



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 18.07.1996
COM(96) 356 final

96/0201 (CNS)

Proposal for a

COUNCIL REGULATION (EC)

**on the conclusion of an Agreement on Fisheries Relations
between the European Community and the Republic of Lithuania**

(presented by the Commission)

EXPLANATORY MEMORANDUM

On 21-22 December 1995, the Commission received a mandate to negotiate a new fisheries agreement with the Baltic Coastal States.

In accordance with the negotiating directives, an agreement was negotiated with Lithuania, and initialled on 24 June 1996.

Reasons for a new Agreement

A practical argument to review the current Agreement is that, since the accession of Finland and Sweden to the European Union on 1 January 1995, the Community has been managing in parallel the Agreement between the Community and Lithuania (1993) and the fisheries Agreements concluded with Lithuania by Sweden (1993) and by Finland (1993). These Agreements need to be amalgamated.

The new Agreement comprises all the elements of the existing Agreements: balanced exchange of quotas, reciprocal access arrangements and the possibility for the Community to obtain from Lithuania fishing rights on surplus stocks in return for financial compensation.

Other elements that have been included in the new Agreement are, e.g., explicit references to the rights of the Parties to inspect each other's vessels, a settlement procedure in the case of an arrest of a vessel and an undertaking to cooperate in international organisations.

To take account of the Europe Agreement that has been concluded with Lithuania, the Parties undertook to cooperate with the aim of establishing joint enterprises and joint ventures in the fisheries sector. For this purpose, Article 5 has been included and Protocol I implements the elements of the so-called "second generation" Agreements.

On the basis of the above, the Commission proposes that the Council, after consulting the Parliament, should approve the new Agreement on Fisheries Relations between the European Community and the Republic of Lithuania and Protocol I.

Proposal for a
COUNCIL REGULATION (EC)

**on the conclusion of an Agreement on Fisheries Relations
between the European Community and the Republic of Lithuania**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community and in particular Article 43 thereof in conjunction with the first sentence of Article 228 (2) and the first subparagraph of Article 228 (3),

Having regard to the proposal from the Commission,

Having regard to the opinion of the Parliament,

Whereas the European Community and the Republic of Lithuania have negotiated and initialled an Agreement on Fisheries Relations;

Whereas it is in the interest of the Community to approve this Agreement,

HAS ADOPTED THIS REGULATION:

Article 1

The Agreement on Fisheries Relations between the European Community and the Republic of Lithuania is hereby approved on behalf of the Community. The texts of the Agreement and the Protocol laying down the conditions relating to temporary joint ventures and joint enterprises are annexed to this Regulation.

Article 2

The President of the Council is hereby authorised to designate the persons authorised to sign the Agreement for the purpose of committing the Community.

Article 3

This Regulation shall enter into force on the seventh day following its publication in the Official Journal of the European Communities.

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

Done at Brussels,

For the Council
The President

AGREEMENT
on Fisheries Relations between the European Community
and the Republic of Lithuania

THE EUROPEAN COMMUNITY,

hereinafter referred to as "the Community", and

THE REPUBLIC OF LITHUANIA,

hereinafter referred to as "Lithuania",

hereinafter referred to as the "Parties",

HAVING REGARD TO the close relations between the Community and Lithuania, and in particular those established under the Europe Agreement between the Community and Lithuania, and the Agreement on Fisheries Relations between the Community and the Republic of Lithuania, signed in Brussels on 17 December 1993, and with a common desire to intensify those relations;

WHEREAS the Kingdom of Sweden and the Republic of Finland acceded to the Community on 1 January 1995;

WHEREAS the fisheries agreements concluded with the Government of the Republic of Lithuania by the Government of the Kingdom of Sweden on 25 November 1993, and by the Government of the Republic of Finland on 7 June 1993, are now managed by the Community;

CONSIDERING the common desire to replace these fisheries agreements by a new agreement between Lithuania and the Community as constituted on 1 January 1995;

CONSIDERING the common desire of the Parties to ensure the conservation and rational management of the fish stocks of the waters adjacent to their coasts;

HAVING REGARD to the provisions of the United Nations Convention on the Law of the Sea of 1982;

