DG MARE

Lot 2: Retrospective and prospective evaluation on the common fisheries policy, excluding its international dimension

Ref. No MARE/2011/01

Spain Case Study Report

for

Retrospective Evaluation of Scrapping and Temporary Cessation Measures in the EFF

Specific contract no.4 – SI2. 639813

MRAG

Oceanic Development

The Evaluation Partnership

Poseidon Aquatic Resource Management LLC

AN International

Lamans S.a.

IREPO

November 2013
Contents

1 Structure of the fisheries sector ......................................................................................................................................... 1
  1.1 Structure of industry .................................................................................................................................................... 1
  1.2 Management structure ................................................................................................................................................... 1
  1.3 Interviews ........................................................................................................................................................................ 2

2 History of fleet capacity and cessation measures in the MS ........................................................................................................... 2
  2.1 Trend in fleet capacity ...................................................................................................................................................... 2
  2.2 Permanent cessation funding .............................................................................................................................................. 2
  2.3 Temporary cessation funding .............................................................................................................................................. 5

3 Results of stakeholder interviews .......................................................................................................................................... 5
  3.1 Strategy and approach ...................................................................................................................................................... 5
  3.2 Implementation and Administration ................................................................................................................................. 6
  3.3 External factors ................................................................................................................................................................. 8
  3.4 Impact and Effectiveness ................................................................................................................................................... 8

4 Results of vessel owner survey ................................................................................................................................................. 10
  4.1 Vessel and vessel-owner information ............................................................................................................................. 10
  4.2 Owners with no active vessel ............................................................................................................................................ 12
  4.3 Owners that scrapped their vessel .................................................................................................................................... 14
  4.4 Owners receiving scrapping support ............................................................................................................................... 18
  4.5 Owners that scrapped a vessel without support ................................................................................................................ 20
  4.6 Owners that did not scrap a vessel .................................................................................................................................... 21
  4.7 Temporary cessation ......................................................................................................................................................... 22
  4.8 Other financial support and administration of aid ........................................................................................................... 24

5 Discussion ................................................................................................................................................................................. 26
  5.1 Relevance .......................................................................................................................................................................... 26
  5.2 Effectiveness ...................................................................................................................................................................... 26
  5.3 Efficiency ......................................................................................................................................................................... 30
  5.4 Coherence ....................................................................................................................................................................... 31
  5.5 Acceptability ................................................................................................................................................................. 31

6 Summary and conclusions ......................................................................................................................................................... 33
  6.1 Trends in fleet structure & capacity ............................................................................................................................... 33
  6.2 Extent of cessation measures contribution .................................................................................................................... 33
  6.3 Opinions on cessation measures ..................................................................................................................................... 33
  6.4 Vessel owner Survey findings .......................................................................................................................................... 33
  6.5 Evaluation conclusions .................................................................................................................................................... 34
Tables

Table 1: Spanish fleet by fishing zone - 2011 .......................................................... 1
Table 2: Spanish fleet by gear type - 2011 ................................................................. 1
Table 3: Trend in fleet capacity .............................................................................. 2
Table 4: PC funds by Sea basin and main gears ...................................................... 3
Table 5: PC funds by adjustment plan ..................................................................... 4
Table 6: Temporary cessation funds by adjustment plan (operations completed) .... 5
Table 7: Size class and maximum premium .............................................................. 7
Table 8: Impact of TC on the unemployment rate for the fisheries sector ............... 29

Acronyms

ACOM  Advisory Committee of ICES
AER   Annual Economic Report
1 Structure of the fisheries sector

1.1 Structure of industry

According to the Annual Economic Report, Spain’s fishing sector employed almost 40,000 people in 2010 (latest data available), amounting to about 34,000 full time equivalents (FTE). The Spanish fleet, the largest fleet in the EU, by number of vessels and by capacity, is highly diversified as shown by the following tables.

### Table 1: Spanish fleet by fishing zone - 2011

<table>
<thead>
<tr>
<th>Fishing zones</th>
<th>Vessels</th>
<th>GT</th>
<th>Kw</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Fishing Zones (incl. Canary Islands):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mediterranean</td>
<td>2,972</td>
<td>61,406.65</td>
<td>249,587.48</td>
</tr>
<tr>
<td>Atlantic</td>
<td>7,022</td>
<td>83,027.38</td>
<td>301,067.27</td>
</tr>
<tr>
<td>Not specified</td>
<td>90</td>
<td>15,145.53</td>
<td>22,983.11</td>
</tr>
<tr>
<td>Total National Fishing zones</td>
<td>10,084</td>
<td>159,579.56</td>
<td>573,637.86</td>
</tr>
<tr>
<td>EU Fishing zones:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Atlantic</td>
<td>158</td>
<td>44,545.41</td>
<td>62,419.74</td>
</tr>
<tr>
<td>International Fishing zones</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EU Fishing zones:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Atlanitic</td>
<td>158</td>
<td>44,545.41</td>
<td>62,419.74</td>
</tr>
<tr>
<td>International Fishing zones</td>
<td>252</td>
<td>194,067.64</td>
<td>260,888.01</td>
</tr>
<tr>
<td>No allocated zone</td>
<td>11</td>
<td>708.06</td>
<td>1,782.36</td>
</tr>
<tr>
<td>Total</td>
<td>10,505</td>
<td>398,900.67</td>
<td>898,727.97</td>
</tr>
</tbody>
</table>

Source: Fleet report for Spain 2011

### Table 2: Spanish fleet by gear type - 2011

<table>
<thead>
<tr>
<th>Gear types</th>
<th>Vessels</th>
<th>GT</th>
<th>Kw</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trawlers</td>
<td>1,046</td>
<td>106,172.86</td>
<td>235,929.59</td>
</tr>
<tr>
<td>Freezer trawlers</td>
<td>113</td>
<td>70,171.95</td>
<td>87,940.28</td>
</tr>
<tr>
<td>Purse seiners</td>
<td>638</td>
<td>35,968.39</td>
<td>129,186.07</td>
</tr>
<tr>
<td>Freezer seiners</td>
<td>32</td>
<td>79,014.88</td>
<td>111,519.31</td>
</tr>
<tr>
<td>Longliners</td>
<td>430</td>
<td>58,927.21</td>
<td>95,927.40</td>
</tr>
<tr>
<td>Small net fishing vessels</td>
<td>8,090</td>
<td>27,297.91</td>
<td>201,673.93</td>
</tr>
<tr>
<td>Others (scrapers, fixed net, gill net, not all.)</td>
<td>156</td>
<td>21,347.47</td>
<td>36,551.39</td>
</tr>
<tr>
<td>Total</td>
<td>10,505</td>
<td>398,900.67</td>
<td>898,727.97</td>
</tr>
</tbody>
</table>

Source: Fleet report for Spain 2011

Species caught are also highly diverse and include small pelagics (anchovy, sardines, mackerel), large pelagics (mainly tuna), demersal species (hake in particular) and bivalves.

1.2 Management structure

The Spanish fleet is traditionally organized around local cofradas (fishermen cooperatives), which are established at provincial, autonomous community (AC) and national level. Both vessel-owners and the crew adhere to these cooperatives and they constitute the main representative institutions for the latter. Vessel-owners usually belong to more than one organisation.

In addition, there are 46 associations of vessel-owners, represented at the national level by CEPESCA, as well as 45 POs and a national association of POs.
### 1.3 Interviews

<table>
<thead>
<tr>
<th>National/AC</th>
<th>Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>National</td>
<td>Magrama- Direccion de Ordenacion Pesquera</td>
</tr>
<tr>
<td>National</td>
<td>Magrama- Direccion de recursos pesqueros</td>
</tr>
<tr>
<td>National</td>
<td>Instituto de seguridad social de la Marina</td>
</tr>
<tr>
<td>National</td>
<td>Federacion Nacional de Cofradias de Pescadores</td>
</tr>
<tr>
<td>Andalusia</td>
<td>Junta de Andalucia – Servicios de Ordenacion Pesquera</td>
</tr>
<tr>
<td>Andalusia</td>
<td>Federation of vessel-owner associations of Andalusia</td>
</tr>
<tr>
<td>Andalusia</td>
<td>Federation of cofradias of Andalusia</td>
</tr>
<tr>
<td>Andalusia</td>
<td>4 vessel-owners</td>
</tr>
<tr>
<td>Valencia</td>
<td>Generalitat Valenciana – Servicios de Ordenacion Pesquera</td>
</tr>
<tr>
<td>Galicia</td>
<td>Xunta de Galicia – Secretario General del Mar y la Subdirección de Innovación</td>
</tr>
<tr>
<td>Galicia</td>
<td>Tecnológica</td>
</tr>
<tr>
<td>Galicia</td>
<td>ARVI (vessel-owner cooperative of Vigo)</td>
</tr>
<tr>
<td>Galicia</td>
<td>Cofradia de Portonovo</td>
</tr>
<tr>
<td>Pais Vasco</td>
<td>Gobierno – Direccion de Pesca y acuicultura</td>
</tr>
<tr>
<td>Pais Vasco</td>
<td>OP de túnidos congelados de Bermeo</td>
</tr>
<tr>
<td>Pais Vasco</td>
<td>Organización de Productores</td>
</tr>
<tr>
<td></td>
<td>de Pesca de Altura del Puerto de Ondárroa (OPPAO)</td>
</tr>
<tr>
<td>EU</td>
<td>EU Commission – Desk Officers</td>
</tr>
</tbody>
</table>

