

Explanatory memorandum

The recent action by many States to establish offshore economic zones of 200 nautical miles has upset the established pattern of fishing of the fleets of non-coastal countries which traditionally fished in these areas. This situation also affects the Community, which had until now obtained a considerable proportion of its supplies of fish outside its own waters.

This state of affairs is aggravated by the dangerously low stocks of several species of a high commercial value inhabiting Community waters and by the precarious financial situation of a number of vessels fishing in distant waters.

These problems oblige the Community to adopt as a matter of urgency a number of measures in favour of the sector most affected by this situation, the high-sea fishing industry.

The Commission therefore proposes adoption of a directive providing for financial aid for the purpose of adapting production capacity to the new catch quotas and adapting the processing sector engaged in production for purposes other than human consumption to the new supply situation, and making provision for actions on behalf of the consumer to develop outlets for species that are little known on the market.

The proposed directive is not intended to establish a complete structural policy in the fisheries sector.

Although in the new circumstances the Community will need to bring about comprehensive structural changes in the years to come, it would seem impossible, and indeed premature, to define and implement such a policy at this stage. Uncertainties still exist as regards future access to fishing grounds in non-member countries and as regards the development of the Community system for the conservation and management of fishery resources, the conditions of application of which will determine the rate of recovery of stocks.

The proposed measure should, however, enable a start to be made with the adjustment of production and processing capacity to the new situation created by the extension of fishing zones to 200 miles.

It will also facilitate the implementation of the catch limitation measures which are necessary for the conservation of stocks.

The proposed directive allows for action in addition to other measures already the subject of proposals from the Commission to the Council in the fisheries sector, namely restructuring the non-industrial inshore fishing industry¹ and provisions on conditions for the granting of national aid in the abovementioned sector².

The Commission considers that the work on these two proposals already undertaken by the Council should be followed up without delay:

- on inshore fishing, so that a framework can be worked out in which this important part of the fisheries sector can develop following the relocation of the Community's resources;
- on the harmonization of national aid with a view to defining common rules for the granting of such aid and ensuring that it is directed towards operations for the redeployment and adjustment of fishing and processing capacity, rather than towards new investment that could hinder the necessary structural rationalization of the sector.

¹ Proposal for a Council Regulation on a programme for restructuring the non-industrial inshore fishing industry COM(75)574 final.

² Proposal for a Regulation laying down the conditions for granting national aid under the common structures policy in respect of the fisheries sector (R/2713/73 (AGRI 732)).

Lastly, the proposed measures serve to reinforce the means already available to the Community for the improvement of processing and marketing structures for agricultural products¹, for improvement of the infrastructure in connection with the Regional Fund, and in respect of initial and further training and retraining of workers in the fisheries sector under measures available through the European Social Fund. The Social Fund can provide aid to further the geographical and occupational mobility of fishermen by taking over training costs and providing income support during training periods².

1. Adjustment of production capacity

Three types of measure, all complementary, are proposed. These are:

- (a) redeployment of some of the surplus capacity to the fishing of underexploited species and the prospection of new fisheries resources;
- (b) a temporary reduction of fishing activity pending the recovery of stocks and in case the redeployment measures do not prove adequate;
- (c) the definitive withdrawal from operation of certain vessels which cannot be used any longer for lack of resources or which cannot be adapted to the new situation for technical reasons.

¹From 1978 onwards, structural adjustment of investment in the fish processing sector will qualify for aid from the EAGGF, Guidance Section, under the provisions for the improvement of processing and marketing of agricultural products (Regulation (EEC) No 355/77 of).

²Applications for aid from the Fund may be submitted under Articles 4 and 5 of Council Decision 71/66/EEC of 1 February 1971. Under Article 4, aid is restricted to persons who cease fishing, whereas aid under Article 5 is restricted to fishermen who continue to fish but who need retraining following reorganization of the sector.

The purpose of the measures under (a) is to encourage a partial redeployment of the fishing effort of high-sea fleets towards fishing outside the Community zone on fishing under-exploited species inside the Community zone. These measures will thus reduce pressure on Community stocks of traditionally fished species, prevent the unprofitability of fishing fleets from being aggravated by a lower output per production unit, while keeping the Community market supplied with marine protein.

To achieve this purpose, this proposal provides for the grant of a redeployment premium to undertakings willing to steer their fishing activities in a new direction. This premium will be granted by Member States for trial fishing seasons authorized in advance by these States after considering what balance should be sought between the quantity of a given species which it is hoped to catch and the requirements of the market.

The purpose of the measures under (b) is to keep in being a proportion of the production potential traditionally devoted to the exploitation of stocks which are now subject to quantitative conservation measures implying a reduction in the overall fishing effort.

As it is likely that the redeployment of surplus production capacity towards the catching of new species will not on its own be sufficient to resolve the problem, it would seem necessary to provide for other measures to avoid an uncoordinated disinvestment which might otherwise occur and might at a later stage prejudice the optimum exploitation of regenerated stocks by Member States' fishermen.

