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**ANNUAL REPORT FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT AND THE COUNCIL**

**on Member States' efforts during 2008 to achieve a sustainable balance between fishing
capacity and fishing opportunities**

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1. INTRODUCTION

Member States are required¹ to submit to the Commission, before 1 May each year, a report on their efforts during the previous year to achieve a sustainable balance between fleet capacity and available fishing opportunities. The Member States' reports are available on the Europa website². On the basis of these reports and the data in the EU fishing fleet register, the Commission produced a summary for 2008, and presented it to the Scientific, Technical and Economic Committee for Fisheries (STECF) and to the Committee for Fisheries and Aquaculture. This report from the Commission now presents that summary of the Member States' reports, plus a technical annex (SEC(2010) 146) and the opinions of the above-mentioned committees (SEC(2010) 147) to the Council and the European Parliament. The technical annex provides detailed comments on capacity management³, together with tables and graphs showing the overall trends in the EU fishing fleet and Member States' compliance with the entry/exit scheme. In addition, the following information is available in English on the Europa website:

- detailed results as regards compliance by individual Member States;
- results in each of the outermost regions of the Union;
- Member States' reports.

2. SUMMARY OF MEMBER STATES' ANNUAL REPORTS

This year, only nine Member States submitted their reports on time, while the other reports were between one and twelve weeks late. Despite these delays, the Commission presented the summary report to the above-mentioned committees by 31 July 2009. It should be added that, although many Member States followed the outline laid down for the report in Article 13 of Regulation 1438/2003, the quality of the information provided was not always sufficient for the purposes of this report.

This report sums up Member States' descriptions of their fishing fleets, the impact of the existing schemes to reduce fishing effort and Member States' compliance with the entry/exit scheme.

With a view to helping the Member States to conduct a harmonised and well-founded analysis of the balance between their fleet and the available fishing opportunities, the Commission - in cooperation with the STECF - produced guidelines for an improved analysis of the balance between fishing capacity and fishing opportunities. For the 2007 report, only a few Member States made use of these guidelines. For the 2008 annual report, the application of the guidelines has improved, in that 12 countries were able to present calculations and an interpretation of all or some of the recommended indicators. In a number of cases the calculations provided point to a considerable degree of overcapacity. A more detailed

¹ In accordance with Article 14 of Regulation 2371/2002 and Article 12 of Regulation 1438/2003

² http://ec.europa.eu/fisheries/fleet/index.cfm?method=FM_Reporting.AnnualReport.

³ In accordance with the Common Fisheries Policy (CFP) adopted in December 2002, fishing fleets are managed in line with the general rule that new capacity, expressed in terms of tonnage and power, added to a fleet cannot be higher than the capacity withdrawn from it.

explanation of the use of the guidelines and a summary of the indicators provided can be found in Commission Staff Working Document.

Belgium: The guidelines were applied in the Belgian report to the beam trawler segment, which is the most important in the Belgian fleet. Low utilisation of capacity and a negative return on investment are indicated for the 12-24m segment, which is indicative of a degree of overcapacity; the 24-40m segment, on the other hand, shows higher capacity utilisation and a positive return on investment. There was a slight reduction in tonnage during 2008 without public aid. In accordance with the EFF Operational programme for 2007-2013, Belgium wishes to draw up a fleet adaptation scheme during the period 2009-2010 for the large fleet segment (above 221 kW) fishing with beam trawls. The 24-40m beam trawl fleet segment had a high quota utilisation for plaice and sole in all areas, except in area VIIa. According to the report, the low capacity utilisation in this area was due to other factors (increased national quota due to the exchanges, high fuel costs and scrapping of vessels in 2006).

