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GUIDELINES AND INITIATIVES

FOR THE DEVELOPMENT OF THE COMMON FISHERIES POLICY

(Commission Communication to the Council)

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INTRODUCTION

The enlargement of the Community on 1 January 1986 has had particularly important consequences for the Common Fisheries Policy and especially for its structural component because of the size of this sector in Portugal and Spain.

At the same time, the structural policy measures laid down in 1983 expire at the end of this year, 1986.

The enlarged Community must now define its attitude with a view to the continuation of the structural policy and to provide the framework within which it will be developed as a essential element of the third generation of the Common Fisheries Policy, while respecting the decisions taken by the Council on 25 January 1983.

In this respect, it appears necessary not only to take account of the experience of the past, but, more importantly, to build future policy on firm foundations, starting from new factors relating to the fisheries sector after enlargement. The basic element which characterises the new equilibria resulting from enlargement can be found in the external policy aspects given the necessity to maintain and develop fishing possibilities.

An examination of the sectoral situation shows that the Community authorities should widen the debate beyond the framework of the structural action itself and situate the reflection on a wider plane, to include the various elements making up the Common Fisheries Policy.

Such reflection, which the Commission would ask the Council to undertake without delay, should permit, at a later date, the drawing up of formal proposals which take account of the political guidelines developed at Council level.

The use of this procedure allows the Commission to propose and the Council to decide on the principal objectives which should guide the Common Fisheries Policy in future years.

A number of points made by Parliament have been taken into account in this document.

In regard to content, this Communication reviews past action and then briefly analyses the new environment of the fisheries sector after enlargement. On the basis of these elements the outlook is described in two areas :

Firstly, the new situation involves certain constraints, which can be associated with three themes :

- internal resources, in Community waters and in the areas of aquaculture and mariculture;
- external resources examined according to major fishing zones and by type of agreement concluded with non-member countries, including fishing possibilities in international waters;
- the economic and social environment of the sector and its regional importance.

Secondly, the Commission proposes lines of approach which, having due regard to the constraints mentioned, should guide future action on the level both of general principles and of more concrete action to be taken in respect of the internal and external components of the policy.

I. THE POLICY SO FAR

Nearly ten years ago, the Community had to face a political and economic challenge when the fishery zones of most of the North and Centre Atlantic maritime states were extended to 200 miles from the base lines.

It reacted by strengthening the basic instruments adopted in 1970 of the "first generation" of the common fisheries policy. This involved a logical combination of the various aspects of the policy so as to conserve and rationally manage internal resources, ensure access to external resources, and facilitate the adjustment of capacity and production facilities to foreseeable availabilities and requirements. The "second generation" of the policy, having four inseparable components, bore fruit:

- Technical conservation and monitoring rules enabled the Community to reverse the alarming developments undermining its main stocks, and safeguard others;
- Fisheries agreements with non-member countries served to consolidate, or at least protect in part, the Member States' essential fishery interests, either by the establishment of reciprocal rights or through financial compensation or trade concessions;
- The market organization rules were amplified or amended in line with the new production conditions;
- As for policy on structures, the schemes introduced in 1983, following up temporary and specific schemes operated since 1978, were designed to provide a framework for Community and national intervention under multiannual guidance programmes whereby developments concerning structures could be properly related to the overall policy. The aim was also to cushion the impact on operators of the changes in the law of the sea, the quadrupling of oil prices and the precarious state of stocks of certain species fished in the Community's fishing zones.

Despite the introduction of a Community fishery zone the resources of which were assigned on a priority basis to meeting the requirements of Member States firms, the Community suffered heavy losses in terms of access to external resources, which it could not offset by an increase in its internal resources; also, the two oil crises generated formidable problems, especially for fishermen operating in non-Community waters.

The industrialized coastal states of the North Atlantic, enjoying a windfall fishing potential, pursued a policy of eliminating foreign fleets from their own waters combined with increased pressure for better access for their own production to the very attractive Community market; this pressure persists in the form of a calls for a greater liberalization of trade in fishery products which make no allowance for the new restrictions on fishing.

To offset this pressure, the Community is seeking to strengthen its bargaining power in fishery negotiations by establishing as far as possible an equilibrium between access to resources and access to the market.