### 2 History of fleet capacity and cessation measures in the MS

#### 2.1 Trend in fleet capacity

**Table 3: Evolution of fleet capacity**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of vessels</th>
<th>GT (1000)</th>
<th>kW (1000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>13,693</td>
<td>487</td>
<td>1,124</td>
</tr>
<tr>
<td>2006</td>
<td>13,398</td>
<td>481</td>
<td>1,094</td>
</tr>
<tr>
<td>2007</td>
<td>13,006</td>
<td>468</td>
<td>1,058</td>
</tr>
<tr>
<td>2008</td>
<td>11,394</td>
<td>458</td>
<td>1,023</td>
</tr>
<tr>
<td>2009</td>
<td>11,116</td>
<td>438</td>
<td>978</td>
</tr>
<tr>
<td>2010</td>
<td>10,847</td>
<td>414</td>
<td>933</td>
</tr>
<tr>
<td>2011</td>
<td>10,505</td>
<td>399</td>
<td>900</td>
</tr>
<tr>
<td>2012</td>
<td>10,116</td>
<td>385</td>
<td>872</td>
</tr>
</tbody>
</table>

*Source: Data provided by the Spanish Ministry*

Since 2005, the Spanish fleet has been reduced by 26% in number of vessels, 21% in GTs and 22% in kWs.

#### 2.2 Permanent cessation funding

The following data includes only completed operations.

Permanent cessation schemes concerned both the Atlantic and the Mediterranean. Overall trawlers represented 47% of all vessels scrapped with EFF, 69% of the GTs and 66% of EFF granted.
### Table 4: PC funds by Sea basin and main gears

<table>
<thead>
<tr>
<th>Basin</th>
<th>Gear Category</th>
<th>No of vessels</th>
<th>GT</th>
<th>EFF Granted (€,000)</th>
<th>€/vessel</th>
<th>€/GT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Atlantic</strong></td>
<td>Trawls</td>
<td>102</td>
<td>24,482</td>
<td>60,075</td>
<td>588,972</td>
<td>2,454</td>
</tr>
<tr>
<td></td>
<td>Hook and lines</td>
<td>48</td>
<td>9,643</td>
<td>25,944</td>
<td>540,498</td>
<td>2,691</td>
</tr>
<tr>
<td></td>
<td>Gillnets and entangling nets</td>
<td>108</td>
<td>1,301</td>
<td>6,279</td>
<td>58,141</td>
<td>4,827</td>
</tr>
<tr>
<td></td>
<td>Surrounding nets</td>
<td>33</td>
<td>1,900</td>
<td>5,565</td>
<td>168,633</td>
<td>2,928</td>
</tr>
<tr>
<td></td>
<td><strong>Total Atlantic</strong></td>
<td><strong>291</strong></td>
<td><strong>37,326</strong></td>
<td><strong>97,863</strong></td>
<td><strong>336,300</strong></td>
<td><strong>2,622</strong></td>
</tr>
<tr>
<td><strong>Mediterranean Sea</strong></td>
<td>Trawls</td>
<td>174</td>
<td>12,093</td>
<td>38,216</td>
<td>219,634</td>
<td>3,160</td>
</tr>
<tr>
<td></td>
<td>Surrounding nets</td>
<td>44</td>
<td>1,446</td>
<td>5,919</td>
<td>134,513</td>
<td>4,093</td>
</tr>
<tr>
<td></td>
<td>Gillnets and entangling nets</td>
<td>63</td>
<td>533</td>
<td>3,070</td>
<td>48,724</td>
<td>5,759</td>
</tr>
<tr>
<td></td>
<td>Hook and lines</td>
<td>11</td>
<td>742</td>
<td>2,978</td>
<td>270,709</td>
<td>4,013</td>
</tr>
<tr>
<td></td>
<td><strong>Total Mediterranean Sea</strong></td>
<td><strong>292</strong></td>
<td><strong>14,813</strong></td>
<td><strong>50,182</strong></td>
<td><strong>171,857</strong></td>
<td><strong>3,388</strong></td>
</tr>
<tr>
<td><strong>Not specified</strong></td>
<td></td>
<td>3</td>
<td>555</td>
<td>1,576</td>
<td>525,361</td>
<td>2,840</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>586</strong></td>
<td><strong>52,694</strong></td>
<td><strong>149,622</strong></td>
<td><strong>255,327</strong></td>
<td><strong>2,839</strong></td>
</tr>
<tr>
<td><strong>Proportion of fleet (2011)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5.6%</td>
<td>13.2%</td>
</tr>
</tbody>
</table>

Source: Art. 40 data provided by the Spanish Managing Authority

The difference in €/GT between the Atlantic and the Mediterranean Sea, for the same gear categories mainly come from differences in vessels size. For instance, the average size for trawlers scrapped in the Atlantic basin is 240 GT against 69 GT in the Mediterranean Sea. Even small coastal vessels with gillnets and entangling nets tend to be smaller in the Mediterranean (8 GT on average against 12 GT in the Atlantic). This difference in size is representative of the different fleets in the two basins.

Permanent cessation operations spread over a total of 22 adjustment plans implemented under the EFF. Besides the 20 plans below, there is another decommissioning scheme for vessels operating in third countries and a plan for the small-scale fleet in the Canary Islands, which have a few applications in process, but not yet completed.

These plans include 4 recovery plans, 6 Fleet Adaptation Scheme (Reg. 744/2008), three decommissioning schemes for the fleet operating in third country fishing zones and 9 other national management plans.
Table 5: PC funds by adjustment plan

<table>
<thead>
<tr>
<th>Adjustment plans</th>
<th>No of vessels</th>
<th>GT</th>
<th>EFF Granted (k€)</th>
<th>EFF paid (k€)</th>
<th>National cont. (k€)</th>
<th>MS Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>FEAP Mediterranean Sea</td>
<td>248</td>
<td>13,050</td>
<td>43,049</td>
<td>43,038</td>
<td>25,738</td>
<td>37%</td>
</tr>
<tr>
<td>North Pacific Hake Recovery Plan</td>
<td>33</td>
<td>8,916</td>
<td>22,249</td>
<td>22,179</td>
<td>9,653</td>
<td>30%</td>
</tr>
<tr>
<td>Southern Hake and Norway Lobster Recovery Plan</td>
<td>26</td>
<td>3,918</td>
<td>12,502</td>
<td>12,502</td>
<td>4,167</td>
<td>25%</td>
</tr>
<tr>
<td>FAS Galicia. NEAFC</td>
<td>15</td>
<td>3,797</td>
<td>10,378</td>
<td>10,376</td>
<td>3,459</td>
<td>25%</td>
</tr>
<tr>
<td>FAS Galicia. Surface longliners</td>
<td>15</td>
<td>3,901</td>
<td>10,248</td>
<td>10,248</td>
<td>3,416</td>
<td>25%</td>
</tr>
<tr>
<td>FEAP Cantabria and NW</td>
<td>94</td>
<td>2,599</td>
<td>8,293</td>
<td>8,271</td>
<td>7,222</td>
<td>47%</td>
</tr>
<tr>
<td>FEAP Trawlers- Gulf of Cadiz</td>
<td>34</td>
<td>1,633</td>
<td>7,969</td>
<td>7,969</td>
<td>2,656</td>
<td>25%</td>
</tr>
<tr>
<td>Greenland Halibut Recovery Plan</td>
<td>5</td>
<td>4,973</td>
<td>7,714</td>
<td>7,714</td>
<td>2,571</td>
<td>25%</td>
</tr>
<tr>
<td>FAS Galicia. Trawler freezers</td>
<td>5</td>
<td>3,274</td>
<td>5,939</td>
<td>5,939</td>
<td>1,980</td>
<td>25%</td>
</tr>
<tr>
<td>FAS Pais Vasco</td>
<td>6</td>
<td>2,086</td>
<td>5,579</td>
<td>5,579</td>
<td>2,315</td>
<td>29%</td>
</tr>
<tr>
<td>Recovery Plan for Bluefin Tuna in the Eastern Atlantic and Mediterranean</td>
<td>18</td>
<td>1,012</td>
<td>4,661</td>
<td>4,369</td>
<td>1,456</td>
<td>25%</td>
</tr>
<tr>
<td>Decommissioning Plan for Andalusian Trawlers Operating in Third Country Fishing Zones</td>
<td>4</td>
<td>644</td>
<td>2,096</td>
<td>2,096</td>
<td>699</td>
<td>25%</td>
</tr>
<tr>
<td>Decommissioning Plan for Spanish Fishing Vessels operating in international fishing zones with a Home Port in Ceuta and Melilla</td>
<td>2</td>
<td>707</td>
<td>1,781</td>
<td>1,781</td>
<td>594</td>
<td>25%</td>
</tr>
<tr>
<td>FEAP Surface Longliners - Atlantic, Indian and Pacific Oceans</td>
<td>3</td>
<td>728</td>
<td>1,699</td>
<td>1,695</td>
<td>790</td>
<td>32%</td>
</tr>
<tr>
<td>FEAP Purse seine Fleet - Gulf of Cadiz</td>
<td>10</td>
<td>274</td>
<td>1,576</td>
<td>1,576</td>
<td>525</td>
<td>25%</td>
</tr>
<tr>
<td>FAS Cantabria</td>
<td>4</td>
<td>835</td>
<td>1,337</td>
<td>1,334</td>
<td>2,000</td>
<td>60%</td>
</tr>
<tr>
<td>FEAP Small-scale coastal fisheries - Asturias (&lt; 12M)</td>
<td>32</td>
<td>103</td>
<td>881</td>
<td>880</td>
<td>293</td>
<td>25%</td>
</tr>
<tr>
<td>Decommissioning plan - Small-scale fleet - Andalusia</td>
<td>22</td>
<td>113</td>
<td>842</td>
<td>842</td>
<td>281</td>
<td>25%</td>
</tr>
<tr>
<td>FEAP Red Seabream - Straight of Gibraltar</td>
<td>9</td>
<td>60</td>
<td>463</td>
<td>451</td>
<td>150</td>
<td>25%</td>
</tr>
<tr>
<td>FAS Baleares</td>
<td>1</td>
<td>73</td>
<td>366</td>
<td>366</td>
<td>41</td>
<td>10%</td>
</tr>
<tr>
<td>Total</td>
<td>586</td>
<td>52,694</td>
<td>149,622</td>
<td>149,205</td>
<td>70,007</td>
<td>32%</td>
</tr>
</tbody>
</table>