Bulgaria: 96% of the Bulgarian fleet consists of small vessels. Out of a total of 2 547 vessels, 1 820 vessels were reported as inactive in 2008. Two vessels entered the fleet based on an administrative decision taken before accession. The guidelines were applied in the Bulgarian report. The technical indicator shows low capacity utilisation for all fleet segments. Vessels under 6 m in length have the most negative assessment, and Bulgaria intends to take steps to improve the state of this segment. No fishing effort adjustment scheme is applied to the Bulgarian fleet. Bulgaria applies a quota regime for only the two main species: turbot and sprat.

Denmark: The guidelines were applied in the Danish report for 11 fleet segments categorised in accordance with the Data Collection Regulation⁴. The calculated indicators show a balance between fish stocks and the size of the active fleet. Overcapacity is attributed to vessels below 12m in length. Many of the segments are performing well in economic terms. During the period 2003-2008, the capacity of the Danish fishing fleet was reduced by 23 % in GT, 22 % in kW and 22 % in terms of the number of vessels. The main reduction was seen in the segment of vessels between 12 and 24m. During 2008, 901 vessels with a total tonnage of 11 594 GT and 44 238 kW were reported inactive. The Danish fleet is subject to Annex II measures, as part of the cod recovery plan and, as a consequence, the total number of fishing days was reduced by 48% and the number of vessels was reduced by 41% compared to the 2003 levels.

Germany: The guidelines were not applied in the German report. Instead, a qualitative biological approach was used to examine the balance between fishing capacity and fishing opportunities by fleet segment. The report assessed whether the capacity trend in each fleet segment was in line with the trend in the abundance and level of fishing of the main stocks concerned. Thirty vessels were withdrawn from the small scale coastal fisheries segment, nine vessels from the beam trawlers (list I+II) segment and nine from the segment fishing mussels and non-quota species. However, due to the entries of vessels fishing with passive gear under 12 m and entries in the trawlers and beam trawlers segments, overall capacity showed a marginal increase (+0.1% GT, + 0.26% kW). According to the report, fishing effort reduction schemes had a limited impact on the reduction of the fleet, which was not quantified.

⁴ Commission Regulation (EC) No 1639/2001 (OJ L 222 of 17 August 2001, pp. 53-115)

Estonia: The guidelines were applied in part in the Estonian report. The technical indicator shows distinct overcapacity within the segment of trawler vessels over 12m. In the reporting period, seven vessels entered and seven vessels left the fleet, none of them with public aid. In 2008, no new multiannual management and recovery plans were introduced in the Baltic Sea or in the NAFO and NEAFC regulatory area. The Estonian fleet in the Baltic was subject to the recovery measures adopted for Baltic cod. However, no assessment of the effect of these measures is provided in the report.

Greece: The Greek report included the calculation of some indicators proposed in the guidelines. In geographical sub area (GSA) 22-23, utilisation of boat seines (12-24m) decreased substantially in 2008, while utilisation of coastal vessels (12-24m) improved. The purse seiners (12-24m) segment has been underused in GSA 20 in the past few years. Public aid continued to finance a reduction in capacity during 2008, resulting in the decommissioning of 1 807 GT and 6 769 KW.

Spain: The guidelines were not applied in the Spanish report, which contained no assessment of fleet capacity in relation to fishing opportunities. 1 736 vessels or 12 803 GT were decommissioned in 2008, although only 25 vessels or 2 408 GT were withdrawn from the fleet with public funds. 141 vessels with 2 958 GT entered the fleet in 2008. Due to the Greenland halibut recovery plan in NAFO area, the number of days spent fishing by the Spanish fleet on this fishery was reduced by 84% in 2008, compared with 2003. As a result of the recovery plan for Southern hake and Nephrops, the fleet in question reduced its fishing effort by 10% annually, from 260 days in 2005 to a maximum of 194 fishing days in 2008.