AFFIRMING that the extension by coastal states of their areas of jurisdiction over the fishery resources and the exercise within these areas of sovereign rights for the purpose of exploring, exploiting, conserving and managing these resources, should be conducted pursuant to and in accordance with principles of international law;

HAVING REGARD to the fact that Lithuania has asserted fisheries jurisdiction over waters within which Lithuania exercises sovereign rights for the purpose of exploring, exploiting, conserving and managing the resources thereof and that the Community has agreed that the limits of the fishery zones of its Member States (hereinafter referred to as the area of fisheries jurisdiction of the Community) shall extend up to 200 nautical miles, fishing within these limits being subject to the Common Fisheries Policy of the Community;

CONSIDERING that a part of the fishery resources of the Baltic Sea consists of common stocks or highly interrelated stocks exploited by fishermen of both Parties, and that an effective conservation and rational management of these stocks can therefore only be achieved through cooperation between the Parties and in the appropriate international fora, in particular the International Baltic Sea Fisheries Commission;

CONSIDERING the results of the United Nations Conference on Straddling Stocks and Highly Migratory Fish Stocks, as well as the Code of Conduct for Responsible Fisheries;

DESIROUS to continue their cooperation in the framework of the appropriate international fisheries organizations for the purposes of the joint conservation, rational exploitation and management of all relevant fishery resources;

CONSIDERING the said cooperation in respect of the conservation and management of fishery resources and exploration and fishing of these, the importance of scientific research for the conservation, rational exploitation and management of fishery resources and desirous to promote further cooperation in this field;

CONSIDERING the interest of both Parties to fish in the area of fisheries jurisdiction of the other Party in the Baltic Sea;

RESOLVED to improve cooperation and development in the fishery sector through the encouragement of joint enterprises and the constitution of temporary joint ventures between fishing companies;

CONVINCED that this new type of cooperation in the fisheries sector will stimulate the renewal and conversion of the Lithuanian fleet and the restructuring of the Community fleet;

DESIROUS to establish rules and regulations which create the basis for their mutual relations in the fisheries industry and determine the direction in which their cooperation should develop;

HAVE AGREED AS FOLLOWS:

Article 1

The Parties shall cooperate to ensure the conservation and rational management of the fish stocks occurring within the areas of fisheries jurisdiction of both Parties and in adjacent areas. The Parties shall seek either directly or through the appropriate regional bodies to agree with Third Parties on measures for the conservation and rational utilisation of fish stocks, including the fixing of total allowable catches and the allocations thereof.

Article 2

Each Party shall grant access to fishing vessels of the other Party to fish within its area of fisheries jurisdiction in the Baltic Sea, beyond twelve nautical miles from the baselines from which the territorial sea is measured, in accordance with the provisions set out below.

Article 3

1. Each year, each Party shall, as appropriate, determine for the relevant areas in the Baltic Sea under its fisheries jurisdiction and subject to adjustment when necessary to meet unforeseen circumstances:
 - (a) total allowable catches for individual stocks and groups of stocks, taking into account the best objective scientific advice available, the interdependence of stocks, the activities of relevant international organizations and other pertinent factors;
 - (b) after appropriate consultations, allocations of catch quotas for fishing vessels of the other Party in accordance with the objective of establishing a mutually satisfactory balance in their reciprocal fisheries relations;
 - (c) decide on reciprocal access arrangements in the context of joint management schemes for common stocks.
2. Each Party shall establish such other measures which it deems to be required for the conservation or restoration of fish stocks at levels which can produce the maximum sustainable yield. Any such measure or condition introduced after the annual determination of fishing possibilities shall take into account the need not to impair the fishing possibilities allowed to fishing vessels of the other Party.

Article 4

Lithuania may grant additional fishing possibilities in areas under its fisheries jurisdiction; in exchange, the Community will grant financial contributions which shall be utilised by Lithuania for the development of fisheries technologies including aquaculture, conservation of fish resources, research and training purposes in such a manner as not to prejudice the interests of the Community.

Article 5

1. The Parties shall promote the establishment of temporary joint ventures and joint enterprises in the fisheries sector between Community and Lithuanian enterprises.
2. Lithuania shall encourage the promotion and preservation of a favourable and stable climate for the establishment and operation of such temporary joint ventures and joint enterprises.

