COMMISSION OF THE EUROPEAN COMMUNITIES



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REPORT FROM THE COMMISSION

ON IMPLEMENTATION OF THE SCHEME TO COMPENSATE FOR THE ADDITIONAL COSTS INCURRED IN THE MARKETING OF CERTAIN FISHERY PRODUCTS FROM THE AZORES, MADEIRA, THE CANARY ISLANDS AND THE FRENCH DEPARTMENTS OF GUIANA AND REUNION AS A RESULT OF THOSE REGIONS' REMOTENESS

Introduction

1. Subject of the present report

Article 6 of Council Regulation (EC) No 1587/98 of 17 July 1998 introducing a scheme to compensate for the additional costs incurred in the marketing of certain fishery products from the Azores, Madeira, the Canary Islands and the French departments of Guiana and Réunion as a result of those regions' remoteness¹, as amended by Regulation (EC) No 579/2002², requires the Commission to submit a report to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions on the implementation of the measures provided for therein, together, where appropriate, with suitable proposals.

In accordance with that provision, the present report describes the results of operating the support scheme for marketing of certain species produced in the regions concerned. It also discusses the constraints currently faced by the fishery sector as regards the species which are marketed in significant quantities and outlines the prospects for Community action in this field.

2. The legal framework for Community action

By Decisions 89/687/EEC³, 91/314/EEC⁴ and 91/315/EEC⁵, the Council has instituted programmes of specific options for addressing the remoteness and insularity of these regions, creating a suitable framework for the adoption of measures in the various sectors of activity which require particular attention as regards the strengthening of the Community support necessary for alleviating the permanent constraints which characterise these regions (Poseidom, Poseican and Poseima programmes).

These programmes are designed to take account, in implementing Community policies, of the special characteristics and handicaps of these regions in connection with their remoteness and insularity. Their economic dependence on a small number of products, their limited markets, their dual nature as both Community regions and as territories situated in an environment of developing countries thus affect the economic and social life of these regions.

Symbolising Community solidarity with the outermost regions, and essential to their integration into the internal market, these programmes were conceived as frames of reference for the implementation of Community policies in these regions.

Article 299(2) of the EC Treaty recognises the need to adopt special measures to assist them, particularly in the fisheries sector, which is mentioned explicitly⁶.

OJ L 89, 5.4.2002

OJ L 208, 24.7.1998

³ OJ L 399, 30.12.1989

⁴ OJ L 171, 29.6.1991

⁵ OJ L 171, 29.6.1991

The full text reads as follows:

[&]quot;The provisions of this Treaty shall apply to the French overseas departments, the Azores, Madeira and the Canary Islands. However, taking account of the structural social and economic

Several factors, in particular the extent of the exclusive economic zones and the employment created by fisheries-related activities, justify a Community approach reflecting the importance of the fishing sector and, at the same time, the constraints stemming from the remoteness of the regions concerned.

PART I

1. Specific case of support for marketing certain fisheries products

The absence of regional markets and additional transport costs mean that there are permanent constraints as regards access to the outlets where these products are marketed. This is a situation common to the five outermost regions.

Precisely in the light of this situation, the Community decided to assist producers in the regions concerned with marketing fishery products. A scheme was thus introduced in 1992⁷ and has been highly successful. The scheme was renewed on various occasions, most recently by Council Regulation (EC) No 1587/98, as amended by Regulation (EC) No 579/2002. As a result of the amendment made by this latter Regulation, the scheme remains in operation until 31 December 2002. It has made it possible to provide support for the marketing of the species most concerned by allowing external marketing activities under conditions comparable to those of economic operators in mainland Europe.

2. The current scheme

The current scheme adopted by Council Regulation (EC) No 1587/98 recognises that the difficulties facing the fishery industry of the European Union are aggravated in particular by the cost of transporting fishery products to markets as a result of the remoteness and isolation of the outermost regions.

