journal of the European Communities until 3 July 1997. In consequence the Commission Decisions fixing the MAGP objectives for the fleets of each of the Member States were not adopted until December 1997, which was already one year into the period covered by the programmes. The present report was therefore also delayed until the programmes had run for a sufficient period to evaluate their performance.

State and evolution of fish stocks and fisheries

a) Link with the MAGP objectives

The exploitation rate of the fish stocks in Community waters is very high and has led to the decline of many of the stocks of the most highly valued species.

In order to propose appropriate guidelines to the Council for the MAGP III and MAGP IV, the Commission set up expert working groups to review the state of the stocks of interest to

---

1 Commission Decisions 98/119/EC to 98/131/EC (OJ L 39 of 12.2.98,pp. 1 - 84).
2 O J L 175 of 3.7.97, p. 27.

European fishermen and to indicate the reductions in fishing effort that would be desirable for the long term sustainability of these stocks.

The report of these groups are known after their respective chairmen as the "Gulland" report, produced in 1990, and the "Lassen" report, produced in 1995. Both reports indicated that fishing mortality should be reduced on almost all of the fish stocks that were examined. This advice was based on a variety of criteria, depending on the quality of the information available. The reductions suggested as necessary for the prudent management of the stocks were very large, typically about 40% and in many cases much higher.

The Gulland report led the Commission to propose cuts in capacity over the period of the MAGP III of 30% for fleet segments exploiting demersal species and 20% for fleet segments exploiting flatfish species. Most Member States considered these rates to be too high, reducing them to 20% and 15% respectively in the decision that was finally adopted. Overall, the objectives of the MAGP III represented an overall reduction of approximately 10% of the Community fleet.

Since it was clear from the Lassen report that fishing effort remained too high towards the end of the MAGP III, the Commission proposed further substantial cuts during the MAGP IV. To better target these reductions, stocks for which sufficient information was available were classified into depletion risk, over-fished and fully exploited categories. These categories were defined as follows:

> **Depletion risk :** Spawning stock biomass below Minimum Biological Acceptable Levels (MBAL) or likely to be so in the short term if current levels of fishing mortality are maintained.
>
> **Over-fished :** Substantial gains in long term yield if fishing mortality is decreased, or where there is a medium term risk of spawning stock biomass falling below MBAL.
>
> **Fully exploited :** No substantial gains would be achieved by increasing or decreasing fishing mortality.

The Commission proposed cuts in fishing effort of 30% and 20% for fleet segments exploiting depletion risk and over-fished stocks respectively. Once again, this proposal was rejected by most Member States, which instead proposed that these reduction rates should be weighted by the catch composition of the vessels in the segments concerned. Thus, the higher the proportion of the most sensitive stocks, the greater the required reduction in fishing effort. The effect of this is that the MAGP IV requires an overall reduction in the fishing effort of the Community fleet of about 5% over the 5 year period of the programme instead of about 15% under the Commission's original proposal.

b) Latest scientific information on the state of the resources.

For the mid term review of the MAGP IV, the Scientific, Technical and Economic Committee for Fisheries (STECF) was asked to review the latest scientific assessments of the state of the fish stocks. The issue was addressed at the meetings of the STECF held in Brussels on 26 - 30 April 1999[3] and on 8 -12 November 1999.

---

[3] SEC (1999) 932.

The STECF found no evidence that stocks had in general deteriorated or improved since the adoption of MAGP IV.

The STECF also noted that the International Council for the Exploration of the Sea (ICES) has changed the form of its advice, now using reference points based on the "precautionary approach".

The precautionary approach first establishes a lower limit for spawning stock biomass and an upper limit for fishing mortality (B_{lim} and F_{lim}). The aim is to keep the current biomass and fishing mortality at levels that make it unlikely that these limits will be reached in the medium term. The levels of biomass and fishing mortality which would achieve this objective (B_{pa} and F_{pa}) are proposed as appropriate for the management of the stock concerned.