Source: Art. 40 data provided by the Spanish Managing Authority
2.3 Temporary cessation funding

Temporary cessation schemes have also been widely used in Spain as shown by the following table. Applications are on an individual basis: one application usually corresponds to one vessel-owner or one crew member.

Table 6: Temporary cessation funds by adjustment plan (operations completed)

<table>
<thead>
<tr>
<th>Adjustment plans</th>
<th>Date</th>
<th>Nb of operations</th>
<th>Nb of vessels</th>
<th>EFF Granted (€,000)</th>
<th>EFF paid (,000€)</th>
<th>National contr. (,000€)</th>
<th>MS Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>FEAP Mediterranean Sea</td>
<td>2007-2012</td>
<td>7,450</td>
<td>693</td>
<td>8,393</td>
<td>8,387</td>
<td>5,615</td>
<td>40%</td>
</tr>
<tr>
<td>Southern Hake and Norway Lobster</td>
<td>2008-2012</td>
<td>5,593</td>
<td>233</td>
<td>6,473</td>
<td>6,455</td>
<td>4,690</td>
<td>42%</td>
</tr>
<tr>
<td>Non-renewal of the agreement with</td>
<td>2012</td>
<td>743</td>
<td>66</td>
<td>5,398</td>
<td>5,395</td>
<td>295</td>
<td>5%</td>
</tr>
<tr>
<td>FEA Cantabria and NW</td>
<td>2007-2011</td>
<td>5,533</td>
<td>190</td>
<td>4,474</td>
<td>4,403</td>
<td>5,136</td>
<td>54%</td>
</tr>
<tr>
<td>FEAP Purse seine Fleet - Gulf of</td>
<td>2008-2010</td>
<td>2,430</td>
<td>107</td>
<td>4,375</td>
<td>4,372</td>
<td>2,023</td>
<td>32%</td>
</tr>
<tr>
<td>FEAP Trawlers - Gulf of Cadiz</td>
<td>2007-2011</td>
<td>3,102</td>
<td>179</td>
<td>4,029</td>
<td>4,029</td>
<td>1,989</td>
<td>33%</td>
</tr>
<tr>
<td>Greenland Halibut Recovery Plan</td>
<td>2009-2012</td>
<td>828</td>
<td>21</td>
<td>1,599</td>
<td>1,590</td>
<td>1,072</td>
<td>40%</td>
</tr>
<tr>
<td>FEAP Red Seabream - Strait of Gibraltar</td>
<td>2007-2010</td>
<td>650</td>
<td>115</td>
<td>1,387</td>
<td>1,387</td>
<td>427</td>
<td>24%</td>
</tr>
<tr>
<td>North Pacific Hake Recovery Plan (Art 24.1.vii)</td>
<td>2009-2010</td>
<td>1,059</td>
<td>62</td>
<td>1,121</td>
<td>1,100</td>
<td>367</td>
<td>25%</td>
</tr>
<tr>
<td>FEAP Striped Venus - Gulf of Cadiz</td>
<td>2007-2009</td>
<td>969</td>
<td>124</td>
<td>874</td>
<td>874</td>
<td>874</td>
<td>50%</td>
</tr>
<tr>
<td>Cessation for public health reasons (Art 24.1.vii)</td>
<td>2007-2012</td>
<td>1,369</td>
<td>269</td>
<td>807</td>
<td>807</td>
<td>807</td>
<td>50%</td>
</tr>
<tr>
<td>FEAP Small-scale coastal fisheries</td>
<td>2009</td>
<td>236</td>
<td>143</td>
<td>252</td>
<td>252</td>
<td>84</td>
<td>25%</td>
</tr>
<tr>
<td>FEAP Surface Longliners - Atlantic,</td>
<td>2009-2010</td>
<td>301</td>
<td>67</td>
<td>237</td>
<td>237</td>
<td>80</td>
<td>25%</td>
</tr>
<tr>
<td>FEA Canary Islands</td>
<td>2010-2011</td>
<td>83</td>
<td>41</td>
<td>90</td>
<td>90</td>
<td>30</td>
<td>25%</td>
</tr>
<tr>
<td>FEAP Small- Scale Coastal Fleet -</td>
<td>2011</td>
<td>73</td>
<td>51</td>
<td>57</td>
<td>57</td>
<td>57</td>
<td>50%</td>
</tr>
<tr>
<td>National Eel Recovery plan - Asturias</td>
<td>2008-2009</td>
<td>24</td>
<td>6</td>
<td>38</td>
<td>38</td>
<td>22</td>
<td>37%</td>
</tr>
</tbody>
</table>

Total: 30,443 2,367 39,604 39,472 23,567 37%

Source: Art. 40 data provided by the Spanish Managing Authority

3 Results of stakeholder interviews

3.1 Strategy and approach

There is an overall consensus that the drafting of the NSP and of the OP was well managed and took into account main concerns at the different levels. Meetings were organised in Autonomous Communities and at national level involving managing authorities, intermediate bodies and the industry. From the sector’s point of view, it helped to improve the dialogue with administrations. The
The main criticism heard from part of the sector concerns the regulations themselves and the fact that they are made for the industrial fleet, more than for the small-scale coastal fisheries.

The implementation of FEAPs, other than the open scheme prevailing under the FIFG, forced the sector and the administrations to think in terms of objectives, and raised the question of the right level of fishing effort considering the state of the stock. Other than that, the two measures were implemented in the same way as under the FIFG.

Most adjustment plans include both permanent cessation and temporary cessations. Objectives for scrapping are set at the national level, in collaboration with the conservation department and based on data collected by the Spanish Institute of Oceanography. Then Autonomous Communities are in charge of the implementation, including the choice of ranking criteria should the schemes be over-subscribed. In practice this possibility has not been used since funding was sufficient but relevant ranking criteria mentioned included the vessel’s age, the type of gear and the size.

For temporary cessation, at least under the Plan for the Mediterranean Sea, closing periods are proposed by the industry, and validated by the central administration.

The different schemes have been designed based mainly on ICES data for the Atlantic area and based on data collected by the IEO for the Mediterranean Sea\(^1\). However, both the sector and the autonomous communities seem to have little knowledge of the scientific resources used.

In total, 28 adjustment plans were implemented in Spain. Among them, there were two general plans, based on the geographic area, one for the Mediterranean area and one for the North-West and Cantabria. According to the OP, the management plan for the Mediterranean Sea targeted mainly trawlers and purse seiners, while the plan for the North-West and Cantabria primarily targeted the fishery of anchovy in the Gulf of Biscay, and more generally, static gears and seiners.