It also recognises that programmes of options specific to the remote and insular nature of these regions form part of the Community's policy to assist them, taking account of the constraints to which they are subject and their specific development problems, and emphasises that non-industrial and inshore fishing is important from the social and economic viewpoints.

situation of the French overseas departments, the Azores, Madeira and the Canary Islands, which is compounded by their remoteness, insularity, small size, difficult topography and climate, economic dependence on a few products, the permanence and combination of which severely restrain their development, the Council, acting by a qualified majority on a proposal from the Commission and after consulting the European Parliament, shall adopt specific measures aimed, in particular, at laying down the conditions of application of the present Treaty to those regions, including common policies.

The Council shall, when adopting the relevant measures referred to in the second subparagraph, take into account areas such as customs and trade policies, fiscal policy, free zones, agriculture and fisheries policies, conditions for supply of raw materials and essential consumer goods, State aids and conditions of access to structural funds and to horizontal Community programmes. The Council shall adopt the measures referred to in the second subparagraph taking into account the special characteristics and constraints of the outermost regions without undermining the integrity and the coherence of the Community legal order, including the internal market and common policies.

Commission Decision of 30 July 1992 on the grant of Community aid for certain specific measures implementing the Poseima programme - OJ L 248, 28.8.1992

The scheme provides compensation for the remoteness-induced additional costs in marketing the following fishery products:

- Tuna and demersal species (for the Azores)
- Tuna and mackerel supplied to the local industry and black scabbard-fish (for Madeira)
- Tuna for marketing fresh and frozen, sardine and mackerel for freezing and processing, aquaculture products and cephalopod products (for the Canary Islands)
- Shrimps (for Guiana)
- Tuna and swordfish marketed fresh (for Réunion).

In accordance with the amendment made by Regulation (EC) No 579/2002 to take account of changes in marketing conditions and characteristics, the Commission may adjust not only the compensatory amounts, as in the past, but also the quantities set for the various species, within the overall financial provisions set out for each region.

PART II

Situation in the fishing sector in the regions covered by the scheme – Prospects for future development of the scheme

1. Azores

The Azores archipelago consists of nine islands in three groups – Western (Flores and Corvo), Central (Terceira, Graciosa, São Jorge, Pico and Faial) and Eastern (São Miguel and Santa Maria) – spread along a WNW–ESE band measuring approximately 630 km by 130 km in the southern part of Division X (as defined by the International Council for the Exploration of the Sea – ICES).

The Azores are a geographically isolated region, 1600 km from the coast of mainland Portugal and 4 000 km from the Eastern seaboard of the United States.

This isolation is compounded by the marked dispersion of the islands themselves. Faial and Pico are closest to each other, some 6 km apart, while Santa Maria and Corvo are furthest apart, at almost 630 km.

The islands' dispersion and isolation from others and from the continents allow them to benefit from a particularly large exclusive economic zone (938 000 km²).

The fisheries sector in the region

Two sorts of fishing are pursued in the region. Tuna are almost entirely exploited for industrial canning and subsequent export to mainland Portugal and some other European countries, whereas various demersal species are mainly exported to the European mainland and the United States.

The fish processing sector, which markets the product, provides a very large number of jobs. In this respect, the tuna canning industry is the most important, representing nearly 90% of the numbers employed in the sector.

Fishing is concentrated in zones at depths of less than 600 metres, which yield virtually all the demersal species and the pelagic species, including Thunidae. The region thus depends on only a few fishing grounds, since it has no continental shelf.

The fleet consists of small craft operating close inshore or in the more distant zones where the pelagic stocks (swordfish or tuna) are concentrated. The fishing gear used is very environment-friendly (rod and line).

The various species covered by the compensation scheme are marketed with different presentations giving rise to different additional costs. The following presentations have been distinguished: processed tuna; fresh demersal species; frozen pelagic species, processed demersal and pelagic species.

The constraints applying to the sector in the region arise from the need to import plant, equipment and certain raw materials. It is also necessary to employ specialised expatriate workers for equipment repair and maintenance. An additional factor is the time required for delivery of equipment or provision of services, especially in the islands with no direct air links to the mainland.