Given this change in approach the STECF redefined depletion risk, over-fished and fully exploited stocks. The definitions adopted by the STECF are as follows:

> **Depletion risk :** Spawning stock biomass below B_{pa} .
>
> **Over-fished :** Spawning stock biomass greater than or equal to B_{pa} and fishing mortality greater than F_{pa}.
>
> **Fully exploited :** Spawning stock biomass greater than or equal to B_{pa} and fishing mortality less than F_{pa}, with no substantial gains by increasing or decreasing fishing mortality.

Using these definitions the following table summarises the state of the stocks in European waters . In this table, the columns headed "both over-fished and depleted" refer to stocks for which spawning stock biomass is below B_{pa} (depletion risk) and fishing mortality is greater than F_{pa} (over-fished).

	Number of stocks				Percentage of stocks		
	Total	Over-fished	Depleted	Both over-fished and depleted	Over-fished	Depleted	Both over-fished and depleted
Baltic	6	4	2	2	67%	33%	33%
North Sea, Skagerrak and Kattegat	13	6	4	4	46%	31%	31%
Norwegian Sea and adjacent Waters	13	8	7	6	62%	54%	46%
Widely-distributed stocks	4	4	1	1	100%	25%	25%
Community western waters	31	23	13	12	74%	42%	39%
Mediterranean	(insufficient information for a general overview)						
Total	67	45	27	25	67%	40%	37%

The STECF pointed out that if they were unable to classify a stock as depletion risk, over-fished or fully exploited, or if a species does not feature in the table at all, this does not

necessarily mean that there is a possibility to increase the fishing effort on those stocks. The classifications were made only for those stocks for which there was sufficient information, and the STECF emphasised that fishing effort should be increased only if the Member States could demonstrate that this was fully in line with the precautionary approach. Stocks that cannot be classified because of a lack of information or because the Member States fail to make this information available should, in the Commission's view be treated as depletion risk stocks.

Although the above table provides a clear demonstration that the state of the stocks in European waters is far from satisfactory, it cannot be used as evidence that the stocks have deteriorated since the adoption of the MAGP IV. This is because the classification of stocks using the precautionary approach cannot be directly compared to the classification of stocks used in Council Decision 97/413/EC.

Other relevant indicators of the evolution of the stocks, however, that are comparable on a historical basis are the spawning stock biomass and fishing mortality levels for the main fish stocks in Community waters. The Commission has compared spawning stock biomass for these stocks in 1994 with that in 1997 and the mean fishing mortality between 1990 and 1994 with the fishing mortality in 1998. In both cases, more stocks have deteriorated than have improved over the period (see Annex).

The effects of the MAGP on the state of the resources

In their report, the STECF state that it was unable to comment on whether the MAGP IV has been of any influence on the status of the stocks.

Indeed, it would be unrealistic to expect to observe the benefits of the MAGPs over such a short period. This is because although current exploitation rates are too high, they represent only a fraction of what the existing fleet capacity is potentially able to exert if it were not for the constraints imposed by Community regulations, and in particular the quota allocations. The problem of overcapacity is so large that the MAGPs provide only a part of the solution for over-fishing and stock decline.

This means that even if the original Commission proposal for the MAGP IV had been accepted, resulting in global reductions of about 15% in the capacity of the Community fleet, the fleet would still be more than capable of exerting excessive levels of fishing effort. Such a reduction in capacity would have been a significant step in the right direction but could not be expected to have a measurable impact on the state of the resources in the short term. This is all the more true given that the reductions finally agreed for the MAGP IV were very much lower than those originally proposed by the Commission.

In view of this, the performance of the MAGP IV should be measured in terms of its structural objectives in reducing overcapacity rather than on its direct impact on the state of the resources.

Performance of the MAGP IV

The detailed results of the effort reductions achieved during the first three years of the MAGP IV will be the subject of the next annual report to the Council and to the European Parliament. The scope of the present report is therefore restricted to an examination of the way in which the underlying guidelines of the MAGP IV have affected its performance, and what revisions might therefore be considered.

Two particular features of the current MAGP guidelines, the weighted reduction rates and the provisions for reducing fishing activity instead of fishing capacity, have significantly undermined the effectiveness of the MAGP IV in reducing fishing capacity.

