



CENTRE FOR EUROPEAN REFORM

policy brief

The EU's common fisheries policy: the case for reform, not abolition

By Aurore Wanlin

DURING THE BRITISH GENERAL ELECTION campaign, political parties have found the EU's common fisheries policy (CFP) a temptingly soft target. The Conservative Party leader, Michael Howard, pledges that if elected he would

¹ Tony Blair, *Foreword to Strategy Unit report, 'Net benefits: a sustainable future and profitable future for UK fishing', March 2004.*

pull Britain out of the CFP, a policy that he claims has "totally failed British fishermen". Prime Minister Tony Blair, on the other hand, wants the UK to "give a lead in reforming the Common Fisheries Policy".¹

Fishing generates a lot of political heat for two reasons. First, fishing is a more significant industry than most people realise. The EU is the world's largest market for processed fish products and farmed fish such as salmon, trout and shellfish. In

² OECD, *The cost of managing fisheries*, 2003.

1998, the whole sector – from fishing to marketing – was worth over €20 billion, or 0.28 per cent of EU GDP.² The European Commission has calculated that at least 12,000 people work as fishermen in the UK and 260,000 people across the EU.³

³ http://europa.eu.int/comm/fisheries/doc_et_publ/factsheets/facts/en/pcp2_1.htm.

Second, fishing, like farming, is an emotive and politically sensitive issue – making it difficult to push through necessary, but painful, reforms such as reducing the size of European fishing fleets. Fishing is often concentrated in remote areas where there are few alternative sources of work available. In some regions of Scotland or along the Atlantic coast of Spain, nearly a quarter of the population is employed in the fishing industry. Third, the debate about the EU's fisheries policy is conducted against the background of rapid decline in Europe's fishing sector.

EU governments established a common fisheries policy in 1983, in an effort to address issues like over-fishing and declining profits. The CFP was supposed to find common solutions to problems that could not be solved solely at the national level.

However, the CFP has not lived up to its objectives. From the start, it has suffered from tension between its two main goals: guaranteeing the sustainable development of European fish stocks and providing social support to fishermen. As a result, the EU has failed to set quotas at levels that would ensure the long-term survival of threatened fish stocks.

Fishermen have also been reluctant to lend their support to the CFP, thereby undermining the effectiveness of its rules. They particularly resent 'quota-hoppers' – foreign-owned boats that register in, say, the UK, and use British fishing quotas. They often feel that these 'foreigners' are stealing 'their' quotas. Politicians have tried to respond to such sentiments. For instance, in 1997 both John Major, then British prime minister, and his successor Tony Blair, threatened to block the EU's Amsterdam Treaty unless EU governments found a way of ending quota-hopping.

The EU has made repeated attempts at reforming the CFP, but has so far only partially addressed its weaknesses. The most recent reforms, in 2002, included several sensible steps such as simplifying rules to reduce the size of Europe's fishing fleets.

But the CFP requires a more fundamental overhaul, or else its weaknesses will play into the hands of those who want to scrap the policy altogether. Such a radical step would be wrong. As this policy brief argues, the EU needs a common fisheries policy. There

are ways of improving the CFP and increasing its legitimacy among fishermen.

What is wrong with the CFP?

The CFP consists of four parts:

- ★ The cornerstone of the CFP is the conservation and management of Europe's fish stocks. The EU aims to prevent over-fishing by regulating the activity of European fishermen and the amount of fish they are allowed to catch.

EU fisheries ministers meet in Brussels every year to decide on the maximum amount of fish that can be safely caught for each stock in the following year. Ministers base their decision on a Commission proposal, which draws on scientific recommendations. Each member-state receives a national share of the quotas for each stock, based on the past catches of its fleet. EU governments are then free to allocate the quotas to their fishermen.

EU governments also agree on technical rules. For example there are rules on the size of the mesh of fishing nets to ensure that fishermen do not catch too many young fish and endanger the renewal of the stock.