France: The guidelines were not applied in the French report. The report provides a summary of the national, international and EU management measures, such as TAC and quotas that apply to the French fleet in various fisheries. However, no assessment was provided of the balance between the size of the fleet and fishing opportunities allocated to it. As a result of decommissioning schemes launched since November 2007, 169 vessels with a tonnage of 10 175 GT and a power of 40 779 kW have been scrapped. A decommissioning scheme launched in 2008 is underway and concerns a further 220 vessels.

Ireland: The guidelines were not applied in the Irish report and no assessment of the balance between fleet capacity and fishing opportunities was included. However, it is reported that many of the targeted stocks are outside safe biological limits. The decommissioning programme for the whitefish fleet was completed in 2008, and 6 900 GT and 19 000 kW were withdrawn from the fleet as a result. The Irish fleet is subject to the fishing effort reduction scheme adopted under Annex II to the TAC and quota Regulation and to the Western Waters regime. Fisheries falling within the scope of stock recovery plans (ICES areas VIa and VIIa) are of a highly mixed nature. As a result, the Irish administration has found it difficult to gauge the impact of effort reduction schemes.

Italy: The guidelines were applied in the Italian report. Indicators are presented first at national level. The technical indicator shows high capacity utilisation figures for trawlers and beam trawlers, while low figures were recorded for mid-water trawlers, purse-seiners and dredgers. In addition, a regional analysis of the indicator is conducted and presented using a 'traffic light system' for the different geographical areas. The EFF programme contains a number of plans for the gradual restoration of the equilibrium of fish stocks, which are linked to management plans adopted at national level in the context of EU conservation measures. These plans should bring reductions of between 3% and 30% in fishing effort. 13% of current capacity or 27 300 GT are expected to be withdrawn from the fleet in the period 2007-2015.

A total of 11 008 GT and 47 716 kW were withdrawn from the fleet with public aid in 2007 and 2008.

Cyprus: The report does not provide an assessment of the balance between capacity and fishing opportunities, and the proposed guidelines were not applied. There were no exits from the fleet in 2008, except for one vessel, which was reported destroyed. No fishing effort reduction scheme applied to fisheries in Cyprus.

Latvia: The guidelines were not applied in the Latvian report. However, for the high-seas segment, the capacity of the fleet is said to be in balance with the available quotas. There are plans to decommission 70 vessels in the Baltic segment and 110 vessels in the small-scale segment and reductions in other segments are due in the period 2007-2013. The number of vessels scrapped in 2008 is not specified. Since 1 May 2004, 139 vessels have been withdrawn from the fleet, of which 110 were scrapped with public aid. The Latvian fleet was subject to the recovery measures adopted for the Baltic, and the majority of the vessels withdrawn had targeted cod. Owing to the poor state of cod stocks, ageing vessels and increasing fuel costs, vessel owners have been prompted to apply for decommissioning premiums.

Lithuania: The guidelines were applied in the Lithuanian report for the segments exploiting cod stocks. They are presented in the form of a "traffic lights" system which shows that the cod fishing fleet is not in balance with cod stocks. According to the report, the capacity of the fleet fishing on pelagic stocks and salmon is in balance with fishing opportunities. A balance between the fishing effort and fishing opportunities is due to be achieved by implementing the Lithuanian fishing effort plan for 2008-2009, with the main actions involving the regulating of fishing capacities in the Baltic Sea coastal area and NAFO and NEAFC regulatory areas for demersal trawlers. Lithuania intends to reduce the capacity of the high sea fishing vessels by 1.2% and the capacity of coastal fishing vessels by 44% using the EFF.

Malta: The guidelines were applied in the Maltese report. The technical indicator shows low utilisation of the fleet, with a decreasing trend for active gears (trawlers) and a relatively stable capacity utilization of the passive vessels. According to the report, the capacity of the fleet is commensurate with the available resources and no reductions are planned. The fleet consists of full-time and part-time vessels. Small-scale vessels of less than 12 m account for 99% of the part-time vessels and 78% of the full-time commercial vessels. No fishing effort adjustment scheme was applied to the Maltese fleet.

