



MEETING REPORT

North Western Waters Regional Advisory Council

Focus Group Meeting on CFP Reform

Dublin Castle – Wednesday 28th of October 2009

Chairman: Lorcan O’Cinnéide

Rapporteur: Barrie Deas

1. Welcome / Introductory Remarks

The Chairman welcomed all participants to this meeting and outlined the purpose of the meeting, which was to continue with the work initiated in the first Horizontal Working Group held in Paris in July and the ongoing comments received via the NWWRAC forum, aiming to define the elements of a NWWRAC response to the Commission’s Green Paper on CFP reform before the end of the year.

2. Main Themes

The Chairman made a brief presentation on the number of questions or issues identified as potential areas of contribution to the debate that might be addressed in a future NWWRAC advice. The presentation is available for consultation at the NWWRAC website.

3. Preliminary advice on CFP

The following text tries to reflect the state of discussion and to compile all views and contributions received from the floor up to date. This text should be understood as a starting point to the NWWRAC discussions, a working paper which needs to be polished and worked on by the members in order to build a common position on this subject matter.

Context

Although the NWWRAC cannot recognise the Green Paper's unrelieved pessimism in relation to the current status of fish stocks in European waters, we can agree that in many respects, the Common Fisheries policy has been dysfunctional and has delivered sub-optimal outcomes in terms of stock abundance and industry resilience and profitability.

The NWWRAC has chosen not to answer all the questions posed in the Green Paper but instead to focus on those areas of particular importance to the management of fisheries in North West waters.

Total Allowable Catches/ Relative Stability/ Effort Control

Within the membership of the NWWRAC two polar views on the TACs and quota system have emerged. In summary these are:

1. Replace the System of TACs and quotas by Effort Control: This point of view is linked to dissatisfaction with the principle of relative stability and a desire for a more market based approach to the allocation of fishing opportunities.

The supporters of this point of view are dissatisfied with the TACs and quotas system, principally because the allocatory keys associated with the principle of relative stability are considered to give their member states an inadequate share of the EU's fisheries resources.

In addition, it is argued that the application of a TACs and quotas system to demersal mixed fisheries will always be inevitable source of discards. A system based on effort control is seen as a potential alternative. Internationally traded TACs, replacing relative stability over time is seen as another alternative.

2. Retain the TACs and Quotas System and the Principle of Relative Stability: This group considers that the TACs and quota system, and in particular relative stability, is one of the cornerstones of the CFP, which provides the basis for a reasonably fair distribution of fishing opportunities to member states. Although there are deficiencies in the Community's resource policies, this group argues that it is simplistic to attribute these to the allocatory system. The TACs and quotas system is seen as the bedrock of the CFP and should be retained at the heart if it.

Notwithstanding these apparently polar positions within the RAC, the NWWRAC is determined that the issue of the TACs and quotas in a reformed CFP should be approached in a rigorous and systematic fashion. To this end the RAC would make the following points:

1. The TACs and quota system is a convenient and effective way of distributing scarce fisheries resources to member states and to different groups of fishermen. Any alternative approach would have, as a minimum requirement, to equal or surpass the current system in this core function.
2. There is an apparent inconsistency within the Green Paper in that it whilst it posits a transfer of decision making authority from the centre to the regions, it also suggests global, centralised measures such as internationally tradeable fishing rights and a differentiated regime, with different arrangements offshore from inshore. If there is a move to regional decision making, the CFP will have to forgo blanket one-size-fits-all measures.
3. In some member states some quite sophisticated systems of rights based management already exist. It is important that CFP reform should build on these rather than undermine or destabilise them.

4. An allocatory system based on effort (restricted time at sea) would have to overcome the following disadvantages:
 - The differential price of different species can lead to high grading for the economically most valuable species.
 - Effort levels set in relation to the weakest stock in the fishery (the lowest common denominator) would carry serious economic implications for the industry.
 - The evidence suggests that as effort is reduced, fishermen, as economic actors, respond by fishing more *intensively* during the period in which they are allowed to go to sea.
 - The effort based regimes in the New England ground fish fisheries and the cod/saithe fisheries in Faroes illustrate high grading and “capital stuffing” problems.
 - There is an uncertain relationship between reduced time at sea and fishing mortality.
 - Effort control introduced as part of the various EU recovery programmes essentially underpinned the TACs and quota system in the absence of adequate landing controls. There is a question whether, where landing controls have subsequently been strengthened, effort control represents a costly duplication.
5. The TACs and quotas system cannot be viewed in isolation from the issue of overcapacity and the need to strike a broad balance between the capital in the industry and the available resources.