- ★ The CFP also aims to achieve the long-term restructuring of EU fishing industry. One of the key reasons for over-fishing is simply that there are too many boats. From 1983 to 2001, the EU tried to deal with this problem by publishing guidelines on reducing national fleets over a period of three to four years. But fishermen often bought new boats with funds that they received from the EU to scrap their old ones. As a result, there was no net reduction in the size of some fleets.

- ★ The CFP establishes a single European market for fishing. The principle of 'equal access' means that national fleets have free access to the waters of other member-states. It also means that fishermen can decide to buy boats and register in another EU country, thus becoming eligible for the quotas allocated to fishermen in that country. This is

⁴ Christian Lequesne, *The politics of fisheries in the European Union*, Manchester University Press, London, 2004.

another contradiction of the CFP: governments set national fish quotas, while the single market allows fishermen to move freely across EU waters.⁴

- ★ Finally, the CFP has an international dimension – the EU can conclude agreements with non-EU countries, such as Norway and Iceland, to allow EU fishermen access to their waters.

Despite this diverse approach, the CFP has not fulfilled its main objective, namely to curb over-fishing. Species such as cod are threatened with extinction. According to a report by the UN's Food and Agriculture Organisation (FAO), nearly half of Europe's stocks are

fully exploited, and there is no room for any increase in fishing activity.

A December 2004 report by the Royal Commission on Environmental Pollution shows that modern industrial fishing practices are also destroying the seabed.⁵ The dearth of fish in the North Sea means that many trawlers are dragging their nets along the beds in an effort to find fish, thereby causing irreversible damage. The report warned that Britain and neighbouring countries could soon end up surrounded by a lifeless sea.

⁵ Royal Commission on Environmental Pollution, *Turning the tide – Addressing the impact of fisheries on the marine environment*, December 2004.

There are three main reasons for the failure of the CFP to protect Europe's fish stocks

- ★ First, EU quotas have proven an inadequate tool to ensure the conservation and recovery of fish stocks. Fishermen are strongly opposed to the reduction of national quotas. To satisfy them, fisheries ministers in the Council tend to set quotas above the levels recommended by independent experts. For example, in the quota negotiations in December 2004 ministers ignored the advice of experts on protecting rapidly diminishing cod stocks.

Moreover, the quotas apply only to the fish that are caught and brought on shore. Those fish that are discarded at sea are not counted. For example, in the North Sea fishermen catch large quantities of undersize haddock and cod, which are then thrown back into the water, most of them dead or dying.⁶ Also, the quality of data on which the European Union bases its quotas is not totally reliable due to the difficulties of accurately measuring stocks.

⁶ Charles Cann, *Saving our fish*, CER, 1997.

- ★ The second part of the problem is the inconsistent implementation of fishing rules across the EU. Some governments appear unable to clamp down on illegal fishing. Evidence is naturally hard to come by. But in countries such as France and Spain, with long coastlines, hundreds of different landing places and thousands of boats, it is not difficult to evade landing controls. When quotas are reduced and/or market prices for fish are strong, the incentives for evasion grow.

Furthermore, national authorities often lack the resources or the will to enforce CFP rules properly. Fishermen in France and elsewhere tend to have close ties to the local or regional administrations that oversee CFP implementation. And national governments are generally unwilling to devote more resources to enforcing rules that are unpopular.

The result is a lack of trust among EU countries over CFP rules and quotas. Fishermen feel that they face tougher controls and smaller quotas than their

colleagues in other European countries. This climate of mutual suspicion undermines co-operation between the member-states and stands in the way of better implementation of the CFP.

★ Third, the CFP is unpopular among Europe's fishermen. They perceive EU regulations as a top-down centralisation and an infringement of their right to fish. They dislike the quota system, and other CFP rules, such as working time regulations which limit the amount of time they are allowed to spend at sea. Fishermen feel that they are not sufficiently involved in the management of the fish resources that provide their livelihood. In short, the CFP lacks legitimacy among those most affected by it.

