



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 6.11.2002
COM(2002) 600 final

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT AND THE COUNCIL**

**Action plan to counter the social, economic and regional consequences of the
restructuring of the EU fishing industry**

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1. INTRODUCTION

In its Communication on the reform of the Common Fisheries Policy (“Roadmap”)¹ the Commission has made the commitment to publish, before the end of 2002, an action plan to counter the social, economic and regional consequences of the restructuring of the EU fishing industry. It has indicated that this plan would be based on bilateral consultations with the Members States and that it would fine-tune the provisional estimate of lost jobs while addressing the financial needs in order to accompany the reform of the CFP. The present Communication from the Commission thus includes:

- an assessment of the likely socio-economic impacts of fishing effort limitations and reductions in vessel numbers in particular a review of the provisional estimate of lost jobs;
- a review of all the existing means to alleviate these impacts within the existing Community aid regimes (FIFG, ERDF and ESF²);
- an overview of additional means which could become available in the short term through the reform of the CFP and the reprogramming of the Structural Funds;
- an analysis of further options for the longer term.

2. SOCIO-ECONOMIC IMPACTS OF THE REFORM OF THE CFP

2.1. Types of impacts assessed

2.1.1. Impacts of fishing effort limitation schemes

One of the outcomes of the reform of the CFP, if adopted as proposed³ by the Commission, is that fishing effort limitations will be proposed and implemented within the framework of multi-annual management schemes for stocks outside safe biological limits. Such effort limitation schemes are likely to be translated by Member States into tie-up schemes. These would involve a reduction in the number of fishing days fishing vessels could target specific stocks, which are likely to result in reductions of income, either because these vessels would have to switch to alternative but less profitable fisheries, or because of tie-ups. In some cases,

¹ Communication from the Commission on the reform of the Common Fisheries Policy (“Roadmap”) Document COM(2002) 181 final, dated 28.05.2002.

² FIFG: Financial Instrument for Fisheries Guidance
ERDF: European Regional Development Fund
ESF: European Social Fund.

³ See chapter II of the Proposal for a Council Regulation on the conservation and sustainable exploitation of fisheries resources under the Common Fisheries Policy. Document COM(2002) 185 final, 20.5.2002.

some vessels may even have to tie-up for so long that they become unprofitable. Owners may then opt for a complete withdrawal of their vessel, but this would definitely not be the outcome of a centrally planned fleet reduction programme.

2.1.2. *Impacts of the modifications of the fleet aid policy*

The proposed⁴ restriction of aid for modernisation, as well as the proposed elimination of aid for renewal and export of fishing vessels and the more attractive scheme⁵ to permanently reduce capacity are likely to have consequences for the sector. Because the relevant amendments to the current structural aid regime are part and parcel of the proposed reform of the CFP, they will come as direct consequences of the adoption of this reform by the Council. These consequences are unlikely to be immediate, however, since, should Commission proposals be adopted as they presently stand, there would be, *de facto*, a progressive phasing out of renewal and modernisation. This is because commitments have been made by MS before the end of MAGP⁶ IV programming period on 31.12.2002. Quite a few renewal and modernisation projects are thus likely to be undertaken with Community support even after 01.01.2003, the proposed date of implementation of the CFP reform.

2.2. **Assessment methodology**

To predict the financial needs that could be generated by the reform of the CFP, the Commission had to estimate what could be the maximum number of vessels and jobs in the fish harvesting sector affected by the multi-annual management plans.

Before doing so, however, the Commission first considered the loss of 8.000 jobs/year observed in the harvesting sector over the last decade. Of these, it estimated that 4.000 jobs/year were lost because of the scrapping of fishing vessels, and another 4.000 jobs/year, because of fishing vessels modernisation resulting in the substitution of labour by more capital intensive technologies.

The Commission then calculated that the current loss of 4.000 jobs/year due to the scrapping of fishing vessels could go up to a maximum of 7.000 jobs/year or 28.000 jobs over a 4 year period (2003-2006) because of the adoption of multi-annual management plans. This estimate was based on the assumptions that:

- multi-annual management plans for all stocks considered outside safe biological limits or over-fished, would be adopted within less than 3 years and would follow fisheries scientists' recommendations of mortality reductions for these stocks;
- the reduction of fishing effort would come from a combined reduction of fishing activity and of fishing capacity in the proportions of 1 to 4;
- for each fleet segment affected, capacity reductions would result from the withdrawal of the oldest vessels;

⁴ Proposal for a Council Regulation amending Regulation (EC) No 2792/1999 laying down the detailed rules and the arrangements regarding Community structural assistance in the fisheries sector. Document COM(2002) 187 final, 28.5.2002.

⁵ Proposal for a Council Regulation establishing an emergency Community measure for scrapping fishing vessels. Document COM(2002) 190 final, 28.5.2002.

⁶ MAGP: Multi-Annual Guidance Programmes.

- the number of jobs lost per fishing vessel withdrawn would be the same as that resulting for the Iberian fleets from the non-renewal of the fisheries agreement with Morocco⁷.

The conclusion then was that, with the reform of the CFP:

- the number of jobs lost because of fishing vessels being scrapped may rise from 4.000 (the number observed over the last ten years), to an estimated maximum of 7.000 jobs/year (an increase of 3.000 jobs/year) thus to a total of 28.000 jobs (a net increase of 12.000 jobs) over a four year period.
- the rate of 4.000 jobs lost/year (observed over the last ten years), due to the economic tendency to substitute labour with capital, could decrease significantly, as public grants for modernisation would be curtailed.

It was also stressed that reductions in fishing effort to comply with future multi-annual management plans would predominantly affect the coastal Member States of the North Sea and Baltic Sea.

2.3. Bilateral consultations with the Member States

Implementing the reform of the CFP, especially regarding the distribution of fishing effort limitations among the various components of national fleets and between regions/harbours, is Member States' responsibility. Any fine tuning of the Commission's provisional estimates of jobs lost requires their co-operation. Bilateral consultations were thus held over the month of September 2002, to address:

- the likely employment impacts of fishing effort limitations resulting from the adoption of multi-annual management plans;
- the likely impact of the removal of fleet subsidies;
- the identification of the regions in which fishermen may require assistance to find new jobs;
- the scope for adaptation of existing Community aid regimes within the context of the mid-term review of Structural Funds in early 2004.