In Spain, most quotas are managed collectively, by geographical area. This means that when the quota is reached for a given species, in a given area, fishing that specific fish in the area is prohibited until the following year. This may encourage voluntary temporary cessations in some fisheries in order to stop fishing during the reproduction period rather than just waiting for the quota to be entirely used, but it has no impact on scrapping.

There are only a few transferable individual quotas (e.g. Bluefin tuna, long distance fleet) but the price of the quota by itself is not considered by fishermen organisations\(^2\) to be high enough to represent an incentive to scrap.

According to the industry, permanent cessation, supported by socio-economic measures (including EFF funded measures), remain the principal instrument to adjust the fleet significantly in a relatively short period of time without dramatic socio-economic consequences. This was highlighted in Andalusia, where some areas used to be highly dependent on small-scale coastal fisheries, and lost around 2/3 of its fleet in about two decades. In the long-run, the reduction of quotas mainly contributes to adjust the fleet since they limit the fishing opportunities and the profitability of the sector.

### 3.2 Implementation and Administration

#### a. Permanent cessation

The main eligibility criteria comes from the regulation:
- The vessel’s age (older than 10 years)
- To fall under one of the adjustment plans (eligibility criteria within the different plans are still not clear)
- Fulfilling all fiscal obligations

\(^1\) The MA has asked the IEO to compile some of these data for the study.
\(^2\) The FACOPE in Andalusia has estimated that the ITQ for a 10 GT tuna purse seiners was worth about 8000€.
In addition to eligibility criteria, autonomous communities can implement selection criteria in case of oversubscription (other than first come first serve), but out of the three MA interviewed at this stage, only the Valencian Community has set up such a system (based on the vessels age, the degree of selectivity of the gear and the vessel size). In reality, programmed funds for this measure have been increased in order to respond to the number of applications in several autonomous communities. The national framework does not provide the flexibility to increase the premium if the measure was under-subscribed in a community.

The economic situation is not a selection criterion. However, overcapacity has an impact on profitability, so it would not be surprising if fleet segments targeted by the schemes tended to be less profitable than average.

The calculation for scrapping is done at central level, based on GTs and the vessel age (see next table).

For vessels older than 20 years, there is a 1% reduction of the premium per year over 20 (until 30 years old) and there is a 50% discount if the vessel is reassigned to an activity outside the fishing sector. In case of emergency on a specific fishery, the premium can be increased by 20%. In addition, support perceived for modernisation in the last 5 years is deducted on a pro rata temporis basis.

Overall premiums are considered to be at the right level by all organisations interviewed (high enough to be an incentive, not too high to not disrupt the second-hand market). Cofradías also pointed out that, although the premium is usually lower than the second-hand market price, it can take a long time to sell the vessel. Therefore, applying for scrapping can provide a quicker payment. In addition, the tax on the vessel's price, when sold, is very high.

There is no particular encouragement to re-invest in the sector.

**Table 7: Size class and maximum premium**

<table>
<thead>
<tr>
<th>Size class (in GT)</th>
<th>Maximum Premium (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 &lt; 10</td>
<td>11,550xGT+ 2,100</td>
</tr>
<tr>
<td>10 &lt; 25</td>
<td>5,250xGT+ 65,100</td>
</tr>
<tr>
<td>25 &lt; 100</td>
<td>4,410xGT+ 86,100</td>
</tr>
<tr>
<td>100 &lt; 300</td>
<td>2,835xGT+ 243,600</td>
</tr>
<tr>
<td>300 &lt; 500</td>
<td>2,310xGT+ 401,100</td>
</tr>
<tr>
<td>500 or more</td>
<td>1,260xGT+ 926,100</td>
</tr>
</tbody>
</table>

There are several safeguards to ensure that vessels are indeed scrapped. There is a material inspection and proofs are requested that the vessels has been removed of all registries (maritime and property). The fishing license is removed and re-allocated.

**b. Temporary cessation**

The only eligibility criterion is to fall under an adjustment plan.

The premium is also calculated at national level. There can be different levels of support depending on the plans (e.g. higher rates for EU-level plans, recovery plans, etc.).

There have been around 30,000 applications approved between 2007 and 2012, including both vessel-owners and the crew.

In Spain, the crew wages are calculated as a share on sales (as long as they are over the minimum wage). There are mainly two types of contracts: fixed-discontinuous, and by campaign. Generally, the crew is not paid when the boat does not go at sea.

During temporary cessations, crew members have to remain contractually linked to the vessel in order to receive support under the EFF, so they cannot apply for unemployment subsidies or sign a contract for another remunerated activity.

However, they can choose not to receive EFF support in order to file for unemployment or work. The main reason why opting for filing for unemployment, which implies losing entitlements, would be to receive the payment faster.
As for other remunerated activities, they have become scarcer with the economic crisis. Until 2010 and in some areas, crew members could work in the construction sector during the cessation period rather than asking for support or filing for unemployment but such opportunities are now lacking. Some vessel-owners can also provide alternative jobs especially to crew members who cannot apply for any support (e.g. maintenance, etc..)

In the case of the polyvalent fleet (with alternative gears), vessel-owners might also prefer to use a different gear than stop fishing and ask for support.

3.3 External factors

Impact of Fuel crisis and economic crisis

The main combined impact of the fuel crisis and the financial crisis on the EFF implementation was to increase the demand for Axis 1 measures due to lower profitability of the vessels, and to reduce the demand for other measures because of increased difficulty to find private co-funding.

Larger vessels were more impacted by the fuel price in itself because of the structure of their operating costs. The small-scale coastal fisheries suffered more from the general economic crisis than from the fuel price rise as such.

Evolution of fish price

Fish prices remain low, which in conjunction with rising operating costs, hurt the industry. This is attributed by the industry to the increasing competition from third countries, including fresh fish from Morocco.

Shared fisheries with third countries

This issue arises especially with Andalusia as regards Morocco for two main reasons. Until the entry into the EU in 1986, there used to be an agreement between Spain and Morocco that allowed Spanish vessels to fish in Moroccan fishing zones. Since Spain joined the EU, the agreement had to be negotiated at EU level and Spain lost a significant part of its fishing opportunities in Moroccan waters.

The second reason is that the impact of a reduced fishing effort in Andalusia also depends on the evolution of the fishing effort of the Moroccan fleet.

Other external factors

Other external factors mentioned are the effects of global climate change on the stock and changes in migration of certain species.

3.4 Impact and Effectiveness

The schemes are perceived as a success by all interviewed organisations, except one cofradía representing mainly small-scale coastal fisheries, whose main issue is that the scheme favoured larger vessels.

The positive results mentioned by stakeholders are:

- EFF objectives were achieved or over-achieved in terms of reduction of fleet capacity. In addition, the longer-term trend shows a drastic reduction of the fleet since Spain’s entry into the union. In Andalusia, for instance the number of vessels has decreased by 2/3 (based on declarations) in 20 years. Industry representatives and managing authorities consider that this reduction would not have been so substantial without funded scrapping.
- Most stocks have stabilised and some of them have improved slightly (e.g. Bluefin tuna);
- There has been a growing industry awareness of resource issues. For instance, most fisheries that started to implement temporary cessations with financial support still continue to do so when the support ends;
• It has contributed to avoid a rapid concentration of the fleet in only a few ports, especially in fisheries dependent areas. This was brought-up by interviewees especially in discussions about the small-scale coastal fisheries and about the comparison with an ITQ system.

The fact that the age of vessels scrapped tends to decrease, especially since the economic crisis, is perceived by interviewees as having reduced the measure’s side-effect of modernisation.

Both the administration and the industry are in favour of permanent and temporary cessations in the EMFF, especially permanent cessation, for the following reasons:

• Scrapping because there is still overcapacity in some fleet segments and scrapping support is the most effective way to reduce the capacity:
  – For the most part, vessel-owners do not scrap without support unless they want to build a new vessel (or they sell the vessel to another vessel-owner who will use the capacity)
  – It makes the reduction of the fleet, needed to adjust to the resources, more acceptable to the industry and socially. In the case of small-scale coastal fisheries, it enables on-board vessel owners to leave the activity with some asset (in some cases after having paid their debts off). Indeed, with the reduction of the fleet and the loss of profitability over the past few decades, it has become nearly impossible to find a successor for on-board vessel owners who retire. Owners wishing to retire could receive aid to scrap or may sell vessels privately. These private sales are often due to the buyer wanting the capacity represented by the vessel rather than the vessel itself. A vessel-owner who wants to increase capacity on an existing vessel or to build a larger one needs to scrap a vessel (without scrapping aid) to make these GTs available. Even where funding has not been received directly, the scrapping schemes have aided the private seller by preventing a collapse in prices for second-hand vessels that may have occurred if the vessels scrapped under a cessation scheme had entered the market. In the case of larger vessels, scrapping schemes open the right to socio-economic measures for the crew, which somewhat compensate for the loss of jobs.