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By the end of this period, a balanced relationship between the Member States had been established in the share-out of available overall resources (except in the Mediterranean), although the permanence of these resources in their entirety could not be guaranteed.

With regard to measures concerning structures, not enough time has passed nor are there sufficiently complete, up-to-date and reliable statistics to allow of a final assessment of the impact of Community measures. Data in the Commission's possession on this question are given in a working document. It is clear, however, that the impact has not been uniform: it has been important for aquaculture and the establishment of artificial reefs, substantial with regard to changes in the fleet and for processing and marketing, but negligible in other cases (joint ventures). This suggests that further study is needed of the relevance of these latter measures and/or of the extent to which they need adjustment.

Nonetheless, the new relationship between the available fleet and exploitable resources shows an equilibrium, in practice between economic requirements and political and social realities; it expresses the determination of the Member States to maintain a high level of activity despite uncertainty as to their future, and a deliberate choice by entrepreneurs in favour of fishing even where theoretically the return on the investments falls short of the optimum.

II. ENLARGEMENT

The Community now faces the consequences of the enlargement and must give its fisheries policies all the impetus needed for the achievement of the fundamental objectives, in maintaining its external situation, and the conservation of the internal equilibria particularly as fishing is an important economic activity in both Portugal and Spain.

The table below shows the unprecedented changes in the configuration of the industry since Spain and Portugal joined on 1 January 1986; in addition to the sharp increase in production capacity and the Volume of trade and in the size of the populations directly or indirectly involved in fishing, it must also be remembered that the Community fleet has now become heavily dependent on access to third country waters to such a level that this dependence constitutes one of the fundamental aspects of the basic equilibria in the policy.

Although, taken as a whole, fishing still accounts for less than 1% of GDP, it enjoys a proportionately more important place in national economic policy-making as this industry is generally regarded as a uniquely sensitive one in the Community. This is explained by the input of fishing and related activities into the economy and employment in certain coastal regions.

Therefore, the Community must prepare the "third generation" of its fisheries policy, adapting the various components to the new political, economic and social circumstances which characterize the new situation.

	PERCENTAGE INCREASE		TOTAL 12-COUNTRY COMMUNITY *	
<u>NUMBER OF VESSELS</u>	+ 41%		78.000	
- of which, less than 25 GRT	+ 40%		63.700	
- of which, between 25 GRT and 250 GRT	+ 46%		13.200	
- of which, more than 250 GRT	+ 94%		1.100	
<u>TOTAL GRT</u>	+ 64%		1.930.000 GRT	
<u>NUMBER OF FISHERMEN</u>	+ 108%		250.000	
<u>LANDINGS (3)</u>				
- quantity	+ 29%		5,9 mio tonnes	
- value	+ 50%		5,1 mia ECU	
<u>IMPORTS (3)</u>	(1)	(2)	(1)	(2)
- quantity 1.000 t	+ 9%	+ 18%	2.405	1.232
- value MECU	+ 12%	+ 14%	3.417	2.928
<u>EXPORTS (3)</u>				
- quantity 1.000 t	+ 6%	+ 9%	1.243	739
- value MECU	+ 14%	+ 13%	1.061	788

* Not including the Canaries ; (1985) Source : Spanish Guidance Programme

The figures for the Canaries are as follows :

- number of vessels : 2 161
- of which, 1 750 of less than 25 GRT
245 between 25 GRT and 250 GRT
166 more than 250 GRT
- total GRT : 118 583
- number of fishermen : 11 720

(1) All fishery products (1983)

(2) Excluding oil, meal and waste not intended for human consumption.

(3) Including aquaculture products.

III. OUTLOOK

With a view to the drafting of Community regulations preparing for the future by reference to the recent past, the Commission believes that there should be a debate in the Council designed to prompt study of the longer-term outlook for fishing in the Community, of the conditions in which fishing can be carried out and of the choices which must be made to determine stock exploitation objectives and, by the same token, the volume of resources that can be directly fished by the Community.

The Commission itself plans to establish an objective assessment of the outlook in the light of the range of unavoidable constraints which set the framework for the activities concerned and influence its development, particularly with regard to production and marketing.