To achieve the above purpose, it is proposed to grant a laying-up premium to fleets which agree to suspend temporarily the fishing activity of one or more vessels, either independently or by way of withdrawal plans established by

recognized producer organizations, limiting their overall activity.

- The amount of this laying-up premium, calculated in relation to the cost of the initial investments (cost of construction or value at purchase) and increased where necessary by the cost of any modernizations, is intended to cover the financial and other costs of laying-up in a port.

The measures referred to at (c) have the purpose of allowing a certain number of high-sea fishing vessels, which are difficult to adapt to other activities and whose technical characteristics (size, equipment) are not suitable for economically profitable fishing in Community waters even in the medium term, to be withdrawn from the production potential.

To achieve this purpose, by encouraging the fleets concerned to bring about a restructuring of the Community fleet in keeping with the new international maritime context, the present proposal provides for the granting, after the vessels concerned have been struck off the register of fishing vessels, of a final cessation premium varying according to whether the vessel is sold for breaking, assigned to purposes other than fishing or sold to non-member countries.

2. Measures for the reduction of treatment or processing capacity in respect of fishery products

The sector concerned with processing fishery products for purposes other than human consumption is faced with a reduction in supplies and in consequence with a reduction in the profitability of its plant as a result of the conservation and management measures necessary for the regeneration of threatened stocks.

To the extent necessary, a partial restructuring of this industry must therefore take place, either by completely closing down some of the plants or by converting plants, for example to treat fishery products for human consumption.

This proposal therefore provides for Member States to introduce financial aid for operations to reorganize the sector.

It is proposed that the system of financial aid include the granting of a premium for the closure of surplus processing capacity and a premium for converting capacity to the treatment of fishery products for human consumption.

The closure premium and the conversion premium will be granted by the Member States concerned either as a single payment or in monthly instalments while conversion is taking place.

3. Measures to promote consumption

Even if the best possible use is made of surplus production capacity by a partial redirection of the fishing effort towards the exploitation of under-exploited species, problems will still arise in the marketing of species which are not familiar or are unknown to consumers.

To overcome these difficulties, the Community must, in parallel to the proposed reorganization measures, help to encourage the development of markets for these species with a view to stimulating demand to match the likely increase in supply.

Since the Council has adopted measures to encourage investment in the processing and marketing of fishery products¹, further measures aimed at informing the consumer are necessary if the measures concerning the processing industry and the fishing fleets proposed in this directive are to be fully effective.

In order to avoid an imbalance between supply and demand damaging to both consumers and fishermen, publicity campaigns should be undertaken using the most appropriate media with a view to increasing the demand for fishery products, in particular the lesser-known species of fish and products processed from those species.

¹Regulation (EEC) No 355/77 (OJ No L 51, 1977).

4. Measures to assist fishermen

Two of the measures proposed concerning fishing fleets - final cessation of fishing, temporary reduction of fishing - are bound to have immediate social consequences. Implementation of these provisions is likely to cause long-term unemployment or technical unemployment as the case may be. Although the transfer of some of the fishermen affected to activities outside the fishing industry may be a perfectly reasonable measure in itself, it could in this case cause serious medium-term difficulties once the crisis is over and it becomes necessary to ensure optimum management of regenerated stocks in the Community zone.

Consequently, Member States will need to implement accompanying social measures to alleviate the consequences of a final or temporary cessation of activities by part of the fleet. Therefore Community financing is proposed in cases where Member States introduce a scheme to encourage the definitive cessation of fishing activities by fishermen between 50 and 65, and a scheme of cessation premiums.

5. Financial, budgetary and general provisions

(a) Financial implications

Provision is made for the Community to reimburse Member States part of their expenditure in respect of measures provided for under this Directive. Community participation amounts to 50% of eligible expenditure.

Pursuant to procedure laid down in this respect, a financial record sheet is attached to this proposal to give a rough idea of the likely initial cost of the proposed measures spread over five years.

(b) Budget presentation

The Commission regards the present action as being of a specific nature and consequently not to be assimilated to common measures within the meaning of Regulation No 729/70 which receive appropriations under the Guidance Section of the European Agricultural Guidance and Guarantee Fund.

It is, therefore, proposed to create an ad hoc chapter representing the layout for this expenditure in the budget in which estimates for the expenditure in question will be entered.

(c) Procedure and implementation

For the implementation of this Directive, the Commission proposes to apply by analogy certain implementing provisions contained in Regulation No 729/70.

So that the measure may have the flexibility needed for its adaptation to the particular situation of each Member State, the Commission proposes that all laws, regulations and administrative measures that Member States propose to adopt should be subject to scrutiny to ensure their conformity with the purposes of the directive and the necessary connection between the measures. This proposal therefore provides, in order to ensure Community financial support for the measures adopted by Member States, for their prior approval by the Commission after consultation with the Standing Committee for the Fisheries Industry and with the EAGGF Committee on the financial aspects.

