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on the developing countries: Fisheries and Poverty Reduction
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1. Introduction

In December 2000 the European Commission published a communication on '*Fisheries and Poverty Reduction*'.

This initiative is to be welcomed for a number of reasons.

A) Hitherto the important role played by fisheries in poverty reduction has not been recognised in European development aid measures. This communication, by setting out, on the one hand, the various ways in which fisheries contribute to combating poverty and, on the other, exploring avenues which will permit greater account be taken of this sector in cooperation programmes, may bring about a change in the way in which fisheries are regarded in the context of development cooperation.

B) The fisheries sector in the developing countries is one in which a number of European policies come into play: basically the Common Fisheries Policy and Development Policy. The Communication also tells us that *the Community had until recently fishery agreements with 26 countries, 17 of which are developing countries. The annual average cost (1998-2000) to the Community budget is € 270 million. This figure is significantly higher than what the Community (EDF and budget) commits on an annual basis to the fishery sector in all developing countries. Hence, the question of how the use of these funds is also furthering development objectives is of interest.*

Now that the Common Fisheries Policy is being revised and that a wide-ranging debate has been launched on the Green Paper on Fisheries, the communication is a useful tool which should enable us to improve the coherence between development policy and fisheries policy.

This obligation derives from the Treaty on European Union and Article 178 of the Treaty establishing the European Community. The Communication also points out that, in its recent communication on development policy, the Commission has committed itself to making '*all necessary efforts to ensure that the principle of coherence is more and more applied in its own proposals. At the same time, conflicting requests should be avoided or resisted, or, when equally legitimate, the conflict should be brought to the fore and solved*'.

The aim of this working document is to examine whether, for the purposes of poverty reduction and sustainable development, the proposals made by the Commission in this communication with a view to supporting the fishery sector in the developing countries are adequate to meet the challenges faced, namely coherence between Fisheries and Development measures and support for the sustainable development of the fishery sector in developing countries as a means of combating poverty.

2. Main aspects of coherence between Fisheries and Development

The Communication calls on the Community to '*mobilise all relevant policies at its disposal (development, fishery, trade, research, environment and consumer protection) to balance the following objectives: solidarity with developing countries, commercial interest, economic and social interest, and environmental concern*' (particularly in terms of resource management).

Each of these aspects raises different issues in terms of coherence between Fisheries and Development.

A number of elements of the Common Fisheries Policy currently raise questions of coherence with sustainable development and the fight against poverty, which are the main objectives of European Development Policy.

These include:

1. Involvement of civil society in implementing ACP-EU fisheries relations

The European Union advocates the involvement of civil society in its relations with the developing countries (e.g. Cotonou Agreement). In the fishery sector, the involvement of civil society (fishermen's organisations, women's organisations, etc) should cover the following areas: preparation and implementation of fisheries agreements, aid planning process, etc. These measures directly affect the activities and survival of coastal communities but in view of the difficulties they face and those faced by small-scale fishing (lack of resources, inadequate knowledge of processes, etc.) both of which nonetheless play a crucial role in combating poverty, the involvement of civil society is often confined to involvement of the industrial sector. However, the interests of inshore fishing should be represented.

2. Aspects of management and access to resources and fishing grounds in the developing countries

The EU, as a member of the FAO, has approved the *Code of Conduct for Responsible Fisheries* and is committed to promoting its application.

The Code recognises, among other things:

- application of the precautionary approach to the management of marine resources. Article 6.5 of the Code commits signatories to applying '*a precautionary approach widely to conservation, management and exploitation of living aquatic resources in order to protect them and preserve the aquatic environment, The absence of adequate scientific information should not be used as a reason for postponing or failing to take measures to conserve target species, associated or dependent species and non-target species and their environment*'.

Preferential access for small-scale coastal fishing communities, who rely on this resource for their survival.

Article 6.18 recognises '*the important contributions of artisanal and small-scale fisheries to employment, income and food security, States should appropriately protect the rights of fishers and fishworkers, particularly those engaged in subsistence, small-scale and artisanal fisheries, to a secure and just livelihood, as well as preferential access, where appropriate, to traditional fishing grounds and resources in the waters under their national jurisdiction*'.

The Communication explicitly recognises that fisheries relations between the EU and the developing countries must be based on these principles.