Additional costs arising in marketing the various presentations have been identified as follows:

- air transport of fresh fish;
- sea transport of frozen fish by refrigerated container;
- sea transport of canned tuna by container;
- repair and maintenance of vessels and crew remuneration;
- bait acquisition.

Marketing conditions for the species covered by the scheme

For tuna, the scheme is operating satisfactorily, as is clear from the table attached to this report. Variations result from the characteristics of this species and also from factors external to the region, which have affected it in recent years (climate changes, which affect the behaviour of the species, and illegal fishing practices in the Gulf of Guinea, which deplete the traditionally plentiful stocks in the region). At all events, it has been possible to restore use of the scheme to the levels provided for since its inception by resorting to the mechanism provided for by Article 2 of Commission Regulation (EC) No 2844/98⁸, in addition to actual catches.

Commission Regulation (EC) No 2844/98 of 22 December 1998 laying down detailed rules for the application of Council Regulation (EC) No 1587/98 – OJ L 354, 30.12.1998

The demersal species chosen for inclusion in the current scheme were those which, at the time, were marketed in significant quantities. However, it became apparent from subsequent developments that a greater number of species in this category is in fact marketed, and this is also the case for the category of (small) pelagic species.

For the period 1998–2001, average annual landings of demersal and pelagic species in the region amounted to 5 748 tonnes. It was therefore necessary to adapt the scheme to the conditions (additional costs) and quantities actually marketed and to commercial presentations for marketing the various species.

For demersal species, an application was made on the basis of Article 2(6) of Council Regulation (EC) No 1587/98, as amended by Regulation (EC) No 579/2002, for an adjustment of the amount for 2002 in view of changes in additional costs and in order to allow the annual sum allocated for these species to be fully used.

2. Madeira

Madeira is in the north-east Atlantic. If the distances are measured headland-to-headland, the nearest land is the island of Las Palmas, in the Canaries, at a distance of about 400 km, Cape Sin, on the African coast, at 625 km and Lisbon, at about 950 km.

This makes the Madeira island region one of the most outlying parts of the European Continent and Community Europe.

The region is an archipelago comprising the inhabited islands of Madeira and Porto Santo and a number of small islands known as "Desertas" and "Selvagens".

The surface area of the archipelago is nearly 779 km². The islands were volcanically formed and all have bluff coasts and a hilly relief with steep inclines. Virtually the whole population lives on the island of Madeira, which is the largest in the group. Only about 34% of its surface can be used for agricultural purposes or other human activities.

The fishing sector workforce numbers 1 522. The activity is concentrated in a small number of areas on the island, where there is very little alternative employment. The craft used are very small and half the fleet is not mechanically powered. Most of the boats have a short range, the navigation equipment is still inadequate and the safety and onboard storage conditions are not satisfactory. The fishing gear is very selective. The cold stores (at five of the nine fishing harbours) freeze the fish intended for the local industry, while the surpluses are sent to the canneries in the Azores and on the Portuguese mainland.

In the period 1998–1999, the Calheta aquaculture centre was established with cofunding from the Community under the Poseima programme⁹. This investment will help to meet the growing demand for fish and to reduce the fishing pressure on certain local species. Two aquaculture units are fully operational: one at Baia de Abra and the other at Seixal.

As regards tuna, application of the scheme has made it possible to keep the plants in operation on the basis of local catches and to buy raw material on the Community market. In 1998–2001, the scheme was underused because of the industry's supply

Commission Decision of 30 July 1992 (92/448/EEC) - OJ L 248, 28.8.1992

difficulties, which were the result of factors external to the region, similar to those encountered in the Azores. At all events, estimated deliveries to the industry in 2002 amount to 4 000 tonnes (the capacity of the plants being about 5 000 tonnes per year).