A. The constraints

1. Internal resources

- The future of the autonomous stocks depends upon the rigour with which the conservation policy is pursued. Insofar as the efforts made since 1980 are kept up, the Community may reasonably look forward to fishing possibilities that are stable overall.

- The Community also has substantial fishery resources in aquaculture and mariculture. Much of this work is carried out on the coast and involves some of the local seafaring population. The potential is considerable and this type of work may play an important role in the supply of the Community market and in improving the incomes of coastal populations; it may also in certain instances offer an alternative to sea fishing.

2. External resources

Not all the fishing rights in the waters of non-member countries can be regarded as guaranteed for the future.

i) The agreements with the countries of the North-East Atlantic, mainly based on the concept of reciprocal rights, can probably be maintained in the long term without disadvantage to the Community, because of the combined influence of the following factors :

- The situation of the joint stocks, which account for much of the Community's overall catch, depends on the concerted action of the partners, the principles of which are now consolidated by longstanding practice and real shared interests;
- Conservation measures concerted by Norway and Sweden with partner countries (including the Soviet Union) have allowed reversal of the unfavorable developments affecting the main demersal stocks in which the Community is interested north of 62° N. or in the Baltic Sea.

- The general framework of trade and economic relations with the EFTA-countries has served to strengthen the solidarities based on fishery interest between the partners, so that fishing possibilities no longer appear to be systematically dependent upon a purely arithmetical assessment of the balance of reciprocal rights.

In this new, permanent situation, the outlook for the enlarged Community is good and the present indicators can be taken as a realistic basis for future activity, a basis which might be gradually if modestly improved.

ii) With regard to the developing countries, the future of Community fisheries is less easy to predict in that access to resources depends not only on the situation with regard to exploitable stocks (on which information is often inadequate) but also on the rate of expansion of the national fleets and on the relations of these countries with other non-member countries, including Soviet bloc or Far Eastern countries, which are just as keen as is the Community to expand fishing possibilities in the relevant areas.

Under the Community's policy in relation with the Lomé Convention, there will be more fishing than at the present time under joint ventures, entailing greater control by the coastal state of the exploitation of its own fish resources. The future of Community fishing will depend in part on the extent to which fishermen are prepared to integrate more fully into the national economy by the development of specific relationships entailing significant participation of the economy of the coastal states concerned in the management of the fishing undertakings and in access to the control of international marketing networks; the solidarity based on interest developed in this way will temper the uncertainty inherent in the present situation, under which agreements have to be renegotiated too frequently.

iii) With regard to the waters of the north-west Atlantic, especially those off industrialized states, the outlook is again uncertain :

- the fisheries agreement with Canada, based on the concept "access to resources - access to the market", runs out in 1987 and no plans for its renewal can be made without reference to the development of the conflict between the Community and Canada on fundamental questions relating to the principles governing fishing outside the exclusive economic zones of coastal states;

- the agreement with the United States, based on access to surpluses, could also be the vehicle for a lasting relationship in so far as it can also be developed through cooperation between the interests of European fishing enterprises and the commercial interests of American operators;

- the exploitation of the waters covered by the NAFO Convention also provides a permanent field of activity for external fishing; conservation efforts concerted at international level and an increased effort with regard to prospection should make it possible to stabilize in the longer term the level of exploitable resources, and even to achieve a modest improvement;

- the development of the fisheries agreement with Greenland and its natural extensions at the time foreseen in the original protocol mean that fishing here should be fairly stable; the actual level of fishing remains essentially dependent upon the restoration of a biologically favourable situation; and both partners are giving this their full attention.

iv) With regard to the other waters, including those of the south-east Atlantic, the outlook for the Community depends on trends in stocks, influenced by developments in overall fishing, and on the future of fishing agreements with the coastal States concerned; in this connection, the accession of Spain and Portugal opens new prospects, which must be explored without delay.

v) With regard to the Mediterranean, the outlook here, too, is disturbing because of exceptional geopolitical constraints and the peculiar biology of this area.