Nonetheless, too often, the EU does not have an adequate analysis of the state of fish stocks in the waters of non-member countries. Despite this, the Community negotiates access based essentially on the demands of EU shipowners, rather than taking account of the impact of these demands on stocks and local fishing communities.

Thus, the signature of fisheries agreements sometimes results in competition between European fishing fleets and local small-scale fishing in the developing countries for depleting resources, thereby threatening the survival of coastal communities in the developing countries and the resources on which they depend (Senegal, Mauritania). Because some of these fleets use destructive fishing methods or too great a fishing effort for the resources available, they soon come into conflict with the small-scale fishing fleets in developing countries and are a threat to the conservation of resources.

In global terms, approximately one-third of fish caught is transformed into fish meal or fish oil. The aquaculture and agriculture industries use large quantities of these products, not least in the Community - Germany is the world's fifth-largest importer of fish meal. Even if a proportion of the fish is caught in Community waters, most comes from countries such as Chile and Peru. The export of fish meal and fish oil is an important source of income for these countries, but the resources caught are just as crucial in ensuring the integrity of the environment (marine mammals, birds, fish). In addition, they are often also vital for the food security of the local population. It is worth noting that the high levels of dioxins in fish meal and fish oil produced in the Community may result in more of these products being imported because of their lower level of contamination.

In addition, European vessels are transferred temporary or permanently to non-member countries, outside fisheries agreements. When these vessels are registered under the flag of the non-member country, they can be removed from the European register thus artificially reducing the problem of over-capacity of the European fishing fleets. Under some of these arrangements 'outside agreements', the vessels are transferred to the waters of the non-member country despite the fact that there is a bilateral fisheries agreement between the EU and country concerned. The impact of these transfers on resources and on the activities of inshore fishing communities is also considerable. Because they take place outside a bilateral agreement, they are much less transparent in terms of the methods used, the impact and the conditions of access granted by the non-member country concerned.

A further cause for concern is the transfer of Community fishing vessels to countries of flags of convenience. The UN Food and Agriculture Organisation (FAO) has recently reported a substantial increase in the number of vessels carrying out large-scale industrial fishing and operating under flags of convenience. Under international maritime law, it is the country under whose flag the vessel is operating which is responsible for ensuring that the vessel concerned fishing on the high seas complies with the international regulations and provisions in force.

It is paradoxical that the flag of convenience country registers the fishing vessels operating under its flag in exchange for a fee and, at the same time, turns a blind eye and exercises no control whatsoever on the activities of the vessels concerned. Vessels operating under a flag of convenience not only violate legislation governing deep sea fishing, but also regularly

carry out poaching or illegal fishing in the waters of developing countries, thus depriving those countries of vital opportunities for employment and income.

Flags of convenience are not only a threat to marine resources and the marine environment but also carry a human cost. The International Transport Workers Federation (ITF), based in London, has reported numerous problems linked to fishing by vessels operating under flags of convenience, including the maltreatment of crews, abysmal wages and extremely dangerous working conditions.

The FAO recently adopted an international action plan on illegal, unreported and unregulated fishing to tackle fishing by vessels flying flag of convenience, among other things. This plan should be implemented by the Community and the developing countries - some provisions will give the developing countries the necessary resources to do so.

3. Financial aspects

3.1. Compensation under fisheries agreements

The spending of €270 million a year in the form of financial compensation under fisheries agreements encourages the governments of developing countries to open their waters to European vessels even if this cannot be justified on the grounds of poverty reduction or sustainable development (Mauritania, Guinea Bissau, etc.).

3.2. Impact of fishery subsidies on the sustainable development of fishery sector in the developing countries

Fishery subsidies are granted through the CFP, in particular for:

- shipbuilding (more powerful vessels);
- modernisation;
- the transfer of vessels;
- the setting-up of joint ventures;
- the costs of access to the waters of non-member countries, etc.

These grants have significant implications: by artificially reducing operating costs, they make European vessels viable even where catch levels are inadequate, which may encourage over-fishing. Furthermore, they lead to unfair competition between products caught by EU fleets and products caught by the developing countries whose fleets are not subsidised.

The Commission now proposes to 'convert' certain fishery subsidies into 'cooperation aid' (for the transfer of technologies, etc.). Is it thinking ahead to WTO discussions on fishing subsidies?