The Netherlands: The guidelines were applied to the beam trawl segment in the report for the Netherlands. The fishing mortality of plaice, sole and cod stocks has fallen substantially. Economic and social indicators also improved in relation to 2007, in particular as a result of the good price for shrimps in 2008. In 2008, the Dutch cutter fleet shrank considerably in size (by about 15%) and also in terms of fishing effort (-23.1%). This was due to the implementation of management plans, the rationalisation of the cutter fleet in 2008, fishing with smaller vessels and the temporary voluntary cessation of (mainly) the large beam trawl cutters in summer 2008 due to the high price of oil. The fleet is subject to the 'days at sea' limitation in the North Sea (Annex II regime). The Netherlands is considering curbing the capacity of fixed net fishing, which has been growing steadily for some years now. In 2008, a substantial number of fishermen switched from beam trawl fishing to fishing with traditional trawls, mainly because of the lower fuel consumption. The capacity of the pelagic fleet decreased by one vessel. The report considers that the size of the remaining fleet is justified in terms of the current size and situation of fish stocks.

Poland: The guidelines were not applied in the Polish report and no assessment of fleet capacity in relation to fishing opportunities was included. In 2008, 34 vessels were withdrawn from the Baltic fleet with public support. In the deep sea segment, one vessel was withdrawn, but two entered the fleet, increasing the fleet capacity by 15 570 GT and 11 216 kW. There was a slight increase in the overall capacity of the Polish fleet which was due to the replacement of one vessel and modernisation of another, based on an administrative decision taken prior to accession. According to the Polish report, as a result of the fishing effort reduction programme, the number of days spent fishing by the Baltic fleet in 2008 was 36.1% down on the level in 2004. Between 2004 and 2008 the number of fishing days for cod fell by as much as 38%.

Portugal: The guidelines were not applied in the Portuguese report and no assessment of fleet capacity in relation to fishing opportunities was included. However, socio-economic data were provided for the period 2003-2007. Only one vessel was scrapped with public aid during 2008. The recovery plan for hake and nephrops continued to apply in 2008, but no resulting capacity reductions were reported. However, fishing effort fell by 30% compared to the 2007 level. An adjustment plan for vessels licensed to use dredges to fish clams in the South region was adopted in 2008, with the aim of reducing the size of Southern area fleet. Five applications were received in 2008, but no decision was taken. Vessels operating in NAFO area are covered by the Greenland halibut recovery plan. Time spent fishing by those vessels fell by 50% in comparison with 2003 levels. National measures limiting fishing effort apply to deep sea species.

Romania: The guidelines were not applied in the Romanian report, although it claims that the fleet is operating in a sustainable manner and that the fish species are available in sufficient quantities. Overall, the fleet is old and in poor technical condition. There are plans for scrapping in the 2007-2013 EFF programming period, but no figure has been put on the amount of capacity affected. There were six new entries to the fleet in 2008 based on an administrative decision taken before accession, and seven vessels were withdrawn from the fleet without public aid.

Slovenia: Slovenia applied the guidelines. The technical indicator shows low utilisation of most vessels. In 2008, one vessel entered the segment of vessels under 12m. The fleet suffers from structural problems, in particular old vessels and obsolete gear. Scrapping is foreseen for the 2007-2013 EFF programming period, but the amount of capacity affected is not quantified. No fishing effort reduction scheme applies to the Slovenian fleet.

Finland: The guidelines were not applied in the Finnish report and an assessment of fleet capacity in relation to fishing opportunities was not included. During the period 2003-2008, capacity has fallen by 19% in GT and by 10% in kW. Despite this reduction in capacity, the total fishing effort of the Finnish fleet has shown an upward trend since 2005 and only stabilized in 2008. The pelagic fisheries segment recorded the highest increase in fishing effort, whereas the segment of static gears targeting cod reduced its effort gradually, and in the last two years there was no fishing activity in this segment due to the driftnet ban. No fishing effort reduction schemes applied to the Finnish fleet during 2008. There are plans for a new capacity reduction scheme in 2009-2010, which will be directed at the segment of passive gear vessels owing to the poor profitability of the offshore salmon fisheries.