The effect of weighted reduction rates

The effect of weighting the reduction rates by the proportion of the catch represented by over-fished and depleted stocks is summarised in the table below:

	Weighted reductions		**Unweighted reductions**		**Difference**	
	GT	**kW**	**GT**	**kW**	**GT**	**kW**
Belgium	0%	0%	0%	0%	0%	0%
Germany	11%	11%	28%	25%	17%	14%
Denmark	4%	4%	24%	21%	20%	17%
Spain	2%	3%	9%	12%	7%	9%
Finland	6%	5%	6%	5%	0%	0%
France mainland	5%	4%	17%	14%	12%	10%
Greece	0%	1%	2%	3%	2%	2%
Ireland	5%	5%	28%	29%	23%	24%
Italy	1%	1%	8%	9%	7%	8%
Netherlands	15%	19%	30%	30%	15%	11%
Portugal mainland	3%	5%	11%	15%	8%	10%
Sweden	10%	8%	25%	19%	15%	11%
United Kingdom	11%	9%	26%	21%	15%	12%
TOTAL	**5%**	**5%**	**15%**	**14%**	**10%**	**9%**

As a result of the weighting procedure, the reduction of the Community fleet as a whole required by the MAGP IV is 5% rather than 15% over the 5 year period.

Moreover, the weighting of the reduction rates in this way is logically flawed. It might be expected that the more depleted a stock the less represented it would be in the catches, either because of its rarity *per se* or because the TACs would be more restrictive. The weighting procedure has the perverse effect of giving less protection, not more, to heavily depleted stocks.

To illustrate with a hypothetical example, the presence of North Sea cod in the catches would warrant a pilot reduction rate of 30%. If the cod stock were depleted to the extent that its representation in the catch falls from 10% to 5%, the weighted reduction rate would fall from 3% (10% x 30%) to 1.5% (5% x 30%).

Given that the TACs of many of the most heavily fished stocks have recently been reduced, this effect might indeed be the result if it were decided to recalculate the weighted reduction rates using the latest catch data. Unfortunately it is not possible to quantify this, since to do so would require information on the catches of the individual vessels in the segments concerned.

The effect of activity reductions

For segments using active gears, Member States can opt to achieve all or part of their objectives by reducing activity (the number of days spent at sea) rather than capacity. Six Member States have taken up this option, namely Germany, France, Ireland, Netherlands, Sweden, and the UK.

The table below shows the contribution of activity reductions to the overall targets of the MAGP IV. The shaded rows indicate the Member States that have opted to reduce activity instead of capacity in one or more segments of their fleets:

	Effort reductions (capacity and activity)		**Capacity reductions**	
	GT	**kW**	**GT**	**KW**
Belgium	0%	0%	0%	0%
Germany	11%	11%	7%	9%
Denmark	4%	4%	4%	4%
Spain	2%	3%	2%	3%
Finland	6%	5%	6%	5%
France mainland	5%	4%	3%	3%
Greece	0%	1%	0%	1%
Ireland	5%	5%	4%	4%
Italy	1%	1%	1%	1%
Netherlands	15%	19%	1%	8%
Portugal mainland	3%	5%	3%	5%
Sweden	10%	8%	2%	1%
United Kingdom	11%	9%	1%	1%
TOTAL	**5%**	**5%**	**2%**	**3%**

The effect of this is that the capacity reduction required by the MAGP IV for the Community fleet as a whole has been reduced from about 5% to less than 3%.

It was argued above that the MAGPs cannot be expected to have a short term impact on the state of the resources because current exploitation rates represent only a fraction of what the existing fleet capacity is potentially able to exert. In view of this it could be argued that a reduction in activity would have a more direct impact on the exploitation rates than a reduction in capacity.

However the effort management regimes in a number of Member States are unsatisfactory. Weekend restrictions or fortuitous reductions in activity are not sufficient for the purposes of the MAGP, which call for permanent, structural reductions in fishing effort. The Commission will make full use of the provisions of Article 6 paragraphs 3 and 4 of Decision 97/413/EC to reformulate the objectives of the segments concerned purely in terms of capacity for the remaining period of the programme. The new capacity objectives will be such that any fishing effort exerted over and above the intermediate objectives since the start of the programmes is made good by a reduction in capacity over the remaining period. The Commission will also ensure that the provisions of Article 10 of Council Regulation 2792/99 are applied in order to ensure compliance with these objectives.