This proposal also lays down the procedure for the annual submission of applications for reimbursement of expenditure incurred by Member States and for the control of operations financed by the Community.

As the proposal is of general application, the adoption of which is not covered by existing instruments and which involves a significant level of expenditure, the Commission believes that the conditions for application of the conciliation procedure are fulfilled.

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Draft proposal for
COUNCIL DIRECTIVE
of _____

on certain immediate measures to adjust capacity in the fisheries sector

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 43 and 209 thereof,

Having regard to the proposal from the Commission,

Having regard to the Opinion of the European Parliament¹,

Whereas recent changes in the law of the sea and the consequent establishment of 200-mile offshore economic zones have modified the situation confronting the fishing industry;

Whereas the diversity of the socio-structural problems calls for separate solutions for each one in order to help maintain optimum productive capacity in each region and help develop the market; whereas the best results can be obtained if on the basis of Community concepts and criteria the Member States introduce specific socio-structural measures, taking the form of a financial aid and consumer promotion system, by way of national laws, regulations and administrative provisions;

Whereas fishing fleets operating in the waters under Member States' jurisdiction are experiencing difficulty because fish stocks in these waters are dangerously low;

Whereas in these circumstances the Community, in the interests of both fishermen and consumers, should, during the time required for the threatened stocks to recover, preserve the productive capacity of Member States necessary for the optimum exploitation of these stocks when they have been replenished; whereas the search for new fishery resources, both within and outside the Member States' fishing zones, should be promoted by way of premiums for the redeployment of excess production capacity;

Whereas the maintenance of the production capacity required in the medium term may be promoted by measures designed to secure a temporary reduction in the fishing activities of vessels which are liable to become unprofitable because of the catch restrictions; whereas aid should be given in the form of laying-up premiums to fishermen who undertake to withdraw their vessels from operation and to recognize producers' organizations which produce plans for reducing the amount of fishing done by their members;

Whereas the maintenance of productive capacity does not obviate the necessity of permanently reducing the capacity of fishing fleets the technical characteristics of which make it difficult to adapt them to the types of fishing anticipated in the medium term within and outside the fishing zones of the Member States; whereas such reduction in capacity can be encouraged by means of a cessation premium scaled according to what is to be done with the vessel; whereas the granting of this premium should be conditional on the vessel first being struck off the register of fishing vessels so as to ensure that it is not again used for fishing in the waters of any Member State of the Community;

Whereas, insofar as the sector processing fish for purposes other than human consumption is facing difficulties owing to diminished supplies as a result of the fisheries conservation and management measures adopted by the Community; it may be necessary for action to be taken to close down some of this excess processing capacity and possibly also to convert some of it for processing fishery products for human consumption;

Whereas campaigns should be mounted to influence market demand in line with the changed supply situation, with particular reference to species little known to consumers;

Whereas the final cessation of fishing activities by fishing vessels and the temporary reduction in these activities cannot fail to affect fishermen and to lead therefore to the adoption by Member States of measures to encourage fishermen to cease fishing and to provide compensation for temporary cessation;

Whereas in view of the benefit to the Community of these socio-structural measures it is appropriate that the Community should contribute to their cost; whereas it must be able to ascertain that the provisions adopted by the Member States are commensurate with the objectives to be attained; whereas for this purpose there should be a procedure whereby close cooperation is maintained between the Member States and the Commission through the Standing Committee for the Fishing Industry and the EAGGF Committee is consulted on financial matters as laid down in Articles 11 to 15 of Council Regulation (EEC) No 729/70 of 21 April 1970 on the financing of the common agricultural policy¹;

Whereas this measure is of a specific character and may not therefore be treated as a common measure in connection with the EAGGF, Guidance Section;

HAS ADOPTED THIS DIRECTIVE:

¹OJ No L 94, 28.4.1970, p. 13.

Article 1

1. In order to assist, in the fisheries sector, the adaptation of the production capacity of the fleets concerned to the new fisheries situation resulting from the establishment of 200-mile offshore economic zones and the action taken to conserve and manage fish stocks, and in order to assist the adaptation of fish treatment and processing capacity for purposes other than human consumption to the supply situation resulting from the abovementioned conservation measures, the Member States shall introduce a financial aid and consumer promotion system.

2. The system referred to in paragraph 1 shall apply until 31 December 1982.

Article 2

The financial aid referred to in Article 1 may be granted to:

- (a) producers, whether natural or legal persons, or their recognized organizations, operating one or more ships of a length between perpendiculars greater than 24 m sailing under the flag of a Member State and registered in the territory of the Community;
- (b) natural or legal persons operating land-based undertakings the principal purpose of which is the treatment or processing of fishery products for non-foodstuff purposes.