For black scabbard-fish, there are two filleting plants, which are very successful in terms of external sales. One of these plants is planning to introduce new packing technologies and increase its capacity. In the course of the year 2000, these plants handled about 1 734 tonnes of raw material. There are also other units of smaller output. Overall, this subsector is very promising, since there are other investment projects in the pipeline.

For 1998–2001, average annual landings of this species amounted to 4 261 tonnes.

Mackerel is processed by a plant which employs 50 workers. Application of the scheme to the species has allowed regular landings and ensured that the five craft which engage in this fishery are viable. In recent years, catches have varied significantly, forcing the industry to obtain supplies from the Portuguese mainland market. The low level of use of the scheme is connected with recent changes in the migration of the species and with the fact that the present scheme does not allow the acquisition of raw material from outside the region or of non-regional origin. At all events, the plant in question has a capacity of 400/500 tonnes per year. In 1998-2001, average annual landings of this species amounted to 695 tonnes.

The aquaculture sector in the region is very promising. As already mentioned, the Community cofunded the Calheta aquaculture centre. Another unit, which is fully operational, consists of a floating installation. A third unit is also in operation. Estimated average annual output from this sector is 1 134 tonnes.

3. Canary Islands

The archipelago consists of seven islands divided into two provinces – Las Palmas and Santa Cruz – and covers a total area of 7 273 km, i.e. 1.44% of Spanish territory.

The eastern end of the archipelago is 115 km from the African coast and its most northerly point is 1 100 km from Cadiz, the nearest Spanish port. Madrid, which is the main consumer market for fish at 172 000 tonnes per year, is at a distance of 1 600 km.

Fishing is very important in the Canaries and is one of the islands' basic economic resources. On certain islands, such as Lanzarote, it is the second-most important economic activity, after tourism.

The coasts of the various islands are generally steep, with few inlets and bays. The islands are not linked by any plateau or shelf, and in places the intervening sea is over 1 000 metres deep. Since the seabed consists of rock and lava, with many craters, it is not possible to fish by trawling, as is common in other waters.

The Canaries fleet mainly fishes in the waters of non-Community countries. For non-industrial fishing, the most productive resource is tuna. The deep-sea fleet catches cephalopods, sardine and hake.

Non-renewal of the fisheries agreement between the Community and Morocco has had very serious effects on the fleet and the related onshore industries.

In particular, the sardine sector has suffered heavy losses in terms of infrastructure and employment.

The selective methods used in tuna fishing contribute to safeguarding stocks. The level of catches in recent years has been stable, apart from the period in which there was no fishing because of non-renewal of the EU/Morocco agreement. The catches are obtained by a non-industrial fleet operating close inshore and sometimes vary, since the tuna is a migratory species.

Sardine and mackerel subsector

Since this subsector depended on fishing in Moroccan waters, it is at present virtually at a standstill and output is much lower than in previous years.

This being so, the only way of supporting the processing industries would be to apply the compensation scheme to raw material caught by non-Community vessels, supplied to this industry and sold on the European mainland.

For "sardines and mackerel for processing" and "aquaculture products", an application for adjustment has been made for 2001 and 2002 on the basis of Article 2(6) of Council Regulation (EC) No 1587/98, as amended by Regulation (EC) No 579/2002, given that the fleet in the Canary Islands has been unable to produce and market these species as a result of non-renewal of the EU/Morocco agreement. These two species have thus not benefited under the compensation scheme in 2001 and 2002, whereas the aquaculture sector has seen its capacity expand over this period.

Aquaculture products

Because of the non-renewal of the fisheries agreement with Morocco, the regional government created a favourable environment for development of the aquaculture subsector in order to provide alternative employment and ensure socio-economic stabilisation of the areas most affected by the failure to renew the agreement. Investment in recent years has thus made it possible for this subsector to expand and for significant quantities of these products to be used and marketed. In 1999 and 2000, seven new firms started production, doubling the number of undertakings in this subsector.