The stocks are heavily interdependent and the fishing is concentrated inshore; they are particularly sensitive to variations in the very brittle marine environment, such as is found in a "closed sea". Also, Community fishing is heavily dependent on access to the coastal zones of the non-member countries, which, themselves facing difficult economic circumstances, are reluctant to embark on cooperation policies liable to bring Community vessels into their waters.

There has also been an alarming increase in fishing fleets in this area from non-member countries located outside it.

Accordingly, the Community's fishing interests cannot be properly protected without strengthened cooperation between all the coastal States, this also entailing constraints at international level with regard to non-coastal states.

vi) The intensive development of fisheries research by many industrialized countries, progress made in the detection of fish, technical improvements with regard to safety and in the use of the most efficient fishing gear now point to the exploitation of fishing resources known to exist but fished little or not at all in the remote areas of the oceans of the southern hemisphere.

3. The economic and social environment

i) Fishing compatible with resources will be developing in a context of international competition within which there is a very strong trend towards the gradual elimination, by all the industrialized countries, of trade barriers.

With this prospect, the structural adjustments must be properly related to the commercial environment, and action by the authorities must not aim at building up permanent walls of protection for firms against international competition or at constituting a permanent factor in their competitive strength.

ii) Fishing tends to be concentrated off the coasts of areas which are relatively poor and this constitutes a natural obstacle to the process of adaptation to change; because the fundamental elements of the social framework must be maintained in these areas and because there are few alternative jobs, the Member States concerned are apt to resist, passively or even actively, pressure to adapt, and this has to be borne in mind when it comes to the development of a realistic process of reducing fleets.

iii) The relatively small share of fishing in GDP must also be borne in mind by the authorities when making the choices required to establish the budget appropriations for this sector, failing which distortion harmful to the balanced development of the Community economy could be introduced, but the regional importance of the fishing industry must not be forgotten.

B. Guidelines

A structural surplus of fishing capacity in terms of actual available resources generates fundamental disequilibria, leading to unemployment, protest and hardship. The Community must contribute, on objective bases, to establishing a permanent balanced relationship, accommodating unavoidable constraints and respecting general Community policy goals.

However, it must also ensure necessary change without causing situations unacceptable in social terms which could be avoided by methods involving gradual and steady progress.

1. General principles

i) Most investments in fishing involve a gamble as to the future in that the lifetime of the equipment averages nearly 20 years, during which the way in which it is used cannot be very substantially changed. Assigned to specific types of fishing, used in waters determined in advance, such investment is not flexible and is therefore particularly burdensome. Accordingly, the Commission takes the view that Community action must concentrate on establishing a lasting and stable framework indicating the limits within which fishing and competition between economic operators will develop, rather than specific and limited intervention in the natural development of the dynamics of individual firms.

ii) The guidelines and structural measures must be defined in an overall long-term perspective. For this purpose, the Commission takes the view that :

- guidelines should be set for a ten-year period and the financial allocation should be agreed for shorter but multiannual periods;
- measures should be developed and put in hand entailing financial support with a view to promoting in the medium term an industry made up of economically viable enterprises.

iii) As funds are necessarily limited, the impulse to be given to the policy must be based :

- on better exploitation of all the non-financial instruments already available;
- on concentration of funds available for the policy on the realization of priority objectives which cannot be achieved without direct and substantial financial support.

iv) All this action must be consistent with the guidelines for national aid schemes which have already been adopted or may be adopted in accordance with the principles and rules of the Treaties.

v) It must also be organized within a single regulatory framework, and it must be possible to approve implementation on the basis of a simplified procedure allowing for short-term fluctuations and specific local or regional situations. Also, it must be possible to pursue it with maximum "transparency" and with the least possible administrative constraint.

The effectiveness of action to adapt fishery structures will also depend on the flexibility of implementing procedures. In this connection, the rules concerning the preparation of applications, the drafting of decisions and their follow-up must be so framed as to avoid the creation of bottle-necks; present machinery must be reviewed and adapted to simplify it as regards both scrutiny of applications and payments.

2. Methods of intervention

The proposals which the Commission is submitting the Council for guidelines to govern the instruments of the common fisheries policy with a view to maintaining the policy's fundamental equilibria are designed to ensure, by providing a framework for the schemes operated by the Member States and by giving coordinated support to those which lead most directly on the achievements of overall objectives, that the industry makes a proper contribution to the economic and social cohesion of the Community.