Against this background and the difference in views within the RAC, it is nevertheless possible to identify areas of consensus in relation to TACs and quotas. There is agreement that the TACS and quota system could be improved / adapted in the following ways:

1. Additional flexibility could be provided in the area of transfers, and swaps to ensure full utilisation of the Community's fishing opportunities.
2. Careful modification of the relative stability keys, in select areas, with the agreement of the parties involved to adjust to altered conditions since 1983.
3. Addressing areas of overcapacity, where these exist, in a measured and targeted way to reduce pressure on quotas and quota management systems.

Regionalisation of the CFP

The NWWRAC, in common with many others, perceives the current CFP decision making process as too remote and unresponsive to provide the effective and adaptive fisheries management required. An important step forward would be a move from the present rigid command and control model, based on broad one-size fits- all measures (that are often fatally undermined by derogations) to decisions made closer to the fisheries concerned, through a form of regional decision making.

There are legal, constitutional, financial, as well as practical dimensions to the question as to the institutional form which regionalised management might make. We are happy to discuss these but we can spell out the kind of regional management that we would like to see in a reformed CFP.

1. We recognise that ultimate responsibility for oversight, and setting broad standards, principles and objectives will lie with the European institutions, the Commission, the Council and presumably, the European Parliament.
2. The dominant feature of the present CFP is its use of highly prescriptive regulation. To break with micro-management, CFP decisions, where appropriate, should be devolved to regional sea basin bodies that hold at the very least *de facto* management responsibility. It may be necessary to develop an innovative legal framework to achieve this but the core idea is that fisheries managers from the member states which hold entitlements for a given sea basin, would engage in *administrative cooperation* at the regional level.

We would anticipate that fishermen’s representatives along with representatives from the NGOs would also sit on the regional management authorities and that decisions on this basis would be underpinned by the work of fisheries scientists.

The responsibilities for the new regional management bodies could include setting TAC levels, technical measures, developing long term management plans and overseeing the development of a high degree of self-regulation through bespoke industry fishing plans and the accompanying approval and audit process.

3. A high degree of industry self-regulation through bespoke agreed, approved and audited sustainable fishing plans, offers a way of simplifying the CFP and developing a high degree of responsibility for the resource. Movement in this direction must however be thought through carefully and the transition process will be critically important.

The benefits will be a highly responsive system in which the burden of proof for compliance will lie with the industry but the massive complex of ineffectual regulation that currently applies could be removed. It is probably wise to move in this direction incrementally, by providing an *option* to self defined industry bodies to move in this direction at their own speed. Financial support for capacity building will be required.

In advocating a move to regional management and providing an option for a high degree of self-regulation, it will be important to avoid a range of problems and pitfalls along the way: these include local protectionism and excessive complexity; the particular case of highly migratory species will require special arrangements.

The role of the RACs in this model is interesting, with the potential to build a strong link between RACs with an enhanced advisory capability and the new regional management bodies, as well as providing advice and commentary on the broad European standards that should apply.

Overcapacity

Although fleet overcapacity had long been a problem for the CFP, the Commission's unqualified and differentiated view as expressed in the Green paper is inadequate, even as a starting point. Some key elements in an approach to overcapacity can be identified:

- There is a lack of clarity in the definitions of overcapacity employed to date.
- Economic overcapacity might be a more useful concept than those used to date. There are examples in the pelagic fisheries of fleets whose capacity are well in excess (in terms of GT and KWs) of that necessary to catch their legitimate quotas but because these fleets are profitable, compliant and efficient, it makes little sense to consider them in terms of fleet capacity. A more useful definition would focus on obtaining a balance between capacity and access to levels of quota that would allow the vessels to operate profitably.
- Identify where there is fleet overcapacity in economic terms.
- Identify appropriate options:
 - Publically funded decommissioning
 - Some form of rights based management with transferable entitlements
 - Some hybrid form of public/private capacity reduction
 - An approach compatible with a decentralised CFP
- A workable solution that takes into account that stocks can have a greater or lesser carrying capacity depending on environmental conditions.
- A means of overcoming the fact that fleets (and overcapacity) are international in scope and operation but capacity solutions generally lie at member state level. In other words, how to make member states take ownership of their share of overcapacity?



