



COMMISSION OF THE EUROPEAN COMMUNITIES

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COM(96) 682 final

96/0308 (CNS)

Proposal for a

COUNCIL DECISION

on a specific measure to encourage Italian fishermen to diversify out of
certain fishing activities

(presented by the Commission)

EXPLANATORY MEMORANDUM

concerning a proposal for Council decision on a specific measure to encourage conversion of Italian fisheries away from certain activities (driftnet fishing - "spadare")

1. BACKGROUND

At the end of 1991, the Council unanimously adopted Regulation (EEC) No 345/92 prohibiting the use of driftnets of a total length of over 2.5 kilometres. Driftnet fishing is a traditional activity in Italy; the use of nets shorter than 2.5 kilometres adversely affects productivity, and jeopardizes profitability. There have been protests and pressure from environmentalist movements following the frequent infringements of Community legislation in Italy.

2. ITALIAN CONVERSION PLAN: OBJECTIVES AND GENERAL CONSIDERATIONS

On 25 July, after extensive consultations with workers' and employers' organizations in the industry, the Italian authorities presented a plan for the rationalization and conversion of the *spadare*, on a voluntary basis, including several conversion measures for shipowners and sailors.

The objective of this plan for the rationalization and conversion of the *spadare* is to withdraw licences for driftnet fishing, and to withdraw and destroy the nets. The approach to eliminating this activity has been designed to ensure that the impact on employment will be as small as possible. Arrangements have been made to encourage fishermen to convert to other, more selective, methods, and to provide them with assistance to offset the loss of income due to the disappearance of the *spadare*.

The plan which the Italian authorities have presented includes powerful incentives, since this type of driftnet fishing takes place almost exclusively in Objective 1 areas, which are socially and economically sensitive (high unemployment, few opportunities for alternative employment).

The Italian authorities' initiative in presenting this plan has averted the threat of an embargo procedure by the United States; however, if the plan were not applied, the US authorities might well initiate that procedure once again.

3. LEGAL AND BUDGET FRAMEWORK

As shipowners are entitled under Article 14 of (EC) Regulation 3699/93 (structural assistance in the fisheries sector) to Community assistance from the FIFG, it is proposed that complementary assistance to crew members should be financed by means of a specific measure under Article 3 of (EEC) Regulation 2080/93.

The amount of Community aid (over three years) is estimated at a maximum of ECU 100 million, to be made available by reprogramming structural assistance already allocated under the Objective 1 CSF for Italy.

Proposal for
Council Decision

on a specific measure to encourage Italian fishermen to
diversify out of certain fishing activities

THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to Council Regulation (EEC) No 2080/93¹ of 20 July 1993 laying down provisions for implementing Regulation (EEC) No 2052/88² as regards the financial instrument for fisheries guidance and in particular Article 6 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas a specific number of fishing vessels flying the Italian flag fish the Mediterranean for tuna and swordfish using drift nets; whereas this traditional form of fishing is a significant source of income for these fishermen and for the residents of the fishing areas dependent upon this activity;

Whereas, taking into account the special fishing conditions and the biological characteristics of the species targetted in the Mediterranean, fishing for large pelagic fish with drift nets of 2.5km. or less in length is not profitable for these fishermen; whereas it has been established that these fishermen are often required to use drift nets longer than 2.5 km in order to operate profitably;

Whereas Article 9a of Council Regulation (EEC) No 3094/86 laying down certain technical measures for the conservation of fishery resources³, as last amended by Regulation (EC) No 3071/95⁴, prohibits the keeping on board and use for fishing of one or more drift nets whose individual or total length exceeds 2.5 km;

Whereas the use of drift nets over 2.5 km is illegal under national and Community law; whereas the Commission has initiated the proceedings provided for in this regard; whereas the Italian Government has adopted new provisions to improve the monitoring of fishing and to penalize severely fishermen who infringe national and Community rules;

Whereas the economic and social problems affecting the areas dependent on this type of fishing (most of which lie within regions eligible for Structural Funding under Objective 1) are such that it cannot be abandoned effectively or quickly without a conversion plan and accompanying measures;

¹ OJ No L 193, 31.7.93, p. 1

² OJ No L 185, 15.7.88, p. 9

³ OJ No L 288, 11.10.1986, p. 1.

⁴ OJ No L 329, 30.12.1995, p. 14.