• Temporary cessations:
  – It contributes to a greater stability of the crew by encouraging fixed discontinuous contracts over short-term ones,
  – It represents an economic incentive to start implementing cessation periods in fisheries where it is not traditionally done. Managing authorities in the Mediterranean area have observed that once fishermen have implemented planned cessation periods rationally (e.g. based on reproduction periods), they often realise the practice can be in their best interest from both an economic and environmental perspective (as fishermen eventually depend on the availability of resources) and that cessation periods are implemented in later years even when the subsidy is not available any more. In the Mediterranean Sea, apparently the practice could still be expanded to some small fisheries
  – It is an important measure for the crew, as they do not have to use their entitlement for unemployment support (and therefore loose it) during the cessation period.
4 Results of vessel owner survey

4.1 Vessel and vessel-owner information

Age of vessel-owners

127 vessel-owners out of 175 answered this question. Those who did not answer are mostly companies.

Respondents are 56 year-old on average, and 61 year-old for beneficiaries. Graphs below show that the tend to be older, with 46% of them being over 63, compared to 30% for the entire sample.

Number of vessels owned

The majority of vessel-owners surveyed own one vessel (54%). The second most important group does not own any vessel. As shown by the second chart, these are mostly beneficiaries, who have scrapped their vessel(s). Vessel-owners or companies owning more than one vessel are a small minority (6% overall and 2% among beneficiaries).
Number of employees

On average vessel-owners who are still in activity have about 8 employees. However the mean is skewed by a few large companies. The majority employ between 2 and 5 people (35% over the entire sample, and 54% of active vessel-owners or companies).

Ownership structure

The proposed answers to this question did not fit the Spanish situation or were misunderstood in some cases. Others include limited society, cooperatives, community society, civil society.

Investments since 2008

62% of vessel-owners have not invested since 2008. Among those who have, investments mainly concerned vessels equipment (AIS, fibre covering, crane.).

Number of vessels scrapped

61% of vessel-owners interviewed have scrapped at least one vessel. Among those, 93% have received a subsidy for it.
4.2 Owners with no active vessel

There were 68 vessel-owners out of the 175 who were not in activity anymore.

**Last year of activity**

About half of them (48%) stopped their activity in the first two years of EFF implementation (2008 and 2009), which also corresponds to the economic crisis.

**Number of vessels owned, last year of activity**

A vast majority (95%) of vessel-owners who are not in activity any more only owned one vessel. It has to be taken into account here that this is also due to the fact that companies that had disappeared since 2008 could hardly be reached for interviews, so this group mainly represents individual owners.
**Number of employees**

The average number of employees is about 6, close to the average of vessel-owners still in activity. Likewise the mean is skewed by a few observations, and the majority of vessel-owners (63%) only had between 2 and 5 employees.

![Number of employees, n=63](chart)

**Ownership structure**

Over half answers did not fit into the proposed choices. Answers provided are the same as those provided by vessel-owners still in activity (limited society, community property, etc.). Among the remaining 45%, 90% are individual owners (registered or not as an enterprise).

![Ownership structure, n=66](chart)

**Profit in last year of operation**

About half of the vessel-owners (52%) in this group did not break-even in their last year of activity, and only 15% did make a profit.
Current employment status

The majority of vessel-owners not in activity any more have retired (62%). In total, 83% of them have stopped fishing.

Current employment status, n=66

4.3 Owners that scrapped their vessel

There are 93 observations in this group.

Reasons for scrapping

The reason most consistently provided to scrap a vessel was the lack of profitability (38%) of the concerned vessel-owners, before reaching retirement age (29%), the cost of vessel-overhaul (24%) and the lack of fishing opportunities for regulatory reasons (21%). Other reasons mentioned include structural problems with the vessel (e.g. too old or too small), fuel cost, increasing competition, difficulty to find skilled crew.
Reasons for selecting the vessel to scrap

Answers to this question are consistent with the profile of vessel-owners and of the fleet structure in Spain in general. The vast majority (79%) of vessel-owner who have scrapped a vessel did not actually choose a vessel to scrap, since they only had one. The other 20% chose first the least profitable vessel (10%), then the most technically-outdated one (7%). Other answers are marginal.

Scraping in another country

This is very marginal is Spain, only 5% of the vessel-owners who have scrapped (4 answers). There is no information on why they did so.

Scraping costs

71% of the respondents (out of 90 answers) claim to have incurred costs to scrap their vessel(s), in most cases (81%) to pay the shipyard. Besides administrative costs (27% of the answers), other costs include mainly mechanics (for vessels not scrapped in a shipyard) and transport. Only a minority of respondents could provide the amount of the costs incurred. The average costs paid to the shipyard (27 answers) amounts to about €4,600, and the average administrative costs to about €600 (7 answers).
Equipment and parts sold

Only 18% of vessel-owners (out of 93 answers) declared to have sold equipment or parts separately from scrapping the vessel. Electronic equipment and engine are the most commonly sold pieces (respectively 9 and 8 answers), before fishing gears (5 answers).

Fishing licenses and quotas

The fishing license was removed in 81% of cases, which is close to the proportion of vessel-owners only having one vessel. Vessel-owners with other active vessels could re-allocate the license to their remaining fleet (17% of the answers). Individual quotas only exist on a few species in Spain (e.g. bluefin tuna), therefore. Most vessel-owners who owned a quota, 79%, have kept the quota and used it on another vessel.

Changes in yearly catch since scrapping

Only 27 vessel-owners answered this question. In most cases (74% of the answers), the yearly catch has stayed about the same. It has dropped by approximately the average yield of the scrapped vessel(s) for only 6% of them. The remaining 20% split equally between those who have increased their yearly catch and those who decreased it, but by less than the average yield of the scrapped vessel. Some of them have bought a new vessel after having scrapped one, which explains the increase in yearly catch. It also indicates that vessel-owners who remain in activity tend to improve their overall productivity after having scrapped a vessel.
Profitability of vessel-owners who still own active vessels

Slightly less than half the vessel-owners did not break even in 2012 (43%), and only 22% actually made a profit, half of whom did have a profit greater than 10% of turnover. Overall their situation does not appear to be much better than for the last year of activity of those who do not own active vessels anymore.
Answers to the question about the economic performance of the remaining fleet do not seem consistent with the evolution of yearly catches at first, since over a third of the 28 concerned vessel-owners declared that the economic performance of their remaining vessels deteriorated after scrapping, whereas the productivity seemed to improve. However, following questions show that it is not related to the scrapping scheme (71% of the answers), but rather to external factors, primarily increasing operating costs, fuel price and stagnant fish prices.

### Economic performance of remaining vessels, n=28

<table>
<thead>
<tr>
<th>Factor</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>More profitable</td>
<td>14%</td>
</tr>
<tr>
<td>Less profitable</td>
<td>25%</td>
</tr>
<tr>
<td>About the same</td>
<td>25%</td>
</tr>
<tr>
<td>Don't know / don't remember</td>
<td>36%</td>
</tr>
</tbody>
</table>

### Is this related to the scrapping scheme?, n=28

<table>
<thead>
<tr>
<th>Question</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>7%</td>
</tr>
<tr>
<td>No</td>
<td>11%</td>
</tr>
<tr>
<td>Partly</td>
<td>11%</td>
</tr>
<tr>
<td>Don't know</td>
<td>71%</td>
</tr>
</tbody>
</table>

### Factors affecting profitability, n=28

<table>
<thead>
<tr>
<th>Factor</th>
<th>No of answers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating costs</td>
<td>14</td>
</tr>
<tr>
<td>Fuel price</td>
<td>13</td>
</tr>
<tr>
<td>Fish prices</td>
<td>8</td>
</tr>
<tr>
<td>Fishing opportunities</td>
<td>4</td>
</tr>
<tr>
<td>Other market conditions</td>
<td>3</td>
</tr>
<tr>
<td>Technological improvement</td>
<td>4</td>
</tr>
<tr>
<td>Don't know</td>
<td>4</td>
</tr>
<tr>
<td>Better management of fish stocks</td>
<td>4</td>
</tr>
</tbody>
</table>

#### 4.4 Owners receiving scrapping support

There are 86 vessel-owners in this category.

**Scheme and application process**

Answers about the type of scheme are not significant since the vast majority of beneficiaries (84%) did not know or remember under which scheme they applied. This can be explained by the fact that most of them applied either through or with the assistance of their cooperative or PO (87% in total).
Amount of the support compared with market value

A short majority (56%) of beneficiaries think that the amount of support was less than the market price of the vessel and only 15% think it was greater. The incentive therefore is not in earning more than by selling the vessel. Institutional actors interviewed said that the main advantage for the beneficiaries is that it may take longer to sell the boat than it does to receive the subsidy.