For the limitation of activity to have the same effect as the limitation of capacity under the MAGP, activity reductions must be permanent in the same way as capacity reductions. Having implicitly accepted this principle by opting to reduce activity under the MAGP it is illogical to argue, as a number of Member States have done, that the activity limitations do not apply if there remain unused quotas. The objectives will also be reformulated purely in terms of capacity in those Member States that do not recognise the need to restrict fishing activity in line with their MAGP obligations.

Administering the MAGP IV

The ineffectiveness of the MAGP IV in reducing fishing effort must be contrasted with their considerable complexity and the high administrative burden that this entails. The services of the Commission must monitor not only the evolution of capacity in each Member State but also the fishing effort exerted in all of the fisheries that have been defined within segments. This includes the control of the fishing effort regimes in the Member States concerned in order to ensure that they are properly implemented.

Moreover, several Member States have submitted requests to the Commission for increases in the objectives of their programmes, either in accordance with Articles 3 and 4 of Decision 97/413/EC, which allow for an increase on the grounds of safety, or in accordance with Article 8, which allows for an increase if additional fishing opportunities can be identified. These requests require careful and time consuming evaluation in order to avoid increases in capacity that may further undermine the efficiency of the MAGP IV.

Conclusions

It is not realistic to expect structural programmes such as the MAGPs to have a measurable impact on the state of the resources in the short term. This is because current exploitation rates represent only a fraction of what the existing fleet capacity is potentially able to exert. The problem of overcapacity is so large that the MAGPs provide only a part of the solution for over-fishing and stock decline.

Whereas the MAGP III made significant progress in reducing over-capacity, the global reductions in capacity and activity required by the MAGP IV are inadequate.

This is largely due to the weighting of the reduction rates according to the proportion of the catch made up of depletion risk and over-fished stocks. The weighting of the reduction rates should be abandoned in favour of a simpler system along the lines of the Commission's original proposal whereby unweighted reduction rates are applied to segments on the basis of the stocks targeted.

The use of activity limitations has also undermined the effectiveness of MAGP IV, especially in Member States that have not implemented adequate effort regimes or that do not recognise the permanent and binding nature of the activity reductions.

It is likely that the real level of effective fishing effort has increased since the beginning of the MAGP IV. For simplicity the MAGP defines fishing effort as the product of capacity and activity, with capacity measured only in terms of tonnage and main engine power, and activity only in terms of days at sea. In reality fishing effort depends on many factors, such as the quality of the electronic and mechanical equipment on board, the skill and experience of the crew, and so on. These other factors tend to increase the efficiency of the fleet over time, so that a given level of capacity is able to generate an ever increasing level of fishing effort due to technological progress.

In the light of these conclusions, the Commission suggests that

- the MAGP IV should be modified in order to achieve more substantial reductions in nominal effort over the remaining period of the programmes. The weighted reduction rates should be replaced by the unweighted rates and applied pro-rata for the remaining period of the programme. This would represent an additional reduction of the Community fleet of approximately 2% per year. The annual percentage reductions over the remainder of the MAGP IV would correspond approximately to those that would have been applied if the original proposal of the Commission on the MAGP IV guidelines had been adopted by the Council.

- the additional reductions brought about by replacing the weighted reduction rates by the unweighted reduction rates should be achieved purely in terms of capacity in all Member States

- since only 18 months of the MAGP IV remain, the period of the modified MAGP IV should be extended by one year, that is until 31 December 2002. This will allow the unweighted reduction rates to be applied for two full years before the end of the programme period and will allow the future framework for restructuring the fleet to be considered in the context of the reform of the common fisheries policy.

The approximate reductions that would be required in each of the Member States over the last two years of the programme are shown in the table below. It should be noted that Member States that have over-achieved their objectives for 2001 in the segments concerned by an amount exceeding these percentages will have no further reductions to make.

