

STUDY ON THE EUROPEAN EXTERNAL FLEET

Contract FISH/2006/02

Final Report

~ January 2008 ~

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BACKGROUND

In 2007, the Community's fishing fleet numbered over 88,000 fishing vessels registered in the Community Fleet Register. An as yet unidentified part of this fleet is unusual in that it fishes exclusively outside Community waters. The operating conditions of this part of the fleet are unusual, the most important being that access to resources is not decided by the Council of the European Union but is granted by Regional Fisheries Management Organisations (RFMO) or in accordance with agreements concluded with third countries. In the remainder of this summary, this part of the European fishing fleet is referred to as the Community External Fleet.

The terms of reference of this study required a three step approach:

- A qualitative and quantitative description of the Community external fleet, including vessels characteristics, fisheries prosecuted, management regimes, catches, and competition with fishing vessels flying non-Community flags
- An assessment of the effect on the Community external fleet of the current fleet management measures, i.e. the entry-exit regime and the net capacity reduction that results from the granting of public aid for the scrapping of capacity
- And a survey of the opinion of the main stakeholders on specific measures considered by the Commission for the management of the external fleet, considering its specificity

The following report presents the outputs of the study. The details of the information supporting the analysis presented therein can be found in the [annex A](#) to this report.

1. IDENTIFICATION OF THE EXTERNAL FLEET

1.1. Elaboration of a list of fishing vessels of the external fleet

The first part of this work focuses on the identification of the vessels registered in the Community register that do not fish the resources managed by the Council. Part of this fleet fishes for species of the tuna family and related species (in particular swordfish), which are distributed throughout international waters and the EEZs of third countries in all three oceans. This is the external tuna fleet. Another part of the Community fleet is involved in a variety of activities, fishing for species other than the tuna family, in the waters of third countries or international waters. An examination of the catch declarations communicated by the Community to the FAO allows us to assess that the activities of the vessels of the EC are probably on a large scale in the waters of the North-West Atlantic, in the central and Southern parts of the Eastern Atlantic, in the South-West Atlantic, in the South-East Pacific and in the Antarctic zone. This initial broad survey made it possible to target the research conducted in order to identify the vessels that form the external fleet.

Most of the information used in this first part of the work originates from both the fishing authorisations issued by the Community and lists which we were able to obtain from third countries.

In the first case, we are talking about fishing licenses or permits (in particular Special Fishing Licences as per Reg (EC) 1627/94) issued at the request of the Community, when the latter was the origin of the access negotiation. These include fishing licenses in the waters of third countries obtained in accordance with fishing agreements concluded between the EC and the said third countries (mostly coastal states in West Africa, the Indian Ocean and Greenland, these being conventional fishing agreements allowing access in return for financial contribution, as well as with Norway, the Faeroe Islands and Iceland concerning reciprocal agreements allowing exchanges of fishing rights), and authorizations issued in the multi-lateral context of the RFMOs (tuna RFMOs including the ICCAT, the IOTC, the IATTC and the WCPFC, and non-tuna RFMOs such as the NAFO, the NEAFC, the CCAMLR and the SEAFO).

In this second case, information includes details on access conditions negotiated privately by Community fishing vessel owners in order to fish in waters under the jurisdiction of coastal states with which the EC does not have a fishing agreement, or fishing possibilities on fishing grounds located in international waters, outside a multi-lateral management context. The vessels concerned were identified by direct contacts with the authorities of the third countries concerned, in order to try to obtain lists of licensed EC-flagged vessels, and/or through contacts with representatives of European professional associations in the sector.

In the course of the identification process, the particular case of vessels involved in both fisheries managed by the Council and external type fisheries was identified. In particular, this case includes European coastal fishing vessels that take advantage from the seasonal availability of external type resources close to European coasts as a means of diversifying their activities (essentially tuna resources) and the twenty or so pelagic freezer trawlers that organise their activities according to the fishing possibilities available in the different fishery areas, including the European waters. The existence of these mixed type fleets has led to only including within the scope of the external fleet those vessels that operate in so-called external fisheries for at least 90% of their activity.

The identification work resulted in the establishment of a list of 718 EC vessels as being potentially included within the scope of the external fleet. The table below shows this fleet by nationality, then by the type of fisheries in which they operate.