The considerations set out in this Communication show that the achievement of the objectives depends in the first place on the Community's unwavering determination to use its powers of organization and negotiation to serve the protection of its interdependent fisheries interests as a whole. The specific initiatives to be fostered through public financial assistance must support the overall approach and be concentrated on schemes essential to the achievement of the guidelines.

These interventions of a sectoral character must be conceived and implemented within multiannual guidance programmes, the relationship of which with regional development programmes must be clearly shown. In addition, the possibility of applying specific regional actions should be envisaged covering the whole range of fisheries activities, involving the coordinated intervention of the various Community financial instruments and involving a priority in the granting of Community aid, as well as the chance to participate, within the sectoral financial means, in integrated Community actions.

Beyond traditional subsidy methods, support for investment should be contemplated by use of the methods available under the "financial engineering" arrangements, with a view to obtaining a multiplier effect.

Similarly, the allocation of financial intervention within the overall budget allocation assigned specifically to fisheries, and the way actual amounts paid are set or varied, should reflect the degree of priority given to each of the operations and the degree of incentive needed to give impetus to the development process aimed at.

As a guide, it may be recalled that the Commission has entered in its preliminary draft budget for 1987 an overall total of 127 MECU as appropriations for commitment and 10 MECU as appropriations for payment for the new policy on structures.

Thus, the common fisheries policy cannot be conducted along dynamic lines without the convergent development of all its components, and the structural schemes proper, based on direct public financial intervention, must be framed and implemented from this point of view in order to provide the essential impetus enabling the industry as a whole - bound by links of solidarity - to progress.

3. Initiatives

The Community is now more heavily dependent on fishing outside Community waters and there is also more generally, a wide gap between capacity and fishing possibilities so that the Community must make every effort to stimulate, on a coordinated basis, the initiatives needed if the fundamental equilibria now achieved are to be maintained; the main objectives of initiatives taken must be the consolidation of a satisfactory outlook for fishing, both within the Community and outside, and the optimum exploitation of catches, ensuring that fishing is a profitable activity.

Along these lines, the Community takes the view that the following measures should be put in hand simultaneously:

1° External aspects

To consolidate external fishing possibilities on a lasting basis, the Community must endeavour to strengthen its negotiating position with non-member countries and enhance its independence by the combined use of the following measures:

- (i) systematic preservation of scope for trade concessions so as to render more attractive the trade relations based on the "access to resources - access to the market" principle; this was indeed the method adopted by the Community in connection with the recent adaptation of the agreements with the EFTA countries following the enlargement and the Community must maintain this approach in the present negotiations in Geneva in the context of Article XXIV(6) of the GATT. Provisionally, the Community should in the immediate future endeavour to confine autonomous tariff suspensions to operations in line with this approach. Similarly, it must ensure possibilities are preserved in the preparation and in the conduct of the New Round of trade negotiations.

- ii) Full use of political negotiating capacity to induce partners to accommodate essential fishing interests on the occasion of negotiations.

In connection with the adaptation of the cooperation agreements with the Maghreb countries following enlargement, and the development of economic and trade relations with the Latin American countries, this approach must be borne in mind consistently with the spirit of reciprocity of interest which must inform the contracting parties.

The first way in which this mutual interest can be expressed is through close bilateral cooperation on applied research for the identification and assessment of stocks of common interest.

Also, to allow for the special features of the Mediterranean, the Commission takes the view that an initial step could be taken with the Maghreb countries to start the process of establishing principles and rules for strengthened international cooperation for the evaluation, conservation and exploitation of fish resources in the western Mediterranean.

- iii) Enhanced independence for the Community fleet of the waters of non-member countries through exploratory fishing campaigns involving more systematic and more thorough prospecting of fishing areas access to which is not controlled by non-member countries. The commercial exploitation, even if only gradual, of such areas, for which reasonable resource estimates have already been made, constitutes a deterrent which could provide a valuable counterbalance to the excessive requirements expressed by a number of non-member countries before they are prepared to authorize access to their surpluses; also, distant-water fishing undertakings can use such grounds to top up their catches, thus underpinning profitability ("geographic complementarity").