2.3.1. Points of relevance

The following points of relevance to the fine tuning of socio-economic impacts assessment can be drawn from these consultations. They are qualitative rather than quantitative though, given Member States unwillingness or inability to indicate how they would translate effort reduction plans at fleet or regional level.

The assessment of the socio-economic impact of the CFP Reform remains a largely theoretical exercise, since no multi-annual management plans have yet been adopted and therefore no clear indication can be provided on a concrete timetable of adoption.

⁷ The rate estimated then was of 1 job lost for every 10 tons of fishing capacity scrapped.

The multi annual management plans should be based on the best available scientific advice. Estimates of effort reductions made so far were based on recommendations made in 2001 (or earlier), whereas the forthcoming multi-annual management plans will have to be based on recommendations still to be formulated.

Member States may adopt different approaches regarding the distribution of fishing effort limitations, according to the importance of the fishing effort reduction agreed upon in Council. Some Member States may distribute them over all the fleet segments concerned, other may favour a more prescriptive approach according to the level of dependency of the coastal areas affected, the profitability of the fleet involved, the age or size of vessels or any other criteria they deem appropriate. So far, no Member state has adopted a clear and precise policy in this respect but the protection of small-scale coastal fishing (i.e. by vessels of less than 12 meters) looms large on the agenda of some of them.

Socio-economic impacts should also be measured in relation to the Commission's proposal to phase out aid for fleet renewal and aid for transfer to third countries and to restrict aid for modernisation for safety, selectivity or hygienic purposes. The outcome of the present negotiations will affect the future profitability of some fleet segments as will the approach favoured by Member States in the distribution of fishing effort limitations.

For all the above reasons, Member States could only provide information on the fleet and regions that would be affected, and were either reluctant or unable, at this stage, to provide estimates of potential job losses, even as hypotheses. Some of them also stressed that publishing theoretical calculations would be inappropriate, as the fisheries sector could then consider them as set objectives of fleet reductions.

Member States agreed, though, that if all plans were to be implemented over less than 3 years and in the proportions recommended by fisheries scientists, social impacts could be quite large. Most of them acknowledged that to estimate maximum budgetary needs to mitigate socio-economic impacts, the Commission had to use a rather theoretical approach based on a number of hypotheses. Many pointed out that the only way to improve on this approach would be to conduct impact assessments for each multi-annual management proposed.

Many Member States argued that only those vessels targeting threatened species, rather than the whole segment involved in the catching of these stocks, should be affected by capacity or effort limitations. Most of them also made the case that effort limitations should be in proportion to the share of threatened species in the total catch of the related segment.

Most Member States contended that, in view of the above, the number of vessels affected by the multi-annual management plans and therefore the number of jobs lost, would be far less than estimated by the Commission.

Many Member States also agreed that the current labour shortage in the fish harvesting sector, would reduce impacts on employment even further. This labour shortage in the fish harvesting sector, has been observed in most Member States. Skippers are experiencing increasing difficulties in manning their fishing vessels as older crew members retire and younger people are reluctant to replace them. Fishing is becoming less attractive because of the harshness of the working conditions, low wages when compared with alternative jobs (e.g. commercial port activities, dredging, tourism, aquaculture, offshore oil industry) and the difficulty to purchase one's own boat. In order to avoid putting to sea with short crews or staying in port, in most if not all Member States including along the Mediterranean shores, boat owners are

recruiting crew members from third countries (accession countries, North Africa, South America, etc.).

2.3.2. *Additional points of interest*

Some Member States also mentioned that their fisheries sector had been considerably restructured and reduced over the last decade and that their size and profitability are now just above the minimum indispensable to justify their very existence. Even though justified for a stock conservation purpose, an excessively drastic effort limitation scheme could lead to the disappearance of these sectors.

Indications were given that socio-economic impacts on the upstream sector, in particular shipbuilding, repairing and maintenance, and on the downstream sector would vary from country to country, but could be locally quite major. Because threatened species are sold fresh, the marketing sector is more likely to be affected than the processing industry which relies increasingly on third countries imports or on pelagic species (mackerel, sardine, tuna).

Some of the fishermen who would lose their jobs because of fishing effort limitation schemes could in theory find other jobs on board remaining vessels, but this would very much depend on their age, their willingness to move to another place and on the general working conditions. Alternative job opportunities exist, at least in some countries or in some regions. However, this is not always the case and in a number of remote communities where fishing is a way of life, the only alternative to fishing is unemployment or out-migration.

2.4. **Fine tuning previous estimates of socio-economic impacts**

When trying to refine its initial estimate, the Commission agrees with the Member States that loss of employment due to the adoption of the reform of the CFP will depend on:

- the scope and range of the multi annual management plans that will be adopted by the Council since it will take time for the Commission to propose such schemes and for the Council to adopt them. This is illustrated by the recent cod and hake recovery plans, which are the closest examples to what such plans might turn out to be. 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.
- the way Member States plan to distribute agreed reductions in mortality between reductions in numbers of fishing vessels and numbers of fishing days. Because the reform of the CFP proposes the removal of the MAGP constraints, a number of Member States may be able to achieve the necessary reductions essentially by fishing effort limitations or tie-up schemes with far fewer vessels being withdrawn than assumed for Commission’s initial calculations.
- Member States’ decisions on the distribution of fishing effort limitations between different groups of fishing vessels and between different coastal areas. It appears that to protect employment, a number of Member States may choose to promote small-scale coastal fishing because it is more labour intensive. This would have the effect of attenuating the impact of multi-annual management plans on employment.
- the availability of alternative fishing opportunities for fleets affected by effort reduction schemes, as fishing skippers will adopt adaptive strategies to lessen the impact of effort reductions on their income:

- where alternative fisheries are accessible, skippers may direct their fishing vessels toward such fisheries even though less profitable than the closed fishery. Socio-economic impacts in terms of lost jobs would then be rather limited;
 - where no alternative fishery is accessible, tie-ups would result in an overall reduction of the number of fishing days and in a concomitant loss of income for affected vessels. Although to some extent, advantage could be taken of such tie-ups for maintenance purposes, sometimes by the crew members themselves, the loss of income would then be greater than if switching to alternative fisheries was available. Furthermore, since most crew members are paid on a share basis, a problem of financial compensation would arise. However, job loss might still be limited;
 - only where no alternative fishery is accessible and when fishing effort limitation schemes require tie-ups of such duration that the ensuing loss of income would make the fishing venture bankrupt, would there be loss of employment.
- the seriousness of the labour shortage observed in the fishing sector of each Member State. The more severe this labour shortage, the easier it would be for fishermen losing employment onboard one vessel to find employment on another one. As for the availability of alternative employment outside the fisheries sector, it varies greatly according to the region considered. In some coastal areas, a number of fishermen may be able to find alternative employment in other sectors of the economy (shipping, oil drilling, tourism), as demonstrated by the numerous fishermen who have left the catching sector in the recent past because they had found more attractive employment (more gainful, more secure, less dangerous, etc) in other sectors of the economy. Yet, in a number of coastal areas, even though the loss of job opportunities in the catching sector may be small in absolute terms, its impact on the local economy may be devastating because of remoteness (e.g. islands and coastal areas of North Western and South Eastern Europe) or of a lack of diversification of the coastal economies (areas most dependent on fishing).

In conclusion, the consultations with the Member States confirm that:

- the initial estimate of 28.000 jobs onboard fishing vessels to be affected during the 2002-2006 period because of boat owners choosing to withdraw their fishing vessels, is a maximum which is way beyond what is likely to occur. It actually corresponds to a net increase of the annual loss of jobs observed over the last decade of 3.000 job/year at most, over a 4 years period, thus to a net loss of 12.000 jobs at the maximum;
- because of the serious labour shortage faced by the harvesting sector, the number of fishermen who would have to leave the sector would be far less than the number of lost jobs on board withdrawn vessels;
- the only way to improve further on this fine-tuning would be to conduct impact assessments for each multi-annual management plan proposed;
- restricting public grants for modernisation to the promotion of health, security and selectivity would support employment onboard fishing vessels as it would weaken boat owners' tendency to substitute labour with capital to cut down on wages to their crews.

Although there is a social cost of reducing fishing effort within the framework of multi-annual management plans, there would be an even greater cost of postponing the measures required by the present overexploitation of common fisheries resources. Should the EU chose not to confront the reality of stocks over-harvesting and should the present structural aid regime not be modified, it is more than likely that the rate of job losses observed over the past decade would continue unabated, while the condition of fish stocks would keep deteriorating and could even accelerate for the most threatened ones. No tapering off of job losses could thus be expected while fishing capacity and fishing effort would keep increasing as new and more efficient vessels would enter the fleet. The European Community would then be faced, in another five or ten years time, with an even worse problem and even greater difficulties to match the harvesting power of its enlarged fishing fleet with the ever diminishing productive potential of its dwindling resources. More radical effort reduction measures would then be imperative, especially for those stocks which by then might have collapsed.

These difficulties are likely to be compounded by enlargement, since it would increase the EU fishing fleet without a concomitant increase of common fisheries resources, thus requiring even greater reductions in fishing mortality. Reciprocally, postponing the reform of the CFP would penalise accession States confronted with the competition of subsidised EU fleets up until their entry into the EU and then having to endure the constraints of stock reconstruction.

3. EXISTING MEASURES TO SUPPORT FISHERIES SECTOR RESTRUCTURING

To mitigate the social impacts of the necessary restructuring of the fisheries sector and to stimulate the economic development of fisheries-dependent areas, Member States may decide to use existing national compensatory schemes. They may also decide to launch ad-hoc measures supported through their own national resources. Furthermore, to overcome the limits imposed by their national financial capacity, they may choose to tap the resources available to them within the framework of the European Structural Funds.

3.1. Financial support in the framework of FIFG

Under the FIFG regulation⁸, either in its current form or under its proposed modified form, a number of measures are currently available to alleviate the social impacts of the necessary restructuring of the fisheries sector. The corresponding budget for the present programming period (2000-2006) amounts to €3.7 billion, of which €2.6 billion are earmarked for Objective 1 regions⁹ and €1.1 billion for other areas (annex 1).

3.1.1. Socio-economic measures (Art. 12)

Socio-economic measures eligible for FIFG financial support include:

- National early retirement schemes for fishermen aged 55 and over who can provide proof of at least 10 years' experience as fishermen and who wish to retire less than 10 years before the national statutory age of retirement. These schemes can benefit boat owners as well as their crews and they can be used to encourage older fishermen to scrap their vessels

⁸ Council Regulation (EC) No 2792/1999 of 17 December 1999 laying down the detailed rules and arrangements regarding Community structural assistance in the fisheries sector. OJ L 337, 30.12.1999, p. 10.

⁹ Objective 1 : funds to help regions whose development is lagging behind to catch up.

in priority. Such schemes could be used by Member States wishing to direct fishing effort reductions towards specific groups of boat owners and/or of fishing vessels.

- Individual compensatory (lump sum) payments to fishermen employed on board vessels having stopped their activities on a permanent basis. In view of the current labour shortage observed in most Member States, this measure would probably be applied only where job alternatives are scarce and only in critical circumstances.
- Non renewable individual compensatory payments to fishermen with at least 5 years experience to help them retrain to find employment outside of the fisheries sector, for example in ancillary activities or in other economic sectors (e.g. aquaculture, shipping, oil industry, tourism, etc).
- Grants to fishermen under 35 years of age who wish to purchase their first vessel. Support granted varies with the age and size of the vessel purchased but cannot exceed 10% of the purchase price of the vessel or a maximum of €50.000 (whichever is less). Because this measure opens up the future for prospective boat-buyers, it tends to attract and keep younger people in the sector. Because premiums remain relatively low when compared to the actual price of a fishing vessel, they are more attractive for the purchase of small-scale fishing boats in regions where alternative economic activities are scarce.