To that end, it shall in particular apply investment promotion and protection arrangements which ensure to all enterprises from the Community participating in such temporary joint ventures and joint enterprises a non-discriminatory, fair and equitable treatment. This includes the possibility of harvesting sea fisheries resources.

3. The Parties agreed to consult on the most appropriate way to encourage the establishment of temporary joint ventures and joint enterprises in the fisheries sector between Lithuanian and Community fishing shipowners with the aim of jointly exploiting fishery resources in areas under Lithuanian fisheries jurisdiction, under a scheme whereby the Community should provide for financial assistance, while Lithuania should provide access to fishing opportunities not provided for in Articles 3 and 4 of this Agreement.

Article 6

Each Party may require that fishing in its area of fisheries jurisdiction by fishing vessels of the other Party shall be subject to licence. The limits within which licences shall be issued shall be determined in consultations between the Parties. The competent authority of each Party shall, as appropriate, communicate in due time to the other Party the name, registration number and other relevant particulars of the fishing vessels which shall be eligible to fish within the area of fisheries jurisdiction of the other Party. The other Party shall thereupon issue such licences within the agreed limits.

Article 7

1. Each Party shall, in accordance with its own laws, regulations and administrative rules, take the necessary steps to ensure the observance by their fishing vessels of conservation measures and other rules and regulations established in law by the other Party for the exploitation of fishery resources in the area under the fisheries jurisdiction of that other Party.
2. Each Party may, in respect of the area under its own fisheries jurisdiction and in accordance with international law, take such measures as may be necessary to ensure the observance by the fishing vessels of the other Party of conservation measures and other rules and regulations established in its regulatory provisions and measures.
3. Each Party shall notify the other Party, in advance and in the appropriate manner, of such regulations and measures for regulating fishing as well as of any amendments to these regulations and measures.
4. The measures to regulate fisheries taken by each Party for the purpose of conservation shall be based on objective and scientific criteria and shall not discriminate in fact or in law against the other Party.

Article 8

Each party shall agree to inspections of its fishing vessels carried out by the competent bodies of the other Party responsible for fishing operations in the area under the fisheries jurisdiction of the other Party. Each Party shall facilitate such inspections for the purposes of monitoring the observance of the regulatory measures and regulations referred to in Article 7.

Article 9

The competent bodies of each Party shall, in the event of the seizure or arrest of fishing vessels of the other Party, inform the competent bodies of that Party without delay through diplomatic channels about the further measures undertaken.

The competent bodies of each Party shall seek to facilitate the rapid release of vessels and crews which are detained or arrested for infringing conservation measures and other fishing regulations against the lodging of reasonable security or other guarantee by the shipowner or his representative, determined in accordance with applicable legislation.

Article 10

The Parties agree to exchange information on scientific and technical developments in their national fishing sectors, such information concerning the volume of catches of fishery resources and the utilisation of same.

Article 11

1. The Parties shall cooperate in conducting scientific research necessary for the conservation and optimum utilization of fishery resources in the areas under their fisheries jurisdiction, in collecting samples and providing bio-statistical data, including statistics on catches, fishing effort, the use of gear, the study of new target species and fishing areas and their future joint exploitation.
2. The Parties shall encourage cooperation in research and between their researchers and experts in the fisheries sector, including exchanges of such researchers and experts; they shall also cooperate to improve Lithuanian research facilities and training of scientists. The cooperation shall take place within agreed programmes of mutual interest.

Article 12

1. The Parties shall cooperate directly and through suitable international organizations, including in the form of scientific research, for the purposes of the conservation, optimum utilization and appropriate management of fishery resources within the outer boundaries of the areas of the Parties and of third countries, wherever their fishing vessels engage in fishing. The Parties shall consult each other on issues touching their mutual interests which may be considered by such international organizations.
2. The Parties shall cooperate in ensuring their rights and fulfilling their obligations in accordance with international law in order to coordinate the conservation, optimum utilization and appropriate management of living resources in the Baltic Sea and in the North Atlantic.

Article 13

1. In the interests of conserving species of anadromous fish, the Parties confirm their adherence to the relevant principles and provisions of the United Nations Convention on the Law of the Sea of 1982, and in particular, Article 66 thereof.
2. In particular, the Parties will cooperate on a bilateral basis and through suitable international fisheries organizations, in particular the IBSFC, for that purpose.