Prospecting through exploratory fishing campaigns with a view to commercial exploitation on a scale in line with the fishing needs of the twelve calls for Community action to establish conditions for progressive developments towards an economically viable operating structure.

Being the response to a Community interest of very great importance, Community action must prompt collective rather than individual initiatives, so as to establish for the future a concerted operating structure on a basis of solidarity within which individual undertakings work in the service of common objectives and interests.

The Commission is of the view that joint action should take form of the planning of successive fishing campaigns by a fishing fleet made up of enterprises of the interested Member States, combining available fishing opportunities in the waters of non-member countries with potential availabilities in waters other than those of the EEZ of non-member Countries, making the most of "geographic complementarity".

As an indication, the Commission believes that an action of this type could, in particular, promote the development of exploitable resources in the waters of the Antarctic region, bearing in mind other fishing possibilities in the waters of the South Atlantic and the effective participation in the fishing of substantial surpluses in the north Pacific.

The action recommended is an extension of the principle of aid to experimental fishing campaigns provided for in Regulation 2909/83 but on the basis of different implementing procedures, better adapted to the scale of what is at stake and to technical and economic constraints which cannot be ignored without endangering the success of the enterprise.

- iv) Strengthening the chain of mutual interests between the Community and non-member coastal States, particularly ACP, in the waters of which Community vessels fish, by development of joint ventures involving, on a permanent basis, the fishing interests and the commercial interests of both sides to bind them together on a lasting basis. In this context, the contributions Community undertakings can make, in particular to "knowhow", will play an important part in meeting the interests of the undertakings of the non-member countries.

The Commission believes that the combination of mutual interests should be facilitated by financial support, wherever the joint ventures may be established; it takes the view, however, that this measure, the basic principle of which is already established by Reg. 2909/83, should be confined to initiatives presented within an overall and concerted framework between the main operators of the Community for a specified geographical area, with the proviso that they involve significant and lasting participation of the economic and social interests of the Member States.

It should be noted that this will help to ensure that Community requirements are met by Community undertakings. Otherwise, these needs will have to be covered by imports made, in most cases, under autonomous suspension of CCT duties; in the circumstances, the financial aids paid to joint ventures are of direct benefit to the Community, while customs revenue losses benefit only exporters located in non-member countries.

The economic viability of fishery enterprises working in regions very distant from their administrative headquarters depends significantly on the quality of the technical and commercial management of the fleet employed.

In this respect, particular care should be taken regarding to the logistical means on which they may rely and on their conditions of use. The Community should ensure, in its fishing relations with third countries, that the firms have available all the necessary technical facilities for ship repair and supply and for stockage of catches on satisfactory financial terms. Equally, a particular effort should be envisaged so that the fishing fleets used should have at their disposal in Member States' OCTs, adequate facilities thus reducing built-in charges in the maintenance and running repairs of ships avoiding unnecessary loading disruption in the trading cycle as well as promoting a greater supply concentration in order to have a better accounting available in the major international markets.

2^o Internal aspects

The maintenance of the basic equilibria of the common policy implies combined actions towards firmly protecting resources, adapting productions capacities as a result and evaluating the results.

To this end and with the aid of the proposals which it has already submitted to Council in November 1985 for the coordination and promotion of research in the fishery sector together with those relative to the implementation of appropriate Community programmes, the Commission considers that priority should be given to efforts in the following areas :

(a) Resources

i) Protection of fish stocks : the conservation policy implemented from 1977 onwards provided a remedy for the disastrous effects of overfishing of certain stocks; the resources can be properly protected only if this policy is pursued. Therefore, effective monitoring of fishing activities is needed to ensure compliance at all times with the regulations on TACs and quotas adopted annually. The Commission is submitting on this subject a detailed report to the Council with a view to an assessment of the results obtained and of the efforts which must still be made in this field. It is already clear that even if the surveillance and monitoring of fishing zones remain in the competence of Member States, the Community can help to improve the efficiency of such surveillance, especially by aiding the compatibility, the coherence and the coordination of the differing systems of the Member States. To this effect, financial aid, modulated according to the differing local situations, could be envisaged following a stocktaking of the present situation.

ii) Improvement of fish stocks : the efforts already made with regard to aquaculture and the establishment of artificial fixed or movable structures in the coastal zones will supplement work on conservation with a view to increasing the scope for redeploying fishermen by developing, in the less-favoured inshore areas, new operations of a related nature.