4. Trade aspects

- Compliance with health standards

Almost 60% of fish consumed in Europe comes from non-European waters, in particular from the developing countries. Health standards have been introduced for these products. However, they may put coastal communities in the developing countries at a disadvantage: where a

small number of operators who have obtained European approval have a monopoly of the export market, fishermen are in a weaker position to negotiate prices. Furthermore, the production of fish complying with European health standards (which requires more costly plant) sometimes leads to an increase in the price of fish on the local market, making it inaccessible for disadvantaged groups (e.g. South Africa). Standards should therefore be adjusted depending on the distance that products have to be transported and transport conditions.

- *Tariff reductions in return for signature of a fisheries agreements*

The recent trade agreement between South Africa and Europe clearly stipulates that the introduction of tariff reductions on imports of fishery products to the EU market is conditional upon the conclusion of a fisheries agreement. Not only is this in breach of the Code of Conduct for Responsible Fisheries, but linkage of this kind creates additional pressure which could drive certain developing countries to conclude fisheries agreements even where surplus stocks are not available.

- *Fair trade and added value*

The supply of cheap fishery products on the European market (one of the aims of the CFP) is not always compatible with a fair return for fishermen in the developing countries. In addition, the EU is primarily interested in fish that has not been processed, so that added value is provided by European firms. This can be damaging to value added activities which could be carried out in the developing countries (filleting, ready meals, etc.).

Development aid has sometimes tried to reverse this trend by supporting the processing sector in the developing countries. At times this has the opposite of the desired effect: firms funded with European capital are the major beneficiaries of aid of this kind and the exploitation of resources that they put in place raises problems in terms of resources and small-scale local fishing which are not taken into account (e.g. industrial prawn fishing sector in Madagascar).

5. Regional approach

As far as fisheries agreements between the EU and the developing countries are concerned, the Community always negotiates with one country at a time. The imbalance between the economic power of the EU on the one hand and a single often over-indebted developing country on the other means that the latter finds it extremely difficult to resist the EU's demands. For instance, Guinea Bissau found itself in a position where the financial compensation under the fisheries agreement with the EU represented more than 35% of its national budget.

This 'country by country' approach fails to take account of the fact that fish stocks are often 'shared', that is they move between the waters of a number of neighbouring coastal States. When one considers that often little is known about the exact state of stocks, this method of negotiation can result in stocks being overexploited as the Community tries to maximise the quantities of fish that it can take in each country. This trend is exacerbated when, as on the coast of West Africa, the regional fisheries organisation does not have adequate financial and scientific resources to establish the basis for sustainable management of fish stocks.

All these aspects of coherence between 'Fisheries' and 'Development' measures are discussed in the Communication on Fisheries and Poverty Reduction, but some points need to be clarified if the application of the principle of coherence is to benefit the poorest developing countries and the sustainable development of their national fishery sectors.

3. How are these factors dealt with in the Communication 'Fisheries and Poverty Reduction'?

In its introduction, the Communication notes that *'the implications for the CFP will be taken up in a more operational manner in a separate section in the CFP Green Paper (due early 2001) leading up to the 2002 CFP review. Through this communication, the Commission also wishes to draw the attention of the Council and the European Parliament to those aspects of CFP reform which directly relate to poverty reduction in developing countries'*.

To answer the question how the issues of coherence between European development and fisheries measures are dealt with, it will sometimes be necessary to refer to the contents of the recently published Green Paper on Fisheries to gain a better understanding of the issues involved.

The various aspects of coherence between fisheries and development examined in the Communication can be summarised as follows:

1. Participation of civil society in ACP-EU fisheries relations

The Commission *'will encourage the participation of civil society and Southern-based professional fisheries organisations in the preparation and implementation of fisheries agreements'* and calls for traditional fishing communities in developing countries to be *'consulted and given real influence on the use of funds'*.

It is extremely important to support this approach as it will enable the communities most directly affected by fisheries agreements to be consulted on the agreements and on the relevant implementing arrangements.

There is also the question of the credibility of participation, which will require not only support for participation as such (information, etc.) but also support for the strengthening of the professional fisheries organisations of the South.

The positive or negative outcome of a fisheries agreement for fishermen's organisations/communities often depends on the national fisheries policies of the two sides.