Table A: Number, gross tonnage and power of the external fleet by Member State

Member state	Number	% of total number	GT	% of total GT	kW	% of total kW
ESP	424	59%	241 534	52%	331 459	49%
FRA	100	14%	51 435	11%	104 874	16%
LTU	12	2%	45 078	10%	42 269	6%
PRT	73	10%	39 445	8%	58 640	9%
LVA	7	1%	18 089	4%	18 066	3%
ITA	52	7%	14 833	3%	39 393	6%
EST	10	1%	12 215	3%	19 923	3%
DEU	5	1%	10 342	2%	13 721	2%
UK	9	1%	9 989	2%	16 306	2%
POL	4	1%	9 978	2%	12 606	2%
MLT	2	0%	7 569	2%	8 245	1%
GRC	18	3%	3 119	1%	6 835	1%
DNK	1	0%	2 223	0%	3 961	1%
CYP	1	0%	51	0%	270	0%
Total	718	100%	465 900	100%	676 568	100%

Table B : Number and capacities (in GT and kW) of the external fleet by major fisheries.

Fishery	Number	GT	kW	% of Total GT of the external fleet	% of Total kW of the external fleet
Tropical Tuna Purse Seiners	56	117 564	178 671	25%	26%
Trawlers North Atlantic	90	127 617	158 271	27%	23%
Trawlers West Africa	166	95 403	128 462	20%	19%
Surface Longliners	269	67 659	104 126	15%	15%
Mediterranean Purse seiners	88	15 823	51 849	3%	8%
Trawlers South-West Atlantic	17	20 157	24 382	4%	4%
Tuna Pole and Liners	13	2 732	6 425	1%	1%
Various	19	18 946	24 381	4%	5%
Total	718	465 901	676 568	100%	100%

Tropical tuna purse seiners represent the largest segment of the external fleet in terms of power. Its 56 fishing units (33 Spanish, 22 French and one Italian) are long-sized units (76 m on average) with high individual fishing capacities (2,099 GT average displacement and 3,191 KW average power). These vessels fish for species of the tropical tuna family in the Indian Ocean, Atlantic Ocean and, in a few cases, in the Eastern and Western Central Pacific Ocean, in high-sea areas and in the EEZs of coastal states with whom the EC has fishing agreements, or else under private arrangements with for

access in other EEZ. The vessels in this category fish for tunids using purse seine nets. Their average catches have been in the order of 400,000 tonnes over the last five years, mainly skipjack tuna, albacore and big-eye tuna. The catches form the raw material for the canned fish processing industry located in the ACP or GSP countries, or on Community territory. The stocks exploited by tropical tuna purse seiners are managed by tuna RFMOs, which recently reached an agreement to harmonise their management frameworks and tend towards a freezing or reduction in worldwide tuna fishing capacities.

The other major segment of this fleet consists of vessels that operate in the waters of both the Western and Eastern parts of the North Atlantic. This group of vessels consists of bottom trawlers (81 vessels) and pelagic trawlers (9 vessels). The bottom trawlers in question are large units (61 m) with high individual capacities (1,330 GT and 1,652 kW). Their number is dominated by Spanish (46 vessels) and Portuguese units (13 vessels), but also includes units from Germany, the UK and new Member States. The 9 pelagic trawlers have higher average technical characteristics (67 m, 2,213 GT and 2,720 kW for the average vessel) and include only Baltic States and Polish units. Fishing in the Western sector is managed by the NAFO, which distributes catch or fishing effort quotas to the contracting parties. The activities of the European vessels in this zone target Nordic shrimps, halibut, redfish and skate. The average annual catches of EC vessels in the North-West Atlantic totalled 78,000 tonnes over the last 5 years, of which 22,000 tonnes were Nordic shrimps. In the Eastern Atlantic, the fisheries are managed by the coastal states (Norway, Faeroe Islands, Greenland and Iceland) in the case of discrete stock units, or by the NEAFC for certain straddling stocks. The external fleet's average catches in this region are estimated to be 135,000 tonnes per year, essentially whitefish species (cod, haddock, whiting) and redfish. The situation of the fisheries between the Western and Eastern parts of the Atlantic varies. In the NAFO zone, most stocks are in a satisfactory state, except for Greenland halibut, which is the subject of a restocking plan passed into Community law. In the Eastern part, the stocks are not currently viably exploited. The prospects for the vessels within this group appear to be, at the best, maintaining of the status quo, unless the efforts to eradicate IUU fishing are successful. The vessels within this group are also among the first to be directly concerned by any decisions taken by the international community aimed at eliminating / reducing impacts of deepwater trawling on fragile deep ecosystems.