3.1.2. Short term operations of collective interest (Art. 15)

FIFG can provide support to encourage those working in the sector to get together and to improve or rationalise their activities in such domains as:

- the promotion of measures improving working conditions and sanitary conditions for products, both on board and on land (e.g. safety equipment, cold storage facilities, etc.);
- collective aquaculture facilities contributing for example to the restructuring or improvement of aquaculture sites or to the collective treatment of aquaculture effluents;
- the collection of basic data and/or preparation of environmental management models for fisheries and aquaculture with a view to drawing up integrated management plans for coastal areas;
- the creation of business incubators in the sector and/or centres for the collection of fishery and aquaculture products;
- access to training, particularly in quality, and organisation of transmission of know-how either on board fishing vessels or on land (e.g. to improve safety at work);
- the design and application of systems to improve and control quality, traceability, health conditions, statistical instruments and environmental impact;
- the creation of added value in products (inter alia, through experimentation, innovation, the addition of value to by-products and co-products).

3.1.3. Compensation for temporary cessation of activities (Art. 16)

Temporary aid can be granted to fishermen and shipowners who are forced to suspend their activities. Co-financing of national schemes limited to €1 million or 4% of the Community total allocation to the Member State concerned.

Where a plan is introduced for the recovery of a resource threatened with exhaustion, decided by the Commission or by one or some Member States, the granting of national compensation may last for no more than two years and may be extended by a further year.

3.1.4. Small-scale fishing specific measures (Art. 11)

For groups of vessel owners or fishing families involved in small-scale coastal fisheries, the FIFG may provide a lump-sum premium of up to €150.000 for integrated collective projects dealing with such domains as:

- safety equipment on board and the improvement of sanitary and working conditions,
- technological innovations (e.g. more selective fishing techniques),
- organisation of the production, processing and marketing chain (e.g. promotion and added value of the products),
- professional qualification or training.

3.1.5. Modernisation of vessels for safety and sanitary reasons

Provided the overall annual MAGP objectives are respected, public aid may be granted for the equipping or modernising of vessels where this does not concern capacity measured in terms of either tonnage or power. Investments should relate to:

- the rationalisation of fishing operations, in particular by the use of more selective fishing technologies and methods on board in order to avoid undesirable by-catches, and/or
- the improvement of the quality of the products caught and preserved on board, the use of better fishing and preserving techniques and the implementation of legal and regulatory provisions regarding health, and/or
- improvement of working and safety conditions.

3.1.6. Other measures

Measures to encourage capital investment for the development of aquaculture, processing and marketing of fishery and aquaculture products, as well as for the promotion of new market outlets, offer employment alternatives for those who wish to leave the catching sector and result in job creation in fisheries dependent areas.

3.2. Actions taken in the framework of the other structural funds

Because up to 80% of fisheries-dependent areas are located in Objective 1 or 2 regions¹⁰, financial support programmed at regional level to help productive investment, employment creation and vocational training, can be used in support of the workers of the fisheries sector and of fisheries dependent areas. However, given that financial allocation of the Structural Funds for the 2000-2006 programming period cannot be increased to cope with restructuring problems in the fisheries sector, increased funding in the fisheries sector in a given programme would have to be made at the expense of other already agreed Community priorities.

3.2.1. ERDF support in regions under Objectives 1 and 2

Fisheries-dependent areas are eligible for financial support from the Structural Funds, either under Objective 1, to promote their development and structural adjustment, or under Objective 2, to support their economic and social conversion. ERDF is the main financial instrument for contributing to these objectives through such measures as support to SMEs and handicrafts, telecommunication networks, multi-modal transport and services including harbour infrastructures. Within ERDF, a total of some €19.2 billion have been programmed for such measures for the 2000-2006 period (€12.8 billion for Objective 1 and €6.4 for Objective 2 areas - Annex 2). However, it will be up to the regions and the Member States themselves to define the types of actions to be undertaken during the period and select the individual projects.

To encourage the balanced development of multi-regional areas, the ERDF also supports, through the community initiative INTERREG III, various cross-border, transnational and interregional co-operative projects, some of which focus on the integrated management of coastal zones and the protection of the resources of the Mediterranean and Baltic basins.

3.2.2. ESF support in regions under Objectives 1 and 2

The European Social Fund (ESF) supports the adaptation and modernisation of policies and systems of education, training and employment. It support and complements Member States activities directed towards the labour market and human resources in pursuance of the European employment Strategy. The ESF also supports, through the Community initiative EQUAL, various innovative transnational projects (mainly in Spain, France, Italy and Portugal) dealing with training and diversification in the fisheries and aquaculture sectors.

Overall, for the programming period 2000-2006, ESF funding allocated to regions that include fisheries-dependent areas amounts to some €5 billion (Annex 3), most of which in Objective 1 regions (€4.3 billion). This does not include Objective 3 interventions which do not single out any specific sector or area that should or could primarily benefit from ESF support.

When analysing the possibility of shifting ESF resources from present planned activities to further support to the restructuring of the fisheries sector, the following three points regarding eligibility and programming must be considered. First, ESF interventions in support of human resources development must be framed in the context of the European Employment Strategy and the Annual Guidelines of Employment, which do not prioritise ex-ante any specific

¹⁰ Objective 2 : funds to support economic and social conversion in industrial, rural, urban or fisheries-dependent areas facing structural difficulties.

sector. Second, ESF measures in general but more particularly under Objective 3 programmes, do not allow for an ex-ante identification of participants from a specific sector. And third, ESF amounts are allocated to specific priorities, with the objective of achieving strategic objectives commonly agreed between the Commission and the Member States. A shift of ESF interventions in support of the fisheries sector would thus have to be consistent with the human resources development strategy selected for ESF support within each agreed intervention.

3.2.3. EAGGF support to rural development

Support for rural development in fisheries dependent areas outside Objective 1 regions is provided by the Guarantee section of the EAGGF¹¹. Co-financing for a wide range of rural development measures is available, which Member States can take up in their rural development programmes. The geographic level of programming is the choice of the Member State with some opting for national programmes covering the whole (rural) territory and others for a strongly regionalised approach.