Article 14

1. The Parties agree to consult each other on issues arising in connection with the execution and proper implementation of this Agreement.
2. In the event of a dispute concerning the interpretation or application of this Agreement such a dispute shall be the subject of consultations between the Parties.

Article 15

Nothing in this Agreement shall in any way affect or prejudice the views of either Party in respect of any question concerning the international law of the sea.

Article 16

This Agreement is without prejudice to the delimitation of the exclusive economic zones or fisheries zones between Lithuania and Member States of the European Community.

Article 17

This Agreement shall apply, on the one hand, to the territories in which the Treaty establishing the European Community is applied, under the conditions laid down in that Treaty, and on the other hand, to the territory of the Republic of Lithuania.

Article 18

This Agreement shall enter into force on the date on which the Parties notify each other of the completion of the procedures necessary for this purpose.

At that date it shall supersede the Agreements on Fisheries Relations between the Community and Lithuania, signed on 17 December 1993, between the Government of the Republic of Finland and the Government of the Republic of Lithuania, signed on 7 June 1993, and between the Government of the Kingdom of Sweden and the Government of the Republic of Lithuania, signed on 25 November 1993;

Article 19

This Agreement shall remain in force for an initial six-year period from the date of its entry into force. Should the Agreement not be terminated by one of the Parties giving notice of termination at least nine months before the expiry of this period, it shall remain in force for further periods of three years unless similar notice of termination is given nine months at the latest before the expiry of each successive period.

This Agreement shall be drawn up in duplicate in the Danish, Dutch, English, Finnish, French, German, Greek, Italian, Lithuanian, Portuguese, Spanish and Swedish languages, each text being equally authentic.

For the European Community

For the Republic of Lithuania

PROTOCOL I

Laying down the conditions relating to temporary joint ventures and joint enterprises provided for in the Agreement on Fisheries Relations between the European Community and the Republic of Lithuania.

Article 1

For the purposes of this Protocol, the following definitions shall apply:

- (a) *Temporary joint venture*: any association based on a contractual agreement of limited duration between Community ship-owner and physical or legal persons in Lithuania, with the aim of jointly fishing for and exploiting Lithuanian fishing quotas by vessels flying the flag of a Member State of the European Community and sharing the cost, profits or losses of the economic activity jointly undertaken, with a view to the priority supply of the Community market;
- (b) *Joint enterprise*: any company regulated by Lithuanian law comprising one or more Community ship-owners and one or more partners in Lithuania, with the aim of fishing for and possibly exploiting Lithuanian fishing quotas by vessels flying the flag of Lithuania with a view to the priority supply of the Community market;
- (c) *Community vessel*: a vessel flying the flag of one of the Member States of the Community and registered within the Community;
- (d) *Community shipowner*: a shipowner established in one of the Member States of the Community;
- (e) *establishment of undertakings*: a company constituted under private law with capital coming from one or more Member States of the Community, established in Lithuania for the purpose of exploiting Lithuanian fishery resources with a view to the priority supply of the Community market.

Article 2

1. The Parties shall create suitable conditions for the establishment in Lithuania of undertakings using capital originating in one or more Member States of the Community and the creation of joint enterprises and temporary joint ventures in the fisheries sector between Lithuanian and Community shipowners with the aim of jointly exploiting Lithuanian fishery resources under the conditions laid down in this Protocol.
2. Lithuania shall grant the undertakings referred to in paragraph 1 of this Protocol access to fishing opportunities set out in **Annex I**.

3. As part of its policy for the restructuring of its fleet, the Community shall facilitate the inclusion of Community vessels in undertakings established or to be established in Lithuania. To that end, and as part of its policy for the technical renovation of its fishing industry, Lithuania shall transfer fishing licences and issue the appropriate new licences pursuant to the Agreement.
4. Community vessels that have been integrated in the Lithuanian fishing fleet pursuant to Article 5 hereafter, and with the financial assistance foreseen in Annex IV shall not be re-integrated in the Community fleet.