Whereas the Italian Government has drawn up an overall plan to resolve the problem once and for all; whereas the plan depends for its success on offering interested parties genuine aid incentives to participate in it; whereas most of the possible measures fall within the scope of the financial instrument for fisheries guidance (FIFG); whereas they will be financed from the FIFG following normal procedure;

Whereas, however, in certain cases the permitted aid ceiling would not produce the desired effect; whereas some measures planned by the Italian Government do not fall within the scope of those provided for under the FIFG ; whereas specific measures and provisions must therefore be adopted,

Whereas, so as to ensure that the compensation foreseen for the fishermen is only granted to those whose income depends on the fishing activities targetted by the present decision, it must be specified that they must have been employed on a registered fishing vessel at a date before the communication of the Italian plan to the Commission.

HAS ADOPTED THIS DECISION:

Article 1

As part of the plan drawn up by the Italian Government to reorganize and diversify out of drift net fishing for large pelagic fish, as notified to the Commission on 25 July 1996, a specific measure is hereby established to grant aid:

- (a) to nationals of any Member State employed on 22 July 1996 as fishermen on a fishing vessel flying the Italian flag, practising this type of fishing, or who were employed in 1995, in the form of compensation for suspending this activity. The amount of this compensation cannot exceed ECU 918.23 per fisherman per month, for a maximum of six months, and can only be paid for the years 1996, 1997 and 1998. To qualify for this compensation, fishermen must undertake to cease this fishing activity or to convert to another activity in 1997, 1998, or 1999, in conformity with the Italian plan;
- (b) to vessel owners entered in the Italian register, who have undertaken to cease definitively all fishing activity. The aid shall be as set out in the table A annex;
- (c) to vessel owners entered in the Italian fishing fleet register, who have undertaken to diversify definitively towards another fishing activity. The premium for diversifying shall be as set out in the table B annex.

Article 2

1. Fishermen referred to under Article 1(a) can also qualify for:
- aid up to a maximum of ECU 50 000 when they cease all economic activity. This aid is additional to the contribution towards early-retirement schemes foreseen under Article 14a of Regulation (EC) No 3699/93⁵, but replaces the flat rate foreseen under the same article, under 3(b);

⁵ OJ No L 346, 31.12.1993, p. 1

- a conversion premium up to a maximum of ECU 20 000, in the case of conversion towards another fishing activity or towards another sector. This premium replaces the flat rate foreseen under Article 14a3(b) of Regulation (EC) No 3699/93.

Article 3

The public financial contribution, including that of the Community, for projects funded under the FIFG allowing for the reconversion of vessel owners and fishermen who have benefitted from measures under the present decision can reach a maximum of 75% of the eligible investment in objective 1 regions and 50% of eligible investment in non-objective 1 regions.

Article 4

Community participation shall be as laid down for FIFG assistance and within the funding limits for Italy under the 1994-99 Structural Fund programmes up to a maximum of 50% of eligible investment undertaken by the Member State.

Article 5

Notwithstanding all other applicable provisions and in particular those of Regulation (EEC) No 2847/93⁶, the Italian authorities shall send the Commission an annual report on the implementation of the plan referred to in Article 1.

Article 6

This Decision is addressed to the Republic of Italy.

Done at.

For the Council

Annex

Table A

Vessel by tonnage category (GRT)	Cessation payment 1997	Cessation payment 1998	Cessation payment 1999
0 < 5	ECU 26 000	ECU 23 000	ECU 20 000
5 < 20	ECU 104 000	ECU 92 000	ECU 80 000
20 < 40	ECU 120 000	ECU 105 000	ECU 93 000
> 40	ECU 156 000	ECU 138 000	ECU 120 000

Table B

Vessel by tonnage category (GRT)	Reconversion premium 1997	Reconversion premium 1998	Reconversion premium 1999
0 < 5	16.000 ecu	13.000 ecu	10.000 ecu
5 < 20	94.000 ecu	82.000 ecu	70.000 ecu
20 < 40	110.000 ecu	95.000 ecu	83.000 ecu
> 40	146.000 ecu	128.000 ecu	110.000 ecu

FINANCIAL STATEMENT

1 **TITLE OF OPERATION**

Council Decision on a specific measure to encourage Italian fishermen to diversify out of certain fishing activities (driftnet fishing - "spadare")

2 **BUDGET HEADING INVOLVED**

B2 1100

3 **LEGAL BASIS**

Article 43 of the Treaty

4 **DESCRIPTION OF OPERATION**

4.1 **General objective**

The purpose of the plan for the rationalization and conversion of the *spadare* is to withdraw licences for driftnet fishing, and to withdraw and destroy the nets.

