

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(94) 473 final  
Brussels, 04.11.1994

94/0255 (CNS)

Proposal for a

COUNCIL REGULATION (EC)

**establishing a system of compensation**

**for the additional costs incurred in the marketing  
of certain fishery products from the Azores, Madeira,  
the Canary Islands and the French department of Guiana  
as a result of their very remote location**

(presented by the Commission)

## EXPLANATORY MEMORANDUM

The outermost regions of the Community (the Portuguese archipelagos of the Azores and Madeira, the Spanish archipelago of the Canary Islands and the French overseas departments of Guadeloupe, Guiana, Martinique and Réunion) suffer from structural backwardness justifying Community action to promote their economic and social development and their full involvement in the operational framework of the internal market.

Against this background, Council Decisions 89/686/EEC<sup>(1)</sup>, 91/314/EEC<sup>(2)</sup> and 91/315/EEC<sup>(3)</sup> set up programmes of options specific to the remote and insular nature of those regions, creating a suitable framework for the adoption of measures in those economic sectors where particular attention must be given to strengthening the Community support required to alleviate the permanent constraints which characterize the regions.

These programmes aim to take account, in the application of Community policies, of the specific features and disadvantages of those regions arising from their remoteness, island status, small size and difficult topography and climate. The economic and social life of these regions is determined thus by their economic dependence on a few products, limited markets and two-fold status as Community regions and as territories located among developing countries.

A symbol of the Community's solidarity with its most remote regions, which is essential if they are to be integrated into the internal market, these programmes have been devised as reference frameworks for the application of Community policies in those regions.

The joint Declaration on the outermost regions of the Community, annexed to the Treaty on European Union, acknowledges that specific measures must be adopted to enable these regions to achieve the average economic and social level of the Community. The Council has adopted a series of programmes covering a range of economic activities, including the fisheries sector which plays a particularly important role in securing the socio-economic development of these regions.

Certain aspects of the socio-economic situation of the regions should be highlighted:

- a per capita GDP less than half the Community average;
- high unemployment in some regions and not inconsiderable underemployment;
- a primary sector that is still heavily dependent on traditional sectors of production employing

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<sup>(1)</sup> OJ No L 399, 30. 12. 1989, p. 39.

<sup>(2)</sup> OJ No L 171, 29. 6. 1991, p. 5.

<sup>(3)</sup> OJ No L 171, 29. 6. 1991, p. 10.

a considerable proportion of the population. The scale and importance of the fishing industry in particular are reflected in the prevalence of family businesses;

- additional supply and transport costs: the lack of nearby regional markets, the small size of local markets and transport problems mean that these economies suffer permanent constraints in relation to access to markets for their products.

It is precisely in relation to this latter situation, namely the marketing of fishery products, that the Community decided to take action to assist producers in these regions. Since 1992<sup>(4)</sup>, therefore, a scheme has been in place which has achieved considerable success. In 1994 it was prolonged by Council Regulation (EC) No 1503/94<sup>(5)</sup> under which support was made available for the marketing of species most concerned by marketing for export.

Article 5 of the Regulation provides for a reassessment of the situation so that the Commission can make proposals appropriate to the circumstances that may arise. It should be noted in this connection that the conditions verified relating to the marketing of the products covered by the Regulation are the same. Figures for the additional costs of marketing show no change.

In the Azores and Madeira the local canning industries account for a volume of production equivalent to almost 50% of exports and employ a significant proportion of the working population. Production is intended primarily for the Portuguese mainland and the Italian market. The special characteristics of these regions, created by their small size and geographical location, give rise, however, to additional production and marketing costs, which undermine their competitiveness in relation to that of similar sectors on the mainland of Europe. The returns on canning are therefore well below the Community average. The factors determining this situation are to be found in the industry's operating conditions: additional transport and financing costs arising from the immobilization of inputs (mainly salt, oil and cans); additional energy costs; transport insurance costs. The same applies in the case of the tuna and sardine industry in the Canary Islands where additional costs are incurred in relation to raw materials, energy and transport. In the department of Guiana the situation is the same with, in addition to the extra costs described above, particular circumstances that aggravate operating conditions (no marine credit for financing costs; the need to create large stocks of spare parts for vessels; the price differential for the purchase of vessels from continental shipyards in the absence of local yards; competition with exports from certain Central and South American third countries which are eligible for advantageous terms under Community rules).