Article 3

1. The Parties shall select the projects for the temporary joint ventures and joint enterprises provided for in Article 2. For this purpose, a Joint Committee shall be established to:
 - evaluate the projects presented by the Parties for the establishment of temporary joint ventures and joint enterprises provided for in Article 2 of the Protocol and in accordance with the criteria set out in **Annex II**;
 - check that the projects are being properly administered and oversee the use of the financial assistance given to projects in accordance with Article 5 of this Protocol.
 - review the activities of Community vessels belonging to temporary joint ventures in Lithuanian waters before the end of their contract.
2. The Joint Committee shall meet once a year alternately in Vilnius and Brussels and exceptionally at the request of either Party.

Article 4

1. In order to encourage the establishment of temporary joint ventures referred to in Article 2, the projects selected by the Parties shall be eligible for financial assistance in accordance with the conditions laid down in **Annex III**.
2. The Community shall grant to the Lithuanian company which forms a temporary joint venture with a Community shipowner, a financial support equivalent to fifteen (15) per cent of that granted to that Community owner.

Article 5

1. In order to encourage the establishment of joint enterprises referred to in Article 2, the projects selected by the Parties shall be eligible for financial assistance in accordance with the conditions laid down in **Annex IV**.

2. With a view to encouraging the establishment and development of joint enterprises, the Community shall grant to joint enterprises newly established in Lithuania, financial support of fifteen (15) per cent of the amount paid to the Community owner. This financial support in the form of operating capital shall be paid by the Community to the Fisheries Department of the Ministry of Agriculture of the Republic of Lithuania, which shall lay down the terms governing its use and its administration. Lithuania shall inform the Joint Committee of how these funds are used.

Article 6

The establishment of joint enterprises shall not result in an increase in the capacity of the Lithuanian fleet.

Article 7

The conditions governing the creation and access to resources of temporary joint ventures and joint enterprises are laid down in **Annex V**.

Article 8

The financial assistance referred to in Articles 4 and 5 of this Protocol shall be paid to the Community vessel owner to cover part of his financial contribution to the establishment of a joint enterprise or joint venture in Lithuania, and to remove the vessel in question from the Community register.

Article 9

For the purpose of financial assistance to the establishment of temporary joint ventures and permanent joint enterprises referred to in Article 5 of the Agreement and Articles 4 and 5 of this Protocol, the European Commission shall contribute ECU 2.500.000 for the duration of this Protocol.

Article 10

1. The terms of this Protocol shall enter into force on the date on which the Parties notify each other of the completion of the procedures necessary for this purpose.
2. This Protocol is valid for a period of three years. Before the end of the period of validity of this Protocol, the Parties shall begin negotiations in order to decide upon any amendments to the Protocol and/or Annexes which may be necessary for the subsequent period.

Article 11

This Protocol shall be drawn up in duplicate in the Danish, Dutch, English, Finnish, French, German, Greek, Italian, Lithuanian, Portuguese, Spanish and Swedish languages, each text being equally authentic.

For the European Community

For the Republic of Lithuania

ANNEX I

FISHING OPPORTUNITIES FOR JOINT UNDERTAKINGS

1. In accordance with Article 5 of the Agreement and Article 2 § 2 of this Protocol, Lithuania shall encourage the promotion and preservation of a favourable and stable climate for the establishment and operation of joint ventures and joint enterprises.

To that end, Lithuania shall ensure a non-discriminatory, fair and equitable treatment to such joint ventures and joint enterprises. It shall provide to the reflagged Community vessels the possibility to access Lithuanian fisheries resources and transfer from the scrapped Lithuanian vessels their respective quotas and licences.

ANNEX II

METHODS AND CRITERIA FOR PROJECT SELECTION

1. The Parties shall exchange information on the projects presented for the formation of temporary joint ventures and joint enterprises according to Article 2 of this Protocol which are liable to receive financial assistance from the Community.
2. The projects shall be presented to the Community via the competent authorities of the Member State or Member States concerned.
3. The Community shall submit to the Joint Committee the list of projects eligible for financial assistance as provided for in Articles 4 and 5 of this Protocol. The Joint Committee shall evaluate the projects in accordance basically with the following criteria:
 - a) technology appropriate to the proposed fishing operations;
 - b) target species and fishing zones;
 - c) age of the vessel;
 - d) in case of temporary joint ventures, its total duration and that of the fishing operations;
 - e) previous experience of the Community shipowner and the Lithuanian partner in the fisheries sector.
4. The Joint Committee shall recommend to the Parties the projects selected in accordance with the criteria set out in point 3.
5. Once the projects have been approved by the Lithuanian authority and the Community, the Community shall forward to the Lithuanian authority the list of selected projects for the purpose of issuing the necessary authorizations and fishing licences.