The shaded rows indicate the Member States that have opted to reduce activity instead of capacity in one or more segments. For these Member States the reduction to be achieved purely in terms of capacity takes into account that the additional reduction required under the mid-term review of the programmes must be achieved purely by a reduction in capacity, and is calculated by subtracting the contribution of activity limitations over the period 1.1.2001 to

31.12.2001 from the total reductions required over the period 1.1.2001 to 31.12.2002. Note that if the option to reduce activity is removed from any of the Member States concerned, the total reduction will have to be achieved purely by a reduction in capacity:

	% total reduction 1.1.2001 to 31.12.2002 (capacity and activity)		**% to be achieved purely by capacity**	
	GT	**kW**	**GT**	**KW**
Belgium	0.0%	0.0%	0.0%	0.0%
Germany	11.2%	10.0%	10.4%	9.6%
Denmark	9.6%	8.4%	9.6%	8.4%
Spain	3.6%	4.8%	3.6%	4.8%
Finland	2.4%	2.0%	2.4%	2.0%
France mainland	6.8%	5.6%	6.4%	5.4%
Greece	0.8%	1.2%	0.8%	1.2%
Ireland	11.2%	11.6%	11%	11.4%
Italy	3.2%	3.6%	3.2%	3.6%
Netherlands	12.0%	12.0%	9.2%	9.8%
Portugal mainland	4.4%	6.0%	4.4%	6.0%
Sweden	10.0%	7.6%	8.4%	6.2%
United Kingdom	10.4%	8.4%	8.4%	6.8%
TOTAL	6.0%	5.6%	5.4%	5.2%

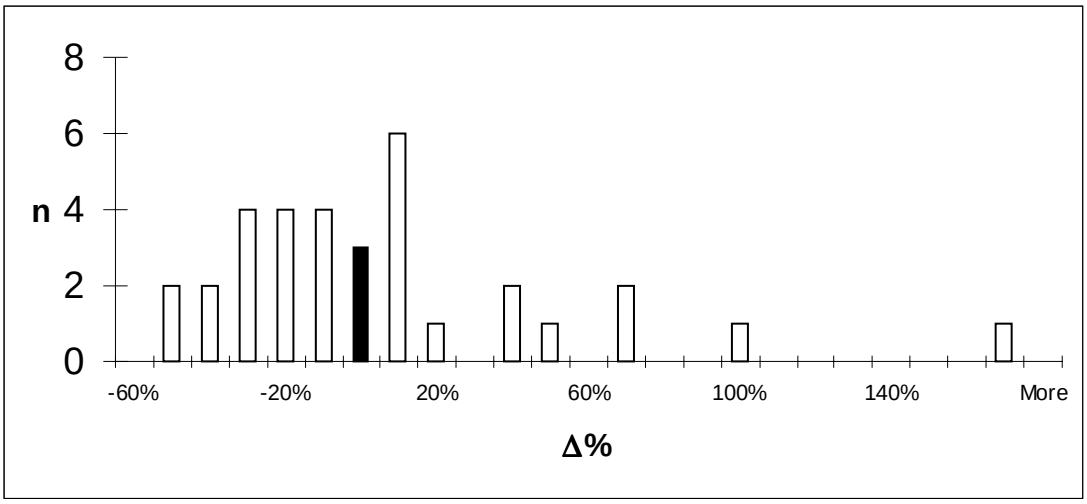
If the reductions brought about by these proposals require additional funding, the Commission will take the appropriate measures in order to co-finance the restructuring of the fleet through the FIFG funds that are available for the period 2000 - 2006

It is essential for the long term viability of the fishing industry that a balance is found between fleet capacity and the availability of resources, but the MAGPs have been of limited success in achieving this. For the future the Commission will undertake a thorough review of its structural policy for the fleet. This will entail widespread consultations with all interested parties, including the Member States and representatives of the industry, in order to develop simpler and more effective instruments and other policy options that will ensure the long term viability and profitability of the sector.

Annex

The following histograms summarise the changes in SSB and F. Each bar represents the number of stocks showing the percentage change indicated. The solid bar indicates the 0% class (no change in SSB or in F over the period)

Spawning stock biomass:



Fishing mortality :