Impact of the measure

Half of the beneficiaries declared to have used the funds to pay off debts, and 38% to retire. These two categories overlap significantly: 22% of the beneficiaries have retired and paid off debts. About ¼ of beneficiaries (but 88% of beneficiaries who still own active vessels) has invested in the modernisation of their remaining fleet (purchase of a new vessel or investments on other vessels owned), and 16% have invested to diversify either in other activities of the fishing industry or other business sectors.
Altogether, 43% of the beneficiaries would have continued fishing, at least for some time, without the subsidy and 36% would have sold their vessels instead of scrapping it. Only 21% of them claim they would have scrapped the vessel regardless (dead-weight effect).

### 4.5 Owners that scrapped a vessel without support

There are only 5 vessel-owners in this category:

- 2 of them scrapped their vessel in order to build a new one, so they could not apply for the subsidy;
- 1 was not eligible but did not remember why;
- 1 initially wanted to sell the boat but did not get any interesting offer, so he eventually decided to scrap it and was probably not eligible anymore if the vessel had been inactive for too long;
- 1 claims his application was accepted but that he did not receive the subsidy…

Two of them have stopped their activity and three still own active vessels.
The small number of respondents in this category prevents from doing a statistically valid comparison with beneficiaries but their answers to scrapping questions are in line with those observed in the previous chapter.

4.6 Owners that did not scrap a vessel

There are 78 vessel-owners in this category

Profitability questions

Unlike with the treatment group, a majority of vessel-owners who did not scrap broke-even or made a profit in 2012 (67%).

![Profit in last year as % of turnover, n=78](chart)

63% of vessel-owners who have not scrapped claim that they are less profitable than in 2008 (against 36% for vessel-owners who have scrapped and still have active vessels). Only 13% of them declare to be more profitable. In any case, they don’t attribute the evolution of economic performance to the scrapping scheme.

![Evolution of economic performance since 2008, n=78](chart)

![Is this related to the scrapping scheme?, n=77](chart)

Main factors affecting profitability are assessed to be fuel prices (59% of respondents), fish prices (45% of respondents), operating costs (36%) and fishing opportunities (31%). Vessel-owners who
have scrapped a vessel mentioned the same four factors as the most important, but operating costs came first by far (68%).

4.7 Temporary cessation

There are 89 vessel-owners who implemented temporary cessations with or without subsidy. 78% of those vessel-owners implemented it as part of a national or EU management plan and were not allowed to fish during that period, 7% as a voluntary decision to implement cessation periods locally (e.g. through a PO or cooperative/association), 5% because of a lack of quota and 4% because of a lack of resources, but without regulatory restrictions. Other reasons are marginal.

80% of them received a subsidy for the temporary cessation, mainly focused on a given species (41% of the answers) or on a given fleet segment (23%). A significant share of respondents did not know under which scheme they applied.
A clear majority of vessel-owners (59%) would have stopped fishing anyway without the subsidy because they were under an obligatory management plan. Only 10% said they would have stopped for a shorter period.

For 62% of vessel-owners, the subsidy did not cover the fixed costs of the vessels and for 12% of them, it was just enough to cover them.

The next question confirms this since the vast majority (about 80%) of respondents declared that the subsidy represented less than the usual profit.
4.8 Other financial support and administration of aid

Other subsidies

Only 14% of the vessel-owners interviewed, out of 171 answers, declared having received other subsidies for their vessels, mainly for electronic equipment (GPS, radar, etc.).

Administration of aid

There is no significant difference in the appreciation of the aid administration between the application and the payment process. Only 7% and 8% of the vessel-owners found it ‘very complicated’. Overall, almost half of the answers are neutral and about ¼ found it rather simple. These answers should be related to the high proportion of applications going through the cooperatives and the PO.

The last question only confirms the previous analysis, since 95% of vessel-owners who answered the question think the process is neither worse nor better than other interactions with public finding programmes.
Comparison with experience from other funding programmes, n=73

- 95% rated it as "About the same"
- 0% rated it as "Much worse"
- 1% rated it as "Worse"
- 1% rated it as "Better"
- 0% rated it as "Much better"
- 3% rated it as "Not sure"
5 Discussion

5.1 Relevance

5.1.1 Are measures other than EU-funded cessation measures (e.g. the market, transferable quotas) capable of addressing overcapacity in the Spanish fishing fleet? If not, to what extent are they insufficient and why?

Individual transferable quotas are more related to the availability of resources. There is a general consensus among the administration and the sector that they can be effective in the long run for the industrial fleet (e.g. “300 fleet”) but not for all fleet segments, especially small-scale coastal fisheries (under 15 meters). In particular, both the central managing authority and representatives of the small-scale coastal fisheries highlighted the fact that the system would not be manageable for small polyvalent fisheries as each vessel would need to hold various quotas for small quantities of different species. Besides, in Andalusia, interviewees considered that ITQs could accelerate the sector's concentration, to the detriment of smaller ports, which would have a negative impact on employment (including indirect employment such as jobs in cofradias, transport industry, etc.) in areas with limited job alternatives.

For fisheries like bluefin tuna for which ITQs were implemented, the system is considered by both the administration and the sector to be positive and to have increased vessel-owners responsibility towards the resource management, but it would not have been a sufficient incentive to scrap by itself, as the market price of ITQs is worth much less than the vessel itself. There is no official market to trade ITQs, nor is there for the vessels trade, but it is estimated that ITQs would only sell for less than half the vessels market price.

5.1.2 To what extent are the objectives of permanent and temporary cessation measures appropriate to address overcapacity in the Spanish fishing fleet?

Adjustment plans are based on scientific assessments on stocks (except for FAS under reg. 744/2008 or adjustment plans resulting from agreement with third countries).

There is a general consensus among both the administration and the sector that permanent cessation measures combined with socio-economic measures are the most effective way to reduce the fleet significantly in a fairly small time frame (40% in 10 years), especially when it comes to the small-scale fisheries, mainly made of independent vessel-owners, working on-board, with only one vessel and limited alternative job opportunities.

In 2013, adjustment plans have been revised to take into account the demand on targeted species, which enables a link between available resources and the market in order to improve the overall sustainability of the fleet.

5.2 Effectiveness

3 The « 300 fleet » is composed of trawlers, longliners and gillnet vessels between 24 and 42 meters long, fishing in non-Spanish community waters. Main species landed are: hake, megrim, monkfish and Norway lobster. This segment represents 1% of the fleet but around 10% of the capacity in GT. The size of this fleet went from 300 vessels in 1992 when Spain joined the EU to 110 in 2013. It has been under an ITQ system for 7 years and also benefited from permanent cessation measures (especially under Reg. 744/2008).
5.2.1 To what extent have permanent cessation measures contributed to a reduction in the size of the Spanish fishing fleet?

Based on the data provided by the Spanish ministry, between December 2007 and December 2012, the overall fleet has reduced by:

- -22% in fleet number, with the greatest reduction in 2008: 1416 vessels (mostly small inactive vessels) recorded as "change of activity (exit)" and 310 vessels recorded as "destructed" in the fleet register that year;
- -18% in GT;
- -18% in kW;

Since 2000, the reduction has been:

- -39% in fleet number;
- -27% in GT;
- -34% in kW;

The main change before and after the EFF implementation is the share of small vessels in the number of vessels scrapped.

The Spanish 2011 EFF implementation report shows that between 2008 and 2011, 622 vessels were scrapped or reassigned with EFF support, representing 55,383 GT and 128,546 kW. This fleet capacity reduction represented 80% of the GTs and 82% of the kW exited over the same period, as well as 70% of the OP objectives in GT, and 51% in kW.

According to the administration, the reasons why vessel-owners scrap without support are:

- Very small vessels (mainly under 5 GT), whose owners do not think it is worth going through the administrative hassle;
- Vessel-owners who need the GTs of the scrapped vessel(s) to build a new one;
- Vessels that do not fall under any adjustment plans (e.g. small coastal fisheries not targeted by a specific plan);
- Vessels that can’t fulfil the pre-requisites (e.g. vessel less than 10-year-old, vessel-owners with tax issues);
- Sunk vessels.

The vessel-owner survey tends to confirm the administration’s explanations. Only 5 vessel-owners interviewed had scrapped their vessel without support (out of 90 non-beneficiaries), 2 of them to build a new vessel, 1 of them because he was not eligible, another one because he did not manage to sell it, and finally, the last one claimed to have actually scrapped with the subsidy but to never have received the funds.

Available data do not enable analysis on the evolution of licences, but except for small-scale coastal fisheries, licences are reallocated on a yearly basis among the active fleet, per fishing gear and per vessel. For instance, hake licences are allocated among trawlers, longliners and gillnet vessels, anchovy licences are provided to purse seiners only, etc. So, the volume of licences mainly depends on available quotas rather than the fleet capacity.

5.2.2 To what extent have permanent cessation measures led to a sustained reduction in Spanish fishing capacity (the overall catching capacity of the fleet)?

Since 2000, the fleet capacity in GT has decreased by 27% and except for small vessels, or for vessels scrapped to build a new one, the majority of scrapped vessels received support (80% of GT scrapped under the EFF).
Under the EFF, about 50% of the fleet capacity reduction (in GT) came from only 3 adjustment plans: the Mediterranean Sea Plan (25%), the Northern hake recovery plan (17%) and the Southern Hake and Norway lobster recovery plan (7%).

