



COMMISSION OF THE EUROPEAN COMMUNITIES

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95/0142 (CNS)

Proposal for a
COUNCIL DECISION

on a Community financial contribution towards certain expenditures incurred by the Member States in implementing the monitoring and control system applicable to the common fisheries policy

(presented by the Commission)

REPORT FROM THE COMMISSION TO THE COUNCIL
AND THE EUROPEAN PARLIAMENT

on the Community's financial contribution towards expenditure incurred by Member States for the purpose of ensuring compliance with the common fisheries policy

EXPLANATORY MEMORANDUM

The common fisheries policy (CFP) includes a general and integrated monitoring system. Each Member State is responsible for monitoring fishing activities on its territory and in the areas of sea over which it has sovereignty or jurisdiction. Each Member State has appointed authorities to carry out this monitoring in line with the applicable common rules. Given that this monitoring is of a nature that goes beyond the protection of purely national interests and that the investment necessary to develop the appropriate equipment for monitoring and surveillance, in particular seagoing and airborne equipment, has in some cases exceeded the financing available under national budgets, the Council has been making a growing financial contribution since 1978 to the expenditure incurred by the Member States. After an intermediate stage, the support has been organized on the basis of Council Decision 89/631/EEC of 27 November 1989 on a Community financial contribution towards expenditure incurred by Member States for the purpose of ensuring compliance with the Community system for the conservation and management of fishery resources¹. This Decision has covered the period from 1991 to 1995 and has enabled the Community to contribute between 35% and 50% towards the expenditure incurred by the Member States.

The Council has undertaken to adopt before 30 June 1995, on the basis of a Commission report, the provisions for Community participation that could apply from 1 January 1996. When the new inspection and monitoring rules were adopted at the end of 1993, the Council reinforced this undertaking by emphasizing the need also to support the new elements in these arrangements.

¹ OJ No L 364, 14.12.1989, p. 64.

The objective of the draft Council Decision on a Community financial contribution to certain expenditure incurred by Member States for the implementation of the monitoring system applicable to the common fisheries policy, drawn up on the basis of a Commission report, is to meet the Commission's obligation laid down in Decision 89/631/EEC, while taking account of the changing context.

The draft Commission report on the Community financial contribution towards expenditures incurred by Member States to ensure compliance with the common fisheries policy falls into three sections, namely a report on the application of Decision 89/631/EEC, an analysis of the context in which a new Decision would be applied and proposals for the content of such a Decision.

The first section gives a factual report and a summing-up. The latter concludes that Community's financial participation has made major improvements in equipment possible, as a result of which inspections have been stepped up, but that this has not sufficed to significantly reduce the scale of fraud.

The second section first reviews all the Decisions adopted since 1989 and highlights the features that define the new regulatory framework. The latter has been profoundly altered and expanded by the extension of the new basic Regulation as well as by the consequences of the enlargement of the Community and by a set of specific decisions. The scope of inspection and monitoring has been extended geographically to fishing activities by Community vessels on the high seas - activities which are also subject to a set of international rules to ensure responsible fishing - and in the waters of third countries on the basis of fishing agreements concluded between those countries and the Union. Furthermore, inspection and monitoring has been extended to cover all the components of the CFP, in particular those relating to the "market" and "structures" aspects. To this will be added surveillance over the fishing effort deployed, which will make it possible to complete the system of monitoring inputs. The second section goes on to analyse the conditions of effective controls. It argues that a system of human and technical resources

needs to be set up and organized to achieve the necessary synergies in order to serve a strategy targeted at the sensitive areas of monitoring.

The third and final section of the report demonstrates the need for a further financial solidarity measure following on from Decision 89/631/EEC. It proposes guidelines, a wider and better defined field of application and detailed rules adapted to the new approach, as well as an assessment of budget needs to extend the Community's financial contribution to Member State expenditure and improve its effectiveness, taking account of the changing context.

The emphasis is on the fact that needs are increasing and the scope for intervention needs to be expanded. In particular, technological developments such as the tracking of vessels by satellite and computer networking must be accelerated. On the other hand, firmer guarantees regarding effectiveness and transparency must be obtained from the Member States.

The draft Council Decision formalizes the report's conclusions on the future Community financial contribution to expenditure incurred by Member States. In addition to the contribution to investment expenditure, it is now planned to make the financing of integrated projects possible from the beginning, in contrast to the previous Decision, which needed to be amended to allow the financing of pilot projects for the continuous tracking of fishing vessels by satellite. The draft Decision also provides for support for a set of measures promoting training and staff exchanges. This will make it possible to act not only on technical and regulatory aspects, but also to raise awareness of the issues involved in inspection and monitoring among those working in the field and better to train and motivate the agents responsible for monitoring. The proposed Decision also takes account of the need to formalize the Council's undertakings to Ireland. The extended guarantees of effectiveness and transparency are laid down in specific clauses.

In conclusion, taken together, all the measures and operations envisaged in the report and draft Decision reflect a more global and integrated approach to the management and monitoring of the CFP. This approach will help to make the fishing industry itself more responsible for management and will reinforce the role of the authorities both at Member State and Community level.

PROPOSAL FOR A
COUNCIL DECISION

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on a Community financial contribution towards certain expenditures incurred by the Member States in implementing the monitoring and control system applicable to the common fisheries policy

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 Commission¹,

Having regard to the opinion of the European Parliament²,

Having regard to the opinion of the Economic and Social Committee³,

Whereas Council Decision 89/631/EEC of 27 November 1989 on a Community financial contribution towards expenditure incurred by Member States for the purpose of ensuring compliance with the Community system for the conservation and management of fishery resources⁴, as last amended by Decision 94/207/EC⁵, and in particular Article 1(5) thereof, provides that the Council must adopt, before 30 June 1995, the provisions for Community financial assistance which could apply from 1 January 1996;

Whereas the common fisheries policy, which guarantees the long-term existence of fishery stocks and thus employment in the sector, can achieve its objectives only if its rules are complied with and effectively controlled;

¹ OJ No C

² OJ No C

³ OJ No C

⁴ OJ No L 364, 14.12.1989, p. 64.

⁵ OJ No L 101, 20.4.1994, p. 9.

Whereas those objectives and rules are primarily established by Council Regulation (EEC) No 3760/92 of 20 December 1992 establishing a Community system for fisheries and aquaculture¹ and by Council Regulation (EEC) No 2847/93 of 12 October 1993 establishing a control system applicable to the common fisheries policy²;

Whereas the Member States, by guaranteeing the implementation of the control system applicable to the common fisheries policy, are carrying out an obligation of Community interest;

Whereas for some Member States the scale of the enforcement task is unrelated to budget capacity and may in certain cases constitute a disproportionate burden;

Whereas it is therefore appropriate to provide for a contribution by the Community towards certain inspection and monitoring expenditures incurred by some Member States;

Whereas Article 7 of Council Regulation (EEC) No 685/95 of 27 March 1995 on the management of fishing effort relating to certain Community fishing areas and resources³ provides for additional Community financial support for Ireland, including support for operating expenditure, for the purposes of improving controls, with due regard for authorised Community practices and in the framework of financial guidelines;

Whereas the total Community contribution should remain within the limits of a budget provision of ECU 41 million per annum for a period of five years (1996-2000) and the corresponding financial resources should be entered as annual appropriations in the general budget of the European Communities;

¹ OJ No L 389, 31.12.1992, p. 1.

² OJ No L 261, 20.10.1993, p. 1.

³ OJ No L 71, 31.3.1995, p. 5.

Whereas any such contribution should be conditional on the attainment, by the Member States which are beneficiaries, of a satisfactory standard of enforcement both at sea and on land; whereas the effectiveness of the enforcement must be made apparent in the annual report referred to in Article 35 of Council Regulation (EEC) No 2847/93,

HAS ADOPTED THIS DECISION:

Article 1

1. The Community may, under the conditions set out in this Decision, contribute to the financing of certain expenditures by Member States relating to the implementation of the control system applicable to the common fisheries policy provided for in Regulation (EEC) No 2847/93, as amended by Regulation (EC) No/95. The following expenditure may be regarded as eligible:
 - (a) the acquisition or modernisation of inspection and control equipment;
 - (b) specific measures intended to improve the quality and effectiveness of the monitoring of fishing and related activities, the duration of which does not exceed two years.

This expenditure must contribute to the mobilisation of monitoring facilities in accordance with Article 1(2) of Regulation (EEC) No 2847/93.

2. The Community contribution shall relate to eligible expenditure incurred by Member States between 1 January 1996 and 31 December 2000.

Eligible expenditure means the legal and financial undertakings entered into by national authorities within the above period.

3. The maximum amount of Community expenditure deemed necessary to carry out the scheme introduced by this Decision shall be ECU 41 million per annum.

4. The budgetary authority shall determine the available appropriations for each financial year. The Community contribution shall be granted within the limits of the appropriations allocated to that end in the Community budget.

Article 2

1. The financial contribution referred to in Article 1(1)(a) shall cover investment expenditure relating to the acquisition or modernisation of:
 - vessels, aircraft and land vehicles employed in the monitoring and control of fishing activities;
 - systems for the detection and recording of fishing activities (including equipment installed on fishing vessels);
 - systems for the recording, management and transmission of data relating to controls, including computer applications and software.

The above expenditure shall be eligible on condition that it is actually used for the implementation of the control system referred to in Article 1.

2. The financial contribution referred to in Article 1(1)(b) shall cover eligible expenditure which is intended to increase the effectiveness of the application of the common fisheries policy and relates to measures and projects not exceeding two years in duration and having the following purposes:
 - (a) the implementation of joint inspection programmes as referred to in Article 2(4) of Regulation (EEC) No 2847/93;
 - (b) experiments with and the introduction of new technologies to improve the monitoring of fishing and related activities;
 - (c) the implementation of specific control programmes established by Community initiative and carried out by the Member State(s) concerned;

- (d) programmes to computerise the processing and exchange of data developed by joint agreement between several Member States and, where appropriate, the Commission;
 - (e) other control measures of Community interest to be adopted at a later date.
3. The financial contribution referred to in Article 1(1)(b) may also relate to eligible expenditure intended for the training of national officials connected with control activities, in particular in a Member State other than that in which they work.

Detailed rules for the application of this paragraph will be adopted in accordance with Article 18 of Regulation (EEC) No 3760/92 of 20 December 1992 establishing a Community system for fisheries and aquaculture.

Article 3

1. The Community financial contribution shall not exceed the following rates per Member State and per annum:
- 35% of the amount of eligible expenditure referred to in Article 2(1);
 - 50% of the amount of eligible expenditure referred to in Article 2(2) and (3).
2. However, notwithstanding paragraph 1, the Commission may decide to grant a higher rate, in particular in order to permit:
- the realisation of a joint measure by Member States and the Commission likely to remedy control difficulties affecting an area of special Community interest;
 - experiments with and the introduction of new technologies to improve the monitoring of fishing and related activities.

The annual budget allocation reserved for such measures shall be limited to 15% of the budget allocation.

3. The Commission may, notwithstanding paragraph 1, decide to grant a higher rate in order to provide for additional financial support for Ireland for the purpose of improving controls, including support for the following operating expenditure:
 - remuneration of national officials connected with monitoring and control activities and occupying additional posts created after 1 January 1996 within the framework of a detailed programme, for a period not exceeding one year, and relating to the inspection and control of specific fisheries and zones; for the purposes of this paragraph, "remuneration" means the salaries, less taxes and charges levied in accordance with national legislation, of the officials concerned and the travel allowances necessary for the carrying out of their duties;
 - costs relating to training and providing information for the national officials connected with control activities;
 - costs incurred as a result of controls entrusted to surveillance companies.

The financial support for operating expenditure for Ireland shall be granted up to a total amount of ECU 2 million per annum.

Article 4

1. Member States wishing to benefit from a financial contribution shall forward to the Commission, before 30 September 1995:
 - (a) a five-year programme describing the controls which they intend to carry out during the period referred to in Article 1(2). The control programme must contain in particular the objectives of the proposed control and inspection measures, the envisaged operational measures and the anticipated results.

- (b) a programme of forecast annual expenditure for the period referred to in Article 1(2) for which they wish to receive a financial contribution from the Community.
2. Every Member State shall forward to the Commission, for the first time in 1996 and each year thereafter, a report on progress achieved with regard to forecasts and to the need to adjust the control programme. That report shall form a special chapter in the report referred to in Article 35 of Regulation (EEC) No 2847/93.
 3. The information referred to in paragraphs 1 and 2 must enable the Commission to ensure adequate monitoring of the expenditure relating to the implementation of the control system applicable to the common fisheries policy.

Article 5

1. Member States wishing to benefit from a Community financial contribution towards the expenditure referred to in Article 2 shall forward to the Commission, on the first occasion before 30 September 1995 and subsequently before 31 May of each year, an application for funding for the following year containing the information specified in points 1, 2 and 3 of the Annex hereto. Applications received after those dates shall not be considered except in exceptional, duly justified cases.
2. The application for funding must be drawn up within the framework of the programmes referred to in Article 4.

Article 6

On the basis of information provided by the Member States, the Commission shall decide, for the first time before 31 December 1995 and subsequently before 31 December of each year, in accordance with the procedure laid down in Article 18 of Council Regulation (EEC) No 3760/92, on:

- the eligibility of the planned expenditure;
- the rate of the Community contribution;
- any conditions to which the contribution may be subject.

Article 7

At the reasoned request of a Member State, the Commission may grant advances up to a maximum of 25% of the Community's annual contribution. That advance shall be deducted from the final amount of the Community contribution to the eligible expenditure actually incurred.

Article 8

In the event that a Member State decides not to realise all or part of the expenditure which the Commission has deemed eligible, in accordance with Article 6, it shall inform the Commission thereof without delay giving details of the impact on its control programme.

Article 9

1. Member States shall present their applications for reimbursement of expenditure no later than 31 May of the year following that during which the expenditure was incurred.
2. When submitting an application for the reimbursement of expenditure, Member States should have a national control authority verify and certify that the expenditure was incurred with due regard to the conditions laid down in this Decision, in particular point 4 of the Annex hereto.

3. If the application reveals indications that the conditions set out in paragraph 2 have not been complied with, the Commission shall undertake a thorough examination of the case by asking the Member State to forward its comments within a specific time limit. If the examination confirms that the conditions have not been complied with the Commission shall set a suitable time limit for compliance by the Member State. If, when the time limit has expired, the Member State has not acted on the recommendations the Commission may reduce, suspend or cancel its contribution in the area of assistance concerned.

Article 10

Member States shall provide the Commission with any information which it may request for the performance of its duties under this Decision.

Member States shall provide the Commission with any information which will enable it to verify the use of the surveillance and control facilities which have been the subject of a Community financial contribution pursuant to this Decision.

If the Commission considers that the facilities are not being used for the intended purpose or in accordance with the conditions set out in this Decision, it shall inform the Member State accordingly. The Member State shall then conduct an administrative inquiry in which Commission officials may participate. The Member State shall inform the Commission of the progress and results of the inquiry and provide the Commission without delay with a copy of the report of the inquiry and the principal data used in preparing it.

Article 11

The Commission may carry out any checks which it deems necessary to ensure that the conditions and tasks imposed on the Member States by this Decision are fulfilled, and the Member States shall provide assistance to the staff appointed by the Commission for this purpose.

The provisions of this Article shall be without prejudice to Article 29 of Council Regulation (EEC) No 2847/93.

Article 12

This Decision is addressed to the Member States.

Done at,

For the Council

The President

ANNEX

1. The applications for financing referred to in Article 5 shall state the expenditure envisaged for the following years. It shall specify in particular:
 - the timetable for the expenditure envisaged;
 - the technical features of the equipment, its cost, the method of payment envisaged and its control objective relative to the programme;
 - the planned use of the equipment, including its date of entry into service;
 - the nature and cost of specific measures intended to improve the quality and effectiveness of the control of fishing and related activities and details of their envisaged duration.

2. Member States shall justify the above measures with regard to the following criteria:
 - the objectives pursued within the framework of the expenditure which they wish to incur;
 - the anticipated results linked to the expenditure to be incurred;
 - in the case of expenditure on the purchase of vessels, aircraft and land vehicles, the amount of time which they will devote to fisheries inspection and monitoring;
 - the use made by a Member State of any financial contribution granted under Decision 89/631/EEC or under this Decision in any previous year;

- the improvement in the Member State's performance in fisheries enforcement at sea and on land in the period preceding the application, under the programme referred to in Article 4, and the improvement likely to result from the expenditure envisaged.
3. The Member State shall also provide the following information for each measure:
- the prevention, detection and prosecution of infringements against the common fisheries policy;
 - the presence in national legislation and the application in practice of penalties that are commensurate with the seriousness of infringements and effectively discourage further infringements of the same kind;
 - the reliability of the catch figures forwarded by the Member State to the Commission and the Member State's ability to prevent the overfishing of its quotas;
 - the amount and effectiveness of the human and material resources devoted by the Member State to fisheries enforcement;
 - the diversity of the fishing activities in the Member State's fishery zone;
 - the degree of cooperation in fisheries enforcement between that Member State and other Member States and the Commission;
 - where applicable, that Member State's contribution to fisheries enforcement in areas governed by international conventions to which the Community is a Contracting Party and the scale and effectiveness of that enforcement;
 - the enforcement effort devoted by the Member State to the fishing activities of its vessels on the high seas.
4. The reimbursement of expenditure and the payment of advances shall be made only if the provisions of the Directives coordinating procedures for the award of public works and supply contracts have been complied with, in the sense that the duly completed public contract questionnaires must make reference to the notices

on the award of public contracts published in the *Official Journal of the European Communities*. In case of non-publication of the notices in the *Official Journal of the European Communities*, the beneficiary shall certify that the public contracts have been awarded in conformity with Community legislation.

The Commission may request any information which it considers necessary for judging whether Community legislation on public contracts has been respected.

Reimbursement shall be subject to the presentation of documentary evidence in duplicate. That evidence should contain at least the main elements of the agreement between the Member State and the service provider(s) and the corresponding proofs of payment. To be eligible for reimbursement, individual items of expenditure must be listed in a summary statement indicating explicitly for each item the object of the expenditure, its connection with the proposed programme and the net amount excluding VAT.

FINANCIAL STATEMENT

Heading B2-901: financial participation in inspection and monitoring operations

1. Title of operation

Financial participation in inspection and monitoring operations.

2. Budget heading involved

B2-901.

3. Legal basis

Article 43 of the Treaty and Council Decision 89/631/EEC.

4. Description of operation

4.1 General objective of operation

The question of financial assistance for inspection operations carried out by the Member States was raised when the CFP was introduced. After a preliminary stage, assistance of an initial amount of ECU 22 million per annum was granted for the period from 1991 to 1995 on the basis of Decision 89/631/EEC, allowing the Commission to contribute up to 50% of expenditure on equipment incurred by the Member States. The Council undertook to decide on future provisions before 30 June 1995 on the basis of a report drawn up by the Commission. In the mean time, the Council has taken other decisions which have a bearing on this question.

When the new control Regulation was adopted, the Council said that the current system of inspections would now extend to new areas and required the implementation of additional measures not covered by the previous Decision (89/631/EEC)¹. The range of operations for which a financial contribution could be made to the expenditure of the Member States would therefore have to be widened:

¹ OJ No L 364, 14.12.1989, p.64.

- Support for investment expenditure must continue to be a priority for financial assistance. The acquisition of heavy equipment is particularly difficult to finance from national budgets. Moreover, the investments made during the period 1989 to 1995 have not fully covered needs as shown by the assessments made by the Member States for the period 1996 to 2000. The working life of the equipment concerned ranges from several decades (seagoing equipment) to several years (motor vehicles, computer equipment, technical inspection equipment), airborne inspection equipment coming somewhere in between. The equipment with a short working life will have to be replaced within the next five years. Even amongst the seagoing equipment there will have to be additions, replacements and renewals. A greater priority will furthermore have to be given to investments in modern technology. Investment will have to cover not only the acquisition of equipment but also other types of expenditure, in particular on software.

- If rapid progress is to be made, integrated projects may need to be set up, the financing of which, like that of the satellite pilot projects, may require expenditure over and above the cost of investments. The setting-up of information networks depends on such integrated projects. The agreement reached in the Council in December 1994 on fisheries inspection west of longitude 4°W requires very rapid implementation and specific financial arrangements.

- The serious problem of training needs to be stressed. Support must be permitted for the Member States' initiatives in this area. Priority must also be given to assistance for exchanges between Member States and between Member States and the Commission, both for the initial training of officials responsible for control and subsequently to promote temporary detachments and exchanges.

4.2 Duration of operation and provisions for renewal

The operation forms part of a measure planned to cover the period 1996 to 2000. Any subsequent action will have to be decided upon before the end of the period.

5. Classification of expenditure or revenue

- 5.1 Compulsory expenditure.
- 5.2 Differentiated appropriations.
- 5.3 No revenue.

6. Type of expenditure or revenue

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

Subsidy in the form of a reimbursement. Possibility of paying advances.

7. Financial impact

7.1 Method of calculating the total cost of the scheme

The financial contribution to investment expenditure is, inter alia, for the acquisition or modernization of:

- vessels, aircraft, and land vehicles employed in the monitoring and supervision of fishing activities;
- systems for the detection and recording of fishing activities (including equipment installed on fishing vessels);
- systems for recording, managing and transmitting inspection data, including computer applications and software.

The contribution should be limited to 35%, as against 50% under the previous Decision.

The financial contribution to expenditure intended to improve the application of the common fisheries policy as part of specific measures and projects not exceeding two years is limited to 50%.

The same limit applies for expenditure on the training of national officials involved in inspection work, in particular in a Member State other than that in which they are employed.

The Commission may, however, decide on higher rates, in particular:

- to permit the implementation of a coordinated measure by Member States and the Commission to overcome difficulties with inspection in an area of Community interest;
- to permit experimentation with and the introduction of new technology to improve the control of fishing and related activities;
- to permit an additional Community financial contribution not necessarily limited to expenditure on investments in favour of Ireland for the improvement of inspection work.

7.2 Breakdown by type of measure

Commitment appropriations in ECU million
(at 1996 prices)

Type of measure	Annual budget 1996 to 2000	Total budget over five years
1. Investment in equipment	28	140
2. Operating expenditure (Ireland)	2	10
3. Information networks	10	50
4. Training and exchanges	1	5
Total	41	205

A more detailed breakdown of expenditure is not possible since it is up to the Member States to submit applications. Priority should nevertheless be given to new technology and to seagoing inspection equipment for those Member States which are still underequipped.

7.3 Operating expenditure on studies, meetings of experts, etc. included in Part B

The nature of this heading excludes operating expenditure of this type.

7.4 Schedule to be completed for multiannual operations whose basic instrument contains "an amount deemed necessary"

- amount deemed necessary: ECU 41 million
- period: 1996 to 2000

Commitment appropriations / payment appropriations in ECU million
(at 1996 prices)

	Indicative plan						
	1996	1997	1998	1999	2000	2001	Total
CA	41	41	41	41	41	-	205
PA	10	40	40	40	40	35	205

8. **Fraud-prevention measures; results of measures taken**

Under the scheme, the Commission must take a decision every year on the Community contribution to expenditure incurred by the Member States. A prior appraisal is made of the proposals submitted by the Member States and the Commission decides on the eligibility of applications on the basis of the documentation submitted. Each year, after an interdepartmental consultation, the selected proposals are examined by the Management Committee for Fisheries and Aquaculture. The Commission then decides on the eligibility of the applications and the size of the Community contribution.

Payment of the Commission contribution is made on presentation of duly receipted invoices relating to eligible expenditure actually incurred and on presentation of the duly completed "public contract questionnaire".

To enable the best use to be made of assistance granted from the Community budget, the Member States must ensure the effectiveness of all their arrangements for controls and penalties and complete transparency of all procedures.

The importance of inspection missions carried out by officials on behalf of the Commission in the Member States should be stressed. They enable verification of the conformity of equipment with the administrative documents which the authorities of the Member States are obliged to submit to the Commission and the effective use of all the control facilities part-financed by the Community. Joint missions by the Authorizing Office and Financial Control are planned in the beneficiary Member States.

The above provisions will enable the Commission to evaluate the actual application of the Decision which will succeed Decision 89/631/EEC.

9. **Elements of cost-effectiveness analysis**

Expenditure on fisheries enforcement must be set against the value of fish stocks and the damage caused by non-declaration (estimated at 10% of the value of the catches landed) and poor management (resulting in the loss of an estimated potential annual revenue of ECU 3 000 million).

9.1 Specific and quantifiable objectives; target population

- *Specific objectives: links with general objective*

- To provide inspection authorities with efficient, modern equipment.
- To set up the mechanisms and computer networks necessary for the exchange of information relating to enforcement operations.
- To promote the training of those involved in enforcement operations.

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

The direct targets are the national fisheries inspection authorities, but it is all those involved in fishing and related activities, often in regions where other economic activities are limited, who will benefit from efficient fisheries enforcement. It is not only the fisheries sector which is concerned - the ecological impact of poorly controlled fishing activities affects the whole of the Union as do the diplomatic consequences when there are inadequate controls in international or third country waters.

9.2 Grounds for the operation

- *Need for Community financial assistance*

If the inadequacies in fisheries inspection are to be overcome, the Commission must take political, regulatory and budgetary action. None of these areas can be neglected; they are in any case linked. Progress has been made on regulatory provisions, essentially at the initiative of the Commission. The corresponding political decisions have financial consequences which the Commission cannot ignore.

The existence of the common fisheries policy and the interdependence of the fisheries sectors in the different Member States resulting from the movement of fish stocks makes fisheries control a Community problem. Cost-benefit analyses of fisheries control cannot be carried out at Member-State level. Community financial solidarity is therefore essential and the budget heading permitting assistance towards expenditure incurred by the Member States is the expression and the instrument of that solidarity. Furthermore, the growth of that heading is the result of decisions already taken.

- *Choice of ways and means*

- * *advantages over alternative measures (comparative advantages),*
- * *analysis of any similar measures implemented at Community or national level.*

The budget required for effective control is small when set against the economic importance of fisheries, the losses from fraud and the waste arising from the current ineffectiveness of the CFP. It is also small compared with the amounts spent in this area by other countries.

The Community budget for control will remain small compared with the expenditure of Member States, but that budget is the key to any progress. Reference has been made to the obligations arising from the decisions taken since 1991, particularly those taken by the Council. Assistance with the expenditure incurred by the Member States is essential.

Community financial assistance accounts for 2.7% of the 1995 Community budget for fisheries and is less than 10% of the almost ECU 230 million per year spent by the Member States on inspection and monitoring. Of that amount, ECU 54 million is for investment, the rest to cover operating costs. That expenditure can be compared with the expenditure on controls by certain third countries. The annual estimated cost of enforcement operations carried out by Norway is NOK 500 million (ECU 60 million) and Canada spends CAD 85 million (ECU 58 million). The 1995 budget of the US Coast Guard for policing fishing activities is USD 500 million (ECU 390 million). The Community budget for fisheries control is therefore modest when measured against a range of criteria.

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

The most serious risk is that Member States will be unable to meet their commitments as regards part-financing and their other obligations (organization, personnel, penalties, etc.).

In order for equipment towards which financial assistance has been granted to be used effectively, it must be used in a suitable context. Operating budgets, staffing, administrative organization and penalties are, without exception, the responsibility of the Member States. If the Member States do not adopt the appropriate measures, Community assistance will not produce the desired results. National authorities, although well-equipped, will not be fully effective.

9.3 Monitoring and evaluation of the operation

Evaluation of costs

The major difficulty is that the authorities involved in fisheries enforcement are often also carrying out other duties. Costs have therefore to be allocated. The most obvious example is operations at sea. Where these involve the armed forces, and even where an operation is mainly concerned with fisheries enforcement, they could possibly include other activities (sea rescue, demonstrating a security presence).

Whatever the difficulties, the expenditure required for effective controls is such that appropriate accounting measures must be taken to permit an effective breakdown of costs.

Assessment of the results

The initial indicators are a measure of the means employed: the number of days at sea of inspection vessels or flying hours of airplanes and helicopters, the area covered, the number of inspections carried out on land and at sea. These are indicators of activity and not a measure of effectiveness. They must nevertheless be part of any system for monitoring progress in enforcing the CFP.

The second set of indicators is the number of suspected infringements detected and the penalties imposed. This information, together with the activity indicators referred to above, are vital for any appraisal of the thoroughness of inspections and penalties. They do not, however, give a complete picture, since the number of suspected infringements depends on both the effectiveness of inspections and the actual number of infringements.

As regards resource-conservation policy, the actual effectiveness of the enforcement of the CFP should be assessed in the light of two criteria: limits on the rate of exploitation and protection of the smallest fish (juveniles). This means making a comparison between actual catches and authorized catches for each stock and calculating the proportion of undersized fish taken. Paradoxically, this is technically easier than proving individual infringements on a legally accepted basis. Procedures can be worked out for carrying out checks to verify the catches of a group of vessels. However statistically lax the procedures, it will be possible to assess the reliability of such estimates and to improve that reliability as required by adjusting the size of the samples taken. It will often be more difficult to acquire legally acceptable proof against a probable fraudster. On the one hand, the so-called "law of large numbers" facilitates the estimation of overall quantities, and, on the other, the burden of proof placed on the prosecution makes the penalization of individual infringements difficult. This duality must be an element in any consideration of the effectiveness of controls. It shows that it is easier than it is sometimes thought to measure the actual overall result of infringements. Scientists have regularly done this by comparing the official statistics with estimates based on research work. The unreliability of certain official statistics forces research institutes to devote a considerable part of their limited resources to non-scientific work. However, in terms of enforcement, the possibility of quantifying fraud permits us not only to have immediate composite indicators of efficiency but also to target inspections in the most important areas. It therefore becomes possible to rationalize inspections so that the means devoted to prevention and dissuasion and to the gathering of evidence necessary for the imposition of penalties are concentrated on the most serious problems. Such rationalization would not only permit a direct improvement in the

effectiveness of controls but would also increase the credibility of controls with those working in the sector, who are often well-informed about large and recurrent cases of fraud.

On an operational level, it would be useful if each Member State were able to verify certain catches on the basis of random checks. DG XIV should use the assessments made by international scientific bodies.

(Items for internal information purposes)

9.4 Consistency with financial programming

Is the operation incorporated in the DG's financial programming for the relevant years?

The operation is to be implemented under a Council Decision covering the period 1996 to 2000.

To which broader objective defined in the DG's financial programming does the objective of the proposed operation correspond?

The question of enforcement concerns the whole of the CFP.

10 Administrative expenditure (part A of the budget)

This section of the financial statement must be sent to DGs XIX and IX; DG IX will then forward it to DG XIX with its opinion.

10.1 *Will the proposed operation involve an increase in the number of Commission staff? If so, how many?*

An increase is necessary to intensify anti-fraud controls, monitoring and assessment. The estimated increase is 0.5 A and 1 B grade staff.

10.2 *Indicate the amount of staff and administrative expenditure involved in the proposed operation. Explain the method of calculation.*

Mission expenses: ECU 15 000

- Staffing
- 75% of the time of an A grade official
 - 150% of the time of a B grade official
 - 150% of the time of a C grade official
 - translation work (correspondence, proposed programmes, Commission Decision)

In the medium term, after the transitional phase, the additional resources might no longer be required.

REPORT FROM THE COMMISSION TO THE COUNCIL
AND THE EUROPEAN PARLIAMENT

**ON THE COMMUNITY'S FINANCIAL CONTRIBUTION TOWARDS
EXPENDITURE INCURRED BY MEMBER STATES FOR THE
PURPOSE OF ENSURING COMPLIANCE WITH
THE COMMON FISHERIES POLICY**

Note on the English translation: it has not proved possible to translate the Annexes of this Report by 28 April. The English version of these will follow in the first week of May. - SdT/C/3

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INTRODUCTION

The common fisheries policy includes a comprehensive, integrated system of control for ensuring compliance with the rules relating to all the key aspects of that policy. The Member States have direct responsibility for most operational aspects. Each Member State designates the competent authorities responsible for carrying out inspections and makes the necessary funding and staffing available. Given that controls are of more than purely national interest and that the investments necessary to acquire suitable monitoring and control facilities in certain cases exceed the funding available from national budgets, since 1978 the Community has gradually introduced a system of financial contributions towards expenditure incurred by the Member States.

The purpose of this report is, in the first instance, to review application of Council Decision 89/631/EEC on a Community financial contribution towards expenditure incurred by Member States for the purpose of ensuring compliance with the Community system for the conservation and management of fishery resources¹. The Decision covers 1991-95 and an initial budget of ECU 110 million was authorized for the five-year period.

Before looking at the future, an in-depth analysis of the current situation is required. This analysis is the subject of the second part of this report, which summarizes recent decisions affecting the rules on the enforcement of the CFP and looks at the general conditions necessary for progress on fisheries control.

On the basis of the analysis given in that second part, the third and final part aims to define the rules for a new system of financial support for fisheries control.

¹ OJ No L 364, 14.12.1989, p. 64.

1. APPLICATION OF COUNCIL DECISION 89/631/EEC

1.1 BACKGROUND

The primary responsibility for enforcement of the common fisheries policy (CFP) lies with the Member States. Each Member State controls fishing and related activities carried out on its territory and within the maritime waters under its sovereignty or falling within its jurisdiction. Controls cover all vessels and all operators, both those of the Member State responsible for controls and those of other Member States and third countries.

The decentralization of responsibility for the inspection and monitoring of fishing activities to the Member States is in accordance with the principle of subsidiarity. The Commission must provide support for these controls and ensure that they are effective, fair, objective and transparent. The financial burden, the relationship between that burden and the benefits for the national economy and budgetary capacity vary considerably from Member State to Member State. Financial solidarity is therefore necessary. From the introduction of the CFP, therefore, support has been given through a contribution to the cost of investments.

Following on from an initial measure introduced in 1978 for Ireland and Denmark (Greenland), it was decided in 1987 to grant financial assistance to all Member States for the development of their monitoring and inspection facilities. This measure was then extended for a period of five years by Council Decision 89/631/EEC of 27 November 1989 on a Community financial contribution towards expenditure incurred by Member States for the purpose of ensuring compliance with the Community system for the conservation and management of fishery resources². The Decision covers the period 1991-95 and extends, as an interim measure, to monitoring operations in the Mediterranean pending the adoption of Community rules for that area.

This section reviews the implementation of Decision 89/631/EEC. The subject has already been covered in two previous documents: the Report on Monitoring Implementation of the Common Fisheries Policy³ makes an overall evaluation of the controls exercised by the Member States and examines in detail Community contributions towards expenditure incurred by Member States; the report from the Commission to the Council on the Memorandum submitted by Ireland on the fisheries sector⁴, from a more specific point of view, contains an appraisal of the Community contribution granted to Ireland.

² OJ No L 364, 14.12.1989, p. 64.

³ Doc. SEC(92) 394 final.

⁴ Doc. SEC(93) 882 final.

1.2 DESCRIPTION OF THE SCHEME

Council Decision 89/631/EEC provides for a Community financial contribution towards expenditure incurred by Member States for the purpose of ensuring compliance with the Community system for the conservation and management of fishery resources. The principal objective of the measure is to contribute to the development of monitoring and inspection facilities in the Member States, since improving control will help conserve fishery resources and result in more rational, and therefore more economically efficient, fishing. Day-to-day expenditure and running costs are not eligible for a financial contribution from the Union.

The Community contribution applies to eligible expenditure incurred by the Member States between 1 January 1991 and 31 December 1995. The Council, acting in accordance with the procedure provided for in Article 43 of the Treaty, must decide before 30 June 1995 on provisions for any Community financial contribution to be made after 1 January 1996 (Article 1(5)).

In 1989, the Council considered that a budget of ECU 22 million was needed over the five years, with Community financing limited to a maximum of 50%.

In 1994 a budget of ECU 10 million was earmarked for pilot projects concerning continuous satellite position monitoring of fishing vessels and automatic position recorders. These projects were implemented during the second half of 1994 and the first half of 1995 in preparation for a Council decision on the definitive introduction of such a monitoring system.

The budget for the measure in 1995 is ECU 22.5 million or 2.7% of the Community budget for fisheries.

Between 1991 and 1995, the Commission made a total financial contribution of ECU 118 million. The Community contribution was 50% of eligible expenditure in all cases, except for the pilot projects concerning continuous satellite position monitoring, which were financed at the rate of 100%, the total contribution for those projects in 1994 and 1995 being ECU 9.4 million.

Annex 1 shows the consolidated position with regard to commitments and payments for all the Member States.

1.3 PURPOSE OF THE INVESTMENTS

Eligible expenditure has been spent on the acquisition or modernization of:

- seagoing equipment, aircraft and land vehicles and equipment installed in them;
- systems for the detection and recording of fishing activities;
- systems for recording and processing data on catches and landings/transshipments.

The Community contribution of an average of ECU 22 million per year should be set against the investment of more than ECU 54 million per year made by the Member States themselves.

The final beneficiaries of the Community contribution are the national inspection authorities designated by the Member States. In certain cases, benefits are passed on to the regional inspection authorities.

The range of investments made and planned under Decision 89/631/EEC varies from one Member State to another. An indication is given in Annex 1.

1.4 RESULTS

The results of the financial support given for investment expenditure can only be fully assessed on the basis of a cost-effectiveness analysis of the whole range of controls. As shown in Annex 2, the analytical tools required are not yet fully in place in the Member States. The following analysis can therefore be no more than partial.

The purpose of the expenditure on seagoing equipment, aircraft and land vehicles and on the systems for the detection and recording of fishing activities was to improve controls in order to achieve fuller compliance with conservation measures. An evaluation must cover the performance of inspection services and the results obtained in terms of the compliance of fishermen with the rules on conservation (access to zones and resources, technical measures) and application by the Member States of the overall restrictions on catches (quotas).

Surveillance and controls at sea and on land can be analyzed in terms of activity. Evaluation is often based on key data such as the number of inspection days, the number of inspections at sea, the number of infringements detected, etc. Some of this information is systematically gathered under Commission Regulation (EEC) No 3561/85 of 17 December 1985 concerning information about inspections of fishing activities carried

out by national control authorities⁵. Between 1990 and 1993, the number of inspection days spent at sea by national inspection vessels rose from 12 970 to 16 520 and the number of inspections at sea from 20 537 to 31 944. The number of infringements detected increased from 2 393 to 5 092, with infringements at sea involving the log-book rising from 217 to 489 and illegal catches from 152 to 320.

As shown in Annex 2, it is vital to be able to estimate the extent of fraud. The increase in the number of infringements detected could be the result of the intensification of controls and, in part, of the widening of the scope of controls. In addition to the indicators of activity, an indication of effectiveness could be gained from a comparison of official statistics and the unofficial statistics used by ICES working parties (see Annex 2). Comparison shows that the reliability of official statistics has not significantly improved.

The increase in investment, with a financial contribution from the Community, has enabled fisheries control to be intensified. This has not permitted any large reduction in fraud, since the factors which tend to encourage it, such as commercial difficulties, have been increasing. In any event, any improvement in controls is impossible without investment, although investment on its own is insufficient, as shown in paragraph 2.2

As regards legislation, Decision 89/631/EEC had to be amended to include expenditure on controls in the Mediterranean and to permit the financing of pilot projects concerning satellite position monitoring of fishing vessels.

⁵ OJ No L 339, 18.12.1985, p. 29.

2. CONTEXT FOR THE PREPARATION OF A NEW DECISION

2.1 NEW REGULATORY FRAMEWORK / COUNCIL AND COMMISSION UNDERTAKINGS

2.1.1 REVIEW OF THE CFP

Council Regulation (EEC) No 3760/92 of 20 December 1992 establishing a Community system for fisheries and aquaculture⁶ created the main frame of reference for the implementation of the common fisheries policy up to 2002. The CFP now covers all activities involving the exploitation of live aquatic resources, including aquaculture, and product processing and marketing. The new basic Regulation, which essentially rolled forward the CFP on the basis of what had been achieved since its establishment in 1983, also provides for the possibility of direct management of fishing effort and the need for effective links between conservation policy and limiting catch capacity.

2.1.2 EXTENDED SCOPE OF THE MONITORING AND INSPECTION REGIME

Council Regulation (EEC) No 2847/93 establishing a control system applicable to the common fisheries policy⁷ entered into force on 1 January 1994. It is an instrument of the revised CFP and has extended the scope of application of monitoring to the Mediterranean, to fishing activities by Community vessels in the waters of third countries and on the high seas, as well as structural measures and measures on the common organization of the market.

This new instrument, which replaces Regulation (EEC) No 2241/87⁸, maintains and extends the responsibility of each Member State with regard to compliance with Community legislation. It paves the way for increasing use of new technologies. Two such uses are explicitly introduced: satellite technology (monitoring vessel position) and computer technology (databases and networking).

With regard to satellite tracking, an experiment is under way which at the same time is testing arrangements for the continuous recording of vessel position. Conclusions based on this experiment will be reached in 1995. The creation of interconnectable computerized databases for all information (e.g. log books, sales documents) will be compulsory from the beginning of 1996.

⁶ OJ No L 389, 31.12.1992, p.1.

⁷ OJ No L 261, 20.10.1993, p.1

⁸ OJ No L 207, 29.7.1987, p.1. Regulation amended by Regulation (EEC) No 3483/88 (OJ No L 306, 11.11.1988, p.2).

Progressive computerization should lead to the creation at local, regional and national level of computerized data bases and a computer network enabling the exchange of data between Member States and between Member States and the Commission. In addition to assisting monitoring, this would guarantee the availability at Community level of essential basic data.

2.1.3 LICENCES AND SPECIAL FISHING PERMITS

Council Regulation (EC) No 3690/93 of 20 December 1993 establishing a Community system laying down rules for the minimum information to be contained in fishing licences⁹ enhances the regulatory framework introduced in new "control" Regulation. Applicable from January 1995, this Regulation lays down that every Community fishing vessel must have a fishing licence containing technical information on that vessel.

The licence system was supplemented by Council Regulation (EC) No 1627/94 of 27 June 1994¹⁰ laying down special provisions concerning special fishing permits for Community vessels and third-country vessels operating in Community waters. In addition, Council Regulation (EC) No 3317/94 of 22 December 1994¹¹ lays down a specific licensing system for Community vessels fishing under a fishing agreement in the waters of third countries.

2.1.4 CONSERVATION OF MEDITERRANEAN RESOURCES

In June 1994 the Council adopted a set of technical measures to create the basis for a management system in the Mediterranean (Regulation (EC) No 1626/94 of 27 June 1994¹²).

2.1.5 ENLARGEMENT

Two new Member States are involved, which operate exclusively (Finland) or principally (Sweden) in the Baltic. Both the conclusions arising from the satellite pilot projects and the obligations with regard to computerization from 1 January 1996 will apply fully to the new Member States. In addition, special monitoring rules were initiated in the Baltic in September 1994. Finally, Sweden and Finland have a direct interest in industrial fishing. The volume of monitoring to be carried out for this type of fishing, especially in the Baltic and the Kattegatt, is going to increase substantially, particularly since a transitional period has been accepted for both Sweden and Finland at the end of which an overall solution will have to be found.

⁹ OJ No L 341, 31.12.1993, p.93.

¹⁰ OJ No L 171, 6.7.1994, p.7.

¹¹ OJ No L 350, 31.12.1994, p.13.

¹² OJ No L 171, 6.7.1994, p.1.

2.1.6 MANAGEMENT SYSTEM WEST OF 4° W

(Successor to the terms of Spanish and Portuguese accession)

The Council meeting in December 1994 decided to establish new detailed management rules, giving a major role to the direct management of fishing effort, and to define associated control measures. The latter are to involve the systematic transmission, from 1996, of entries into and exits from fishing areas for vessels of more than 15 metres, and, not later than 1998, the catch data will also have to be transmitted. Community management and data communication infrastructures are planned for this purpose.

2.1.7 NAFO REGIME

The inspection regime in the NAFO area adopted in Council Regulation (EEC) No 1956/88¹³ has been supplemented by control measures contained in Council Regulation (EEC) No 189/92¹⁴ requiring vessels to communicate certain information relating to their activity ("hail system"), by a pilot observation programme contained in Council Regulation (EEC) No 3928/92¹⁵ and by certain resource conservation and management measures (Council Regulation (EEC) No 3860/93¹⁶).

2.1.8 UNEQUAL BURDENS

During the debate leading to the adoption of the new control Regulation at the Council meeting in June 1993, the Council and the Commission undertook to examine the issue of the unequal burdens placed on certain Member States in the light of, among other things, the extent of their EEZs, the economic significance of their fisheries and their financial capacity.

This undertaking was confirmed by the Council in December 1994. In particular, it was planned, as part of the authorized practical Community measures and within the framework of the financial guidelines, to grant additional Community support, including operating expenditure, to Ireland to help it improve its monitoring,

¹³ OJ No L 175, 6.7.1988, p.1.

¹⁴ OJ No L 21, 30.1.1992, p.4.

¹⁵ OJ No L 397, 31.12.1992, p. 78, OJ No L 44, 22.2.1993, p.82 (corrigendum). Regulation amended by Regulation (EC) No 2762/94 (OJ No L 294, 15.11.1994, p.5).

¹⁶ OJ No L 341, 31.12.1993, p. 42.

2.2 CONDITIONS OF EFFECTIVE MONITORING

2.2.1 MEANS OF IMPLEMENTATION

Investment expenditure

Monitoring at sea can only be carried out with suitable seagoing and airborne equipment. Inspection on land, too, requires means of transport and communications. Monitoring fishing also involves the collection, archiving and collation of considerable volumes of data. Computerized equipment is therefore essential.

All the above equipment must be constantly modernized so that it does not become outdated and to prevent fraud, whose practitioners are constantly increasing and updating their equipment and expertise.

Investment needs to take account not only of equipment, but also of other aspects such as the development of appropriate technology and the writing of software packages.

Operating expenditure

For full use to be made of the equipment, it must be ensured that not only the staff referred to in paragraphs 1-3 are provided, but also that the necessary operating budgets are available.

Human resources

It is sometimes easier to find the funds for acquiring heavy equipment than to ensure that the human resources needed to make full use of the equipment will be available on a long-term basis. It is nevertheless essential that organizations with a sufficient number of steadily employed, trained and motivated staff should be established.

The use of modern technology can mean that the same level of effectiveness in monitoring can be achieved with reduced numbers of staff, as can be seen from the cases of computerization and satellite surveillance. Yet, while it may be possible to reduce the number of staff, those employed must be qualified. The required qualifications go far beyond computer skills. The use of statistical methods means that the monitoring services must be able to rely on real specialists in the field, and other specializations could be added to the list. But the essential point is the general need for a sufficient number of increasingly highly qualified staff.

Legal powers

If the agents responsible for monitoring do not have right of access to the relevant information, monitoring will be more difficult. If the range of penalties available is not sufficient, the very usefulness of such monitoring will be affected.

Involvement of those working in the fishing industry and in the monitoring services

Although it is hard to conceive of monitoring being implemented without any friction, effective control of the CFP cannot be hoped for unless those involved, beginning with the fishermen themselves, can be made to see the need for it. Some progress has been achieved. A few years ago monitoring of fishing was perceived mainly as unjustified harassment from the authorities. But the fact that overall encouraging progress has been made should not blind us to the fact that there is still a long way to go. Both those working in the fishing industry and those responsible for monitoring need to be better informed about what is at stake in cases of fraud.

Equity and transparency

The primary fear blocking acceptance by fishermen of more effective control measures is that they will be subject to more rigorous controls than other fishermen. This concern is most clearly reflected in the difficulties between Member States. It is therefore essential to improve transparency concerning the exact means used by each Member State for monitoring and their detailed arrangements for the application of rules and follow-up action on monitoring. The Commission must play a leading role in ensuring that the relevant information is communicated and made public. The annual reports provided for in Regulation (EEC) No 2847/93¹⁷ will constitute a particularly important instrument for this purpose. But the cooperation of national authorities is indispensable.

General advancement of the CFP

Monitoring may uncover gaps in the CFP, but it cannot be a tool for correcting a fault in policy. On the other hand, gaps in the CFP can only make monitoring more difficult and expensive. The most important problem here is that of fishing overcapacity. Overcapacity is an essential factor in explaining the depletion of resources. This depletion, which reduces yield, affects the profitability of fishing vessels. It increases the temptation to commit fraud, in particular for vessels in commercial difficulties.

The Council's deliberations on TACs and quotas have been moving in a satisfactory direction for some years now, which has made it possible to take better account, for some overexploited stocks, of scientific opinion recommending a reduction in the level of

¹⁷ OJ No L 261, 20.10.1993, p.1

exploitation. But the overcapacity which has give rise to the abovementioned over-exploitation has only been marginally influenced by the MGPs, at least so far. As a result the catch capacity in various fisheries still far exceeds that needed for catches within the quotas. If restrictions on the activity of the vessels concerned cannot be established in parallel, the situation will lead to closures of fisheries in the course of the fishing year, to massive discards into the sea, or to fraud. Monitoring catches is made all the more difficult and expensive by the wide gap between the fishing capacity available and that needed to catch within the quotas.

Use of recent technological developments

Fishermen have often been quicker to take advantage of the opportunities offered by technical developments than have the organizations responsible for monitoring. Reference has already been made to satellites and computer technology in this connection. It is important not to stand still in trying to apply the new control Regulation. On the contrary, active and constant steps must be taken to seize all the opportunities offered by technological development.

2.2.2 STRATEGY AND ORGANIZATION

The extremely heterogeneous nature of the fisheries and aquaculture sector, the size of the zones to be supervised, the mixed nature of fisheries, the large number of landing and sales points and, above all, the imbalance between fishing capacity and the potential of existing fish stocks all make monitoring more difficult. Substantial physical, human and financial resources are needed to achieve successful monitoring. But it is the linchpin of the CFP. It is therefore essential to define a strategy and organization for it.

- The available means should be deployed in optimal fashion so as to concentrate them on the most serious problems and give proportionate attention to the different aspects concerned (catches, fishing effort, structures, the market). At operational level, monitoring should be targeted on areas and fisheries where non-compliance with Community rules is most widespread, and concentrate on major infringements. The monitoring and inspection services cannot afford to carry out random surveillance with the limited means at their disposal. Moreover, dealing with major infringements has a deterrent effect, whereas the pursuit of minor infringements may be counterproductive and even undermine the credibility of monitoring. Equally, infringements duly discovered must be penalized in an even-handed way and have a deterrent effect.
- Changes that have occurred in the recent past mean that alterations are also needed in the way monitoring is conducted. The monitoring of technical measures and landings, which have so far been the mainstay of fisheries monitoring, must be supplemented by other measures to achieve global and integrated control covering the key elements of the common fisheries policy. It follows that the monitoring of inputs, put into practice through, among other things, capacity inspections (e.g. checking vessel displacement and engine power) and surveillance

of fishing effort (number of days at sea), must be stepped up. The validation of catch and landing data and cross-checking of data from different sources, in particular through the use of computers, will also provide valuable support. Sampling procedures should be defined, both to check certain data and to fill in information gaps. National authorities should develop programmes to take account of these new developments. The result will be a real increase in efficiency.

- Experience has shown that breaking up monitoring tasks among several departments or ministries greatly complicates the collection of information. In some cases a monitoring officer is obliged to curtail his work in order not to impinge upon the prerogatives of a department to which he does not belong. What makes these difficulties all the more regrettable is that the collation of information from various sources is one of the essential instruments for improving fisheries monitoring. The information required may be collected in some cases at sea, in others at the point of landing or first sale, and in still other cases during transport or trade transactions beyond the first sale. It is probably not conceivable for one authority to be responsible for all the aspects likely to be of interest for fisheries monitoring purposes. But the greater the number of departments involved, the more difficult monitoring is, while the stronger the coordination structures and mechanisms, the more effective it is. This is another respect in which each Member State should establish the necessary organization, unless they wish to accept inefficient monitoring at prohibitive expense.

3. FUTURE FINANCIAL SOLIDARITY

3.1 JUSTIFICATION

- Improving monitoring is a priority for the CFP that is recognized by everyone. Expenditure on monitoring must therefore also be seen in relation to the value of Community production, which is more than ECU 8 500 million. The improper exploitation of resources, which cannot be remedied without improving monitoring, is leading to a fall in revenue in many fisheries of 10% to 30% on the most conservative estimate. At a global level, the FAO estimates the value of waste resulting from over-fishing at between USD 15 000 million and USD 30 000 million. The present level of Commission financial assistance represents 2.7% of the section of the Community budget allocated to fisheries in 1995, and less than 10% of the total expenditure of Member States on monitoring. Total Member State expenditure on monitoring is approaching ECU 230 million per year. Of this amount, ECU 54 million relates to investment, the rest goes on running costs. This expenditure may also be compared with the cost of monitoring in certain third countries. The annual cost of monitoring in Norway is estimated at NOK 500 million (ECU 60 million) and in Canada at CAD 85 million (ECU 58 million). In the United States, the proportion of the 1995 budget allocated to the Coast Guard for policing fisheries is USD 500 million (= ECU 390 million). The Community fisheries monitoring budget is thus modest on a number of measures.

- Community participation in Member State expenditure is justified by the fact that the rules to be complied with are Community rules. Only the application of common rules can ensure effective conservation of resources. Monitoring landings and transport of fish goes beyond purely national interests. A fisherman from one Member State may land fish in another Member State and the fish landed may then be transported to a third Member State. (For example, a Belgian fisherman may land his catch, caught in the North Sea, in Denmark and then transport it to the Netherlands and market it there). The Member State where the landing takes place and transport commences monitors the application of Community rules without having any direct economic interest in the operation. Monitoring by a Member State, on its territory and in its maritime waters therefore goes beyond national interests. The Community dimension is becoming more and more important as time passes because of the interpenetration of activities.

- Non-compliance with the control system results in frauds that undermine the internal and external credibility of the common fisheries policy, and in certain cases of the Community itself. The establishment at Community level of effective monitoring should create a climate of confidence and cooperation between inspection bodies and those active in the industry, and between the Community and third countries.
- The benefits of effective monitoring cannot be assigned to specific Member States. In this context solidarity is needed in bearing the costs. This is made still more important by the fact that some Member States bear disproportionate burdens. The benefits that a Member State may hope to derive from better fisheries monitoring is not proportionate to the financial burden it has to bear. The cost of monitoring for a Member State increases according to the extent of its exclusive economic zone, and more particularly the extent of the continental shelf included in that zone since, apart from the large migratory fish (e.g. the tuna family), most fisheries are concentrated on the shelf. The size of landings and the possible number of landing points also increases costs. The financial capacity of Member States to bear monitoring costs depends on other factors, and even the commercial value of the fishing activity within a Member State is not proportionate to the potential burden of monitoring it has to take on. Having recognized the imbalance of this situation, an exercise in increased solidarity should be undertaken to support the Member States concerned, of which the clearest example is Ireland.
- Beyond the requirements of solidarity, there is major potential for synergy. Monitoring in one Member State will be all the more effective if it is also efficient in others. Moreover, economies of scale may be found by avoiding unnecessary duplication. This is particularly true in the case of experimenting with new technology as in the case of satellite tracking or the definition of software for data management and transfer.

3.2 TOWARDS A PARTNERSHIP BETWEEN THE COMMISSION AND MEMBER STATES

Such a partnership presupposes general agreement on overall strategy, taking account of the principle of subsidiarity and the exclusive competence of Member States for monitoring their territory and EEZs, as well as the need for coordination at Community level and specific Commission tasks.

The Commission must ensure that national monitoring is effective, provide the necessary financial assistance as discussed in this report and develop its roles as an initiator of progress and coordinator. However, the Member States must continue to provide and develop the basics. Community measures will be in vain if the Member States do not make all the necessary arrangements. The function of Community financing for monitoring should be clearly defined. It is only under these conditions that an effective partnership can be established between Commission and Member States.

Community funding must not be a substitute for national financing. The principle of additionality must pertain fully. In addition to that principle, to ensure that the best possible use is made of funding granted from the Community budget by the Commission, the Member States must guarantee the efficiency of all the monitoring systems and penalties they use and also ensure complete transparency.

When funding is granted under the heading of equipment, to enable it to be well used, there must be an adequate context into which it is to be integrated. Barring exceptions, the allocation of staffing, operational and administrative budgets lies within the competence of the Member States. If they do not make the necessary arrangements, Community assistance will not achieve the desired ends. National teams with good equipment will continue to be less effective than they could be.

In order to be able to guarantee efficient use of Community assistance, the Member States must also make the necessary arrangements to ensure the transparency required. It must be possible for the Commission to establish that every Member State is fulfilling its obligations with regard to means (cost and activity indicators) and results (efficiency indicators). Independently of the general responsibilities in this regard established by Regulation (EEC) No 2847/93¹⁸, it will thus be possible to quantify and guarantee what the ultimate benefits of Community financing have been.

3.3. SCOPE OF APPLICATION AND PROCEDURES

When the Council adopted the new control Regulation, it declared that the new control system as adopted also relates to the new fields of application and that supplementary implementing measures were needed for which the earlier Decision (89/631/EEC)¹⁹ did not provide. It will therefore be necessary to extend the areas of Member State expenditure eligible for Community assistance.

- Support for investment expenditure must however continue to be a key sphere of financial assistance. The acquisition of heavy equipment is particularly difficult to finance from national budgets. Furthermore, the size of the investments approved for the period 1989-95 did not provide fully for all needs as Member State assessments for the period 1996-2000 show (Annex 4). The lifetime of the equipment concerned has been falling from several decades to several years (car and computer pool, technical inspection equipment), while aerial control equipment is an intermediate case. Equipment with a short life should be renewed within the next five years. Even seagoing equipment will need additional attachments, replacement parts and renovation. A more important place under the heading of investment should also be given to modern technology. Investment expenditure should cover not only the acquisition of equipment, but also other types of costs, starting with software.

¹⁸ OJ No L 261, 20.10.1993, p.1

¹⁹ OJ No L 364, 14.12.1989, p.64.

- Rapid progress may also involve setting up integrated projects, and judging by the satellite pilot projects the financing needed will go beyond investment costs. Establishing an information network would be one of these integrated projects. The agreement reached at the Council meeting in December 1994 on monitoring fisheries west of longitude 4° W will need to be implemented very rapidly and in itself will require specific financing capacity.
- Finally, the importance of training must be emphasized. There must be provision for supporting Member State initiatives in this matter. Priority assistance should also be granted to exchanges between Member States and between Member States and the Commission, both for initial training of monitoring staff and for secondments and limited-duration further training.

It should be possible to provide Community financial support for all the above measures. The assistance rate should vary according to the nature of those measures. For investment assistance, in order to avoid inflation of Community expenditure that is not strictly justified, the minimum rate could be brought down to 35%, except for Member States that bear a disproportionately heavy burden of expenditure.

Beyond contributions to expenditure incurred by the Member States, the Commission should also be able to assist directly.

- With regard to specific measures, it has proved necessary to have the capacity to initiate operations rapidly to deal with problems beyond the scope of a single Member State. For example, the monitoring of international seas for long-finned tuna in the Atlantic and swordfish in the Mediterranean has posed problems that could have been simplified by the presence in the area of a vessel chartered by the Commission, following NAFO precedents. Member State inspectors without their own inspection vessel in the zone could have operated from that vessel. This is just one example.
- Support should also be given to experiments with new methods, as was done with the CAP, to encourage the use of new technology. Between the initial research stage, which would obviously look for funding under Community research programmes, and the operational application of findings, feasibility studies should be supported by the Commission. For example, the standardization of the measurement of engine power, procedures for locating and identifying passive gears, and the development of techniques for determining the biological and geographical origin of certain products all require specific studies.

Direct Commission financing of these measures may, however, be treated separately.

3.4 BUDGET APPROPRIATIONS

- At the Commission's request, the Member States have provided an assessment of their needs for the period up to 2000 (see Annex 4). On this basis, applying a corrective factor to take account of the accession of Sweden and Finland, and taking an average financial contribution at the "normal" rate of 35%, a package of ECU 150 million over five years should be planned for support for investment expenditure, budgeting for traditional investment and the investment necessary for the implementation of new technology together.

Support for specific integrated projects (satellites, databases and computer networks) of limited duration, which may cover other expenditure than investment, will need an overall budget of ECU 50 million. This is an indicative figure and remains to be fixed following the conclusions on the pilot projects for satellite tracking of fishing vessels and on the basis of the rules shortly to be adopted on the management of fishing effort.

Support for training and exchanges would require funding of ECU 5 million.

A total budget of ECU 205 million, or ECU 41 million per year on average, is thus required. This increase on the previous period must be seen in the light of all the new arrangements adopted by the Council and referred to in paragraph 2.1. (extension of scope of application, enlargement, integration of the Mediterranean), as well as the need to expand the range of assistance possible, as has been done for the CAP.

- The proposed increase will only be sufficient if other Community budget resources are used at the same time. A computerized network for the exchange of data between the Member States and the Commission could be partly financed by the Community IDA programme (Interchange of Data between Administrations). The programme provides for financial support for projects for cooperation between national administrations and the Commission in respect of the telecommunication of computerized data. The FIDES (Fisheries Data Exchange System) feasibility study provided for in the Directorate-General for Fisheries' 1994-95 Computer Guideline was financed in this way (ECU 1 million) and pilot projects in fisheries are to be financed for an amount of ECU 0.75 million in 1995. Under the FIG (financial instrument for fisheries guidance), certain expenditure on fisheries monitoring equipment is eligible. However, in the case of expenditure charged to the fishermen, the monitoring agencies appointed by the Member States may not benefit from such assistance.

- Funds for operations directly initiated by the Commission must also be increased.

The financing of specific measures coordinated at Community level will require an additional budget of ECU 10 million. Support for experimenting with new technology could be provided on the basis of a budget of ECU 10 million for five years.

CONCLUSIONS

The scheme on Decision 89/631/EEC²⁰ and summarized in this report currently covers a period of five years, up to 1995. It has been very fruitful, but must be extended. The Control Report established in 1992 has shown up gaps which will not have been made good by the end of 1995. Monitoring is essentially a Community matter. Financial solidarity is all the more necessary because no Member State can hope to benefit directly from the efforts it alone dedicates to monitoring, and certain Member States have to bear a disproportionate burden. Moreover, coordinated Community action enables synergy and economies of scale to be achieved.

It will be all the more important to support Member State efforts since the scope of monitoring has been extended by Regulation (EEC) No 2847/93²¹ to cover structural and market aspects of fisheries and a number of other decisions have increased the range of needs, as has enlargement. The Council has emphasized the need to implement additional measures for which the relevant existing Decision does not provide in terms of financial assistance. That declaration highlights the importance of a financial contribution by the Union to Member State efforts to develop monitoring in line with new needs.

Beyond the renewal and consolidation of the existing system, accompanied by a multiannual financial framework, a major overhaul is needed. The existing system will have to be supplemented and adjusted in relation to specific criteria. The incentive to use new technology and coordinated measures must be stepped up, with the Commission acting as the motive force in this respect, and the Commission must therefore have the necessary financial instruments.

On the basis of forecast monitoring expenditure for the period up to 2000, and assuming that the existing system is rolled forward, a substantial increase on the present financial package of ECU 22 million per year will be necessary.

However, granting a financial contribution must be made conditional upon the Member State concerned establishing all the necessary facilities and measures for effective monitoring, which has not always been the case in the past. This will involve establishing a financial system with tighter constraints. Measures for which Community assistance is being requested will have to be assessed *ex ante* and *ex post* on the basis of verifiable criteria and objectives in order to determine in each case, both during and at the end of the programme, whether the objectives can be achieved at reasonable cost.

²⁰ OJ No L 364, 14.12.1989, p.64.

²¹ OJ No L 261, 20.10.1993, p.1.

ANNEX 1

IMPLEMENTATION OF DECISION 89/631/EEC ⁽¹⁾

⁽¹⁾ OJ No L 364, 14.12.1989, p. 64.

ANNEX I

1. CONSOLIDATED SITUATION OF COMMITMENTS AND PAYMENTS

(at 31 December 1994)

(in ecu)

	(1) Programming (commitments)	(2) Implementation (payments)	(3) Cancellation (released)	(4) = (1)-(2)-(3) In suspense (remain to be liquidated)
1991 instalment	19 238 472	15 809 313	3 429 159	0
1992 instalment	25 522 237	16 252 278	9 269 959	0
1993 instalment	28 620 985	19 876 974	915 971	7 828 040
1994 instalment	30 299 796	12 041 391	1 505 711	16 752 694
1995 instalment	23 935 267	0	0	23 935 267
TOTAL	127 616 757	63 979 956	15 120 800	48 516 001

The divergences between commitments and payments are explained by the fact that certain investments were overestimated and others were not carried out within the time initially envisaged.

The investment projects planned for 1991 and 1992 but then cancelled have resulted in releases of budget funds.

ANNEX 1 (cont.)

**2. SITUATION OF COMMITMENTS AND PAYMENTS BY MEMBER STATE
(at 31 December 1994)**

(in ecu)

	(1) Programming (commitments)	(2) Implementation (payments)	(3) Cancellation (released)	(4) = (1)-(2)-(3) In suspense (remain to be liquidated)
Belgium	342.551	143.780	0	198.771
Denmark	4.291.242	1.924.193	464.397	1.902.652
Germany	2.387.897	799.765	85.662	1.502.470
Greece	10.544.199	3.498.691	3.617.407	3.428.101
Spain	19.441.470	7.998.025	3.429.522	8.013.923
France	13.013.689	4.603.535	729.220	7.680.934
Ireland	29.575.133	21.385.559	887.003	7.302.571
Italy	3.513.887	2.185.876	0	1.328.011
Luxembourg	-	-	-	-
Netherlands	2.591.372	273.688	0	2.317.684
Portugal	31.674.105	15.402.754	4.419.716	11.851.635
United Kingdom	10.241.212	5.764.090	1.487.873	2.989.249
TOTAL	127.616.757	63.979.956	15.120.800	48.516.001

ANNEX I (cont.)

3. RANGE OF EXPENDITURE BY MEMBER STATE

BELGIUM envisages expenditure in 1995 on airborne monitoring, as well as the purchase of one off-road vehicle and two rubber dinghies with engine.

DENMARK has ordered a new fisheries inspection vessel which started building in 1993 and should be finished in 1994. It is also envisaged to supplement the present pool of seagoing craft and to purchase vehicles and communications equipment for land-based teams.

GERMANY has started on the modernization and, in one case, complete refitting of existing monitoring vessels used by the various Länder. This includes the acquisition and installation of systems of communication and navigation by satellite, radar, VHF communications equipment, map tables, NAVTEX receivers, rubber dinghies with engine, etc. In order to stay abreast of technological progress and with the increased demand for data, computer equipment has been bought for the processing of catch data and of statistics.

GREECE, which is awaiting the extension of the common fisheries policy to the Mediterranean, has carried out only a part of the envisaged programmes. So far, the Greek authorities have purchased several rubber dinghies and two fast monitoring craft, off-road vehicles and motor bicycles as well as electronic equipment on ships such as radar, VHF receivers and NAVTEX receivers, etc. The acquisition of three monitoring aircraft is planned as well as of high-speed motorboats for monitoring, additional vehicles and motor bikes, and more computer equipment.

SPAIN has bought a helicopter for fisheries surveillance equipped with systems for photography and positioning, seagoing monitoring craft and land vehicles. Existing monitoring craft have been modernized (navigation equipment: autopilot, radar, navigation by satellite, map tables). A part of this equipment is intended for the autonomous communities of Galicia and Catalonia. In 1995, Spain envisages the purchase of a fisheries inspection vessel.

FRANCE has made investments in a radio-navigation network, radio stations and voice-scrambling equipment. New high-speed motorboats have been built and existing high-speed motorboats have been modernized. Land vehicles for personnel responsible for fisheries monitoring have also been bought. The Regional Operational Rescue and Monitoring Centres (C.R.O.S.S.) have been equipped with VHF transmitter-receivers and radioelectric/telephone telecommunications systems, and the Regional Centre for Processing Statistics (C.R.T.S.) in the Mediterranean has been equipped with data-processing/statistics equipment. In 1995, the purchase of seagoing craft is planned, including specialized patrol boats.

IRELAND has purchased two monitoring aircraft which should be operational in 1994. In addition, it has acquired monitoring craft, land vehicles, computers, and equipment for safety and protection, navigation equipment, radar and other fittings for seaborne vessels, as well as communications and data-processing systems. In 1995, the construction of a new fisheries inspection vessel is envisaged.

ITALY planned in 1993 to acquire 18 high-speed motorboats for the merchant navy, which is one of the authorities responsible for monitoring fishing. For 1994, the purchase of two inspection vessels for the region of Sardinia is planned and for 1995 the acquisition of airborne equipment and land vehicles.

The NETHERLANDS has planned to purchase land vehicles and safety and protection equipment, and to modernize a number of inspection vessels.

PORTUGAL has invested in the purchase of aircraft, the acquisition of new inspection craft and land vehicles, the modernization of existing monitoring craft and the installation of the MONICAP and SIFICAP systems for the location and continuous monitoring of fishing vessels by satellite.

In the UNITED KINGDOM, the Ministry for Fisheries together with the various Fisheries Committees have been modernized by the acquisition of computer equipment, navigation systems, telecommunications, marine electronics, radar and VHF equipment. The UK has also replaced two monitoring aircraft and purchased new monitoring craft as well as land vehicles.

ANNEX 2

FACTORS IN THE COST-EFFECTIVENESS OF CONTROLS

Evaluation of costs

A major difficulty comes from the fact that the departments taking part in the monitoring of activities connected with fishing often have a number of different roles. The costs thus have to be allocated among the various tasks. The most clear example is action at sea. Where units of the armed forces are involved, and even if a mission is focused on fisheries enforcement, other activities can arise (sea rescue, demonstrating an armed presence).

Whatever the difficulties, the amount of expenditure necessary for effective controls is such that the accounting systems have to be designed to enable them to be quantified.

Assessment of efficiency

The first-line indicators involve measuring the means employed: numbers of days spent at sea by inspection vessels or time spent in the air by planes and helicopters, the extent of areas covered, the number of inspections at sea or on land. These figures constitute activity indicators and are not an efficiency measure. They are a necessary part, however, in developing the instruments for monitoring the CFP

The second level of analysis is the number of apparent infringements detected, supplemented by action taken to impose penalties. These data, when measured against the above activity indicators, are essential in assessing the rigour of controls and penalties. They are not sufficient for a complete analysis. The apparent-infringement level results from the combination of the effectiveness of controls and the real infringement rate.

As regards the policy on conservation of resources, the real effectiveness of controls has ultimately to be measured against the two fundamental concerns, which are the limitation of exploitation rates and protection of the smallest fish (juveniles). It is necessary to compare, for each stock, the level of actual catches and of permitted catches and to quantify the scale of under-size catches. This task is paradoxically simpler in technical terms than in cases of individual infringements, which have to be proved on a legally

enforceable basis. On the scale of a group of vessels, it is possible to devise sampling procedures to ascertain actual catch levels. Provided a statistically rigorous approach is followed, it should be possible to assess the reliability of these estimates and to adapt it to the needs of the study at hand by varying the sample size. It will often be more difficult to collect legally acceptable evidence against a possible fraudster. On the one hand, the law of large numbers facilitates the calculation of overall estimates, while on the other hand the importance of the burden of proof when bringing charges makes it difficult to demonstrate individual infringements. This dilemma is basic to any discussion of the effectiveness of controls. It shows that it is less difficult than sometimes believed to measure the real overall impact of infringements. Scientists regularly make such estimates, as in Table 1 showing - for a number of stocks - a comparison of official statistics and estimates made by researchers. The unreliability of some official data leads the research establishments to divert an important part of their limited resources into non-scientific tasks. But in terms of monitoring and inspection, the ability to quantify fraud makes it possible in the immediate future not only to have compound efficiency indicators but also to direct the efforts of inspectors towards the most important problems. This makes it possible to rationalize the deployment of the different inspectorates, so that the resources devoted both to prevention and dissuasion and to the collection of the evidence necessary for imposing penalties are concentrated on the most serious problems. This rationalization would not only lead to direct improvements in the effectiveness of controls but would do a great deal for the credibility of these controls in the eyes of the industry, members of which are often well-informed about major and recurrent instances of fraud.

At operational level, it would be desirable that internally each Member State be capable of estimating the actual levels of some catches by sampling. DG XIV should rely on the evaluations of international scientific bodies.

Species	Zone	Misreporting
Anglerfish	VII, VIIIa, b, d	Stationary (8%)
Cod	IV	Stationary (3%)
Haddock	IV	Stationary (1%)
Hake	Northern	Slight inc. (16%)
	Southern	Slight inc. (16%)
Plaice	IV	Stationary (16%)
	VIIId	Stationary (12%)
	VIIe	Stationary (9%)
	VIIIf, g	Stationary (2%)
Saithe	IIIa; IV	Stationary (2%)
Sole	IV	Stationary (48%)
	VIIId	Stationary (25%)
	VIIe	Stationary (15%)
	VIIIf, g	Stationary (-1%)
	VIIIa, b	Stationary (14%)
Whiting	VIIIIf, g	-
Blue whiting	All	-
Anchovy	VIII	Stationary (27%)
Herring	IVc, VIIId	Stationary (48%)
	VIa S., VIIb, c	<i>Slight dec. (42%)</i>
	VIa Clyde	Stationary (9%)
	VIIj	<i>Decreasing (21%)</i>
Horse mackerel	VI	Stationary, some overreporting
	VII	Increasing (23%)
	VIII	Stationary (1%)
Mackerel	IIa, IV	Increasing (47%)
	VIIIc, IX, X, CECAF	Increasing (24%)
Norway Pout	IIa, IIIa, IV	Stationary, some overreporting

ANNEX 3

**ANALYSIS OF SOME COMMUNITY SCHEMES
TO FINANCE CONTROLS
IN THE AGRICULTURAL AND CUSTOMS SECTORS**

ANNEX 3

Analysis of some Community schemes to finance controls in the agricultural and customs sectors

General remarks

Under Council Decision 89/631/EEC on a Community financial contribution towards expenditure incurred by Member States for the purpose of ensuring compliance with the Community system for the conservation and management of fishery resources ⁽¹⁾, the Community finances every year at least 35% and at most 50% of the expenditure of the Member States on equipment for physical controls (seagoing and airborne craft for monitoring, other equipment down to and including shipboard clothing, etc).

On the basis of applications from the Member States, the Commission decides on financing after checking the supporting administrative documents and subject to administrative controls on the spot. Financed equipment has to be used for monitoring and inspecting fishing activities.

⁽¹⁾ OJ No L 364, 14.12.1989, p. 64.

A. Community participation in expenditure by the Member States on their monitoring and inspection activities

Council Regulation (EEC) No 4045/89 of 21 December 1989 on scrutiny by Member States of transactions forming part of the system of financing by the Guarantee Section of the European Agricultural Guidance and Guarantee Fund ⁽²⁾

The Community participates in actual expenditure incurred by the Member States for purchasing data-processing and office automation equipment needed by the departments responsible for the application of controls within the framework of EAGGF financing (checking of the commercial documents of companies benefiting from Community aid) at a rate of 100% up to a maximum of:

- ECU 100 000 for Germany, Spain, France, Italy, the Netherlands, the United Kingdom,
- ECU 60 000 for Belgium, Denmark, Greece, Ireland and Portugal,
- ECU 20 000 for Luxembourg.

This limit is fixed for each Member State on the basis of the scale of the control operations that they have to carry out to ensure monitoring of the correctness of transactions directly or indirectly part of the EAGGF financing system.

Council Regulation (EEC) No 307/91 of 4 February 1991 on reinforcing the monitoring of certain expenditure chargeable to the Guarantee Section of the European Agricultural Guidance and Guarantee Fund ⁽³⁾

The Community participates in the cost of equipment for agents of the Member States responsible for controls at a rate of 50% for the first three years and 25% for the fourth and the fifth year after the entry into force of this Regulation.

Council Regulation (EEC) No 3508/92 of 27 November 1992 establishing an integrated administration and control system for certain Community aid schemes in the agricultural sector ⁽⁴⁾

The Community participates in expenditure incurred by the Member States for setting up data-processing and monitoring structures as well as for acquiring aerial photographs and satellite images and their analysis (monitoring system by remote sensing) for a three-year period, at a maximum rate of 50% of the payments carried out by the Member States up to a limit allotted to each country in proportion to its monitoring tasks.

⁽²⁾ OJ No L 388, 30.12.1989, p. 18.

⁽³⁾ OJ No L 37, 09.02.1991, p. 5.

⁽⁴⁾ OJ No L 355, 05.12.1992, p. 1.

Council Regulation (EC) No 165/94 of 24 January 1994 concerning the co-financing by the Community of remote sensing checks and amending Regulation (EEC) No 3508/92 establishing an integrated administration and control system for certain Community aid schemes ⁽⁵⁾.

The Community can part-finance checks by remote sensing on agricultural utilized areas.

The Commission can grant advances up to a maximum of 75% of the foreseeable Community share. If the total amount of the appropriations available is not used, the Commission can redistribute the surplus funds among the Member States which finance from their own funds more than 50% of the cost of work approved by the Commission.

Council Regulation (EEC) No 2392/86 of 24 July 1986 establishing a Community vineyard register ⁽⁶⁾

The Community participates in financing the actual costs of setting up the Community vineyard register and investments in data-processing necessary to the management of the register, at a rate of 50%.

Council Regulation (EEC) No 154/75 of 21 January 1975 on the establishment of a register of olive cultivation in the Member States producing olive oil ⁽⁷⁾

The Community participates in financing of the costs of setting up the olive cultivation register.

B. Community participation in the operating costs of monitoring activities in the Member States

Council Regulation (EEC) No 307/91 of 4 February 1991 on reinforcing the monitoring of certain expenditure chargeable to the Guarantee Section of the European Agricultural Guidance and Guarantee Fund ⁽⁸⁾

The Community participates in actual expenditure incurred by the Member States for remunerating and training the additional staff assigned to the specific monitoring departments in each Member State in respect of operations financed by EAGGF and strictly defined in the Regulation. This participation is at a rate of 50% for the first three years and 25% in the fourth and the fifth year up to a limit of an annual maximum amount per Member State.

⁽⁵⁾ OJ No L 24, 29.01.1994, p. 6.

⁽⁶⁾ OJ No L 208, 31.07.1986, p. 1.

⁽⁷⁾ OJ No L 19, 24.01.1975, p. 1.

⁽⁸⁾ OJ No L 37, 09.02.1991, p. 5.

Remuneration means salary less taxes and fiscal charges for the agents responsible for controls and their travelling expenses as required for carrying out their tasks. The maximum Community participation in expenditure on staff remuneration is fixed as a flat-rate sum per Member State. The level of remuneration is fixed for all the Community.

The Community can also finance, at 50% for the first three years then 25% for the fourth and the fifth year, the expenditure incurred by Member States for expenses resulting from controls entrusted to monitoring companies and approved laboratories.

C. Community financing of the specific agencies created in the Member States for agricultural controls

Council Regulation (EEC) No 2262/84 of 17 July 1984 laying down special measures in respect of olive oil ^(*)

The Community finances the specific agencies responsible for various checks and activities within the framework of production aid for olive oil, at 100% for the first two years up to a limit fixed on a flat-rate basis for each Member State (e.g. ECU 14 Million for the agency set up in Italy and ECU 7 Million for the agency in Greece), and 50% in the third year.

The agencies have a general work programme with a minimum of tasks defined in the Regulation, and an annual specific programme which they submit in the national government and to the Commission, which can modify it. Agents of the Commission may monitor at all times the activities carried out by the agencies. Annual Community financing is granted only after checks by the Commission that the agency in question has been set up and has carried out its proper tasks.

The agencies enjoy full administrative autonomy. They are provided by the Member State with any powers necessary to carry out their tasks.

They are composed of agents in suitable numbers and suitably trained for carrying out their tasks.

^(*) OJ No L 208, 03.08.1984, p. 11.

Council Regulation (EEC) No 2075/92 of 30 June 1992 on the common organization of the market in raw tobacco ⁽¹⁰⁾

The Regulation stipulates that each producing Member State is to set up a specific agency responsible for various controls within the framework of the Community regime for tobacco. The actual expenditure of the agencies is covered from the general budget of the European Communities at a rate of 50%, the balance being financed by the Member State in question.

D. Financing of staff training in the Member States

Council Decision 91/341/EEC of 20 June 1991 on the adoption of a programme of Community action on the subject of vocational training of customs officials (Mathaeus programme) ⁽¹¹⁾

The Commission covers the accommodation and travelling expenses arising from exchanges of customs officers between national administrations. It also covers the accommodation and travelling expenses of officials taking part in training seminars intended for customs officers when these officials are required to operate in a Member State other than their country of origin.

⁽¹⁰⁾ OJ No L 215, 30.07.1992, p. 70.

⁽¹¹⁾ OJ No L 187, 13.07.1991, p. 41.

ANNEX 4

**FORECAST EXPENDITURE BY THE MEMBER STATES
FOR THE PERIOD 1996-2000**

ANNEX 4

Investments planned for the period from 1996 to 2000 (excluding a satellite monitoring system)

(estimates by the Member States in million ecu)

	1996	1997	1998	1999	2000	TOTAL	annual
Belgium	.37	.28	.25	.25	.25	1.40	0.28
Denmark	8.5	.7	.7	.7	.7	11.30	2.26
Germany	4.16	1.56	34.43	3.80	.72	44.67	8.93
Greece	17.53	11.49	20.87	12.72	1.40	64.01	12.80
Spain	10.55	10.87	10.55	10.93	10.55	53.45	10.69
France	12.09	6.11	3.38	6.59	4.16	32.33	6.47
Ireland	22.91	20.39	11.01	6.39		60.70	12.14
Italy	1.86	1.86	1.86	1.86	1.86	9.30	1.86
Luxembourg						0.00	0.00
Netherlands	2.0	2.0	2.0	2.0	2.0	10.00	2.00
Austria						0.00	0.00
Portugal	12.89	12.75	13.52	11.65	2.27	53.08	10.62
Finland	0.26	0.34	0.26	0.26	0.26	1.38	0.28
Sweden	1.79	1.79	1.79	1.79	1.79	8.95	1.79
United Kingdom	4.75	4.67	5.87	5.08	2.70	23.07	4.61
TOTAL	99.66	74.81	106.49	64.02	28.66	373.64	74.73
Contrib.35%	34.88	26.18	37.27	22.41	10.03	130.77	26.15
Contrib.50%	49.83	37.41	53.25	32.01	14.33	186.82	37.36
Contrib.75%	74.75	56.11	79.87	48.02	21.50	280.23	56.05

ANNEX 5

INDICATIVE FINANCIAL PLANNING FOR THE PERIOD 1996-2000

ANNEX 5

INDICATIVE FINANCIAL PLANNING FOR THE PERIOD 1996-2000

(estimates in million ecu)

Subject	Maximum rate	Maximum amount estimated necessary per year	Maximum amount estimated necessary over 5 years
1. <u>Capital goods</u> - traditional - modern	35% 50%	30	150
2. <u>Information networks</u> - national - transnational	35% 100%	10	50
3. <u>Experiments and pilot projects</u>	100%	2	10
4. <u>Concerted actions between Member States</u>	50%	2	10
5. <u>Training and exchanges</u> - national - transnational	50% 100%	1	5
TOTAL		45	225

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