If their requirements (access to resources, protection of fishing grounds, various infrastructure, etc.) are not recognised in the national fisheries policies of the developing countries and in the CFP, they will not be taken into account in the negotiation of an agreement either, irrespective of whether or not representatives of the sector are sitting at the negotiating table.

It is therefore important that, with a view to improving participation, emphasis should be placed on development measures designed to provide *support for the creation and development of professional organisations emanating from economic actors involved in fisheries. Assistance for the organisation of local communities dependent upon fisheries, support for the creation and stimulation of networks and structures to facilitate exchange of experience and knowledge between communities dependent on fishing activities.*

This is something which could be clarified when the Communication explains that *'in those developing countries where European vessels gain access to fishing resources in the Exclusive Economic Zones through fisheries agreements, the development cooperation of the Community will support communities dependent on fisheries through a sector programme in full recognition of the contribution of fisheries to food security and the impact of fisheries activities on the development of the country'*.

2. Management and access to resources and fishing grounds in the developing countries *(Application of the precautionary principle to the management of resources, ensuring preferential access rights for small-scale coastal fishing communities, etc.)*

By way of preamble, these are some of the comments made on the existing Fisheries Policy in the Green Paper:

'The policy has not delivered sustainable exploitation of fisheries resources...the available fishing capacity of the Community fleets far exceeds that required to harvest fish in a sustainable manner.....Technological progress is increasing the efficiency of fishing vessels and it undermines the efforts of capacity reduction programmes'.

'The Fisheries Agreements are not always flexible enough to respond quickly to emergency circumstances such as stocks decreasing.....the fishing possibilities offered to European vessels are not always based on the real evolution of the resource'.

'Some Fisheries Agreements do not offer enough guarantees for the protection of small-scale coastal fisheries'.

These remarks are developed in the Commission's Communication: *'Fish are a scarce and depletable resource to developing countries. Under the current circumstances the public authorities of most developing countries need assistance to guarantee sufficient sustainable access of their poor populations to aquatic resources. Also, more global governance is required and it must be accountable to the poor, who depend on the stock for their survival.*

As one of the most important fishing powers in the world, the EU will pursue a responsible approach to governance in fishery at the global level.

The objective must be to protect the sustainability of resources with the same vigour in European as in non-European waters'.

However, in view of the situation described in the Green Paper, which details the failure of the current approach to the development of fisheries, it can be asked whether the EU is currently really in a position to promote responsible fisheries and whether there should not be

a radical overhaul of the internal aspects of its Common Fisheries Policy (fleet management, over-capacity, fishing effort, etc.).

The development cooperation measures proposed with regard to access and management of resources merit support: increasing knowledge of the status of the resource, improving management of access rights, arbitration between methods of fishing and possible reduction of fishing pressure, improving capture selectivity and/or applying temporary or space limitation of activities.

Nevertheless, there is serious concern when the Commission proposes (in the Green Paper), that measures of this kind should be supported by the Community 'in exchange for fishing rights for Community vessels'. If the aim is to support sustainable development of the fisheries sector in the developing countries, it is not a good idea to make such support conditional upon the granting of fishing opportunities where resources are fully or over-exploited, as is the case with access to demersal species in the agreements with Mauritania and Senegal. This could create a situation in which the national fishermen, in particular small-scale fishermen, find themselves obliged to reduce their fishing effort whereas European industrial fishing retains its access rights. This is completely at odds with the Code of Conduct for Responsible Fisheries, which calls for preferential access for small-scale fishing.

3. Financial aspects

(Compensation under fisheries agreements, impact of fishery subsidies on the sustainable development of fisheries in the developing countries, etc.)

In the case of financial compensation under fisheries agreements, the Communication calls for the principle of *good management of public finances* to be enhanced in fisheries agreements. The Commission considers that financial contributions linked to fisheries agreements should *'be allocated directly to the national budget of the countries concerned'*. The targeted actions should then be debited and paid through a government account.

These proposals are likely to encourage transparent management of the funds linked to fisheries agreements. It is also important that the expenditure incurred for the targeted actions should include expenses linked to monitoring programmes, for example. At present observers are paid for by the shipowners whose activities they are supposed to monitor. Payment through a public fund, managed independently of the shipowners, would give greater guarantees of independent monitoring.