Article 3

The financial aid referred to in Article 1 may be given:

(a) - for measures to redeploy fishing operations towards the prospecting of new fishery resources;

- for measures relating to the temporary or permanent reduction of production capacity.

(b) for measures to adapt fish treatment and processing capacity for purposes other than human consumption to catch possibilities;

(c) for information campaigns to promote the consumption of lesser-known species of fish.

Title I: Measures for the redeployment and adaptation
of production capacity

Article 4

1. The redeployment of fishing activity referred to in the first indent of Article 3(a) may be brought about in the following ways:
 - (a) the reduction of excess capacity to fishing for species which are at present underexploited
 - (b) the transfer of fishing vessels to take part in experimental fishing to seek non-exploited species or to locate new fishing grounds.

2. The Member States will grant applicants, who will have received prior approval from the competent authority, a redeployment premium to help off-set the operating costs for the vessels so employed.

3. The redeployment premium referred to in paragraph 2 shall be calculated, for each vessel, according to the number of days spent at sea, the distance to the fishing grounds and the commercial characteristics of the species sought, on the basis of the difference between the estimated fishing costs and the probable value of the catches.

Article 5

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1. The temporary reduction in production capacity referred to in the second indent of Article 3(a) may consist, under the conditions laid down in Article 6, of temporary withdrawal from operation of the vessels in question.

2. Member States shall grant, for each year of laying up, a laying-up premium of 8% of the construction cost or purchase value of the vessel plus the cost of any modernization undertaken.

3. For a vessel laid up for a period of less than a year, the premium shall be calculated on the basis of the number of days laid up. However, if the laying-up period is less than 250 days a coefficient shall be applied to the premium to take account of the ratio between the average number of days spent at sea and the number of days of the calendar year.

4. The coefficient referred to in paragraph 3 shall be 0.7

5. The laying-up premium shall only be granted to vessels put into commission after 1 January 1969 and if the periods of laying-up are not less than:

- 90 days per year for vessels covered by the plans for withdrawal from operation provided for in Article 6(a)
- 90 consecutive days per year for vessels for which the undertaking provided for in Article 6(b) is given.

Article 6

The laying-up premium referred to in Article 5(2) shall be granted subject to the following conditions:

(a) in the case of recognized producer organizations:

approval by the competent authority of the Member State concerned of plans for the withdrawal from operation of the vessels owned by their members in order to reduce fishing activity. Withdrawal plans must include the following information:

- the name and technical specifications of the vessels concerned;
- the withdrawal programme for each vessel;
- the port or ports of registry during periods of temporary withdrawal;

(b) in the case of other recipients:

a written undertaking by the recipient that the fishing activity of one or more vessels owned by him will be suspended for a given period and that any change of port of registry while the vessel or vessels concerned are withdrawn from operation will be notified.

Article 7

1. Production capacity may be reduced permanently, as provided for in the second indent of Article 3(a), by means of the following operations:

- (a) the sale of vessels for breaking;
- (b) the assignment of vessels to purposes other than fishing;
- (c) the sale of vessels for use in the waters of non-member countries.

2. Subsequent to the issue of the certificate proving that the vessel has been struck off the register of fishing vessels, the Member State shall grant to the owner a final cessation premium of:

- 300 u.a. per gross registered ton in the case of operations provided for in paragraph 1(a);
- 50 u.a. per gross registered ton in the case of operations provided for in paragraph 1(b);
- 300 u.a. per gross registered ton in the case of operations provided for in paragraph 1(c).

3. The final cessation premium shall be granted only for vessels which have engaged in fishing for at least 90 days during the twelve months preceding the date when the vessel is struck off the register of fishing vessels.

4. Vessels which have been the subject of one of the operations referred to in paragraph 1(b) and (c) shall be permanently barred from fishing in any Member State of the Community.

Article 8

Where it is necessary to adapt the capacity for the non-foodstuffs treatment or processing of fishery products to the resources available, Member States shall make arrangements to provide financial aid for the operations referred to in Article 9.

Article 9

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1. The adaptation of the capacity referred to to in Article 8 may be achieved in the following ways:

- (a) by the total and final closing down of some plants;
- (b) by converting the capacity concerned to activities other than the non-foodstuffs treatment or processing of fishery products.

2. Member States shall adopt appropriate measures to ensure that the capacity to which the provisions of the preceding paragraph have been applied is no longer used for the treatment or processing of fishery products for non-foodstuffs purposes.

Article 10

1. For the action referred to in Article 9(a) the Member State shall grant a closure premium fixed at a rate per tonne of finished product and calculated on the basis of average production over the three years prior to the closure.

2. For the action referred to in Article 9(b), the Member State shall grant a conversion premium. Such premium shall be granted for the period during which the treatment and processing facilities are out of use on account of the conversion work, to the extent of the reduction in production recorded, but not for longer than 12 months.