Sweden: The guidelines were applied in the Swedish report with indicators based on data from 2007. Segmentation of the fleet is not consistent throughout the report. The biological indicator shows that three segments are operating unsustainably. The economic performance

in 2007 was better than in the previous year, owing to higher fish prices and good catches, but it is expected to be lower in 2008 because of increased fuel prices and lower fish prices. The technical indicator shows overcapacity for all segments. As part of the multi-annual management and recovery plans which were introduced for a number of stocks in the North Sea, Skagerrak, Kattegat and the Baltic Sea, the fishing effort has been gradually reduced. In 2008, Sweden submitted its plan for adaptation of cod fishing in the Baltic to the Commission. This part of the fleet was targeted by a special scrapping campaign as part of the EFF granting scrapping premiums to six trawlers.

United Kingdom: The report also covers the year 2007, since it was not submitted earlier. The guidelines were not applied, although some other technical, biological and socio-economic data were provided. No assessment of the balance between fleet and fishing opportunities was included in the report. As a result of the cod recovery regime, a 43% reduction in effort in terms of kW days was achieved for vessels over 10m during the period 2000-2008. The decommissioning scheme in 2007 was linked to the recovery regime in place for sole stocks in the Western Channel. Effort in terms of kW days for vessels over 10m involved in this fishery was reduced by 13% during the period 2004-2008. The fleet is also covered by the Western Waters and Deep-sea species effort regime. The main reductions in fishing effort in kW days were in the demersal trawl and seine segments (-45%), which derive from the cod recovery regime, and in the beam trawl segment (-61%) due to the decline in fishing opportunities, the decommissioning scheme in 2007 and higher fuel costs. All fleet segments, with the exception of those using pots and traps, reduced their capacity over the period 2000-2008.

3. COMPLIANCE WITH FISHING CAPACITY MANAGEMENT RULES. OVERALL RESULTS

3.1. Results for the mainland fleet except for vessels registered in the outermost regions

According to the CFR, the overall capacity of the EU fleet was reduced by approximately 331 000 GT and 1 123 000 kW during the six-year period from 2003 to 2008, and despite two successive enlargements, leading to a net reduction of approximately 16% in terms of tonnage and 15% in terms of power. The total number of vessels was reduced by approximately 12 400, i.e. 13.3%.

During the period 2003-2008, the capacity of the 'EU-15 fleet' was reduced by 260 486 GT and 989 984 kW, and the capacity of the 'EU-10 fleet'⁵ was reduced by 70 354 GT and 132 980 kW in relation to its capacity on accession (1 May 2004). In relative terms, the reduction of the 'EU-10 fleet' since the date of accession has been greater than the reduction of the 'EU-15 fleet' over the period 2003-2008 (24% compared with 14%, in terms of engine power). Romania and Bulgaria have withdrawn around 5% of capacity in terms of GT and less than 1% in kW terms.

During the six-year period from 2003 to 2008, approximately 224 590 GT and 733 119 kW were withdrawn from the EU fleet (except for the outermost regions) with public aid, of which 25 657 GT and 89 024 kW were withdrawn in 2008.

⁵ Member States that acceded to the Union on 1 May 2004.

Generally speaking, the net reductions in the EU fleet still appear insufficient, considering the steady technological improvements that neutralise the effects of capacity reduction and given the poor state of most EU fisheries.

Tables 1 and 2 in the Commission Staff Working Document annexed to this report summarise the compliance by Member States with the entry/exit scheme and the reference levels on 31 December 2008. All Member States have complied with these rules.

More detailed data (tables and graphs) on trends in the capacity of Member States' fleets are available on Europa⁶.