ANNEX III

SCALES OF ASSISTANCE TO TEMPORARY JOINT VENTURES

Category of vessel, by gross registered tonnage (GRT)	Maximum amount (ECU/day)
0 < 25	4.52/GRT + 20
25 < 50	4.30/GRT + 25
50 < 70	3.50/GRT + 65
70 < 100	3.12/GRT + 88
100 < 200	2.74/GRT + 120
200 < 300	2.36/GRT + 177
300 < 500	2.05/GRT + 254
500 < 1,000	1.76/GRT + 372
1,000 < 1,500	1.50/GRT + 565
1,500 < 2,000	1.34/GRT + 764
2,000 < 2,500	1.23/GRT + 956
2,500 or more	1.15/GRT + 1 137

Member States of the European Community shall contribute 25 % of the above mentioned sums to projects involving vessels flying the flag of the Member State concerned.

ANNEX IV

SCALES OF ASSISTANCE TO JOINT ENTERPRISES

Class of vessel, by gross registered tonnage (GRT)	Maximum amount of premium for a 15-year-old vessel (in ECU)
0 < 25	6,215/GRT
25 < 50	5,085/GRT + 28,250
50 < 100	4,520/GRT + 56,500
100 < 400	2,260/GRT + 282,500
400 and over	1,130/GRT + 734, 500

The premiums for setting up joint enterprises paid to beneficiaries may not exceed the following amounts:

- 15-year-old vessels: see table above;
- vessels less than 15 years old: scale from table above increased by 1.5% per year less than 15; however, deduction *pro rata temporis* shall be made for any construction and/or modernization aid received by the vessel in the 10 years preceding the establishment of the joint enterprise and no financial assistance shall be granted for vessels of 5 years old or less.
- vessels more than 15 years old: scale from table above decreased by 1.5% per year over 15.

Member States of the European Community shall contribute 25% of the above mentioned sums to projects involving vessels reflagging from the Member State concerned to the Republic of Lithuania.

ANNEX V

CONDITIONS GOVERNING THE CREATION AND ACCESS TO RESOURCES OF TEMPORARY JOINT VENTURES AND JOINT ENTERPRISES IN LITHUANIA

A. *Selected projects*

Once the project selection procedure laid down in Annex II to this Protocol has been completed, the Community shall provide the Lithuanian authority with a list of Community vessels selected for inclusion in a temporary joint venture or joint enterprises with a view to the exercise of fishing activities.

B. *Licences*

The Lithuanian authority shall promptly transfer and issue a fishing licence. For temporary joint ventures, the fishing licences shall be issued for a period of validity equal to the duration of the temporary joint venture. Fishing shall take place on quotas allocated by the Lithuanian authority.

C. *Replacement of vessels*

A Community vessel operating under a temporary joint venture may be replaced by another Community vessel with equivalent capacity and technical specifications only on duly justified grounds and with the agreement of the Parties.

D. *Fitting-out*

Vessels operating under temporary joint ventures shall comply with the rules and regulations applicable in the Republic of Lithuania regarding fitting-out, which rules and regulations shall be applied without discrimination between Lithuanian and Community vessels.

E. *Catch declarations*

1. All Community vessels shall forward to the Lithuanian authority a catch declaration in accordance with Lithuanian fishery regulations.
2. A copy of the catch declaration shall be forwarded to the European Commission in Brussels.
3. In the event of these provisions not being complied with, the Lithuanian authority may suspend the fishing licence of the vessel involved until the said formalities have been complied with.

F. Duration of the joint ventures

Temporary joint ventures shall be valid for a period of no more than 1 year. Under no circumstances may this duration be extended beyond the expiry date of this Protocol.

G. Scientific observers

At the request of the Lithuanian authority, Community vessels fishing pursuant to this Protocol shall permit a scientific observer designated by the said authority to come on board to perform his tasks. The observer shall be provided with all the facilities necessary for the exercise of his functions.