The reduction shall be calculated by reference to average production over the three years prior to the closure.

Article 11

Member States shall, in order to assist consumer choice, arrange to publicize the change in supplies due to the scarcity of certain well-known species of fish and to the increased fishing of lesser-known species.

Article 12

The publicity measures must:

- use the most appropriate media for the purpose;
- take particular account, in the interests of both consumers and fishermen, of the need to promote the marketing and consumption of lesser-known species and the consumption of products processed from those species.

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Title II - Measures to benefit fishermen

Article 13

Under the Conditions set out in Article 18, the Community shall contribute towards schemes set up by Member States to benefit fishermen affected by the measures provided for under Title 1 and who have been employed as fishermen for a minimum period to be fixed.

Title III - General and financial provisions

Article 14

The Member States shall prepare programmes for the implementation of the measures referred to in Title I and, if necessary, those referred to in Title II.

Article 15

1. The Member States shall communicate to the Commission:

- the programmes referred to in Article 14,
- the drafts of any laws, regulations or administrative provisions which they propose adopting pursuant to this Directive,
- any provisions effectively implementing this Directive existing prior to the date of its entry into force.

2. In communicating the programmes, draft laws, regulations and administrative provisions and the provisions already in force referred to in paragraph 1, the Member States shall make clear the connection, at regional level, between the measure in question and the economic situation and the structural and social features of the fishing industry.

3. In the case of the programmes and drafts communicated in accordance with paragraph 1, the Commission shall determine whether, having regard to the objectives of this Directive and to the need for a proper connection between the various measures, such drafts comply with the Directive and thus satisfy the condition for financial participation by the Community. Within two months following such communication a decision on the matter shall be taken in accordance with the procedure laid down in Article 21 after consulting with the EAGGF Committee on the financial aspects.

4. The Member States shall communicate to the Commission the laws, regulations and administrative provisions referred to in paragraph 3 immediately on their adoption.

Article 16

1. The measures adopted by the Member States may not receive financial assistance from the Community unless the provisions relating to them have been the subject of a decision in accordance with Article 15.

2. Financial participation by the Community shall relate to the eligible expenditure resulting from aid granted pursuant to decisions taken after the date of entry into force of this Directive.

Article 17

1. Under the conditions set out in the following paragraph, the Community shall reimburse to Member States the eligible expenditure incurred pursuant to Title I.
2. The financial participation of the Community shall amount to 50% of eligible expenditure.
3. The eligibility of the expenditure incurred in implementing the measures referred to in Article 9 shall be limited to an amount of:
 - 100 u.a. per tonne, in a single payment, for the closure premium referred to in Article 10(1);
 - 5 u.a. per month and per tonne not produced for the conversion premium referred to in Article 10(2).
4. Expenditure to implement the measures referred to in Article 3(a) in respect of vessels put into commission in the Community after 1 January 1978 shall not be eligible.
5. The general conditions for a financial contribution by the Community shall be adopted by the Council acting by a qualified majority on a proposal from the Commission. The detailed rules of application, which may include the fixing of a lower percentage, shall be adopted in accordance with the procedure referred to in Article 22.

Article 18

1. Where Member States introduce schemes to encourage the early retirement of fishermen aged 50-65 years who are affected by the final withdrawal from operation of vessels, the Community shall contribute towards the cost of these schemes within the limits of the appropriations entered for that purpose in the Budget.

2. Where Member States grant compensation for cessation of work to fishermen from fishing vessels which are the subject of the operations provided for in Article 5 and the permanent reduction provided for in Article 7 and who are thereby forced temporarily into total unemployment and this compensation may be added to other allowances provided under national legislation, the Community shall contribute towards the cost of this scheme within the limits of the appropriations entered for that purpose in the Budget.

3. The Community's financial contribution shall not exceed 50% of the expenditure declared by the Member State. The general conditions for a financial contribution by the Community shall be adopted by the Council acting by a qualified majority on a proposal from the Commission. The detailed rules of application, which may include the fixing of a lower percentage, shall be adopted in accordance with the procedure referred to in Article 22.

Article 19

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1. Applications for reimbursement shall relate to expenditure incurred over a calendar year by the Member States and shall be submitted to the Commission before 1 September of the following year.

2. The Commission shall take a decision on these applications, on one or more occasions, in accordance with the procedure laid down in Article 7(1) of Regulation (EEC) No 729/70.

3. Advances may be granted by the Commission.

4. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 13 of Regulation (EEC) No 729/70.

Article 20

1. The Member States in accordance with national provisions laid down by law, regulation or administrative action shall take the measures necessary to:

- satisfy themselves that operations financed by the Community are actually carried out and are executed correctly;
- prevent and deal with irregularities;
- recover sums lost as a result of irregularities or a failure to keep the undertaking referred to in Article 6(b).