A further Commission proposal that should be supported and encouraged is that the Community will *clearly identify and evaluate which interventions should be carried out as part of development cooperation and those undertaken as part of its Common Fisheries Policy. The choice of particular activities for a given country or region should be dependent on an ex-ante evaluation.* This evaluation process should go beyond financial considerations and also include an assessment of the impact on the environment and local fisheries. Identifying and taking account of environmental and social costs is an important aspect of promoting sustainable development.

In terms of subsidies, the Green Paper sheds some light on the impact of fishery subsidies on the developing countries. It says that *'the fisheries sector is characterised by economic*

fragility resulting from over-investment, rapidly rising costs and a shrinking resource base: this is reflected in poor profitability and steadily declining employment', and later that 'today's subsidies to investment in the fishing industry and certain taxation measures, such as tax-free fuel, do not contribute to this objective. By artificially reducing the costs and risks of investment in an already over-capitalised industry, they promote over-supply of capital'.

4. Trade aspects

(Compliance with health standards, tariff reductions in exchange for signature of a fisheries agreement, fair trade and added value, etc.)

Both the Green Paper on the Common Fisheries Policy and the Communication 'Fisheries and Poverty Reduction' focus primarily on the importance for the EU of ensuring its supply of fishery products.

Supplying the European market with healthy fishery products for human consumption or the processing industry may at times conflict with the sustainable development of the fisheries sector in the developing countries.

For instance, the allocation of added value (linked to fish processing) between the developing countries and the EU is an important issue. The development of the fish processing industry (small-scale or industrial) in the developing countries, for local consumption or export, is a crucial factor in the development of the local sector. European industry, for its part, is primarily interested in unprocessed products, which can be obtained through fisheries agreements in particular.

Against the background of depleting fish stocks, access to these resources, when it is not linked to local landing requirements, often determines where catches will be processed. Safeguarding access rights for local fishermen and landing requirements for European vessels are therefore vital elements that will affect the development of a sustainable processing industry in the developing countries.

The Communication states that *consumer protection is another concern, which in presence of weak sanitary and veterinary standards may cause obstacles to trade in fish and fishery products*. With a view to poverty reduction (which includes promoting food safety), 'consumer' should not be equated with 'European consumer'. Consumer protection must also extend to the protection of consumers in the developing countries, in particular their access to fish as a source of food. Supplying the European consumer must in no circumstances jeopardise the food security of the developing countries.

However, if fishery products in the developing countries are to comply with health standards, it may push up the price of fish in the developing countries making it inaccessible to the poorest sections of the population.

It is important that considerations of this kind should be taken into account and that priority should be given to *'supporting the development of local fishery industry, including processing and distribution networks for local consumption'* which is currently bottom of the list of development measures proposed for the processing sector.

5. Regional approach

In its communication, the Commission explains that *'regional interventions will be a priority for the EC, taking into account the frequently observed regional nature of fisheries problems and the Community's comparative advantage in this field'*. This statement is confirmed by the Green Paper, which calls for *'effective implementation of the current international legal framework and the strengthening and promotion of regional cooperation mechanisms in the future CFP'*.

Development policy measures in terms of support for sub-regional and regional cooperation are designed to promote the conservation and management of resources.

These measures include:

- Support for the creation and consolidation of sub-regional and regional organisations or networks dealing with research, knowledge and resource management, monitoring and supervision of fishing activities, ecosystem protection or restoration.
- Harmonising national legislation allowing better common resource management.
- Support for the setting up and coordination of regional networks facilitating the pooling of experience and know-how.
- Technical support to facilitate the participation of developing countries in international negotiations concerning marketing of fishery products, management of resources, biodiversity and in international fora for the exchange of scientific knowledge and any other subject connected with the FAO code of conduct.

These development measures should be supported but questions of coherence arise between measures which, on the one hand, will have the effect of giving the developing countries greater weight through regional fisheries organisations and, on the other, the attitude of the Community and the Member States who will see their influence (and consideration of their demands, particularly in terms of access) correspondingly diminished (e.g. ICCAT, fisheries agreements country by country).

It has to be said that the Green Paper gives an initially positive response to these issues when it says that the Community should be:

'promoting, where possible, regional Fisheries Agreements which have the advantage of better addressing the regional aspect of the resource, can sustain real regional fisheries cooperation between third countries and can facilitate monitoring and control of fishing activities',

and that

the Community has also to take account of the interests of emerging and developing fishing nations through a more equitable distribution of fisheries resources, and so on.