The conditions of his stay on board shall be the same as those of the other officers of the vessel. Observers' remunerations and social security contributions shall be paid by the Lithuanian authorities. The costs of his stay on board shall be borne by the owner of the vessel.

H. Signing on of crew

1. Community vessels operating under temporary joint ventures shall sign on at least thirty per cent (30%) of Lithuanian crew members. Such crew members must possess the knowledge necessary for performing their functions.
2. The crew and captain of reflagged vessels operating under joint enterprises have to be Lithuanian nationals.
3. The said crew members' work contracts shall be concluded in Lithuania between the representatives of the shipowners and the crew members concerned and must include social security arrangements and life and accident insurance in accordance with Lithuanian legislation.

FINANCIAL STATEMENT

1. **TITLE:** Proposal for a Council Regulation on the conclusion of an Agreement on Fisheries Relations between the European Community and the Republic of Lithuania and a Protocol laying down the conditions relating to temporary joint ventures and joint enterprises

2. **BUDGETARY LINE CONCERNED:** B7-800

3. **LEGAL BASIS:** Article 43 of the EC Treaty

4. **DESCRIPTION:**

4.1 General objective:

New Framework Agreement:

- to amalgamate the existing agreement concluded by EC12, Finland, Sweden;
- to provide for a "second generation" clause; and
- an implementing Protocol establishing the conditions for the constitution of J.V. and J.E.

4.2 Period covered:

Agreement: Six years

Protocol I: Three years

5. **CLASSIFICATION OF EXPENDITURE:**

5.1. DO

5.2. CD

6. **TYPE OF EXPENDITURE:**

- Financial compensation paid for fishing possibilities in Lithuanian waters
- Financial assistance for the establishment of joint enterprises and joint ventures

7. **AMOUNT OF EXPENDITURE:**

As this is only a framework agreement, the financial consequences cannot be calculated at this stage.

- The financial compensation for the fishing possibilities in Lithuanian waters for 1997 is expected to be similar to those paid under the present EC12-Lithuania Agreement, but depends from annual consultations. They amounted to ECU 453,500 and ECU 763,000 in 1995 and 1996 respectively.
- A financial compensation of ECU 2.5 million for the promotion of joint enterprises and joint ventures in Lithuania was fixed for the three-year period of the validity of Protocol I.

7.1. Method of calculation:

- The financial compensation for 1997 will be calculated on the basis of the market value of the fishing possibilities that will be obtained by the Community in Lithuanian waters. From the average landing prices for 1995 in Baltic Community ports, the estimated fleet exploitation costs for each of the species concerned will be deducted. These costs are estimated 75% of the landing price of demersal species -cod and salmon- and 87.5% of the landing price of pelagic species -sprat and herring.
- The financial assistance provided for in Article 5 of the Agreement, in order to encourage the establishment of joint enterprises and joint ventures, is based on the sliding scale scheme fixed on the Structures Regulation (EEC) No 3699/93.

8. ANTI-FRAUD PROVISIONS:

The Annual Agreed Records of Consultations will require that information is given to the Community on how this financial compensation and contribution will be used.

9. ELEMENTS OF COST/BENEFIT ANALYSIS:

The Community fleet in the Baltic Sea has been severely hit by reductions in catch possibilities, mainly due to biological factors (low salinity of the water, M-74 disease) and pollution of the water. Any increase in fishing possibilities above current critical catch levels will contribute towards preventing the fleet, connected industries and services ashore from collapsing and disappearing. This will also avoid, to a certain extent, payments under lay-up schemes or social programmes.

Experience has taught us that the financial compensation paid for the same purpose in 1995 has been mainly used by Lithuania for the continued improvement of scientific research on fisheries and training on fisheries managers. This entails improved scientific assessment and enforcement in the fishery zone of Lithuania and contributes to a more rational exploitation of the stocks, to the benefit of all concerned in the Baltic Sea.

The "second generation" Protocol will provide for a reduction of capacity in the Western Baltic and a modernization of the fleet in the Eastern Baltic, without increasing the capacity in that area.

10. ADMINISTRATIVE EXPENSES: None

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DOCUMENTS

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