No need to throw it away

However, for all the CFP's weaknesses, every EU member-state has a long-term economic interest in remaining part of the fisheries policy.

Advocates of a UK withdrawal from the CFP argue that it is harming the British economy. They focus in particular on the principle of free access, which allows foreign fishermen, often from Spain and the Netherlands, to buy UK boats and use UK national quotas. Such 'quota-hoppers' often employ a foreign crew and land the fish they catch in foreign ports.

However, many experts argue that the negative economic impact of quota-hopping on UK ports is small. One study takes the example of the amount of hake, sole and anglerfish that UK registered boats catch but unload abroad. The study shows

⁷ Aaron Hatcher, Julian Frere, Sean Pascoe and Kate Robinson, 'Quota-hopping and the foreign ownership of UK fishing vessels', *Marine Policy* 26, September 2001.

that if this amount were unloaded in UK ports, it would provide only £1.5 million of additional income to the UK economy.⁷ Such a sum might be significant for one port, but is relatively modest for the fishing industry as a whole.

Moreover, the CFP does not only grant foreign fishermen access to the UK market. British fishermen also take advantage of access to other EU markets. The UK fishing industry is strongly dependent on the EU market. Most of the UK catch of hake and sole goes to France and Spain. British fishermen sell around half of their catch (measured by value) abroad. Meanwhile, some three-quarters of the fish consumed in Britain are imported, in particular whitefish such as cod or haddock. A UK withdrawal from the CFP could threaten this trade.

It is unrealistic to think that Britain, or any other EU country, could cordon off its national waters without adverse consequences. No country can rely exclusively on its own waters to meet the demands of its consumers in terms of diversity and quantity. The national quotas that EU fishermen receive each year

cover each fishing stock in EU and non-EU waters. Thus British fishermen take cod in Norwegian waters and haddock in Portuguese and French waters. Some experts predict that if Britain continues to enjoy access to the waters of other EU member-states it will benefit to the tune of £11-19 billion over the next 50 years.⁸

⁸ Strategy Unit, 'Net benefits: A sustainable future and profitable future for UK fishing', March 2004.

If Britain was unwise enough to bar foreign vessels from its own waters, other EU countries could reciprocate. Given that the Commission negotiates access to the waters of non-EU countries on behalf of the entire EU, the UK would risk losing access to these countries as well. Of course, Britain would seek to renegotiate this access on a case-by-case basis. This, however, would create a major legal muddle that could take years to resolve. In the meantime British fishing boats would rest idle.

Above all, the survival of the British fishing industry depends on the sustainable management of fish stocks in EU waters. A collapse of European stocks would bring great hardship to the UK fishing sector. The UK has a strong interest in ensuring the revival and viability of EU stocks. If Britain left the CFP it would be unable to influence the management of these stocks.

Aside from the economic advantages, there are two further reasons why Britain should stay in the CFP. First, the CFP provides a strong legal framework. CFP provisions are directly applicable and enforceable in all EU member-states. Other international rules that apply to fisheries, such as the UN's Fish Stock Agreements, are not binding and have proven an ineffective means of managing stocks.

Second, the CFP represents a unique attempt to allocate fishing stocks between member-states. Fish do not respect national borders – they swim across jurisdictions. But different countries have different approaches to fisheries management and conservation. This creates the incentive to free ride on other member-states' efforts to preserve fishing stocks. It is tempting for one country to avoid taking painful measures and benefit from the reduction of fishing activity in other countries. To curb over-fishing in an efficient manner requires an even and equal effort from all member-states. In this sense, the CFP – for all its flaws – is a step in the right direction.

Any country which tried to withdraw from the CFP would be entering dangerous and uncertain waters. Any attempt by a member-state to select EU policies on an *à-la-carte* basis would undermine that country's position and influence in the EU – and by encouraging others to think about withdrawing from policies that they dislike, risk putting the whole edifice in danger.