4.2 **Period covered and arrangements for renewal or extension**

1997-99

There are no arrangements for renewal or extension.

5 **CLASSIFICATION OF EXPENDITURE OR REVENUE**

5.1 **Non-compulsory expenditure**

5.2 **Differentiated**

5.3 **Type of revenue involved**

None

6 **TYPE OF EXPENDITURE OR REVENUE**

- Subsidy for joint financing with other sources in the public and/or private sector

7 FINANCIAL IMPACT

7.1 Method of calculating total cost of operation (definition of unit costs)

The total cost of Community aid has been calculated on the assumption that the premium would be introduced in 1997, and that all eligible vessels and fishermen would leave the driftnet sector, as follows:

No of vessels	GRT	Premium	Total	Community contribution (50%)
124	0-5	26 000	3 224 000	1 612 000
354	5-20	104 000	30 816 000	15 408 000
147	20-40	120 000	17 640 000	8 820 000
52	>40	156 000	8 112 000	4 056 000
677			59 792 000	29 869 000

<u>No of fishermen leaving the sector</u>	<u>Premium</u>	<u>Total</u>	<u>Community contribution (50%)</u>
2658	50 000	132 900 000	66 450 000

As the above amounts depend on the year of implementation, the premium in force and the rate of take-up, they will be revised downwards when the Member State has completed the detailed calculations.

7.2 Itemised breakdown of cost

EC in ECU million
(current prices)

Breakdown	Budget year n 1997	n + 1 1998	n + 2 1999	TOTAL
"Driftnet" measure				
1. premium for vessels	11	11	11	33
2. compensation for fishermen	23	22	22	67
Total	34	33	33	100

7.3 Indicative schedule of appropriations

EC in ECU million

	n 1997	n + 1 1998	n + 2 1999	n+3 2000	n + 4 2001	TOTAL
Commitment appropriations	34	33	33			100
Payment appropriations						
n 1997	12					
n + 1 1998		11 + 11				
n + 2 1999			11 + 11 + 11			
n + 3 2000				11 + 11		
n + 4 2001					11	
TOTAL	12	22	33	22	11	100

8 FRAUD PREVENTION MEASURES

Specific monitoring measures planned:

Because this plan for diversification is voluntary, and because it is possible to continue fishing using nets of a length of up to 2.5 km, the planned inspection scheme will provide for fines and criminal proceedings in cases of infringement; in particular, the Italian authorities will be very strict about the withdrawal and destruction of driftnets.

Moreover, Structural Fund rules will apply.

9 ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

9.1 Specific and quantified objectives; target population

- *Specific objectives: links with general objective*

The objective of this plan for the rationalization and conversion of the *spadare* is to withdraw licences for driftnet fishing, and to withdraw and destroy the nets.

It is not the purpose of this measure to eliminate jobs, but rather to eradicate this fishing method: arrangements have been made to encourage fishermen to convert to other, more selective, methods, and to provide them with assistance to offset the loss of income due to the disappearance of the *spadare*.

- *Target population: distinguish as applicable for each objective; indicate the end-beneficiaries of the Community's financial contribution and the intermediaries involved.*

The target population comprises 2 658 people, shipowners and fishermen, who are also the end-beneficiaries of the measure.

There are 677 vessels for conversion, including 40 outside Objective 1 regions.

9.2 Grounds for the operation

- *Need for Community financial aid, especially in view of the principle of subsidiarity*

In the Commission's view, the importance of restructuring the Mediterranean fleet, in relation to the objectives of the CFP, justifies Community assistance and financial support for the measure proposed by the Italian authorities.

- *Choice of ways and means*

The ways and means of the Structural Funds make them the appropriate instruments for the planned restructuring.

- * *advantages over possible alternatives (comparative advantages)*

Protection of fisheries resources: no extra financial impact, because subject to the ceiling integrated into the Structural Funds framework.

- *Main factors of uncertainty which could affect the specific results of the operation*

The basic principle of the measure is that it is voluntary.

9.3 Monitoring and evaluation of the operation

- *Performance indicators selected*

Kw, GRT and the number of fishermen.

- *Details and frequency of planned evaluations*

The Italian authorities must send the Commission a report each year on the implementation of the conversion plan.

The measure will also be assessed as part of the evaluation of Community Programmes.

- *Assessment of the results obtained (if the existing measure is to be continued or renewed)*

It is not intended to renew the measure.

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