The Member States shall inform the Commission of the measures taken for those purposes and in particular of the state of the administrative and judicial procedures.

2. In the absence of recovery, the financial consequences of irregularities shall be borne by the Community and the Member States in proportion to their financial participation except in cases of negligence by administrative authorities or agencies of Member States.

The sums recovered shall be paid to the paying departments or agencies and deducted by them from the expenditure financed by the Community proportionately to the rate of Community financing.

3. The Council, acting by a qualified majority on a proposal from the Commission, shall lay down, as necessary, general rules for the application of this Article.

Article 21

1. Member States shall make available to the Commission all information required and shall take all suitable measures to facilitate the supervision which the Commission may consider necessary to undertake within the framework of the management of Community financing, including inspection visits.

2. Without prejudice to the supervision effected by Member States in accordance with national provisions laid down by law, regulation or administrative action and without prejudice to the provisions of Article 4 or to the provisions of Article 206 of the Treaty, or to any inspection organized on the basis of Article 209(c) of the Treaty, agents authorized by the Commission to carry out inspection visits shall have access to the books and all other documents relating to expenditure financed by the Community under this Directive. They may in particular check:

- (a) whether administrative practices are in accordance with Community rules;
- (b) whether the requisite supporting documents exist and tally with the operations financed by the Community;
- (c) the conditions under which operations financed by the Community are carried out and checked.

The Commission shall give due notice before the inspection is carried out to the Member State concerned or to the Member State on whose territory it is to take place. Agents of the Member State concerned may take part in the inspection.

At the request of the Commission and with the agreement of the Member State, inspections or inquiries concerning the operations referred to in this Directive shall be carried out by the competent authorities of that Member State. Agents of the Commission may also participate.

To make verification more effective the Commission may, with the agreement of the Member States concerned arrange for administrative authorities of those States to participate in certain inspections or inquiries.

3. The Council, acting by a qualified majority on a proposal from the Commission, shall lay down as necessary, general rules for the application of this Article.

Article 22

1. Where the procedure laid down in this Article is to be followed, the Chairman of the Standing Committee for the Fishing Industry shall refer the matter to the Committee either on his own initiative or at the request of the representative of a Member State.

2. The representative of the Commission shall submit a draft of the measures to be taken. The Committee shall deliver its Opinion on such measures within a time limit to be set by the Chairman according to the urgency of the questions under consideration. An Opinion shall be adopted by a majority of 41 votes, the votes of Member States being weighted in accordance with Article 148(2) of the Treaty. The Chairman shall not vote.

3. The Commission shall adopt measures which shall apply immediately. However, if these measures are not in accordance with the Opinion of the Standing Committee for the Fishing Industry, they shall forthwith be communicated by the Commission to the Council. In that event the Commission may defer application of the measures which it has adopted for not more than one month from the date of such communication.

The Council, acting by a qualified majority, may take a different decision within one month.

Article 23

The provisions of Article 40(2) of Financial Regulation No 73/91/ECSC, EEC, Euratom of 25 April 1973 applicable to the general budget of the European Communities¹ and those of Regulation (EEC) No 283/72 concerning irregularities and the recovery of sums wrongly paid in connection with the financing of the common agricultural policy and the organization of an information system in this field², shall apply.

¹OJ No L 116, 1.5.1973, p. 1.

²OJ No L 36, 10.2.1972, p. 1.

Article 24

The Member States shall bring into force the measures necessary in order to comply with this Directive within 6 months of the date of its notification.

Done at Brussels,

For the Council

Financial estimate

The Community high-sea fishing fleet contains about 2 500 vessels with a grt of over 100 tonnes out of a total tonnage of about 842 000 tonnes (1976).

Distribution among the Member States is as follows:

| | Total No | Over 1 000 grt No | grt | Total grt |
|----------------|--------------|----------------------|----------------|----------------|
| Belgium | 89 | - | - | 13 592 |
| Denmark | 358 | 1 | 1 500 | 69 009 |
| France | 607 | 30 | 48 114 | 201 718 |
| Germany | 151 | 40 | 96 720 | 141 069 |
| Ireland | 27 | 1 | 1 921 | 5 177 |
| Italy | 247 | 21 | 31 856 | 91 822 |
| Netherlands | 389 | 3 | 4 437 | 88 819 |
| United Kingdom | 630 | 43 | 56 096 | 230 776 |
| Total | 2 498 | 138 | 240 640 | 841 982 |

The breakdown by tonnage is given in Annex 1.

This proposal provides for three types of measure:

- (a) Measures to encourage the redeployment of fishing activity and the temporary or definitive adjustment of the production capacities of high-sea fishing fleets.
- (b) Measures to encourage the adjustment of non-food treatment and processing capacities.
- (c) Social measures.
- (d) Measures to encourage the consumption of lesser-known species.