According to the competent authorities, estimated output for 2001 is 2 500 tonnes, produced by 13 firms with an annual capacity of 3 200 tonnes. In 2002, there were also 16 firms awaiting official authorisation in order to begin production, with a planned total output of 3 930 tonnes per year. Average annual output for the period 2002–2006 is estimated at 4 400 tonnes.

Cephalopods and demersal species

This remains the most important subsector in the region in terms of volume and value. The catches mainly come from the Canary-Saharan grounds, between Cap Bojador and Cap Verde (in the waters of Senegal, Mauritania and Guinea-Bissau). Apart from cephalopods, the fleet also catches demersal species with the same gear. The whole of this fleet's catches is sent to external markets, being equally divided between Japan and the European Union. Half the exports to the EU go to mainland Spain. Output has been severely curtailed because of the non-renewal of the agreement with Morocco. However, the fleet has recently redeployed to other fishing grounds which have become available

under agreements concluded by the Community in the above region, with the result that very good catch levels were restored, as early as in the course of 2002. The figures available indicate that production in the first eight months of this year was in the region of 20 000 tonnes.

4. Guiana

The French Department of Guiana is situated in the equatorial zone between Surinam and Brazil and covers an area of 83 534 km². Its population is growing rapidly and is predominantly young. Most of the population lives on the coast and on the large frontier rivers, over half in Cayenne.

Guiana's exclusive economic zone covers an area of 130 140 km². Guiana has a straight, low coastline, which consists mainly of mangrove forests, broken up by river outlets of varying size. The continental shelf is extensive (40 000 km²) and slopes gently out to the open sea. The coastal environment is conducive to rich fish stocks, which are linked to the fresh water inflows in the large estuaries. There are also areas which can be trawled.

There are two types of fishery resource in these waters:

- shrimps, which are the Department's main fishery product given their abundance on the continental shelf;
- fish, which are mainly exploited on a non-industrial basis with "white" fish as the target species.

The shrimp fishery

The Guiana shrimp fishery is the only fishing activity of its kind in the whole Community and is the third exporting industry of the Department, accounting for more than a quarter of export revenues and employing a workforce of 810. Virtually all its output is exported, 84% to European markets and 12% to markets in the West Indies.

At the end of 2000, the fleet consisted of 63 freezer shrimp trawlers. Some of the trawling companies have onshore plant for sorting, packaging and dispatch. Some of the vessels sort, freeze and pack the products on board and others freeze them for packing on shore.

According to the figures available, average annual output for 1998–2000 was 3 660 tonnes. Total catches remained above 4 000 tonnes until 1998. The drop observed since 1999 was largely due to a combination of particularly adverse natural conditions (exceptional rainfall in the first half of 2000). Conditions have been more favourable since the end of this year, allowing a gradual return to the usual level of catches.

Non-industrial fishing for white fish

This is inshore fishing within the 12-mile limit by local fishermen (self-employed or small boat owners) all along the Guiana coast.

This sector's workforce numbers 300 (including 240 crew members). Fish from non-industrial fishing (and the by-catches of shrimp trawlers) are processed and sold by local independent wholesalers and by a cooperative organisation. The volume of fish handled

by these traders amounted to 650 tonnes in 2000, of which 100 tonnes were exported fresh and 500 tonnes frozen. The fresh fish is exported by air to mainland Europe. The frozen fish is shipped in containers, mainly to Europe and the West Indies.

At the end of 2000, 104 boats were operated by self-employed small-scale fishermen.

The aquaculture sector

From 1993 onwards, there has been a gradual recovery of the ponds and plant established some years before.

The firms and fish farmers now operating are expanding the breeding of freshwater prawns, armoured catfish and other species such as ornamental fish and other table fish.

Over a dozen people are now working directly in this sector. The species of which significant quantities are exported are freshwater prawns and ornamental fish. 95% are sent to other French Departments in the West Indies and to mainland Europe. According to the figures available for 1999, annual output of prawns was 23 tonnes and that of ornamental fish 5 tonnes (1 million individuals, each weighing 5 grams).