Although it is up to the Member State or region to choose measures in function of their situation and needs, most programmes include the range of possibilities offered under article 33 of the rural development regulation to promote the adaptation and development of rural areas. This article includes a series of measures aimed at promoting integrated rural development and diversification of rural economies, which can be of particular interest to rural areas with reconversion problems, including coastal regions.

Support for rural development for fisheries-dependent areas within Objective 1 regions is provided by the Guidance section of the EAGGF. In Objective 1 regions the rural development measures¹² are integrated in the Structural Funds programming, including the measures possible under article 33.

Although all rural development measures can be considered to be of benefit to the rural economy (including in fisheries-dependent areas), article 33 measures target a wider range of actors in rural areas. According to Member States programmes (EU co-financed part), total rural development expenditure planned for the 2000-2006 period amount to €50.4 billion (€27.3 billion within and €23.1 billion outside Objective 1 areas), while planned expenditure under article 33 amount to €11.4 billion (€7.8 billion within and €3.6 outside of objective 1 areas).

In addition, the Community initiative LEADER+ can be used in all rural areas of the EU and for activities beyond those to which the EAGGF is restricted, to promote new local strategies of sustainable development.

3.3. Degree of implementation of these measures

Apparently, Member States have not planned to take much advantage of the specific socio-economic measures of the FIFG. As for the other Structural Funds, one of the difficulties

¹¹ Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development for the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain regulations. OJ L160 dated 26.6.1999, p. 80.

¹² With the exception of the four so called accompanying measures, early retirement for farmers and farm workers, support for farming in less favoured areas, agri-environment and afforestation of agricultural land. These four measures are Guarantee cofinanced also in Objective 1 regions.

confronting the fisheries sector or the regions dependent on fishing is that their socio-economic weight is relatively low and hence they receive scant attention when Member States elaborate their programmes for Objective 1 and 2 areas or under Objective 3.

4. ADDITIONAL MEASURES AVAILABLE IN THE SHORT TERM

4.1. Proposals integrated in the CFP Reform

Special measures have been foreseen for vessels and fishermen affected by multi-annual management plans. As these measures are detailed in the Communication on the CFP Reform (“Roadmap”), they are only briefly recorded below:

4.1.1. Incentive scheme for vessels withdrawal

Vessels forced to reduce their activity by more than 25% under multi-annual management plans will be eligible for an increase of 20% of the FIG scrapping premium.

4.1.2. Scrapping Fund

An additional amount of €32 million will be made available in 2003 to complement FIG allocations for the scrapping of vessels under multi-annual management plans¹³.

4.1.3. Public aid for the equipment or modernisation of fishing vessels

Public aid will continue to be granted for equipping or modernising fishing vessels, including to make fishing more selective, providing it does not concern capacity in terms of tonnage or of power, and it does not increase the effectiveness of the fishing gear.

4.1.4. Support to diversification of income sources for fishermen

The proposed modification of the FIG regulation includes an amendment to article 12 (Socio-economic measures) to highlight that fishermen with at least 5 years experience can receive non renewable individual compensatory payments to help them diversify their activities while remaining involved in fishing. It is based on two premises: first, that providing financial support to fishermen who wish to diversify their activities while keeping on fishing part-time or seasonally would encourage them to complement their incomes; and second, that decreasing the dependence of their overall income upon fishing, would attenuate if not eliminate the negative impacts on this income of fishing effort limitation schemes .

4.2. Reprogramming of European structural funds

Since the operations financed by the structural funds have to be in conformity with Community policies¹⁴, and since the reform of the CFP implies that certain forms of support to the EU fishing fleets will no longer be eligible, reprogramming of the FIG would be needed with the aim of mitigating, as much as possible, the socio-economic impacts of fishing effort reductions. However, Community actions can only complement or contribute to corresponding national operations¹⁵, and the initiative for changing the financial and policy

¹³ See Commission proposal COM(2002) 190 final, referred to in footnote 5 (section 2.1.2).

¹⁴ Article 11. Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds. OJ. L161, 26.6.1999, p.1.

¹⁵ Article 8 of (EC) Regulation 1260/1999.

elements of a given programme rests with the managing authorities/monitoring committee of the programme at national or regional level.

Reprogramming of the others Structural Funds interventions might also contribute, to some extent, to alleviate socio-economic impacts of fishing effort reductions, particularly in fisheries-dependent areas. However, the impact of such reprogramming is likely to remain limited, as Member States might have already made commitments regarding the future use of programmed funds, as existing funding and policy decisions are based on needs and priorities whose importance is not related to fisheries resources condition, and as the mid-term review of the Structural Funds is not meant to entail a complete overhaul of the programmes.

4.2.1. Member States' views on FIFG re-programming

During the bilateral consultations, Member States showed no objection of principle to re-programming but their approaches diverged with their positions regarding the proposed phasing out of certain types of structural aid to the fishing fleet. Member States opposed to this deletion, refused to envisage reprogramming, while the others agreed to reprogramme with a priority for scrapping premiums and, should they be needed, socio-economic measures.

Member States also stressed then, that reprogramming decisions will be based on:

- The funds already committed or paid when the multi-annual management plans will be implemented, which will determine the funds to be reprogrammed;
- The funds already programmed for fleet adjustment and socio-economic measures;
- The result of the negotiations on the proposed fleet aid policy;
- The flexibility to re-programme from other axes (e.g. aquaculture, processing), knowing that most of them expressed clear reservations in this respect.

4.2.2. FIFG Reprogramming to support fleet adjustment and social measures

Excluding, as from 2003, the measures relating to the transfer of fishing vessels, including in the context of joint enterprises and aid to constructing of new fishing vessels and the measures to restrict the aid to modernisation of fishing vessels to certain purposes, would mean that up to €611 million could not be used as planned in the programmes. This estimate is based on the assumption that one third of the amounts programmed for the transfer of vessels and joint enterprises over the 2000-2006 period would have been used by the end of 2002. This would leave €151,1 million once transfer of fishing vessels and joint enterprises become ineligible for FIFG support. It assumes also that one third of the amounts programmed for aid to construction over the 2002-2006 period would have been spent by the end of 2002, while modernisation would remain eligible, though in a restricted way. It was thus estimated that €460,6 million from the construction and modernisation axis would be left for reallocation.