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Measures referred to in (a)

1. Redeployment of fishing activity

It is difficult to make a valid estimate for this type of operation since the redeployment premiums are fixed by the Member States depending on the number of days spent at sea in experimental fishing and the distance from the fishing grounds and on the probable catch, which allows the relationship between running costs and the probable value of the catch landed to be determined.

However, if redeployment of 2% of the total tonnage per year is assumed, the following calculation may be made:

- 2% of total tonnage per year corresponding to = } 16 800 grt or
- 8% of the total tonnage for three months per year = } 67 280 grt
- 2.5 tonnes of fish = average fishing capacity per year for each gross registered tonne engaged in fishing.
- average value of fish caught = 400 u.a./t in the period preceding the experimental fishing.
- probable loss in value on new species if the catch is identical = 50% to be compensated for.

CALCULATION

$16\ 800 \times 2.5 = 42\ 000 \times 400\ \text{u.a.} = 16\ 800\ 000\ \text{per year}$

$\text{Total cost of redeployment} = 50\% \text{ of } 16\ 800\ 000 \times 5\ \text{years} = 42\ 000\ 000\ \text{u.a.}$

2. Laying-up of vessels

It should be noted that the laying-up measures are mainly intended to compensate for the reduction in the activity of vessels equipped for operations within Community waters, about 2 000 in all.

As a result of conservation measures, these vessels will probably have to reduce their fishing activity. Some sectors (herring fisheries) already have

to suspend their activity wholly or in part for several months.

Assuming that laying-up for a period of 12 months could affect 15% of the total tonnage each year and since the aid will be calculated by reference to the building cost or purchase value of the vessels concerned, which may be put at an average of 2 000 u.a. per gross registered tonne (building cost in 1970), the following estimates may be made:

- 15% of total tonnage per year = 126 000 grt
- purchase value of vessels = 2 000 u.a./t

CALCULATION

$(126\ 000 \times 2\ 000\ \text{u.a.} \times 8\%) \times 5\ \text{years} = 100\ 800\ 000$
 Total cost of laying-up = 100 800 000 u.a.

3. Final cessation of activity

It may be noted that the measures providing for the final cessation of activity by the excess capacity of the high-sea fishing fleets will mainly affect the deep-water vessels intended for fishing in the waters of non-member countries.

Assuming that 20% of the present total tonnage, or about 50% of the total tonnage of the fleet of 600 grt and over, is broken up over a period of 5 years, the following calculation may be made:

- 20% of total tonnage over a period of 5 years = 168 000 grt
- average premium =

$$\frac{(\text{premium for breaking up or sale to non-member country} \times 60\%) + (\text{premium for other use} \times 40\%)}{2} =$$

$$= (300 \times 60\%) + (50 \times 40\%) = 200\ \text{u.a./t}$$

CALCULATION

200 u.a. x 168 000 grt = 33 600 000 u.a.

Total cost of final cessation = 33 600 000 u.a.

Measures referred to in (b)

As regards processing for non-food purposes it is likely that the conservation measures which will be adopted in order to encourage the replenishment of threatened fish stocks will greatly reduce the profitability of this sector. A period of adjustment will therefore be necessary for converting and, where necessary, closing down some of its present capacity.

However, since more species of low commercial value will be available than in the past because of the withdrawal of non-member countries' fleets from Community fishing zones, conversion of the non-food processing sector may not be too extensive.

In this context, the following estimate must be taken as a maximum:

Assuming a total reduction over 5 years of 45% of the present processing capacity (350 000 tonnes of finished product), to be obtained by the joint effect of final cessation and the gradual conversion of surplus capacity, the following calculation may be made:

45 x 350 000 = 157 000 tonnes in 5 years.

- (a) 20% final cessation = 70 000 t/finished product in 5 years
- (b) 5% per year x 5 years of gradual conversion = 87 500 t/finished product.

CALCULATION

- (a) 70 000 x 100 u.a. = 7 000 000 u.a.
- (b) (17 250 x 12 months x 5 u.a.) x 5 years = 10 500 000
17 500 000

Total cost of restructuring processing factories = 17 500 000 u.a.

Measures referred to in (c) to assist fishermen

The measures contained in this proposal concern the final cessation of fishing by fishermen aged at least 50 years who apply therefor, and the maintenance of the income of fishermen temporarily unemployed as a result of the laying-up or definitive withdrawal from operation of high-sea fishing vessels.

(a) Cessation of fishing

It may be estimated that early retirement annuities will be granted to 2 500 fishermen, or 10% of the total workforce in this sector (25 000 fishermen). The amount of the annuity will range between 900 and 1 200 u.a., depending on the recipient's marital status, the average annuity working out at 1 125 u.a. (on the basis of 75% married men and 25% single). The total cost of these measures is therefore:

$$2\ 500 \times 1\ 125 \times 10 \text{ years (average length of pension)} = \\ 28\ 125\ 000 \text{ u.a.}$$

(b) Income maintenance

About 15-20% of the total workforce (4 400 men) will be entitled to compensation for temporary cessation of fishing.