The vessel-owner survey also shows that only 21% of vessel-owners who scrapped would have done the same without support. 43% would have continued fishing (most of them cannot say for how long) and 36% would have sold their vessels to another vessel-owner who most likely would have used it to fish.

5.2.3 To what extent have permanent cessation measures contributed to the modernisation of the Spanish fishing fleet?

The average vessel age used to decrease mainly because of the construction measure. Since it has been stopped the average age has increased again slightly (+0.69 year overall between 2007 and 2012 according to the ministry data). The evolution by fleet segment does not show a correlation with the implementation of adjustment plans either.

Following the economic crisis, the age of scrapped vessels has tended to decrease.

5.2.4 To what extent have temporary cessation measures led to temporary drops in fishing activity?

The 2011 implementation report states that between 01/01/2007 and 31/12/2010 (2011 data were not yet available for the implementation report), temporary cessation was implemented by 3,161 vessels, representing 12,087 fishermen, for a total of 1,785,789 days of cessation.

The 3 most important adjustment plans in terms of the number of vessels concerned were: the Mediterranean Sea plan (29%), cessations for public health reasons (11%) and the Southern hake and Norway Lobster recovery plan (10%).

The vessel-owner survey tends to show that the implementation of cessation periods without subsidies remain low (20% of those who said they had periods of TC), and voluntary cessation implemented locally through POs or cooperatives are less common (7%).

However, more than the subsidy itself, it is the mandatory character of TCs that authorities believe makes them effective.

5.2.5 To what extent have temporary cessation measures assisted vessel owners to adapt to emergencies and other shifting conditions?

The subsidy makes TC more acceptable by reducing the cost for vessel-owners and more importantly by providing an income to the crew so they can keep their unemployment entitlements (the crew cannot work while receiving the subsidy).

5.2.6 To what extent have temporary cessation measures contributed to the maintenance of jobs in the fishing sector?

In order to benefit from the subsidy the crew is required to remain contractually bound to the vessel. Without the subsidy the crew would be considered as “unemployed”. The following table based on data provided by the ISM shows the impact of TC measures on the unemployment rate for the fisheries sector. Depending on the year, the measure has contributed to reduce the unemployment rate by 0.2% to more than 2%, in a context of increasing unemployment (from 9% in 2007 to 13% in 2012).
Table 8: Impact of TC on the unemployment rate for the fisheries sector

<table>
<thead>
<tr>
<th>Year</th>
<th>Nb of crew subsidised prorata temp.</th>
<th>Active pop.</th>
<th>Nb of unemployed workers</th>
<th>Unemployme nt rate (A)</th>
<th>Unempl. rate incl. crew under TC (B)</th>
<th>Difference (B-A)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>442</td>
<td>28855</td>
<td>2689</td>
<td>9%</td>
<td>11%</td>
<td>1.5%</td>
</tr>
<tr>
<td>2008</td>
<td>58</td>
<td>26951</td>
<td>2791</td>
<td>10%</td>
<td>11%</td>
<td>0.2%</td>
</tr>
<tr>
<td>2009</td>
<td>485</td>
<td>26652</td>
<td>2915</td>
<td>11%</td>
<td>13%</td>
<td>1.8%</td>
</tr>
<tr>
<td>2010</td>
<td>357</td>
<td>25988</td>
<td>3247</td>
<td>12%</td>
<td>14%</td>
<td>1.4%</td>
</tr>
<tr>
<td>2011</td>
<td>203</td>
<td>25611</td>
<td>3129</td>
<td>12%</td>
<td>13%</td>
<td>0.8%</td>
</tr>
<tr>
<td>2012</td>
<td>530</td>
<td>25255</td>
<td>3374</td>
<td>13%</td>
<td>15%</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

1 Number of crew * average number of days subsidised/365

Source: Data from the ISM (national social security for the maritime sector)

According to the vessel-owner survey, the absence of subsidy would have had an impact on the crew status for about 15% of the vessel-owners who would have:

- Scrapped the vessel (4%);
- Sold the vessel (4%);
- Relied more on temporarily contracts (4%);
- Laid off some crew (2%);
- Lost some crew (leaving on their own) (1%).

5.2.7 Have the effects of permanent and (to a lesser extent) temporary cessation measures contributed to environmental, economic and social sustainability in the Spanish fishing sector?

Most stocks have stabilised and some of them have improved slightly (e.g. Bluefin tuna) since the implementation of the EFF. However, data used by the Ministry (ICES data or IEO for Mediterranean stocks) do not show a clear correlation between cessation plans and the evolution of stocks. For instance, the stock of southern hake has increased following the implementation of the adjustment plan (including both permanent and temporary cessations), whereas the stock of Norway lobster, concerned by the same fisheries and under the same plan, has continued to deteriorate, mainly because of a low level of recruitment.

Some stocks, like small pelagic (anchovy, pilchards...) also show a very high level of variability that depends mainly on recruitment rates more than the fishing activity. The data provided by the IEO for anchovy in the area GSA 06 (Northern Mediterranean Sea, Spanish waters) shows that recruitment and the biomass increased significantly, from a very low level, after the implementation of a management plan in 2006 with protection areas for juveniles and weekly limitations for landings, but the impact of cessation measures has not been assessed.

A report published in 2012 by the Ministry and the IEO, on the environmental state of the Mediterranean Sea⁴ shows that the fishing activity remains above $F_{MSY}$ for almost all commercially

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⁴ “Estrategias Marinas: Evaluación inicial, buen estado ambiental y objetivos ambientales”
significant species\textsuperscript{5} except for swordfish, but shows an improving trend over a long period (since 2001). Again, there is no assessment of the impact of cessation measures compared to other factors.

The significant reduction of the fleet capacity and of the fishing activity results from a combination of:

- the evolution of profitability (increasing operating costs with stagnating fish prices, fuel and economic crisis, availability of resources),
- regulatory restrictions (quotas, mandatory cessation periods),
- management plans (landings restrictions, number of days at sea allowed, protection areas..)
- management systems like ITQ on certain fleets (e.g. Bluefin tuna), which contributed to a certain extent to the restructuring of those fleet;
- permanent cessation measures, which increased significantly the incentive to scrap,
- temporary cessation measures which contributed to reduce the fishing activity by encouraging voluntary cessation periods (e.g. Southern hake and Norway Lobster Plan) and facilitating the implementation of mandatory ones (e.g. Northern hake plan)

Apart from the share of the fleet size and fleet capacity scrapped with support, the effect of cessation measures can hardly be isolated from other factors.

Other external factors are also important factors that impact stocks status (e.g. habitat, natural evolution of migratory species, interaction among species, conservation measures like the implementation of protection areas for juveniles, etc.).

5.3 Efficiency

5.3.1 Have the effects of permanent and temporary cessation measures been achieved at a reasonable cost? Could similar effects be achieved in a more cost effective way?

The total amount of EFF granted for permanent cessation in Spain amounts to 150 m€ at the end of 2012, which represents 255,327€/vessel and 2,839€/GT. Spain applied a premium calculation based on GTs (see section on implementation). Consequently €/GTs are higher for smaller vessels. The national contribution accounts for about 30% of the total public cost (220 m€).

There is no official trade market for used vessels but according to the industry, the subsidy is usually slightly below the market price or about at the same price. Even when it is below market price, there can be an incentive to scrap (with the subsidy) because it often takes more time to find a buyer.

The vessel-owner survey confirms this statement with 56% of beneficiaries interviewed declaring the subsidies is worth less than the market price of the vessel and 26% declaring it is worth the same.

It is difficult to say if similar effects could be reached at a lower public cost, but one autonomous community has mentioned that ITQs could be taken into account in the premium calculation in order to better target the subsidy.

A total amount of 63 m€ were spent on temporary cessations, including a national contribution of 37% of the total public cost. The subsidy amounts to 45€/day/person for crew members. The cost per reduction of fishing capacity cannot be derived from available data.

According to the vessel-owner survey, the premium for the vessel-owner is often below the fixed costs of the vessel (62% of the answers) and it goes beyond total vessel’s expenses (fixed and others..) only for 6% of them.

\textsuperscript{5} Above 1% of landings
5.3.2 Are the procedures, processes and rules of the cessation measures conducive to enabling Member States to fulfil their respective roles cost effectively?

The only issue raised during interviews with institutional stakeholders was the delay in paying the crew members who benefit from TC support. In order to accelerate the whole process, coordination between the different agencies (mainly between the social security, the labour agency and the tax agency) has been increased. Beneficiaries can also apply for unemployment subsidies and reverse it when they receive the TC subsidy (the money perceived for unemployment is deducted from the subsidy and beneficiaries recover their unemployment entitlements).