(b) The products

Improvement in marketing conditions : the changes due to the accession of Portugal and Spain justify adjustments to the rules and mechanisms of the EEC market organization; the more extensive diversification of species offered for sale and the commercial features of these new products will entail the introduction of supplementary mechanisms designed to establish and rationalize the markets without prompting the formation of structural surpluses of these products of local or regional interest. The Commission is now studying these problems and will submit appropriate proposals.

It has also been noted that the market machinery is not always sufficient to adjust production in the desired direction or to affect the producer's income in a way which is in accordance with the needs of structural readaptation of production capacity.

The Commission takes the view that in this field two sets of measures entailing financial support should be put in hand in the immediate future, for the following purposes, independently of those adopted under the common agricultural policy :

- investments in fishing harbours (auctions, cold stores, ice machines, water and fuel points, small repair workshops, small-scale infrastructure alterations, etc.) to be carried out by recognized producers' organizations to improve conditions of production and first sale of fish;
- research and prospection, for commercial purposes, of types of processing applicable to surplus products or to products deriving from underfished species.

(c) The fleet

(i) Adaptation of the fleets of the Member States directly involved in fishing in the waters of the north Atlantic started before the first enlargement as a result of unilateral decisions to extend fishing grounds adopted by Ireland; the process gradually gathered momentum from 1976 onwards and the action with regard to structures taken by the Community in 1983 has helped to achieve the present balance, which is, however, not a stable one.

The Commission considers that a special effort, on a priority basis, should be pursued in this area in order to improve the relationship between fleets and available resources in the enlarged Community. The Commission view is that the desired adjustment - based on the development of the resources situation - to be effected during the transition period, could be achieved either by the permanent withdrawal of a proportion of the capacity of the fleets concerned or by a temporary withdrawal of capacity, or by an appropriate combination of the two approaches. This action may also be combined with a scheme for the technical modification of a part of the fleet to adapt vessels to other types of fishing in the same traditional fishing zone.

(ii) The need to achieve in the longer term a more satisfactory balance between fishing capacity and resources so that fishing will be profitable enough to ensure unaided renewal of investment does mean that further encouragement must still be given by financial support to the renewal and modernization of the fleet, provided that schemes do not entail, directly or indirectly, expansion of overall capacity. In order to improve the flow of accurate information on overall capacity and its development over time, cooperation and information exchanges on a stable and regular basis between the Commission and the Member States must be improved.

(iii) The Commission is aware that the Community's contribution to this additional effort can only be modest and selective in view of the size of the fleets concerned and the budgetary constraints. It takes the view, in this context, that financial support must be directed in the first place at strengthening safety, promoting new techniques or new gear ensuring better yields, and increased profitability of the fishing effort, and preserving the specific social features of fishing.

For these purposes, it feels that the principles and the procedures governing financial intervention should not be dictated by arbitrary reference to maximum characteristics of the beneficiary fleets and that contribution levels should not be varied solely by reference to predetermined geographic regions.

On the contrary, given the relative mobility of the fleets, the Commission takes the view that special attention must be given to the nature and the aims of the undertakings interested in modernization in order to encourage also those ensuring far-reaching and permanent integration of the operation of the vessel with the other components of the local or regional economy.

In this field, the Commission takes the view that special attention should be given to artisan-type fishing undertakings which require active involvement of the firm's managers and associates in actual fishing and in the marketing of the production through producers' organizations.

It also believes that this effort to achieve structural adaptation should cover direct fishing by the local populations of the Canary Islands, Ceuta and Melilla, and, for this purpose, it feels that Community financial assistance should be limited to schemes concerning the fleet.

(d) The Integrated Mediterranean Programmes

- the Integrated Mediterranean Programmes may also cover schemes involving fisheries. When examining the IMPs, the Commission will therefore ensure that they are consistent with the objectives of the common fisheries policy, and more particularly with the multiannual guidance programmes.