Because any reprogramming exercise must be conducted at Member State level and not globally at FIFG level, the actual availability of supplementary means for individual Member States does not amount to the theoretical estimate of € 611 million overall.

Member States are invited to allocate the funds made available by the proposed reform of the CFP, to socio-economic measures since the amounts programmed so far remain limited (3% of the FIFG overall). However, this would depend on their willingness to set up pre-retirement or unemployment schemes specifically for the fisheries sector, a possibility that, up

to now, has been dismissed by most of the Member States who have not planned to spend any funds under this axis (DK, D, UK).

4.2.3. Other structural funds

Member States suffering from the socio-economic consequences of major fishing effort reductions within the framework of the CFP revision, may reprogramme structural assistance received under Objectives 1, 2 and 3. This could take place at the time of the mid-term review of the structural funds interventions foreseen for late 2003 or early 2004. To prepare this review, national managing authorities are carrying out a mid-term evaluation which will aim in particular at analysing the relevance of the priorities of the assistance granted, taking the socio-economic context into account and the risks and potentials of the regions or sectors involved. Once this evaluation is complete, it will be up to regions and Member States to propose appropriate amendments to existing priorities.

It should also be possible to identify areas not yet covered by Objectives 1 or 2 that would require particular assistance with a view of a possible inclusion under Objective 2. Structural funds framework regulation¹⁶ does allow for a modification of the Objective 2 areas within the framework of the mid-term review, providing this adaptation does not lead to an increase of the population involved within the relevant Member State.

5. FURTHER OPTIONS, FOR THE LONGER TERM

5.1. Better synergy between the Structural Funds towards the socio-economic development of fisheries dependent areas

The possibilities to use the FIFG in its current form for the development of alternative activities are limited, as it cannot be used to support activities outside the fisheries sector. A broadening of the FIFG regulation to allow FIFG support to activities outside the fisheries sector to reduce the level of dependency of coastal communities on this sector is difficult to envisage before the next programming period (2007-2014). In the meantime, a better dialogue between national and/or regional authorities/Ministries managing the Structural Funds should be promoted to allow for more synergy in their use in order to maximise their impact and make sure all sectors in need can benefit from the various measures available under these Funds.

5.2. Specific measures in favour of small-scale fishing

Small scale fisheries, defined as those composed of vessels of an overall length of less than 12m and not using towed gear, deserve special consideration because they represent 75% of the total number of EU fishing vessels (77% if we include those using towed gear) and 44% of employment in the harvesting sector (50% if we include those using towed gear) when their contribution to the total catch is in the order of 20%.

Financial aid measures in favour of small-scale fisheries have not had the desired effect of protecting this sector. On the contrary, the share of small-scale fisheries in the fleet has constantly diminished over the years.

¹⁶ Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds. OJ L 161, 26.6.1999, p. 1.

Since competition with bigger and more efficient vessels is one of the main problems, Member States could help to protect efficiently small-scale fisheries by measures other than financial aid, such as reserving certain coastal areas (the 12-miles zone for instance), to small-scale fleets, or reserving to these a given share of the national share of fishing effort allocated by the multiannual management plans.

To maintain employment in coastal areas and to mitigate the socio-economic impacts of multi-annual management plans in coastal areas most dependent on fishing, the structural aid regime could also be adapted to tailor the needs of small-scale coastal fleets.

5.3. Improvement of the image of the sector

There is a need for improving the image of the sector in particular to attract young people. Initiatives could be taken to adjust training to new requirements with regards to safety, environment concerns, business management, etc.

The social dialogue should also be reinforced to improve the social environment of fishing and limit the present tendency of young people to leave the sector a few years after having joined it because of the hard working conditions. The Commission will invite the social partners in particular the “Maritime Fisheries Committee of Sectoral Dialogue” to consider measures aiming at improving living and working conditions in the fisheries sector. With respect to improvement of living and working conditions in the fisheries sector, the Commission will review the legislation in force to make proposals regarding better working conditions and social protection, as fishing remains one of the most hazardous professional activities, with significantly higher accident rates than in the rest of the primary sector. Where necessary, the Commission will submit proposals for improvements of the relevant legal framework.

Because the reform of the CFP includes the phasing out of structural aids for fleet renewal with a concomitant increase in scrapping premiums, the price of good second hand vessels is likely to increase. Further measures could also be envisaged to facilitate the acquisition of a first vessel not only for young fishermen, but also for fishermen who wish to switch from offshore to more coastal fishing activities. Specific compensation measures would thus give a clear signal to young fishermen that they might one day be able to start their own fishing venture.

What would contribute most to the improvement of the image of the sector, however, are measures which would improve the profitability of the fishing activity, which depends first and foremost on an increase in resources abundance and in a reduction of the competition between fleets exploiting these resources.

5.4. Enhancement of the role of women

A better recognition and enhancement of women’s role in the fisheries sector and in the promotion of sustainable coastal development would be welcome. Particular attention regarding professional training within the fisheries sector should be given for the benefit of women involved or wishing to become involved in accounting or management activities (e.g. management, marketing, retailing, business planning, accountancy and bookkeeping, employment regulations and taxation, safety at sea, environment and resource management, etc). Support could also be directed to women wishing to bring greater added value to the production (e.g. quality control, modern processing, legal and regulatory provisions regarding health, etc). Finally, support could be provided to women wishing to become involved in

alternative economic activities whether compatible with continuous involvement in the fisheries sector, or not.

The Commission will organise a conference on the role of women in the fisheries sector in January 2003 in order to allow women to exchange experience and best practices and to identify possible actions that would enhance the role of women in the fisheries sector and in fisheries-dependent areas, especially in promoting sustainable fishing.

5.5. A better assessment and monitoring of the dependency of coastal communities on fisheries activities

There is a need for better methodologies to assess the level of dependence upon fisheries of coastal areas and to anticipate the impact of alternative management regimes and measures on their economy. It is also necessary to measure the local or regional contribution of fisheries and aquaculture activities on job and wealth creation .