- Markets can have a very direct and significant impact on vessel revenue and therefore economic overcapacity. As markets (supply and demand) fluctuate in response to various factors, such as high operational costs, the tariff regime, and the success of resource policies it will be important to avoid an overly simplistic approach.
- An effective approach to overcapacity would:
 - Develop a more sophisticated definition of overcapacity
 - Identify areas of overcapacity
 - Focus policy on those specific areas where overcapacity is a problem
 - Make explicit the assumptions underpinning a structural policy
 - Develop a trajectory over time through which structural objectives could be achieved
 - Develop an approach based on the “triple helix” involving the administrations, scientists and the fishing industry. This would be necessary for an effective approach

Discards Policy

The North West Waters RAC recognises discards to be a waste of a scarce resource and damaging to the fishing industry’s reputation. It also recognises that vessels discard not for one but for a variety of reasons, including compliance with CFP regulations. Consequently, there is no single solution to the reduction of discards. Nevertheless it is our conviction that discards can be significantly and progressively reduced.

Public relations driven initiatives such as a “high-grading” ban or a “discards ban” tend to be counter-productive as they do not deal with the real drivers for discarding, be they regulations, economics, quality of assessments, selectivity of gear, or inadequate markets.

The key to reducing discards therefore is a targeted approach based on a sound and comprehensive understanding of the reasons for discarding in each fishery. There are already good examples of improved assessments resulting from better discards information from the fleets and this should be built on. The key is close cooperation between scientists, fisheries managers and fishermen in designing solutions for specific categories of discards.

It is a paradox that on any set of indices, fishing, although certainly not without its environmental consequences, has a much lower environmental impact than any other form of food production. It is important that this is understood not as an excuse for doing nothing but to introduce sense of proportion into what has often been a one-sided debate.

Discards can be reduced through:

- improved gear selectivity
- better design of management measures, including TACs, stronger marketing
- real-time closures and other temporal and spatial measures implemented with the involvement of the fishermen affected.

One concrete proposal that we now put forward for reducing discards is to suggest that the TACs for two or more linked species where there is no wide price differential might be set on a combined basis. Examples might be:

- Haddock and whiting
- Monkfish and megrim

The advantage of the combined quota would be to increase flexibility to keep more of the catch that is being caught and killed anyway. We suggest that this option could be explored through a pilot study and then expanded if it proves successful and the implications are fully understood.

This example demonstrates that real progress can be made by a fishery by fishery approach rather than by grandiose measures that actually deliver very little if not actively counter-productive. The example of Norway in reducing (but not eliminating) discards is useful but it is important to emphasise that Norwegian conditions, especially in relation to mix of species are not the same as found in the fisheries of North West waters.

Fisheries Science

North West waters contain a low number of stock assessments in which it is possible to have a high degree of confidence and high number of stock assessments in which it is not possible to have a high degree of confidence.

For those whose livelihoods depend on fisheries resources and the access that is afforded through TACs, this uncertainty is an intolerable problem. It is for this reason that this RAC has begun a process of close engagement with fisheries scientists to put conditions in place that would progressively lead to the recovery of the stock assessments. Where there are data deficiencies these shall be filled. Where there are divergent views the underlying reasons shall be explored jointly.

To advance this process of rebuilding stock assessments we consider that it would be helpful to have an **audit** of fisheries science to identify problem areas and develop the means for addressing deficiencies.



Differentiated Management Regimes

As part of a case for tradable fishing opportunities at EU level, and in recognition that such a policy, if adopted, would carry adverse consequences for small scale inshore fisheries, the Green Paper posits the possibility of a differentiated management regime. Alternative dualisms are presented: offshore/inshore, large vessel/small vessel, large catch/low environmental impact, artisanal/industrial. The argument is advanced that inshore fisheries could be managed locally whilst the large scale/industrial fleets could be subject to a more market based approach.

We would agree that there are fisheries in which a clear differentiation between an offshore zone and an inshore zone would make sense. But this decision must be taken in the fullest recognition of local conditions. We are therefore strongly opposed to a blanket line through the fishing industry, whether this is by fishing zone or size of vessel or any other arbitrary criteria. In fact, again we see an inconsistency if not a contradiction between advocating devolution of decision making responsibility and imposing a Europe wide differential regime.

Issues for consideration within this context would include:

- Large vessels that fish for part of the time in inshore waters.
- Small vessels that fish well outside the inshore zone.
- The dangers of a preferential regime on one side of an arbitrary line attracting increased effort.
- Fisheries in which a high proportion of the catch is taken by the inshore fleet.



Annex I. List of members and participating observers

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Horizontal Working Group Chairman

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Rapporteur

Fishing sector

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Fishing Sector (continuation)

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Other Interest Groups (eNGOs and European Anglers)

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