Thus while UK fishermen may find the prospect of leaving the CFP attractive in the short term, such a move would seriously harm their long-term interests.

An agenda for reform

The EU needs to improve the CFP further. It should build on the 2002 reforms, which established a better and simplified strategy for resource management.

Three measures in the 2002 reforms are of particular importance. First, the EU now draws up so-called management and recovery plans for important fish stocks. These plans are designed to provide fisheries ministers with a long-term perspective when they set Europe's annual quotas. The aim is to avoid sudden fluctuations in quotas, which can make it difficult for fishermen to plan ahead.

Second, the EU is setting up regional advisory councils to represent fishermen, environmental groups and other stakeholders. These councils will help the Commission draft legislative proposals for the CFP. However, the first regional advisory council – for the Baltic Sea Region – is only just beginning to function. It is also unclear how much these councils will be able to influence EU policy. Last but not least, the EU abolished government subsidies for building new fishing vessels.

But EU governments need to redouble their efforts to reform the CFP. In particular:

- ★ Governments should conduct a more realistic and less emotional debate about fisheries. They need to start from the premise that managing national fish stocks can only be done in co-operation with other EU countries. CFP or no CFP, governments will always struggle to implement complex and unpopular measures that are needed for conserving fish stocks.
- ★ Member-states should take more decisive action to reduce the EU fishing fleet. A reduction in capacity is a key step in curbing the EU's over-fishing problem. It would also ensure the long-term profitability of Europe's fishing industry, which is a condition for better compliance with the CFP's rules.
- ★ The long-term management and recovery plans should become legally binding. This would mean that the Commission provides a legally binding multi-annual framework within which EU governments then decide on national, annual quotas. Such a scheme would ensure that the EU sets its fishing quotas in line with expert advice. The Commission should also retain an overall audit and enforcement responsibility to ensure a level playing field.
- ★ National governments should prohibit the fishing of some seriously endangered stocks like cod. They should ban fishing boats from the most over-fished areas. They could designate certain areas 'marine national parks', as the recent report by the UK's Royal Commission on Environmental Pollution suggested.

- ★ The EU should establish a system of regional management to inject greater flexibility into the CFP. The current regional councils are consultative bodies whose function is unclear. But member-states sharing a common sea have strong incentives to co-operate in such councils to preserve stocks. The EU could delegate more authority to regional councils to involve stakeholders in the decision-making process.

- ★ The EU should study the introduction of a system of so-called individual transferable quotas (ITQs). Governments find it difficult to allocate national quotas in a way that matches fishermen's real needs. ITQs would allow fishermen to sell or buy each other's quotas according to their needs. Such a system already operates among Dutch fishermen.

None of these reforms could succeed without the active co-operation of fishermen. In Iceland, which runs one of the most effective fisheries policies in the world, fishermen participate in devising and implementing policies. This involvement is a key condition to the success of any fisheries policy.

Therefore:

- ★ Fishermen should provide scientists with better information on stocks. For example, they should keep them informed not only of the real quantities of fish they catch, but also of their own profitability and of the technologies they use.
- ★ Fishermen should comply with EU regulations and quotas. National authorities should establish a system of automatic administrative fines. Often, the courts impose fines on fishermen that are far too low to outweigh the profits of fishing illegally. In the UK, in 2001, the average fines represented only 1.7 per cent of the benefits made by fishing beyond quota limits.⁹ Member-states should introduce a system of rising fines for repeated infringements, and make the cost of fishing illegally transparent and predictable.
- ★ A greater use of new technology could improve the enforcement of EU rules, and restore the trust of European fishermen in the CFP. For example, the EU could encourage satellite monitoring of boats fishing endangered stocks in critical areas.

The CFP's critics should not underestimate the difficulties inherent in trying to create common standards for 25 member-states. They should also remember that, for all the problems of the CFP, there is no realistic alternative to tackling the urgent problem of over-fishing in the EU's waters.

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