A detailed evaluation of employment and of the level of dependency on fishing of European regions was the aim of a series of 22 regional studies concluded in early 2000¹⁷. A co-ordination and consolidation study was conducted simultaneously, which included among other tasks quantifying, describing and examining the level of regional dependency on fishing in the EU, as well as examining the development of fishing employment and dependency since 1990. These studies updated a previous similar analysis conducted in the early 1990's.

A research project aiming at assessing and refining the methodology used for the regional socio-economic studies, and at defining new tools and models to assess the contribution of fisheries and aquaculture to regional development, is being carried out. An ongoing methodological study to establish socio-economic indicators to determine the relative importance of the fishery sector in the regions or zones most dependent on fisheries, should also be concluded before the end of 2002. These methodological aspects will be used for a forthcoming more refined assessment of the level of dependency of coastal communities to fisheries activities.

5.6. A strategy to support sustainable coastal development

So far the implicit objective of fleet restructuring has been to promote specialisation and intensification of fishermen' activities. An alternative strategy would be to encourage diversification of these activities. This could result from combining fishing part of the time or part of the year with other economic activities. Diversification outside of the fisheries sector could also be encouraged to provide employment to fishermen wishing to leave the harvesting sector without having to migrate away from their coastal region. There are, however, many constraints to diversification among which the necessity to respect new sets of regulations (e.g. in the field of safety and health) as well as social and cultural constraints since the fishing occupation and way of life require or promote behavioural qualities which may not be well suited for alternative economic activities. Such constraints must be taken into account when elaborating a strategy to enhance the contribution of the fishing sector to sustainable coastal development.

¹⁷ A detailed presentation of the methodology and main results of these studies as well as a complete database can be consulted at http://europa.eu.int/comm/fisheries/doc_et_publ/liste_publi/dgfl.html.

Actually, within such a strategy, the fisheries sector cannot be considered in isolation, as highlighted by the EU demonstration programme on integrated coastal zone management¹⁸. What is needed instead is an integrated approach involving all significant sectors, levels of administration and stakeholders following the principles defined in the EU Recommendation¹⁹ on Integrated Coastal Zone Management (ICZM). In this context, a reflection towards the future of the structural policy for the fisheries sector (after 2006) should be launched, for instance in the framework of a conference to be organised in early 2004.

6. CONCLUSION

Bilateral consultations with Member States have confirmed that the estimate of job losses calculated by the Commission to assess the financial needs that could be generated by the reform of the CFP, can only be considered as a theoretical estimate based on a number of assumptions. They have highlighted that the number of jobs likely to be affected by the reform of the CFP within the fisheries sector will depend on such factors as the outcome of negotiations on the fleet aid policy, Member States' policies regarding the national distribution of fishing effort limitations, the increasing labour shortage observed in the harvesting sector of most Member States, and job opportunities in other sectors. Member States thus confirmed that at this stage it was not possible to make a more realistic and reliable estimate of job losses and that the estimate made by the Commission should be considered as a maximum with a very low probability of being approached.

On these premises, any possible additional financial need should be contemplated in priority within the framework of the existing Structural Funds, in particular the FIGG. Member States have confirmed their willingness to reprogramme but reiterated that any reprogramming would largely depend on the outcome of negotiations on the fleet aid policy and on national decisions yet to be taken on distribution of fishing effort limitations and on a possible and wider use of socio-economic measures, should they be needed.

Although much of the debate on the likely impacts of the modifications of the fleet aid policy has focused on negative impacts, it must be stressed that some of these may actually turn to be positive for other affected interests. Encouraging the scrapping of older less profitable fishing vessels while abolishing aid for fleet renewal, for example, may lead to a price increase for second hand vessels. This may be considered either as a negative impact for prospective boat owners or as a positive impact for owner wishing to retire. Improving the financial conditions for withdrawing may actually encourage them to retire earlier than initially planned thus contributing to the reduction of fishing effort to the benefit of the whole fishing sector.

In any case, even after balancing the positive and the negative socio-economic impacts of fishing effort reductions within the framework of multi-annual management plans, there can be no doubt that postponing the measures required by the present overexploitation of common fisheries resources would generate far greater social costs. Procrastinating now would only ensure the continuous deterioration of common fisheries resources and the likely collapse of the most threatened stocks. This would result in poor economic returns for an even larger number of fishing vessels, bankruptcy for boat operators unable to repay their loans, especially those with the most recent and expensive fishing vessels, continuous and probably

¹⁸ Commission Communication "Integrated coastal zone management: a strategy for Europe", COM(2000)547, of 27.9.2000.

¹⁹ Recommendation of the European Parliament and of the Council concerning Integrated Coastal Zone Management in Europe, 2000/413/EC, L148 of 6.6.2002, p.24.

increasing loss of employment in the harvesting sector. By the time, the EU would come around to adopt the necessary effort reduction programmes, more radical measures would become unavoidable, including the complete closure of those fisheries for which target stocks would have collapsed. The experience of the North Sea herring fishery collapse in the late seventies and more recently that of the cod fishery of Newfoundland should act as potent reminders of the seriousness of the crisis to be faced.