5. Réunion

Réunion is in the Indian Ocean, 160 km east of Mauritius and 700 km west of Madagascar. It has an exclusive economic zone of 318 300 km², with no continental shelf. It covers an area of 2 570 km² and has a population of 710 000, with an unemployment rate of 40%. Réunion is 9 180 km from Paris. It is in the centre of an ocean zone with overfished shared stocks of pelagic species.

Today, fishing in Réunion is a thriving industry, which has undergone profound changes in the last ten years. Since 1991, the catches, mainly of large pelagic fish (tuna, swordfish, dolphinfish, marlin) are evidence of a takeoff of the fishing industry. This is explained by sustained by small-scale fishing around fish-aggregating devices, the emergence of longlining and the development of Southern Ocean fishing.

There are about a thousand professional workers in the Réunion fishing sector.

Marketing of fishery products outside Réunion is today an economic reality. This sector has become the island's latest external trade outlet, after sugar cane.

The average annual volume of tuna and swordfish sold outside the island in 1998–2001 was 1 098 tonnes. However, the quantity sold in 1999, 2000 and 2001 exceeded the level provided for by the current scheme (at 1 168.9 tonnes, 1 641 tonnes and 1 201 tonnes respectively).

Of late, marlin, shark and dolphinfish (both fresh and frozen) have begun to figure among the species actually marketed and today represent a profitable commercial outlet. According to the figures available for 2001, 34 tonnes of marlin were marketed, 11.9 tonnes of shark and 6.3 tonnes of dolphinfish.

CONCLUSION AND OUTLOOK

Throughout its operation, the scheme has afforded lasting stability which has allowed the economic players concerned to operate under conditions similar to those enjoyed by their counterparts on the European mainland. The scheme has made a contribution to maintaining employment in regions where there are very few other opportunities. The benefits these operators have derived from the scheme have enabled the various sectors concerned to maintain an adequate level of output and development. The conditions giving rise to the additional production costs will not change, since they derive from the very nature of the outermost regions.

In the regions to which this scheme applies, production and marketing conditions in the fishing sector have evolved as described in the previous chapters. Given this development, consideration should be given to adapting the legal framework of the scheme, thus ensuring that the goals for which it was established continue to be properly attained.

Quantities (in tonnes) benefiting from the additional cost compensation scheme, by region

AZORES

fish

Mackerel

204

385

	1998	1999	2000	2001	2002				
Demersal	2 312	1 903	1 693	1 462	1 686 ¹⁰				
Tuna	7 386	6 832	5 453	10 000	10 000				
MADEIRA									
	1998	1999	2000	2001	2002				
Tuna	2 231	3 450	187	69	2 767				
Black scabbard-	0.712	1 234	1 550	1 144	945				

511

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0

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The Portuguese government has applied for an adjustment for these products under Article 2(6) of Council Regulation (EC) No 1587/98, as amended by Regulation (EC) No 579/2002. This seeks to ensure better use of the amounts assigned for these products, given the rise in their respective additional costs. The application relates to the year 2002.

CANARIES

	1998	1999	2000	2001	2002			
Tuna, fresh	10 094	10 676	2 923	5 217	2 868			
Tuna, frozen	8	102	1	0				
Sardine and mackerel, frozen	2 788	1 047	551	448	357			
Sardine and mackerel, processed	11 969	10 574	0	0	011			
Aquaculture products	455	422	869	1 300	1 300			
Cephalopods, sole & seabream	25 000	25 000	10 974	9 450	8 601			
GUIANA								
	1998	1999	2000	2001	2002			
Shrimps	4 200	3 653	2 653	2 694	3 068			
REUNION								
	1998	1999	2000	2001	2002			
Tuna/	562	1 000	1 000	1 000	883			
1.00								

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swordfish

The Spanish government has applied for an adjustment for these products under Article 2(6) of Council Regulation (EC) No 1587/98, as amended by Regulation (EC) No 579/2002. This seeks to ensure better use of the amounts assigned for these products, given the rise in aquaculture output. The application relates to the years 2001 and 2002.