(For details of the verification of the additional costs, see the Annex to this explanatory memorandum). The situation as described cannot be resolved in the short term. The measures that have been implemented to date will have to be continued therefore through the adoption of a legal instrument establishing a stable reference framework for the operators in question.

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<sup>(4)</sup> OJ No L 248, 28.8.1992, pp. 73 and 75.

<sup>(5)</sup> OJ No L 162, 30.6.1994, p. 8.

The purpose of this proposal is to continue the arrangements now in place, which, we repeat, have achieved considerable success. The producers to whom the arrangements apply have, with the help of the Community system of compensation, been able to overcome the constraints imposed by the verified additional costs of transporting their products to market on the mainland of Europe.

In this respect the proposal aims solely to compensate for the verified additional costs of marketing the products in question. Its object, therefore, is to bring the operating conditions into line with those on the mainland so that the sector can be integrated into the single market.

It should be noted that the proposed measures seek to provide market support in order to offset a permanent geographical disadvantage and do not therefore have any structural aspect or effect. For that reason they are to be financed by the Guarantee Section of the EAGGF and cannot be charged to the newly established financial instrument for fisheries guidance (FIFG) which, by definition, is to be used only to finance structural measures.

All the above measures concern a sector which is of particular economic and social importance for the regions in question and for which there exists virtually no possibility of conversion. The measures will help to improve the competitiveness of the sector by compensating through the programmes of specific options in favour of the Community's outermost regions adopted by the Council for the handicap isolation constitutes for the local fishery products industry .

**Proposal for a**

**Council Regulation (EC) establishing a system of compensation  
for the additional costs incurred in the marketing  
of certain fishery products from the Azores, Madeira,  
the Canary Islands and the French department of Guiana  
as a result of their very remote location**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 43 thereof,

Having regard to the proposal from the Commission<sup>(1)</sup>,

Having regard to the opinion of the European Parliament<sup>(2)</sup>,

Having regard to the opinion of the Economic and Social Committee<sup>(3)</sup>,

Having regard to the current difficulties of the European Union's fisheries sector, which are particularly aggravated by the cost of transporting fisheries products to markets on account of the remoteness and isolation of the outermost regions of the Community;

Whereas, by Decisions 89/687/EEC<sup>(4)</sup>, 91/314/EEC<sup>(5)</sup> and 91/315/EEC<sup>(6)</sup>, the Council established, as part of the Community's policy in favour of its outermost regions, programmes of options specific to the remote and insular nature of the French overseas departments (Poseidom), the Canary Islands (Poseican) and Madeira and the Azores (Poseima) respectively, laying down the general outlines of measures to be applied taking account of the special characteristics of and constraints on those regions;

Having regard to the success of similar initiatives which have already been undertaken;

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<sup>(1)</sup> OJ No C

<sup>(2)</sup> OJ No C

<sup>(3)</sup> OJ No C

<sup>(4)</sup> OJ No L 399, 30.12.1989, p. 39.

<sup>(5)</sup> OJ No L 171, 29.6.1991, p. 1.

<sup>(6)</sup> OJ No L 171, 29.6.1991, p. 10.



Whereas those regions are suffering from specific development problems, in particular the additional costs incurred in the marketing of certain products as a result of their remoteness; whereas, in order to maintain the competitiveness of certain fishery products in relation to similar products from other Community regions, Community measures have been applied in the fisheries sector in 1992 and 1993 to compensate for the additional costs incurred in the processing of tuna in the Azores and Madeira and the production and freezing of tuna and the freezing and processing of sardines in the Canary Islands; that these measures were followed up in 1994 by the adoption by the Council of Regulation (EC) No. 1503/94<sup>(7)</sup>; whereas the continuation of the system of compensation for the additional costs incurred in the processing and marketing of those products should be provided for at Community level from 1995 and measures should therefore be adopted providing for the continuation of the existing measures,

**HAS ADOPTED THIS REGULATION:**

**Article 1**

A system of compensation for the additional costs incurred in the marketing of certain fishery products from the Azores, Madeira, the Canary Islands and the French department of Guiana as a result of their remoteness is hereby established.

