

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(80) 787 final

Brussels, 2nd December 1980

AMENDED PROPOSAL FOR A COUNCIL DIRECTIVE  
ON CERTAIN MEASURES TO ADJUST CAPACITY IN THE FISHERIES SECTOR

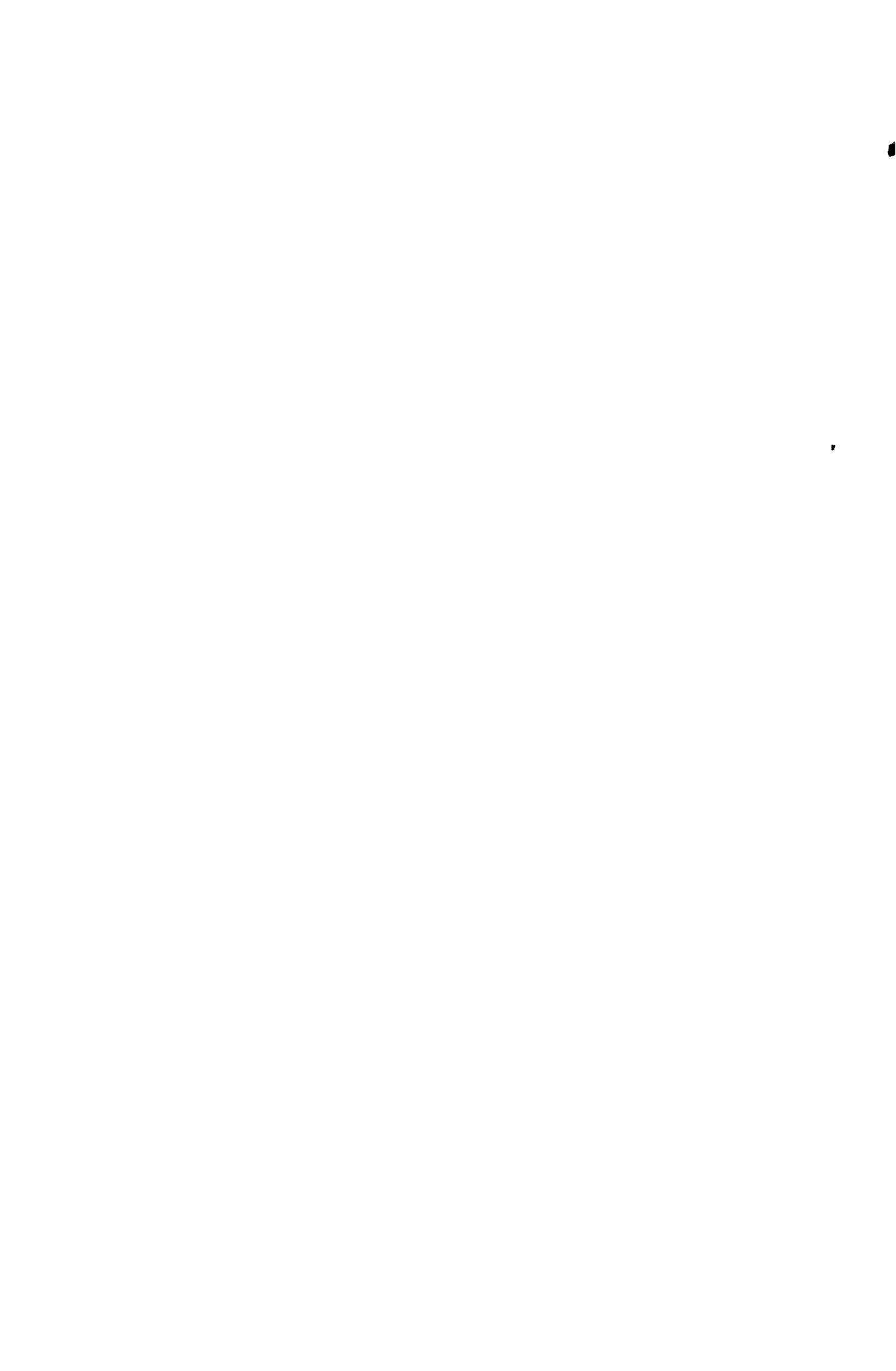
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AMENDED FINANCIAL ESTIMATE OF THE COMMISSION PROPOSALS  
ON STRUCTURAL POLICY IN THE FISHERIES SECTOR

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(presented by the Commission to the Council pursuant to  
the second paragraph of article 149 of the EEC treaty)

COM(80) 787 final



## EXPLANATORY MEMORANDUM

On 21 October 1977 the Commission put forward to the Council a proposal for a Council Directive on certain immediate measures to adjust capacity in the fisheries sector (1). This proposal provided for the immediate implementation of several measures, pending the adoption of a comprehensive structural policy on fisheries, to facilitate the adjustment of production and processing capacities to the new situation created by the extension of fishing zones to 200 miles and by the measures limiting catches which were imposed to conserve stocks. Thus, measures were proposed with a view to :

- the redeployment of fishing operations towards the prospecting of new fishery resources,
- the temporary or permanent reduction of production capacity,
- the adaptation of fish treatment and processing capacity for purposes other than human consumption to catch possibilities,
- information campaigns to promote the consumption of lesser-known fish species,
- to mitigate the social consequences of the measures to reduce production capacity.

On 12 June 1978 the Commission amended its proposal in order to take account of requests by the European Parliament and developments in the inshore fishing industry (2).

On 22 July 1980, the Commission put to the Council various proposals on structural policy in the fisheries sector (3).

It is in order to take account simultaneously of the latter proposals, of developments in the fisheries sector in recent years and of the discussions within the Council on its initial proposal, that the Commission has thought it useful to put before the Council the amended proposal annexed hereto.

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(1) Doc. COM (77) 543 final of 21.10.1977 - OJ No C 278, 18.11.1977.

(2) Doc. COM (78) 247 final of 8. 6.1978 - OJ No C 148, 23. 6.1978.

(3) Doc. COM (78) 420 final of 18. 7.1980 - OJ No C 243, 22. 9.1980.

This proposal which is part of the wider-ranging proposals made on 22 July 1980 concerns :

- the temporary or permanent reduction in production capacity,
- information and promotion campaigns to encourage the consumption of fishery products and in particular fish or lesser-known species or fish of stocks which are under-fished at present,
- social measures to benefit the fisherman affected by the reduction in production capacity.

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At the same time the Commission is forwarding to the Council a revised financial estimate for all its proposals on structural policy in the fishery sector. This new estimate takes account of the amended proposal for a Directive, of the various changes which have occurred in the statistics which were used as a basis for the estimate made in July 1980 and of the impact of Greece's entry into the Community on 1 January 1981.

Amended proposal for a Council Directive

on certain measures to adjust capacity in the fisheries sector

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(presented by the Commission to the Council pursuant to the  
second paragraph of Article 149 of the EEC Treaty)

COUNCIL DIRECTIVE  
of  
concerning certain measures to adjust capacity in the fisheries  
sector  
(80/     /CEE)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,  
and in particular Articles 43 and 209 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas recent changes in the law of the sea and the consequent establishment of 200-mile offshore economic zones have modified the situation confronting the fishing industry;

Whereas the precarious state of the stocks of some species in waters under Community jurisdiction has led the Council to regulate fishing for these species and to fix allowable catch limits;

Whereas the Community fishing fleet has had to adjust to the new fishing conditions; whereas this adjustment must continue;

Whereas it is important for the Community, in the interests of fishermen and consumers, to retain, during the period in which threatened stocks are being reconstituted, Member States' production capacity at the level needed for optimal exploitation of the reconstituted stocks at a later date;

Whereas the diversity of the socio-structural problems calls for separate solutions for each one in order to help maintain optimum productive capacity in each region and help develop the market; whereas the best results can be obtained if on the basis of Community concepts and criteria the Member States introduce specific socio-structural measures, taking the form of a financial aid and consumer promotion system, by way of national laws, regulations and administrative provisions;

Whereas the maintenance of the production capacity required in the medium term may be promoted by measures designed to secure a temporary reduction in the fishing activities of vessels which are liable to become unprofitable because of the catch restrictions; whereas aid should be given in the form of laying-up premiums to fishermen who undertake to withdraw their vessels from operation and to recognize producers' organizations which produce plans for reducing the amount of fishing done by their members;

Whereas the maintenance of productive capacity does not obviate the necessity of permanently reducing the capacity of fishing fleets the technical characteristics of which make it difficult to adapt them to the types of fishing anticipated in the medium term within and outside the fishing zones of the Member States; whereas such reduction in capacity can be encouraged by means of a cessation premium scaled according to what is to be done with the vessel; whereas the granting of this premium should be conditional on the vessel first being struck off the register of fishing vessels so as to ensure that it is not again used for fishing in the waters of any Member State of the Community;

Whereas campaigns should be mounted to influence market demand in line with the changed supply situation, with particular reference to species little known to consumers;

Whereas the final cessation of fishing activities by fishing vessels and the temporary reduction in these activities cannot fail to affect fishermen and to lead therefore to the adoption by Member States of measures to encourage fishermen to cease fishing and to provide compensation for temporary cessation;

Whereas in view of the benefit to the Community of these socio-structural measures it is appropriate that the Community should contribute to their cost; whereas it must be able to ascertain that the provisions adopted by the Member States are commensurate with the objectives to be attained; whereas for this purpose there should be a procedure whereby close cooperation is maintained between the Member States and the Commission through the Standing Committee for the Fishing Industry;

Whereas this measure is of a specific character and may not therefore be treated as a common measure in connection with the EAGGF, Guidance Section;

HAS ADOPTED THIS DIRECTIVE :

TITLE 1 : Adjustment of production capacity

Article 1

(Old Articles 1 and 3 amended)

In order to assist, in the fisheries sector, the adjustment of the production capacity of the fleets to the new fishery situation and to improve the conditions under which fishery products are marketed, the Member States :

- (a) shall introduce a system of financial aid for measures concerning the temporary or permanent reduction of production capacity;
- (b) may promote information and sales promotion campaigns to encourage the consumption of fishery products and in particular fish or lesser-known species or fish of stocks which are at present under-exploited.



Article 2 (old Article 2 amended)

The financial aid referred to in Article 1 (a) may be granted to producers, whether natural or legal persons whose main activity is sea-fishing, or their recongnized organizations, operating one or more vessels flying the flag of one of the Member States, registered in the territory of the Community and whose characteristics are as specifically defined in the appropriate provisions of this Directive.

Article 3 (old Article 5 amended)

1. The temporary reduction in production capacity referred to in Article 1, shall be brought about by the temporary withdrawal from operation.
  - of vessels whose length between perpendiculars is 18 metres or more but less than 24 metres or whose tonnage is 50 gross register tons or more but less than 130 gross register tons and whose principal motor was put into service after 1 January 1966;
  - of vessels whose length between perpendiculars is 24 metres or more or whose tonnage is 130 gross register tons or more and which were put into commission between 1 January 1966 and 1 January 1978.
2. Member States shall, within the context of the decision referred to in Article 10 (1) grant a laying-up premium for each vessel laid up at a fixed rate per year laid up of that vessel's construction cost or purchase value plus the cost of any modernization work carried out.
3. Where a vessel is laid up for a period of less than a year, the premium shall be calculated on the basis of the ratio between the reduction in the number of days spent at sea during the calendar year in which the temporary laying-up occurs and the average number of days spent at sea during the previous three years.
4. The laying-up premium shall only be granted if the periods of laying-up are not less than :
  - 60 days per year for vessels covered by the laying-up plans provided for in Article 4 (a);
  - 60 consecutive days per year for vessels in respect of which the undertaking provided for in Article 4 (b) is given.

Article 4 (old Article 6)

The laying-up premium referred to in Article 3 (2), shall be granted subject to :

(a) in the case of recognized producer organizations :

The drawing up of plans for the laying-up of the vessels owned by their members in order to reduce fishing activity. Laying-up plans must include the following information :

- the name and technical specifications of the vessels concerned;
- the laying-up programme for each vessel;
- the port or ports of registry during periods of temporary laying-up;

(b) in the case of other recipients :

a written undertaking by the recipient that the fishing activity of one or more vessels owned by him will be suspended for a given period and that any change of port of registry while the vessel or vessels concerned are laid up will be notified.

Article 5 (old Article 7 amended)

1. The permanent reduction in production capacity, as provided for in Article 3, for vessels whose length between perpendiculars is 12 metres or more or whose tonnage is 25 gross register tons or more, shall be by means of the following operations :
  - (a) the sale of vessels for scrapping
  - (b) the assignment of vessels to purposes other than fishing
  - (c) the sale of vessels for use in the waters of non-member countries or for use in Community waters for purposes other than fishing.
2. Subsequent to the issue of the certificate showing that the vessel has been struck off the register of fishing vessels, the Member State shall, in the context of the decision referred to in Article 10 (1), grant to the owner a final cessation premium fixed at a flat rate per gross register ton.
3. The final cessation premium shall be granted only in respect of vessels which have engaged in fishing for at least 90 days during the twelve months preceding the date when the vessel is struck off the register of fishing vessels.
4. Vessels which have been the subject of the operation referred to in paragraph 1 (b) shall be permanently barred from fishing in any Member State of the Community.

Article 6 (old Article 11 amended)

The information and promotion campaigns referred to in Article 1 are intended to help consumers to adapt to changes in Community supply caused by the scarcity of certain well-known species of fish and the development of fishing of lesser-known species which have hitherto been little used for human consumption in the Community.

Article 7 (old Article 12)

The information and promotion campaigns must :

- use the most appropriate information media for the purpose;
- take account of the need to promote the marketing and consumption of lesser-known species and the consumption of products obtained by processing or treating them.

Article 8 (old Article 13)

Under the conditions set out in Article 13, the Community shall contribute towards the financing of measures taken by Member States to benefit fishermen who are affected by the measures provided for under Articles 3 and 5 and who have been employed as fishermen for a minimum period to be fixed.

TITLE III - General and financial provisions

Article 9 (old Articles 14 and 15 amended)

1. The Member States shall communicate to the Commission forward plans relating to the scheduled measures and an estimate of expenditure for each of the measures referred to in Title I and, if appropriate, for the measures referred to in Title II.
2. The Member States shall communicate to the Commission :
  - the drafts of any laws, regulations or administrative provisions which they propose to adopt pursuant to this Directive,
  - any provisions effectively implementing this Directive which antedate its entry into force.
3. In communicating to the Commission the forward plans, the draft laws, regulations and administrative provisions and the provisions already in force referred to in paragraph 2, the Member States shall make clear the connection between the measure in question and the aims of other structural measures, existing or planned, in the fisheries sector.



Article 10 (old Article 15 amended)

1. On receipt of the information provided for in Article 9, the Commission shall determine whether, on the basis of their conformity with this Directive and having regard to the other structural measures, existing or planned, in the fisheries sector, the conditions for a financial contribution by the Community are satisfied. Within two months of such communication a decision on the matter shall be taken in accordance with the procedure laid down in Article 17.
  
2. The Member States shall communicate to the Commission the laws, regulations and administrative provisions adopted following the decision referred to in paragraph 1, as soon as they are adopted.

Article 11 (old Article 16 amended)

1. The measures adopted by the Member States shall be eligible for financial assistance from the Community unless the provisions relating to them have been subject of a decision in accordance with Article 10.
  
2. Financial participating by the Community shall relate to the eligible expenditure resulting from aid granted pursuant to decisions taken between the date of entry into force of this Directive and 31 December 1983, or from information and promotion campaigns begun during the same period.

Article 12 (old Article 17 amended)

1. Under the conditions set out in the following paragraphs and within the limit of the appropriations established for this purpose in the budget, the Community shall reimburse to Member States the eligible expenditure resulting from the information and promotion campaigns and the granting of the aids referred to in Title I up to a maximum level of 50 %.
2. The eligibility of the expenditure incurred in implementing the measures referred to in Article 5 shall be limited to an amount of :
  - 300 UA per GRT in the case of the operations referred to in Article 5(1) (a) and (c);
  - 50 UA per GRT in the case of the operations referred to in Article 5(1)(b).
3. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 17.

Article 13 (old Article 18 amended)

1. Where Member States introduce schemes to encourage the early retirement of fishermen aged 50 - 65 years who are affected by the permanent withdrawal of vessels from operation, the Community shall contribute towards the cost of these schemes within the limits of the appropriations entered for that purpose in the budget.
2. Where Member States grant compensation for cessation of work to fishermen from fishing vessels which are the subject of the operations provided for in Articles 3 and 5 and such fishermen are thereby forced temporarily into total unemployment, this compensation having to be added, where appropriate to other benefits provided under national legislation, the Community shall contribute towards the cost of such measures within the limits of the appropriations entered for that purpose in the budget.
3. The Council, acting by a qualified majority on a proposal from the Commission, shall determine the general conditions for financial participation by the Community, in particular the rate of financial participation, which may not exceed 50 % of eligible expenditure.

Article 14 (old Article 19 amended)

1. Applications for reimbursement shall relate to expenditure incurred over a calendar year by the Member States and shall be submitted to the Commission before 1 June of the following year.
2. The Commission shall take a decision on these applications, jointly or severally, after consultation with the Standing Committee on the Fishing Industry.
3. Advances may be granted by the Commission.
4. Detailed rules for the application of paragraphs 1 and 3 of this Article shall be adopted in accordance with the procedure laid down in Article 17.

Article 15 (new Article replacing old Articles 20 & 21)

Articles 8 and 9 of Regulation (EEC) No 729/70 of 21 April 1970 on the financing of the common agricultural policy shall apply to operations financed pursuant to this Directive.

Article 16 (new Article)

Articles 92 to 94 of the Treaty shall apply, within the field of application of this Directive, to national aid measures other than those provided for in Articles 3, 5 and 6.

Article 17 (old Article 22 amended)

1. Where the procedure referred to in this Article is to be followed, the Chairman of the Standing Committee for the Fishing Industry shall refer the matter to the Committee either on his own initiative or at the request of the representative of a Member State.
2. The representative of the Commission shall submit a draft of the measures to be taken. The Committee shall deliver its opinion on such measures within a time limit to be set by the Chairman according to the urgency of the questions under consideration. An opinion shall be adopted by a majority of 41 votes or, from 1 January 1981, of 45 votes, the votes of Member States being weighted in accordance with Article 148 (2) of the Treaty. The Chairman shall not vote.
3. The Commission shall adopt measures which shall apply immediately. However, if these measures are not in accordance with the opinion of the Standing Committee for the Fishing Industry, they shall forthwith be communicated by the Commission to the Council. In that event the Commission may defer application of the measures which it has adopted for not more than one month from the date of such communication. The Council, acting by a qualified majority, may take a different decision within one month.



Article 18 (old article 24 amended)

1. Member States shall bring into force the measures which are necessary for compliance with this Directive within 6 months of the date of its notification.
2. This Directive shall supply until 31 December 1983.

Article 19 (old Article 25)

This Directive is addressed to the Member States.

**FINANCIAL STATEMENT**

DATE : 14.11.80

1. RELEVANT BUDGET CODE : Chapter 8.7 - Article 870

2. TITLE OF BUDGET HEADING : Draft proposal for a Council Directive on certain immediate measures to adjust capacity in the fisheries sector

3. LEGAL BASIS : Articles 43 and 209

4. DESCRIPTION, OBJECTIVE(S) AND JUSTIFICATION OF THE PROJECT :

- Adjustment of production capacities to new catch opportunities
- Social measures for fishermen
- Campaigns to promote lesser known species of fish "

5. FINANCIAL CONSEQUENCE	FOR THE MARKETING YEAR	CURRENT FINANCIAL YEAR	FOLLOWING FINANCIAL YEAR
5.0 EXPENDITURE		( )	( 81 )
-CHARGED TO THE EC BUDGET (REVENUE/INTERVENTIONS)			10.5 mill. EUA
-CHARGED TO NATIONAL ADMINISTR.			
-CHARGED TO OTHER NATIONAL GROUPS			
5.1 RECEIPTS			
-OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES)			
-NATIONAL			

	YEAR ....1981.....	YEAR ....1982.....	YEAR ....1983.....
5.0.1 PLURIANNUAL PATTERN OF EXPENDITURE	10.5 mill. EUA	21.4 mill. EUA	25 mill. EUA
5.1.1 PLURIANNUAL PATTERN OF RECEIPTS	1984 10.8 mill. EUA	From 1985 to 1993 1.2 mill. EUA per year	

## 5.2 METHOD OF CALCULATION

See annex

6.0 FINANCING POSSIBLE WITH CREDITS INSCRIBED IN RELEVANT CHAPTER OF CURRENT BUDGET ? YES/NO

6.1 FINANCING POSSIBLE BY TRANSFER BETWEEN CHAPTERS OF CURRENT BUDGET ? YES/NO

6.2 NECESSITY FOR A SUPPLEMENTARY BUDGET ? YES/NO

6.3 CREDITS TO BE WRITTEN INTO FUTURE BUDGETS ? YES/NO

COMMENTS :

ANNEX TO FINANCIAL STATEMENT

Method of calculating financial estimates

1. Measures to adjust production capacity

The gross register tonnage of the Community fishing fleet, including Greece, amounts to about 1.190.000 GRT (see table annexed hereto). The part of this tonnage made up by vessels larger than 18 m or 50 GRT comes to about 770.000 GRT. This figure increases to about 950.000 GRT for the fleet made up of vessels longer than 12 m or 25 GRT.

(a) Temporary cessation

Because of the present restrictions on fishing due in particular to the fixing of catch quotas for 1980/81, it is estimated that 15 % of the fleet made up of vessels larger than 18 m will have to be laid up temporarily for periods of up to a year, as provided for in the Commission's original proposal. The laying-up premium is calculated on the basis of 12 % per year, during which the vessel is laid up, of the cost of building or of the purchase value of the vessel in question. Since the conditions relating to the age of the vessels have been extended to include older vessels also, it seems desirable to make a slight reduction in the value used as a basis for calculating the temporary withdrawal premium by reducing it by 2 000 EUA to 1 900 EUA.

The Community's contribution would be up to 50 % of the total cost. Calculation of this contribution over a three-year period would be as follows :  
 $15 \% \times 770.000 \text{ GRT} \times 12 \% \times 1\,900 \text{ EUA/GRT} \times 50 \% \times 3 \text{ years} = 40 \text{ million EUA}$   
 (rounded).

(b) Final cessation of fishing

The Commission's initial proposal (COM(77) 543 final) envisaged a probable permanent reduction in capacity of about 20 % over five years, which would enable the existing over-capacity to be reabsorbed, in view of the fact that fish stocks are gradually being reconstituted. It has now been established that there has been no net improvement in the state of these resources despite the reduction in the number of Community fishing vessels, particularly those of over 100 GRT, which have decreased by about 120 000 GRT in three years. Consequently it is probable that there will be a further reduction in capacity in this class of vessels and also in the more specifically inshore fishing category made up of vessels ranging from between 25 to 100GRT (12 to 18 metres), which has only slightly decreased up to now in the Community as a whole.

Nevertheless this reduction is not expected over the next three years to be as great as in the past. It is thus not expected to exceed 10 % over all during this period, i.e. about 95 000 GRT, of which about 65 000 in the category made up of vessels over 100 GRT. If it is borne in mind that the average premium should be slightly adjusted, because of the need for a greater degree of incentive to withdraw from fishing, by increasing its average level of 200 EUA/GRT to 250 EUA/GRT, the Community contribution can be calculated as follows :

$954.000 \text{ GRT} \times 10 \% \times 250 \times 50 \% = 12 \text{ million EUA (rounded).}$

## 2. Measures to benefit fishermen

The measures provided for in this proposal concern both fishermen of over 50 years who apply for retirement from fishing and the maintenance of the incomes of fishermen forced into temporary unemployment because of the temporary or permanent withdrawal of deep-sea fishing vessels.

### (a) Cessation of fishing

It can be estimated that 10 % of the persons employed in this sector, i.e. 2 500 fishermen will be concerned by the indemnity for cessation of work. This indemnity, which will vary between 1 200 u.a. and 900 u.a. depending on the fishermen's marital status, is estimated to be on average 1 125 EUA (calculated on the basis that 75 % of the fishermen are married and 25 % bachelors).

Consequently the total cost of these measures to the Community would be as follows :

$2\,500 \times 1\,125 \times 10 \text{ years (average duration of pension)} \times 50 \% =$   
14 million EUA (rounded).

### (b) Income maintenance

It is estimated that about 15 % of all fishermen are concerned by indemnities for the temporary cessation of fishing, i.e. 3 750 fishermen.

In view of the differences in unemployment benefits in the various Member States, it is impossible to estimate the amount of these indemnities. However it is likely that the difference between the previous income and the national unemployment benefit is about 1 000 EUA per fisherman per year. On this basis the total cost to the Community of these measures will be

$3\,750 \times 1\,000 \text{ EUA} \times 50 \% \times 3 \text{ years} = 6 \text{ million EUA (rounded)}$

The total cost of the measures provided for under (a) and (b) will therefore amount to

14 million EUA + 6 million EUA = 20 million EUA

### 3. Campaigns to promote lesser-known fish species

The financial estimate for this type of operation can only set a fixed amount for these information campaigns in the light of similar campaigns previously undertaken by the Community. This amount is 4 million EUA per year which results in a total cost for the Community of 6 million EUA for the period of application of the Directive.

### 4. Summary of the Community contribution towards the proposed measures

Temporary laying-up of vessels	40 million EUA
Permanent cessation of fishing	12 million EUA
Social measures	20 million EUA
Information campaigns	6 million EUA
	<hr/>
	78 million EUA

### 5. Multiannual pattern of expenditure

It is proposed that the Community will use a system of advances for these measures; Community commitment and payment appropriations will <sup>thus</sup> be the same in a given year. They are derived from the following estimates of payments by Member States :

#### MEMBER STATES PAYMENTS (MEUA)

	1981	1982	1983	1984-1990	1991	1992
a) Temporary laying-up	20	30	30			
b) Permanent cessation	6	9	9			
c) Social measures	3	6,4	7,3	2,8	1,9	0,9
d) Information campaigns	4	4	4			
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL :	33	49,4	50,3	2,8	1,9	0,9

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EEC Commitment and Payment Appropriations (MEUA)

	1981	1982	1983	1984	1985-1990	1991	1992	1993
a) Temporary laying-up	6	13	15	6				
b) Permanent cessation	2	3,7	4,5	1,8				
c) Social measures	1,2	2,7	3,5	2,3	1,4	1,2	0,6	0,2
d) Information campaigns	1,3	2	2	0,7				
<b>TOTAL :</b>	<b>10,5</b>	<b>21,4</b>	<b>25</b>	<b>10,8</b>	<b>1,4</b>	<b>1,2</b>	<b>0,6</b>	<b>0,2</b>

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TONNAGE OF THE EUR-10 FISHING FLEET IN 1979

(Motor vessels)

Country	0 - 25 GRT	25 - 50 GRT	50-100 GRT	+ 100 GRT	TOTAL	- Sources - Comments
Germany	4 180 *	7 033 *	7 467	99 976	118 656	OECD - Draft 1979 * Estimate of breakdown 0 - 50 GRT
Belgium	99	2 329	5 217	12 391	20 036	SOEC provisional
Denmark	36 876	30 265	16 635	62 518	146 294	ICES 1977
France	48 578	38 282	9 322	102 197	198 379	SOEC provisional
Ireland	5 408	4 982	10 461	7 356	28 207	SOEC provisional
Italy	93 178	55 378	42 124	111 918	302 598	SOEC provisional
Netherlands	1 823	6 484	13 487	62 080	83 874	SOEC provisional
United Kingdom	42 682 *	27 687 *	21 858	134 479	226 705	OECD Report * Estimate of breakdown 0 - 50 GRT
Greece	4 000	10 950	7 230	43 600	65 780	Estimate
E.E.C.	236 824	183 390	133 801	636 515	1 190 530	

i.e. : vessels over 25 GRT = 953 706 GRT  
 " 50 GRT = 770 316 GRT  
 " 100 GRT = 636 518 GRT



AMENDED FINANCIAL ESTIMATE  
OF THE COMMISSION PROPOSALS ON STRUCTURAL  
POLICY IN THE FISHERIES SECTOR

(Doc. COM(80)420 final of 18 July 1980)

SUMMARY TABLE OF FINANCIAL STATEMENTS

Proposed Measure	Total Expenditure (MUCE)	COMMITMENT APPROPRIATIONS				
		1981	1982	1983	1984	1985
<b>1. <u>Directive on certain immediate measures</u></b>						
a) Temporary laying-up	40	6	13	15	6	
b) Permanent cessation	12	2	3,7	4,5	1,8	
c) Social measures	20	1,2	2,7	3,5	2,3	1,4(*)
d) Information campaigns	6	1,3	2	2	0,7	
<b>SUBTOTAL :</b>	<b>78 (1)</b>	<b>10,5</b>	<b>21,4</b>	<b>25</b>	<b>10,8</b>	<b>1,4</b>
<b>2. <u>Regulation on exploratory fishing and joint ventures</u></b>						
a) Exploratory fishing	10,5	5	3,5	2		
b) Joint ventures	6,5	2,5	2	2		
<b>SUBTOTAL :</b>	<b>17</b>	<b>7,5</b>	<b>5,5</b>	<b>4</b>		
<b>3. <u>Regulation on a common measure for restructuring etc.</u></b>						
a) Construction or modernization of fishing vessels	159	21	24	34	40	40
b) Aquaculture	42	5	7	10	10	10
c) Artificial reefs	5	0,5	0,75	1,25	1,25	1,25
d) Centres	5	0,5	0,75	1,25	1,25	1,25
<b>SUBTOTAL :</b>	<b>211</b>	<b>27</b>	<b>32,5</b>	<b>46,5</b>	<b>52,5</b>	<b>52,5</b>
<b>4. <u>Regulation on coordination of promotion of research</u></b>						
Common research programmes	5	0,5	2	2,5		
<b>TOTAL</b>	<b>311 (2)</b>	<b>45,5</b>	<b>61,4</b>	<b>78</b>	<b>63,3</b>	<b>53,9</b>

(\*) Continuation of the measure until 1992.

(1) Total expenditure provided for in the Commission's previous proposal for a Directive was 131 MUCE.

(2) Total expenditure provided for in the Commission's proposals of 18.7.1980 (COM(80) 420 Final) was 351 MUCE.

DATE : 14.11.80

1. RELEVANT BUDGET CODE : Chapter 87 - item 870

2. TITLE OF BUDGET HEADING : Proposal for a Council Regulation on measures to encourage exploratory fishing and cooperation through joint ventures in the fishing sector.

3. LEGAL BASIS : Articles 42, 43 and 209

4. DESCRIPTION, OBJECTIVE(S) AND JUSTIFICATION OF THE PROJECT : To encourage adjustments in fishing by the Community fishing fleets whose fishing opportunities have been reduced, either through exploratory fishing, in Community waters or outside, or through joint-venture schemes by Community and non-member country undertakings.

5. FINANCIAL CONSEQUENCE	FOR THE MARKETING YEAR	CURRENT FINANCIAL YEAR (1980)	FOLLOWING FINANCIAL YEAR (1981)
5.0 EXPENDITURE	Title I	token entry	5 mill. EUA
-CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTIONS)	Title II	token entry	2.5 mill. EUA
-CHARGED TO NATIONAL ADMIN.	-		
-CHARGED TO OTHER NATIONAL GROUPS			
5.1 RECEIPTS			
-OWN RESOURCES OF THE EC (LIMITS/CUSTOMS DUTIES)			
-NATIONAL			

YEAR : 1981

YEAR : 1982

YEAR : 1983

5.0.1 PLURIANNUAL PATTERN OF EXPENDITURE : Title I 5 3,5 2

5.1.1 PLURIANNUAL PATTERN OF RECEIPTS : Title II 2.5 2 2

## 5.2 METHOD OF CALCULATION

See Annex

6.0 FINANCING POSSIBLE WITH APPROPRIATIONS ENTERED IN RELEVANT CHAPTERS OF CURRENT BUDGET ? YES

6.1 FINANCING POSSIBLE BY TRANSFER BETWEEN CHAPTERS OF CURRENT BUDGET ? YES

6.2 NECESSITY FOR A SUPPLEMENTARY BUDGET ? YES

6.3 APPROPRIATIONS TO BE ENTERED IN FUTURE BUDGETS ? YES

COMMENTS :

ANNEX TO THE FINANCIAL STATEMENT

A. Financial estimate for exploratory fishing

It is provided in this proposal that the Member States may grant a redeployment premium to help balance the operating accounts in respect of vessels over 24 metres long engaged in exploratory fishing. The amount of these premiums will be calculated on the basis of the difference between the fishing costs and the value of catches.

It is assumed that among the vessels of over 24 metres the newest vessels, that is those built since 1 January 1968, will be the most suitable for exploratory fishing. The breakdown of this part of the fleet among the Member States and Greece is given below :

<u>Country</u>	<u>N° of vessels</u>	<u>GRT</u>
Germany	32	61.787
Belgium	9	1.382
Denmark	149	31.553
France	123	69.408
Greece	7	1.302
Ireland	6	1.145
Italy	90	35.564
Netherlands	176	39.977
United Kingdom	117	61.768
 	<hr/>	<hr/>
TOTAL    Enlarged EEC	709 =====	303.886 =====

If the rate of participation is estimated at 20 % of the vessels directly concerned, this means that the total tonnage available for such voyages will be about 60.000 GRT. The average length of such a voyage is assumed to be two months.

If one considers that for each gross register ton engaged in fishing the annual catch capacity for these vessels varies between 1 tonne of catch for demersal species and 4 tonnes for pelagic species (which gives an average of about 2.5 tonnes), that these catches are sold in the EEC at an average price which can be estimated at 550 EUA/t, and that the probable average price of catches resulting from the exploratory fishing voyages will only represent 50 % of the average for traditional catches, the following calculation can be made :

$$\frac{60\,000 \times 2.5}{6} = 25\,000 \text{ tonnes of fish caught during the voyages}$$

25 000 x 50 % x 550 = 6 875 000 EUA = Price obtained for catches/loss compared with average price.

THE Community's financial participation for a three-year period would be as follows :

50 % x 6 875 000 x 3 = 10 312 500 EUA = 10 500 000 EUA (rounded)

B. Financial estimate for joint ventures

It is difficult to estimate the cost of carrying out operations in cooperation with non-member countries in connection with joint venture schemes, particularly because of uncertainty as to the tonnage of the fleet involved in this scheme.

One might consider, as a first assumption, that only vessels of over 33 metres in length would be likely to be used for this kind of operation. At present there are 360 vessels in this category in the EEC, a total tonnage of 228 600 tonnes. However, it is unlikely that more than 20 % of these vessels would become involved in joint ventures, i.e. approximately 60 vessels totalling 46.000 GRT.

As regards joint ventures established on a contractual basis, it is estimated that only 25 % of the vessels concerned would adopt this course in view of the difficulties involved in such initiatives. The cost of Community participation would be as follows :

11 500 GRT x 100 EUA per tonne x 3 years x 50 % = 1 725 000 EUA

As regards joint ventures on the basis of a joint stock company, about 45 vessels with a total tonnage of 34 500 GRT would be involved. If one assumes that the average tonnage of the vessels concerned would be 770 GRT (34 500 + 45) the Community's financial contribution would be as follows :

45 x (300 x 400 + 470 x 200 = 214 000 EUA) x 50 % = 4 815 000 EUA

The total cost of these Community aid measures would therefore be :

Associations on a contractual basis :	1 725 000	
Joint stock companies :	4 815 000	
	<u>6 540 000</u>	EUA = <u>6 500 000 EUA</u> (rounded)

Summary

Aid for exploratory fishing voyages :	10 500 000
Aid for joint ventures :	6 500 000
TOTAL EXPENDITURE	<u>17 000 000</u>

<b>FINANCIAL STATEMENT</b>		DATE : 14.11.80			
1. RELEVANT BUDGET CODE : Art. 860					
2. TITLE OF BUDGET HEADING : Common measure for restructuring, modernizing and developing the fishing industry and for developing aquaculture					
3. LEGAL BASIS : Art. 43 of the Treaty - Council Regulation (EEC) No 101/76 of 19.1.76 laying down a common structural policy for the fishing industry					
4. DESCRIPTION, OBJECTIVE(S) AND JUSTIFICATION OF THE PROJECT : To encourage structural adjustments in the fisheries sector and to develop aquaculture					
5. FINANCIAL CONSEQUENCE		FOR THE MARKETING YEAR	CURRENT FINANCIAL YEAR (80)	FOLLOWING FINANCIAL YEAR (81)	
5.0. EXPENDITURE					
- CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTIONS)		-	token entry	27	
- CHARGED TO NATIONAL ADMIN.					
- CHARGED TO OTHER NATIONAL GROUPS					
5.1. RECEIPTS					
- OWN RESOURCES OF THE EC (LEVIES/CUSTOM DUTIES)					
- NATIONAL					
5.0.1. PLURIANNUAL PATTERN OF EXPENDITURE		<u>YEAR 1981</u>	<u>YEAR 1982</u>	<u>YEAR 1983</u>	<u>YEAR 1984</u>
5.1.1. PLURIANNUAL PATTERN OF RECEIPTS		27	32.5	46.5	52.5
			<u>YEAR 1985</u>		
			52.5		
5.2. METHOD OF CALCULATION					
See Annex I					
6.0. FINANCING POSSIBLE WITH APPROPRIATIONS ENTERED IN RELEVANT CHAPTERS OF CURRENT BUDGET ? YES/NO					
6.1. FINANCING POSSIBLE BY TRANSFER BETWEEN CHAPTERS OF CURRENT BUDGET ? YES/NO					
6.2. NECESSITY FOR A SUPPLEMENTARY BUDGET ? YES/NO					
6.3. APPROPRIATIONS TO BE ENTERED IN FUTURE BUDGETS ? YES/NO					
COMMENTS :					
See Annex 2					

ANNEX TO THE FINANCIAL STATEMENT

I. VESSELS

A. Vessels with a length of between 12 and 33 m

In the Ten, there are about 8 500 vessels of between 12 and 33 metres (or between 25 and 250 GRT), with a total tonnage of 510 000 GRT (see table annexed hereto).

A normal renewal rate would be 6 % of total tonnage per year, or 30 600 GRT over a 15 years period.

In view of current budgetary constraints on Community measures, it seems reasonable to provide for aid for only half of this tonnage, that is about 3 % per year of the total tonnage concerned, or 15 300 GRT.

If the unit cost per GRT were 6 500 EUA and Community aid 25 %, the total cost to the Community of this measure over five years would be as follows :  
 $15\ 300\ \text{GRT} \times 6\ 500\ \text{EUA/GRT} \times 25\ \% \times 5\ \text{years} = 124\ \text{million}\ \text{EUA}\ (\text{rounded}).$

B. Vessels longer than 33 metres

There are 450 vessels which are longer than 33 metres and are over 12 years old, which is the age at which replacement becomes most necessary, with a total tonnage of 275 000 GRT (rounded - see table annexed hereto). Following the same procedure as for the category described under A. above, the financial estimate would be as follows :

$8\ 250\ \text{GRT} \times 6\ 500\ \text{EUA/GRT} \times 25\ \% \times 5\ \text{years} = 67\ \text{million}\ \text{EUA}\ (\text{rounded}).$

Nevertheless, in view of the present situation of limited catch opportunities for this type of vessel, it does not seem suitable to encourage the same rate of renewal for this fleet as for vessels which are less than 33 metres long. Consequently, it is proposed that only 35 million EUA should be allocated to this measure.

**II. AQUACULTURE**

As regards aquaculture one can estimate the average cost of a semi-intensive installation at about 1.4 million EUA, where the investment is mainly on the infrastructure. It seems appropriate to allocate Community aid of about 35 % to develop this activity, which takes place mainly in the less-favoured areas of the Community.

Assuming an average of 17 installations per year, estimated expenditure to be borne by the EAGGF for a five-year programme would be as follows :

$$17 \text{ installations} \times 1.4 \text{ million EUA} \times 35 \% \times 5 \text{ years} = 42 \text{ million EUA (rounded).}$$

**III. ARTIFICIAL REEFS**

On average one can assume, on the basis of existing reefs, that a protected zone can be created by 30 to 40 pyramids, each with 14 blocks, placed in a rectangle at about 50 metres from one another. The average cost of one concrete block is about 850 EUA, which means that the average cost of a reef can be calculated as follows :

$$850 \text{ EUA} \times 14 \text{ blocks} \times 35 \text{ pyramids} = 420 \text{ 000 EUA per reef.}$$

It can be estimated that about 25 reefs could be constructed during the period of validity of the common measure, involving a total expenditure of  $420 \text{ 000} \times 25 = 10.5 \text{ million EUA}$  of which 50 % would be borne by the EAGGF, that is about 5 million EUA.

**IV. ASSISTANCE, TRAINING AND RESEARCH CENTRES**

In view of the experience acquired in setting up one centre of this type, a fixed allocation of 5 million EUA is proposed.



## V. BREAKDOWN OF EXPENDITURE BY YEAR

The total expenditure to be borne by the EAGGF can be broken down as follows :

### APPROPRIATIONS FOR COMMITMENT (million EUA)

	Total	1981	1982	1983	1984	1985
1. Vessels	159	21	24	34	40	40
2. Aquaculture	42	5	7	10	10	10
3. Artificial Reefs	5	0,5	0,75	1,25	1,25	1,25
4. Assistance, training and research centres	5	0,5	0,75	1,25	1,25	1,25
	211	27	32,50	46,50	52,50	52,50

### APPROPRIATIONS FOR PAYMENT (million EUA)

	1981	82	83	84	85	86	87	88	89	Total
1. Vessels	2	9	19	28	34,5	34,5	24	8		159
2. Aquaculture )										
3. Artificial Reefs )										
4. Assistance, training and research centres )	0,25	1	3	3	9	11	11	7	3,75	52
<b>TOTAL</b>	<b>2,25</b>	<b>10</b>	<b>22</b>	<b>34</b>	<b>43,5</b>	<b>45,5</b>	<b>35</b>	<b>15</b>	<b>3,75</b>	<b>211</b>

**A. FISHING VESSELS OF 12 - 33 METRES**

<u>Member State</u>	<u>Number</u>	<u>Total GRT</u>
Germany	206	22.400
Belgium	195	18.465
Denmark	1.310	92.910
France	1.217	65.000
Greece	559 (1)	17.800 (2)
Ireland	384	21.625
Italy	2.750	142.920
Netherlands	589	58.823
United Kingdom	1.300	69.213
E.E.C.	8.564	509.156

Source : ICES statistics and national statistics.

(1) This figure includes vessels of 20 - 500 GRT (Source FAO)

(2) This figure only includes vessels of over 100 GRT (= about 18 metres)  
(Source : Lloyd's Register)

**B. FISHING VESSELS OVER 33 METRES LONG AND OVER 12 YEARS OLD**

<u>Member State</u>	<u>Number</u>	<u>Total GRT</u>
Germany	53	58.080
Belgium	6	1.646
Denmark	24	7.278
France	50	38.228
Greece	36	22.846
Ireland	1	1.921
Italy	46	34.582
Netherlands	56	18.075
United Kingdom	178	91.766
E.E.C.	450	274.422

Source : Lloyd's Register

**COMMENTS**

This proposal replaces the previous Commission proposal COM(78) 247 of 29 May 1978 (inshore fishing). This proposal is an overall one and also includes all the measures which should have been proposed by the Commission in a common ad hoc measure to improve the structures of the deep-sea fishing industry (budget item 861). The estimate of expenditure for this measure over five years is 211 million EUA, of which 158,5 for the period 1981/1984. In presenting this proposal the Commission is aware that the funds available to the Guidance Section of the EAGGF are already largely earmarked. Nevertheless it considers that it is possible to cope with the budgetary effect of this proposal, which in any case was already incorporated in previous estimates, without exceeding the limits laid down for the Guidance Section of the EAGGF for 1980/84.