3.2. Results for the fleets registered in the outermost regions

The capacity of the fleets registered in the outermost regions and the variation in that capacity between 1 January 2003 and 31 December 2008 are shown in Table 4 of the Commission Staff Working Document annexed to this report. The results show that the fleet registered in the outermost regions of Spain and Portugal has been significantly reduced, in terms of both tonnage and power. In the same period the capacity of the fleet in the French overseas departments has increased, with 343 new vessels entering the fleet.

At the end of 2008, the reference levels in the case of demersal and pelagic segments under 12m were very slightly exceeded in Réunion and in French Guyana.

4. THE COMMISSION'S CONCLUSIONS

The quality of Member States' reports in 2008 showed an improvement relative to those for 2007. However, the majority of the reports did not describe the Member States' fleets in relation to fisheries in a manner that enabled the Commission to analyse the efforts made to achieve a balance between the capacity of the fishing fleet and the available fishing opportunities, as stipulated by Article 14 of Regulation (EC) No 2371/2002. Instead, Member States emphasized the national fleet management systems implemented and the trends in fleet capacity in relation to the entry/exit scheme.

In order to prepare the national reports, 12 Member States made some use of the guidelines for the assessment of the balance between fishing capacity and fishing opportunities. In a number of cases, the indicators show that there is an excess of fishing capacity. The Commission acknowledges the problems regarding the availability of certain data and will seek to address them and to improve the guidelines in cooperation with STECF. Further reports of this kind are likely to be more conclusive about the Member States' endeavours to strike a better balance between fleet capacity and fishing opportunities if all Member States make use of the indicators proposed in the guidelines.

From the information contained in most of the reports it is hard to establish clear links between effort management measures and fleet capacity adjustments, or to obtain a critical analysis of the trends in terms of real effort deployed. Generally speaking, the impact of fishing effort adjustment measures on fleet capacity seems to be limited. As in previous years, the main driver of fleet capacity reduction appears to be a combination of poor economic performance of the fleet and the availability of EU or national funds. This may be due, in part,

⁶ http://ec.europa.eu/fisheries/fleet/index.cfm?method=FM_Reporting.AnnualReport.

to the absence of effort management systems for several fisheries, but also to the limited effect of the existing schemes (Annex II, Western Waters, deep-water fisheries, some national schemes, etc.). It appears that the use of individual transferable rights has contributed to reducing capacity in some countries.

In response to the fuel crisis of 2008, the Council adopted temporary and specific measures for the restructuring of the EU fishing fleet in July 2008, thus providing an opportunity to achieve the necessary restructuring of the fleet. The effect of those measures has so far been very limited, since - at the time of drafting of this report - the Fleet Adjustment Plans laid down in the Regulation had not yet been implemented. Exits from the fleet with public support in 2008 were below those of 2007.

During 2008 the fishing capacity of the EU fleet fell at an average annual rate of 2.6% in terms of tonnage and 2.3% in terms of power. Figures 3 to 5 in Commission Staff Working Document show that this has been the overall trend for the last 17 years, although when looking at individual Member States the trend does not seem quite so uniform.

The scientific assessment tells us that 30% of the stocks for which data are available are fished outside safe biological limits, and 80% are fished at levels above the Maximum Sustainable Yield. At the same time, for large parts of the fleet, capacity is under-utilised, i.e. the number of fishing days is less than the maximum possible. In the light of these considerations, the capacity reductions achieved appear to be insufficient to strike a sustainable balance between capacity and fishing opportunities in the short term, especially if technological progress, which is deemed to be of the same order of magnitude as the observed capacity reductions, is taken into account.

As the Green Paper on the Reform of the CFP points out, fleet overcapacity remains one of the fundamental problems of the CFP. European fleets continue to be too large for the resources available and this imbalance is at the root of many problems related to poor economic performance, weak enforcement and overexploited resources.