Answers to the vessel-owner survey also show a neutral opinion towards the administration process of the aid 95% of them give a neutral answer (grade 3) to the questions about the level of complexity of the administration process and about a quarter declare it is fairly simple (grade 2).

5.4 Coherence

5.4.1 To what extent do the cessation measures complement other initiatives at EU and national level? Are there any areas of duplication that could be avoided? Could similar initiatives be expected by the Member States or other actors without EU support?

Cessation measures complement other fisheries management systems (e.g. ITQ for some fisheries, conservation measures) (see section 5.2.7).

No areas of duplication have been mentioned.

All stakeholders think that the incentive to scrap would be considerably lower without the support.

Some fisheries have implemented voluntary temporary cessation periods without support, but there is no centralised data on these.

5.5 Acceptability

5.5.1 What are managing authorities’ views of the current system for cessation measures in relation to other potential ways to reduce fishing capacity?

Managing authorities at the national and the regional level consider that permanent cessation measures have been highly effective in reducing the fleet capacity since joining the EU and that, objectives by adjustment plan have been achieved or over-achieved.

According to them this is the only way to reduce fishing capacity significantly in a short period of time. ITQs might be effective in the long-run for the industrial fleet, but it would not be manageable for the small coastal fisheries and, if implemented for all fisheries, it would accelerate the industry concentration, with a negative impact on employment in small fisheries ports.

Autonomous communities also think that data on stocks could be improved, it should be “less static” and more disseminated in order to adapt fishing activity more accurately.

5.5.2 To what extent do vessel owners rely on the current level of funding for cessation measures and are there other interventions that could fulfil a similar role?

The current level of funding is close to the theoretical market price of the vessel, so it is an incentive to scrap for a vessel-owner who would consider selling the boat otherwise. Organisations that represent non-industrial fisheries point out that for on-board vessel-owners owning one vessel (the majority of Spanish vessel-owners), scrapping means losing their job, and to some extent their “way
of life”, so they suggest no matter what the level is, the premium could be an incentive to scrap sooner but it cannot be the only reason to scrap.

Half of the beneficiaries surveyed used permanent cessation funding to pay off debts, while 35% reinvested the money in the fishing industry (26% in modernising another vessel, 9% in another aspect of the fishing sector).

The share of vessel-owners who claim they would have scrapped their vessel even without support represents only 20% of interviewed beneficiaries.
6 Summary and conclusions

6.1 Trends in fleet structure & capacity

Between 2008 and 2012\(^6\), the fleet has decreased by:
- 22\% in number;
- 18\% in GT
- 18\% in KW

6.2 Extent of cessation measures contribution

In total, permanent cessation measures cost 220 m\(\text{€}\) (including 32\% national contribution) for a reduction of capacity of 52,694 GT (11\% of the original capacity and 64\% of the total capacity reduction).

Temporary cessations cost 63 m\(\text{€}\) (including 37\% national contribution) for 1,785,789 days of cessation (crew member * number of days of cessation).

6.3 Opinions on cessation measures

It is not possible to provide a summary by type of stakeholders as opinions may vary depending on the regions and the types of fleet represented.

Overall, most stakeholders agree that cessation measures were effective in reducing the fleet capacity and the fishing activity.

6.4 Vessel owner Survey findings

- The majority of vessel-owners who have scrapped their vessel do not own active vessels anymore (72\%). They mostly retired (62\%) but 27\% also found another job either on another vessel or in a different sector.
- Most vessel-owners only own one vessel (95\% of those who are not active anymore and 87\% of those still in activity).
- There are significant differences in terms of profitability among the different groups of vessel-owners. Those not in activity any more were the least profitable (28\% broke even or made a profit) then those who scrapped a vessel but still own active ones are in an intermediate situation (51\% breaking even or making a profit), and finally those who have not scrapped any vessel are the most profitable (67\% breaking even or making a profit).
- However, the evolution of economic performance is not associated with scrapping schemes, neither for those who have scrapped (71\% no) nor for those who have not (96\% no).
- The 3 main reasons for scrapping are: lack of profitability (38\%), retirement age (29\%) or cost of over-haul (24\%).
- Scrapping funds were mainly used to pay off debts (50\%), retire (38\%) or invest in another vessel (25\%).
- Almost half of the beneficiaries would have kept fishing for at least some time without the subsidy (43\%) and another 36\% would have sold it.
- Only very few vessel-owners scrapped their vessel without support (5\%).
- 80\% of vessel-owners who temporarily stopped fishing received a subsidy for TC, however a majority of them would have stop fishing anyway because of legal obligations (59\%).

\(^6\) From 31/12/2007 to 31/12/2008
6.5 Evaluation conclusions

- Relevance: overcapacity is assessed based on scientific assessment (quotas limitations based on ICES data and IEO data) and permanent cessation measures are seen as necessary by national authorities and industry stakeholders to reduce the fleet capacity significantly in a short period of time. In the long run, fisheries management systems are more relevant, especially for the industrial fleet.
- Effectiveness:
  - Permanent cessation measures have contributed to 64% of the capacity reduction under the EFF and only 21% of interviewed vessel-owners would have scrapped their vessel without the support.
  - The impact of temporary cessation on the fishing activities cannot be quantified with available data. 59% of beneficiaries claim they would have had to stop fishing anyway for regulatory reasons. However, temporary cessation has had a positive impact on job stability in the fishing sector.
  - The effect of cessation measures can hardly be isolated from other factors (fisheries management system, the fleet profitability, regulatory restrictions…), but some of the stocks targeted by adjustment plans have improved although the direct correlation cannot be established.
  - Temporary cessation has ???
- Efficiency: there is no element to assess if the level of premium for permanent cessation is optimum. Main recommendations from the stakeholders are: more targeted adjustment plans, and taking into account ITQs in the premium calculation;
- Coherence: measures are coherent with other instruments regulating the fishing activity
- Acceptability: the measures have made conservation measures more acceptable and have contributed to accelerate the fleet reduction trend

6.6 Conclusions for the counterfactual analysis

Without scrapping measures, 43% of vessel-owners interviewed would have kept fishing for a longer time and 36% would have opted to sell their vessel, so the capacity removal would have been delayed for 79% of them.

This is confirmed by the fact that only 20% of the capacity in GT was removed without support during the EFF programming period and that it came mainly from under 5GT vessels.

The lower profitability and the older average age of beneficiaries compared to non-beneficiaries suggest that most vessel-owners (especially on-board vessel-owners) would have eventually stopped their activity, but not necessarily by scrapping. A significant share of them would have sold (or tried to sell their vessel).

Managing authorities and industry organisations, especially in Andalusia, also highlight that in the small-scale coastal fisheries (mainly on-board vessel-owners with one vessel), the loss of profitability over the years has left many vessel-owners in a poor economic situation when they leave the activity even with the subsidy and that they would be much worse off without it. Results from vessel-owners tend to support this statement as 50% of beneficiaries use scrapping funds to pay off debts and 38% to retire (often both).

The economic situation of vessel-owners who were subject to a cessation period would have been slightly worse (the subsidy barely covered fixed costs in most cases) without the subsidy and the crew situation would have been more precarious. Most vessel-owners would have had
to stop fishing anyway as they were under mandatory schemes (management plans, lacks of quotas…) however industry organisations think that the risk of illegal fishing due to deteriorated economic situation and disagreement with the obligation to stop would have been greater, which is somewhat supported by the fact that most of the 16% of beneficiaries who said they would have not accepted the “voluntary cessation” were actually under mandatory schemes.

6.7 Recommendations

6.7.1 Scrapping:

Scrapping is the main measure implemented under the Spanish Operational Programme 2007-2013, with more than 20% of the EU funds allocated to scrapping. The study suggests that the contribution of EU funding to the reduction of the size of the Spanish fleet in GT and in Kw is instrumental.

It is however more difficult to assess the contribution of the funded measures to adjusting the fishing fleet to the fishing capacity. As scrapping schemes were under subscribed, all "candidate vessels" were selected provided they fulfil general eligibility criteria such as having spent a given number of days at sea in a defined period prior to the scrapping.

The selection of vessels to be scrapped should therefore be done in a more goal-oriented way. The Commission's new guidelines could help in this regard, to ensure that scrapping schemes are well-targeted on the fleet segments identified in the action plan foreseen in the new basic Regulation of the CFP for MS to address the imbalance situation of given fleet segments.

More emphasis needs to be placed on continuously evaluating the impact of publicly funded scrapping schemes, i.e. using better indicators, particularly baseline and result indicators to show the effect that these schemes have had.

While there is no element to assess whether the level of premium is optimal, evidence shows that the selection of candidates to scrapping on the basis of competitive bidding is more cost/effective than other selection systems.

6.7.2 Temporary cessation

Temporary cessation is seen as having partly alleviated the impacts of unforeseen inability for fishermen to access the resource, however, temporary cessation should be better targeted on unforeseen events.