As the rules governing unemployment benefit vary according to Member State, no estimate can be made of the total sum involved.

However, the difference between national unemployment benefit and former income is probably in the region of 1 000 u.a. per man per year. On this basis the total cost of these measures is:

$$4\ 400 \times 1\ 000 \text{ u.a.} \times 5 \text{ years} = 22\ 000\ 000 \text{ u.a.}$$

The total cost of measures under (a) and (b) is therefore 28 125 000 + 22 000 000 u.a. = 50 125 000 u.a., rounded to 50 000 000 u.a.

4N

Measures referred to in (c) for encouraging the sale of lesser-known species

It should be noted that the measures proposed, for publicity campaigns to encourage the sale of lesser-known species, are limited to 1978.

The need to promote increased consumer knowledge of the species which will be caught during the experimental redeployment of fishing activity will be felt most in the initial period of application of the Directive.

The financial estimate for this type of operation must be limited, on the lines of previous examples¹, to setting aside a lump sum for the abovementioned publicity campaigns.

4 million units of account per year x 5 years = 20 M.u.a.

Summary of total cost of proposed measures

| | |
|---|-------------------------|
| Redeployment of fishing activities | 42 000 000 |
| Laying-up of vessels | 100 800 000 |
| Final cessation | 33 600 000 |
| Final reduction and conversion of processing capacity | 17 500 000 |
| Social measures | 50 000 000 |
| Consumer publicity campaigns | 20 000 000 |
| | <u>263 900 000 u.a.</u> |

Community reimbursement

| | |
|-------------------|---------------------|
| 42 000 000 x 50% | = 21 000 000 |
| 100 800 000 x 50% | = 50 400 000 |
| 33 600 000 x 50% | = 16 800 000 |
| 17 500 000 x 50% | = 8 750 000 |
| 50 000 000 x 50% | = 25 000 000 |
| 20 000 000 x 50% | = <u>10 000 000</u> |
| | 131 950 000 |

The total cost to the Community may be rounded off at 132 million u.a.

¹Council Regulation (EEC) No 2930/74 on advertising and publicity campaigns designed to promote the consumption of meat. These campaigns may cover the full period of application of the Directive, namely 5 years.

FINANCIAL STATEMENT

DATE: 18 October 1977

- 1. RELEVANT BUDGET HEADING CODE: New heading
- 2. TITLE OF MEASURE: Draft proposal for a Council Regulation on certain immediate measures to adjust capacities in the fisheries sector
- 3. LEGAL BASIS: Articles 43 and 209
- 4. OBJECTIVE(S): Adjustment of production capacities to new types of catch and of processing capacities for non-food purposes to the changed supply situation. Measures to encourage consumption of lesser-known species. Social measures

| 5. FINANCIAL IMPLICATIONS | FOR THE MARKETING YEAR | CURRENT FINANCIAL YEAR | FOLLOWING FINANCIAL YEAR (1979) |
|--|------------------------|------------------------|---------------------------------|
| 5.0 EXPENDITURE | | | |
| - CHARGED TO THE EC BUDGET (REVENUES/ INTERVENTIONS) | | | 20 million u.a. |
| - CHARGED TO NATIONAL ADMINISTR. | | | |
| - CHARGED TO OTHER NATIONAL GROUPS | | | |
| 5.1 RECEIPTS | | | |
| - OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) | | | |
| - NATIONAL | | | |

| | YEAR 1980 | YEAR 1981 | YEAR 1982 |
|--|-----------------|-------------------------|-----------------|
| 5.0.1 PLURIANNUAL PATTERN OF EXPENDITURE | 30 million u.a. | 40 million u.a. | 22 million u.a. |
| 5.1.1 PLURIANNUAL PATTERN OF RECEIPTS | | 1983 20 million u.a. | |

5.2 METHOD OF CALCULATION Calculation is difficult in the absence of draft laws, regulations or administrative provisions designed to implement this Directive. A provisional financial estimate drawn up in accordance with certain initial hypotheses is attached to this financial statement for guidance. The pluriannual pattern of expenditure takes account of the fact that expenditure, after an initial period lasting about a year, will reach a maximum in the second and third years, before dropping as fish stocks are reconstituted.

- 6.0 FINANCING POSSIBLE WITH CREDITS INSCRIBED IN RELEVANT CHAPTER OF CURRENT BUDGET? YES/NO
- 6.1 FINANCING POSSIBLE BY TRANSFER BETWEEN CHAPTERS OF CURRENT BUDGET? YES/NO
- 6.2 NECESSITY FOR A SUPPLEMENTARY BUDGET? YES/NO
- 6.3 APPROPRIATIONS TO BE ENTERED: in 1979 Budget YES/

COMMENTS: