



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 22.07.1997
COM(97) 389 final

97/ 0200 (CNS)

Proposal for a

COUNCIL REGULATION (EC)

introducing a scheme to compensate for the additional costs incurred in the marketing of certain fishery products from the Azores, Madeira, the Canary Islands and the French department of Guiana as a result of those regions' remoteness

(presented by the Commission)

The most remote regions of the Community (the Portuguese archipelagos of the Azores and Madeira, the Spanish archipelago of the Canary Islands, and the French overseas departments of Guadeloupe, Guiana, Martinique and Réunion) lag behind in socio-economic terms to an extent that warrants action by the Community institutions to foster their development and promote their harmonious integration into the internal market.

Against this background, Council Decisions 89/687/EEC¹, 91/314/EEC² and 91/315/EEC³ set up programmes of options specific to the remote and insular nature of these regions, creating a suitable framework for the adoption of measures in those economic sectors where special attention must be given to stepping up the Community support needed to alleviate the permanent restraints affecting those regions.

The programmes aim to take account, in the application of the Community policies, of the specific features and disadvantages of those regions resulting from their remoteness, island status, small size, difficult terrain and climate. The dependency of their economies on a small number of products, their limited markets and their two-fold status as both Community regions and territories located in an environment of developing countries lay constraints on their economic and social development.

Symbolizing the Community's solidarity with its outermost regions, which is vital if they are to be integrated into the internal market, these programmes were devised as reference frameworks for the application of Community policies in these regions.

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

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

- a per capita GDP lower than half the Community average;
- high unemployment in some regions and not inconsiderable under-employment;
- a primary sector still heavily dependent on traditional production sectors employing a large percentage of the population. The scale and importance of the fishing industry in particular are reflected in the prevalence of family businesses;

¹ OJ No L 399, 30.12.1989, p. 39.

² OJ No L 171, 29.6.1991, p. 5.

³ OJ No L 171, 29.6.1991, p. 10.

- additional supply and transport costs: the lack of regional markets close at hand, the small size of local markets and transport difficulties mean that these regions' economies suffer from permanent constraints as regards access to markets for their products.

It is precisely in relation to this latter area, namely the marketing of fishery products, that the Community decided to take action to assist producers in these regions. Since 1992 a scheme has been in place and has achieved considerable success⁴. The scheme was extended in 1994 and 1995 by Council Regulations (EC) No 1503/94⁵ and No 2337/95⁶, under which support was made available for the marketing outside the regions of the species most concerned.

Article 6 of the latter Regulation, which applies until 31 December 1997, provides for a report to be presented by the Commission on the application of the scheme, accompanied by proposals covering circumstances that may arise. In this connection, it should be noted that the verified conditions under which the products covered by the Regulation are marketed are the same and there has been no change in the data on the additional costs of marketing as compared with the situation applying previously.

Thus as far as the Azores and Madeira are concerned, the local tuna canning industries account for almost half the region's exports and employ a significant percentage of the working population. Production is intended primarily for mainland Portugal and the Italian market. Nevertheless, the special characteristics of these regions, stemming from their small size and geographical location, give rise to additional production and marketing costs, which undermine their competitiveness in relation to producers on the continent; as a consequence, the returns on canning are therefore well below the Community average. The reasons may be traced to the conditions under which the industry operates, such as the extra cost of transport and the financial burden placed on enterprises by the immobilization of inputs (mainly salt, oil and tins), additional energy costs, and transport insurance costs. In the case of Madeira, the same additional costs apply to the marketing of black scabbardfish, which species accounts for one third of the total fish landed in the region, and of mackerel. In the Azores, substantial quantities of certain demersal species are sent to the continent for marketing, entailing additional costs for air-freighting, packaging and market presentation. This also applies to the Canary Islands for tuna, sardines and mackerel, where additional costs are incurred in relation to the raw materials, energy and transport.

In addition to those products are certain aquaculture products and cephalopods, sole and sea-bream, the marketing of which entails the same constraints. In the department of Guiana the situation is the same with, in addition to the extra costs described above, particular circumstances that aggravate operating conditions (no marine credit to cover financial costs; the need for large stocks of spare parts for vessels; the price differential for the purchase of vessels from continental shipyards, given the lack of local yards;

⁴ OJ No L 248, 28.8.1992, pp. 73 and 75.

⁵ OJ No L 162, 30.6.1994, p. 8.

⁶ OJ No L 236, 5.10.1995, p. 2.

competition with exports from certain South and Central American third countries enjoying advantageous conditions under Community rules). These problems cannot be resolved in the short term. As a consequence, measures taken to date must be followed up by the adoption of a legal instrument introducing a stable reference framework for the operators concerned.

The aim of this proposal is to extend the arrangements in place, which, we repeat, have achieved considerable success. The Community scheme introduced has enabled the producers concerned to overcome the constraints due to the verified additional costs of transporting their products to markets in mainland Europe.

From this viewpoint, this proposal aims solely to compensate for the verified additional costs of marketing the products concerned. Its objective, therefore, is to bring the operating conditions into line with those on the mainland so the industry can be integrated into the single market.

The measures proposed seek to provide market support to compensate for a permanent geographical disadvantage and therefore have no structural aspect or effect. For this reason, they are to be financed by the Guarantee Section of the EAGGF and cannot be charged to the Financial Instrument for Fisheries Guidance (FIFG), which by definition is to be used only to fund measures of a different type (structural measures).

The measures laid down in this proposal, which relate to a sector of particular economic and social importance for the regions in question and for which there exists practically no possibility of conversion, will help to improve the competitiveness of the sector through the programmes of specific options adopted by the Council to support the Community's outermost regions, by compensating for the handicap isolation constitutes for the local fishery products industry.

**Proposal for a
COUNCIL REGULATION (EC) No**

of

introducing a scheme to compensate for the additional costs incurred in the marketing of certain fishery products from the Azores, Madeira, the Canary Islands and the French department of Guiana as a result of those regions' remoteness

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 a Declaration on the outermost regions of the Community is annexed to the Treaty on European Union,

Whereas the difficulties facing the fishery industry of the European Union are aggravated in particular by the cost of transporting fishery products to markets as a result of the remoteness and isolation of the outermost regions;

Whereas, as part of the Community's policy to assist its outermost regions, by Decisions 89/687/EEC⁴, 91/314/EEC⁵ and 91/315/EEC⁶ the Council has set up programmes of options specific to the remote and insular nature of the French overseas departments (Poseidom), the Canary Islands (Poseican) and Madeira and the Azores (Poseima) respectively, which outline the measures to be applied taking account of the special characteristics of and constraints on those regions;

¹ OJ No C

² OJ No C

³ OJ No C

⁴ OJ No L 399, 30.12.1989, p. 39.

⁵ OJ No L 171, 29.6.1991, p. 5.

⁶ OJ No L 171, 29.6.1991, p. 10.

Whereas measures of the same type already undertaken have proved successful;

Whereas the regions concerned are facing specific development problems and in particular additional costs incurred in the marketing of certain products as a result of their remoteness; whereas, with a view to maintaining the competitiveness of certain fishery products against similar products from other Community regions, the Community introduced measures in 1992 and 1993 to compensate for such additional costs in the fisheries sector; whereas those measures were followed up in 1994 and 1995-97 by the adoption of Council Regulations (EC) No 1503/94⁷ and No 2337/95⁸; whereas the arrangements to compensate for the additional costs incurred in processing and marketing certain fishery products (tuna and demersal species in the Azores; tuna, black scabbardfish and mackerel in Madeira; tuna, sardines, mackerel, aquaculture products, cephalopods, sole and sea-bream in the Canary Islands; shrimps in Guiana) should be continued from 1998 and provision must accordingly be made for the measures to be extended;

Whereas non-industrial and inshore fishing is important from the social and economic viewpoints in the outermost regions of the European Union;

Whereas fishing efforts must be rationalized for the sake of sound management of stocks and in particular in view of the research of a high technical standard conducted in this area by various scientific institutions in the outermost regions,

HAS ADOPTED THIS REGULATION:

Article 1

A scheme is hereby introduced to compensate for the additional costs of marketing certain fishery products from the Azores, Madeira, the Canary Islands and the French department of Guiana as a result of the remoteness of those regions.

Article 2

1. In the case of the Azores, the scheme provided for in Article 1 shall entail payment of the following amounts:
 - (a) ECU 177 per tonne of tuna for up to 10 000 tonnes a year delivered to the local canning industry;
 - (b) ECU 455 per tonne of demersal species for up to 3 500 tonnes a year.
2. In the case of Madeira, the scheme provided for in Article 1 shall entail payment of the following amounts:

⁷ OJ No L 162, 30.6.1994, p. 8.

⁸ OJ No L 236, 5.10.1995, p. 2.

- (a) ECU 184 per tonne of tuna for up to 5 000 tonnes a year delivered to the local canning industry;
 - (b) ECU 242 per tonne of black scabbardfish for up to 1 800 tonnes a year;
 - (c) ECU 116 per tonne of mackerel for up to 2 000 tonnes a year delivered to the local canning industry.
3. In the case of the Canary Islands, the scheme provided for in Article 1 shall entail payment of the following amounts:
- (a) ECU 152 per tonne of tuna for marketing fresh for up to 10 400 tonnes a year;
 - (b) ECU 56 per tonne of frozen tuna for up to 3 500 tonnes a year;
 - (c) ECU 56 per tonne of sardines and mackerel for freezing for up to 7 000 tonnes a year;
 - (d) ECU 105 per tonne of sardines and mackerel for processing for up to 10 500 tonnes a year;
 - (e) ECU 563 per tonne of aquaculture products for up to 1 300 tonnes a year;
 - (f) ECU 110 per tonne of cephalopods, sole and sea-bream for up to 25 000 tonnes a year.
4. In the case of Guiana, the scheme provided for in Article 1 shall entail payment of ECU 1 102 per tonne of shrimps for up to 4 200 tonnes a year.

Article 3

The recipients of the compensation provided for herein shall be the producers, the owners of vessels registered in the ports of the regions mentioned in Article 1 and operating therein or associations thereof, and the processors, who incur the additional costs of marketing the products concerned as a result of the remoteness of those regions.

Article 4

Detailed rules for the application of this Regulation shall be adopted in accordance with the procedure laid down in Article 32 of Council Regulation (EEC) No 3759/92 of 17 December 1992 on the common organization of the market in fishery and aquaculture products⁹.

⁹ OJ No L 388, 31.12.1992, p. 1. Last amended by Regulation (EC) No 2939/94 (OJ No L 310, 3.12.1994, p. 12).

Article 5

The measures provided for in this Regulation shall constitute intervention intended to stabilize the agricultural markets within the meaning of Article 3 of Council Regulation (EEC) No 729/70 of 21 April 1970 on the financing of the common agricultural policy¹⁰. They shall be financed by the Guarantee Section of the European Agricultural Guidance and Guarantee Fund (EAGGF).

Article 6

Every three years and for the first time on 1 January 2001, the Commission shall submit a report to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions on the implementation of the measures provided for herein, together, where appropriate, with proposals for adjustments that prove necessary to achieve the objectives set out in Article 1.

Article 7

This Regulation shall enter into force on 1 January 1998.

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

Done at ,

For the Council

¹⁰ OJ No L 94, 28.4.1970, p. 13. Last amended by Regulation (EC) No 1287/95 (OJ No L 125, 8.6.1995, p. 1).

FINANCIAL STATEMENT

DG :XIV

DATE :

1. BUDGET HEADING : article B1-262 PROGRAMME OF OPTIONS SPECIFIC TO REMOTE AND
INSULAR AREAS - FISHERY PRODUCTS
heading B1-2621 ADDITIONAL MARKETING COSTS
2. TITLE : Proposal for a Council Regulation introducing a scheme to compensate for the additional costs incurred in the marketing of certain fishery products from the Azores, Madeira, the Canary Islands and the French department of Guiana as a result of those regions' remoteness
3. LEGAL BASIS : Art. 43 of the Treaty - Council Decision 89/687/EEC - Council Decision 91/314/EEC - Council Decision 91/315/EEC
4. AIMS : To offset the additional costs of marketing certain fishery products in the outermost regions

5. FINANCIAL IMPLICATIONS.	PERIOD OF 12 MONTHS	CURRENT FINANCIAL YEAR (98)	FOLLOWING FINANCIAL YEAR (99)
5.0. EXPENDITURE	16,33 m ECU	0	12,92 m ECU
- charged to EC budget (refunds/ interventions)			
- charged to national authorities			
- charged to other			
5.1. REVENUE			
- own resources of the EC (Levies/Customs duties)			
- national			
5.0.1 MULTIANNUAL SCHEDULE OF EXPENDITURE		YEAR 2000 : 16,33m ECU	YEAR 2001 : 16,33m ECU

5.2. METHOD OF CALCULATION

Azores	tuna	10.000 t/year	x	ECU 177/t	= ECU 1.770.000
	demersal species	3.500 t/year	x	ECU 455/t	= ECU 1.592.500
Madeira	tuna	5.000 t/year	x	ECU 184/t	= ECU 920.000
	black scabbardfish	1.800 t/year	x	ECU 242/t	= ECU 435.600
	mackerel	2.000 t/year	x	ECU 116/t	= ECU 232.000
Canaries	fresh tuna	10.400 t/year	x	ECU 152/t	= ECU 1.580.800
	frozen tuna	3.500 t/year	x	ECU 56/t	= ECU 196.000
	frozen sardines and mackerel	7.000 t/year	x	ECU 56/t	= ECU 392.000
	tinned sardines and mackerel	10.500 t/year	x	ECU 105/t	= ECU 1.102.500
	aquaculture products	1.300 t/year	x	ECU 563/t	= ECU 731.900
	cephalopod products, sole and sea-bream	25.000 t/year	x	ECU 110/t	= ECU 2.750.000
	Guiana	shrimps	4.200 t/year	x	ECU 1.102/t
TOTAL					ECU 16.331.700

- 6.0. CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET ?
- 6.1. CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET ?
- 6.2. IS A SUPPLEMENTARY BUDGET NECESSARY ? NO
- 6.3. WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY ? YES

OBSERVATIONS :

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DOCUMENTS

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