**Article 2**

1. For the Azores and Madeira, the system referred to in Article 1 shall consist of the payment of ECU 155 per tonne up to a maximum of 15 000 tonnes of tuna per year delivered to local industry (10 000 tonnes for the Azores and 5 000 tonnes for Madeira).
2. For the Canary Islands, the system referred to in Article 1 shall consist of the payment of ECU 125 per tonne, up to a maximum of 10 400 tonnes per year, of tuna for marketing fresh, ECU 45 per tonne, up to a maximum of 3 500 tonnes per year of frozen tuna, ECU 85 per tonne, up to a maximum of 10 500 tonnes per year, of sardines and mackerel for canning and ECU 45 per tonne, up to a maximum of 7 000 tonnes per year, of sardines and mackerel for freezing .
3. For the French department of Guiana, the system referred to in Article 1 shall consist of the payment of ECU 865 per tonne of prawns, up to a maximum of 3 500 tonnes per year, for industrial fishing and ECU 930 per tonne of prawns, up to a maximum of 500 tonnes per year, for non-industrial fishing.

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<sup>(7)</sup> OJ No L 162, 30.6.1994, p. 8.

### Article 3

The detailed rules for the application of this Regulation shall be adopted in accordance with the procedure laid down in Article 32 of Council Regulation (EEC) No 3759/92 of 17 December 1992 on the common organization of the market in fishery and aquaculture products<sup>(8)</sup>.

### Article 4

The measures provided for in this Regulation are measures intended to stabilize the agricultural markets within the meaning of Article 3 of Council Regulation (EEC) No 729/70 of 21 April 1970 on the financing of the common agricultural policy<sup>(9)</sup>. They are to be financed by the European Agricultural Guidance and Guarantee Fund, Guarantee Section.

### Article 5

Every three years, commencing on 1 January 1998, the Commission shall present the European Parliament and the Council with a report on the implementation of the measures provided for in this Regulation accompanied, where appropriate, by proposals for any adjustments which might be necessary to achieve the objectives set out in Article 1.

### Article 6

This Regulation shall enter into force on 1 January 1995

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council

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<sup>(8)</sup> OJ No L 388, 31.12.1992, p. 1.

<sup>(9)</sup> OJ No L 94, 28.4.1970, p. 13.



**F i n a n c i a l   S t a t e m e n t**

DG: [REDACTED]  
Date

**1. BUDGET HEADING :** Article B1-262  
Item B1-2621  
Programmes of options specific to the remote and insular nature of certain regions - Additional costs incurred in disposing of fishery products

**2. TITLE :** Proposal for a Council Regulation establishing a system of compensation for the additional costs incurred in the marketing of certain fishery products from the Azores, Madeira, the Canary Islands and the French department of Guiana as a result of their very remote location

**3. LEGAL BASIS :** Article 43 of the Treaty - Council Decision 89/687/EEC - Council Decision 91/314/EEC - Council Decision 91/315/EEC

**4. AIMS** To compensate for the verified additional costs of marketing certain fishery products from the outermost regions

5. FINANCIAL IMPLICATIONS	PERIOD OF 12 MONTHS	CURRENT FINANCIAL YEAR ( 95 )	FOLLOWING FINANCIAL YEAR ( 96 )
5.0 EXPENDITURE - CHARGED TO THE EC BUDGET (INTERVENTIONS) - NATIONAL AUTHORITIES - OTHER	ECU 10.25 million	ECU 8.11 million	ECU 10.25 million
5.1 REVENUE - OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) - NATIONAL			
5.0.1 PLURIANNUAL EXPENDITURE PATTERN		1997 ECU 10.25 million	1998 ECU 10.25 million

**5.2 METHOD OF CALCULATION**

Azores/Madeira			15 000 t/yr x ECU 155/t = ECU 2 325 000
Canary Islands	Tuna	Fresh	10 400 t/yr x ECU 125/t = ECU 1 300 000
		Frozen	3 500 t/yr x ECU 45/t = ECU 157 500
	Sardines and mackerel	Canned	10 500 t/yr x ECU 85/t = ECU 892 500
		Frozen	7 000 t/yr x ECU 45/t = ECU 315 000
Guiana	Prawns	Industrial	3 500 t/yr x ECU 865/t = ECU 3 027 500
		Non-industrial	500 t/yr x ECU 930/t = ECU 465 000
<b>TOTAL</b>			<b>ECU 8 482 500</b>

applying a correcting factor of 1.207509, this amount in ECU(agriculture) corresponds to almost ECU(budget)10.25 million

**6.0 CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET ?**

**6.1 CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET ?**

**6.2 WILL A SUPPLEMENTARY BUDGET BE NECESSARY ?**  
NO

**6.3 WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY ?**  
YES

**COMMENTS :**  
The appropriations required are included in the amending letter to the 1995 PDB (ECU 8 million in Chapter 80-40)



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# DOCUMENTS

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