FIFG 2000-2006 (Million €) Provisional figures																				Annex 1
Member States	Total	%	Scrapping	Export of vessels	Joint enterprises	Construction of new vessels	Modernisation of existing vessels	Aquaculture: increase capacity	Aquaculture: Modernisation	Fishing port facilities	Inland fishing	Small-scale coastal fishing	Socio-economic measures	Promotion	Aid to producers organisations	Temporary cessation of fishing	Innovative measures	Technical assistance	Unspecified measures	
Belgium	37,040	1%	0,0	0,0	0,0	3,7	6,0	0,2	4,5	1,9	10,1	0,0	0,2	0,3	2,8	3,7	0,8	1,7	1,3	0,0
Denmark	204,500	6%	16,8	0,0	0,0	30,3	40,3	0,8	10,6	36,2	35,3	0,0	1,4	0,0	5,4	4,0	1,6	18,3	3,8	0,0
Germany	216,478	6%	6,7	0,6	0,6	16,2	15,8	2,5	30,6	33,9	82,6	1,0	2,4	0,0	6,9	7,3	0,0	8,1	1,4	0,0
Greece	211,100	6%	45,2	0,8	2,8	17,1	15,2	2,1	36,7	6,2	39,1	0,7	0,5	18,4	10,8	4,0	0,6	4,8	6,1	0,0
Spain	1712,100	46%	126,4	12,6	181,0	369,8	103,2	29,0	118,1	75,0	281,0	0,0	25,8	64,3	77,3	62,1	117,7	37,5	31,3	0,0
France	274,481	7%	29,4	1,5	5,0	34,0	20,1	3,6	19,0	13,2	58,1	1,5	1,5	9,5	14,7	34,7	3,5	1,2	1,9	22,1
Ireland	70,500	2%	4,8	0,0	0,0	11,7	11,7	0,0	25,7	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	16,7
Italy	385,923	10%	104,5	0,0	11,6	19,2	28,8	20,1	37,7	39,1	37,5	1,1	11,1	4,9	22,7	27,3	1,6	5,9	9,0	3,9
Netherlands	38,100	1%	13,3	0,0	0,0	0,0	6,9	0,0	0,5	0,0	3,0	0,3	0,0	1,0	1,8	6,1	1,3	2,6	1,3	0,0
Austria	5,026	0%	0,0	0,0	0,0	0,0	0,0	0,0	2,2	0,0	1,6	0,3	0,0	0,0	0,1	0,0	0,0	0,0	0,0	0,8
Portugal	217,694	6%	19,2	1,2	8,2	36,2	8,5	9,7	12,9	34,6	30,3	0,0	3,0	6,6	3,6	5,5	15,2	14,4	5,6	3,2
Finland	38,953	1%	2,5	0,0	0,0	1,0	2,1	1,0	3,8	5,5	11,2	1,4	0,7	0,6	3,2	3,4	0,2	1,7	0,7	0,0
Sweden	74,067	2%	5,6	0,6	0,0	8,3	8,7	1,0	4,0	5,0	15,0	0,5	2,5	1,0	2,0	4,1	1,0	2,2	2,2	10,3
United Kingdom	215,618	6%	63,0	0,0	0,2	1,1	17,4	0,0	20,2	29,8	47,4	0,0	1,1	0,0	4,9	21,0	0,0	4,9	4,6	0,0
Total FIFG	3701,580	100%	437,3	17,2	209,5	548,7	284,6	69,9	326,5	280,3	652,1	6,7	50,1	106,6	156,3	183,0	143,4	103,4	69,1	57,0

**ERDF funding likely to be connected to the fisheries sector or to harbour infrastructures
(2000-2006) (€ millions)**

	Objective 1	Objective 2
Fisheries: measures funded by the other funds	78,60	4,50
Support to SMEs and handicrafts	10.107,20	5.846,40
Transport infrastructures: harbours	1.182,11	215,87
Transport infrastructures: transports	829,19	189,15
Telecommunication networks	589,68	157,43
Total FEDER = 19.200	12.786,78	6.413,35

NB: The above table gives the main measures likely to benefit regions dependent on fishing. The data relate to the total ERDF funding for the regions and zones eligible under objectives 1 and 2 for the entire programming period 2000-2006. The choice of the types of measure has been made in function of their link with the fishery sector or port infrastructures. The data come from the programme complements received at the beginning of the period. They cannot be taken as credits available specifically for fisheries-dependent zones.

Estimated SFE funding within regions including coastal areas (2000-2006) (€ millions)

	Objective 1	Objective 2	Objective 3
Austria			
Belgium ¹		2,52	
Denmark ²		52,29	
Finland ³	89,38	110,20	
France ⁴	841,36	512,20	
Germany ⁵			
Greece ⁶	432,99		
Ireland			
Italy ⁷	1.030,01		
Netherlands			
Portugal ⁸	897,42		
Spain ⁹	889,57		181,19
Sweden ¹⁰	78,90	52,70	
United Kingdom			
Total FSE = 5.170,73	4.259,63	729,91	181,19

NB: This table provides an overview of ESF funding allocated to human resources development in coastal areas and/or in relation to the fisheries sector. Since objective 3 interventions do not normally single out any specific sector, priority has been given to identifying ESF interventions in the coastal areas within the regional programmes under objectives 1 and 2. The figures presented here should be considered with caution: they do not take into account the actual state of implementation of the programmes, or the commitments that Member State might have already made on the future use of ESF funding, furthermore, they are not homogeneous thus not comparable across Member States and regions.

- ¹ Objectif 2 : enveloppe globale du FSE allouée aux régions Objective 2 qui comprennent des zones côtières,
² Objectif 2 : enveloppe globale du FSE allouée aux régions qui comprennent des zones côtières.
³ Objectif 1 et 2 : enveloppe globale du FSE allouée aux régions qui comprennent des zones côtières.
⁴ Objectif 1 : enveloppe globale du FSE, Objectif 2 : enveloppe globale du FSE allouée aux 10 régions côtières,
⁵ La région 'Mecklenburg-Vorpommern' n'a pas de mesure spécifique liée au secteur de la pêche.
⁶ Objectif 1 : enveloppe globale du FSE allouée à toutes les mesures horizontales des régions qui comprennent des zones côtières.
⁷ Objectifs 1 et 3 : enveloppe globale du FSE allouée aux mesures horizontales des régions qui comprennent des zones côtières.
⁸ Objectif 1 : enveloppe globale du FSE allouée aux mesures horizontales des régions des régions qui comprennent des zones côtières.
⁹ Objectif 1 : estimation des fonds du FSE alloués aux régions qui comprennent des zones côtières Objectif (Andalucia, Asturias, Canarias, Galicia, Cantabria, Ceuta y Melilla), Objectif 3: (Pays basque). Les priorités visées sont : insertion des sans-emploi, participation des femmes dans le marché du travail, support aux initiatives à l'emploi local, augmentation des aptitudes à l'emploi et l'esprit d'initiative.
¹⁰ Objectif 1 et 2 : enveloppe globale du FSE allouée aux régions qui comprennent des zones côtières.