The third largest segment is that of the fleet of vessels operating in waters under the jurisdiction of West African coastal states. This fleet includes 154 vessels engaged in bottom trawling looking for high-value species such as cephalopods or prawns, and 12 pelagic trawlers fishing for sardinella or horse mackerel off the Saharan coasts. The bottom trawlers are vessels with an average length of 33 m, with a displacement of 314 GT and a power output of 562 kW. This fleet is dominated by Spanish-flagged vessels (109 units out of 154), with some Italian (17), Portuguese (17) and Greek units (11). The 12 pelagic trawlers have a higher capacity (97 m, 3,918 GT and 3,493 kW on average) and include Lithuanian (8) and Latvian (4) vessels. These vessels have access principally through mixed type fishing agreements concluded between the Community on the one hand, and Morocco, Mauritania, Senegal (up to its expiry in 2006), Guinea Bissau and Guinea on the other. Private agreements also exist with the Gambia and Sierra Leone. The agreement with Mauritania is by far the most important in terms of access rights, ahead of that with Guinea Bissau. The activities of the pelagic trawlers are limited to the EEZs of Morocco and Mauritania. The catches of the whole of this fleet are estimated at an annual average of 425,000 tonnes over the last 5 years, tending to decrease, and consisting of 82% small pelagic species (sardinella and horse mackerel). The catches of cephalopods are estimated at 17,000 tonnes on average and those of crustaceans at 9,000 tonnes. The resources exploited by the European fleet are managed by the coastal states, which have the sovereignty to decide on the allocation of fishing rights. Despite the fact that certain resources straddle more than one area (small pelagic species), there is no RFO with a mandate to manage stocks within the region. The existing regional fishing organisations are either consultative organizations (CECAF) or sub-regional fishing organizations (the CSRP) whose main aim is to harmonise the management structures and cooperation between the Member States. The available data on the state of stocks reflect situations of over-fishing of coastal resources and full exploitation of deep water resources (hake, crustaceans) or pelagics. Under such circumstances, the access rights for the European fleet are likely, at best, to be maintained at their current levels, or even reduced for coastal stocks on the continental shelf.

The fourth largest segment of the external fleet's capacity is that of surface longliners. These vessels look for swordfish and oceanic sharks using drifting surface longlines, a technique which differs from

deep-sea longline fishing used to target species of the tuna family used by Asian fleet. The swordfish is sold frozen on the European market. This segment contains the largest number of units (269) of the external fleet, of which 194 are Spanish, 40 Portuguese, and 33 French. It is a very heterogeneous segment as far as the characteristics of the vessels are concerned. The average dimensions of the vessels concerned (29 m long, 252 GT and 387 kW) in fact cover two main types of longliner fleets: High seas vessels operating in the South Atlantic, Indian Ocean and Pacific, and vessels that more closely resemble coastal vessels, and which operate from their bases in the Outermost Regions of the Community. 43% of longliners have used access rights negotiated by the EC under the auspices of agreements concluded with coastal states in the three oceans, the remainder operating either exclusively on the high seas or within Community waters. This fleet's annual average catch is 65,000 tonnes. The, sometimes worrying, state of worldwide swordfish stocks, and the willingness of the tuna RFOs to freeze or reduce fishing capacities are factors that are unlikely to allow an increase in fishing rights.

The four segments of the fleet described in the preceding paragraphs total almost 90% of the capacity of the vessels identified as belonging to the external fleet. Amongst the other major external fisheries, there is that of Mediterranean tuna seiners specialised in bluefin fishing. This fleet, consisting of 88 units (including 40 French and 34 Italian) consists of medium capacity but powerful vessels (33 m, 180 GT and 589 kW) fishing for bluefin using purse seine nets (same nets as tropical tuna purse seiners) in international waters in the Mediterranean or in the waters under the jurisdiction of third countries under private agreements (notably with Libya). The tuna caught are transferred to fattening farms before being shipped to the Asian market. The stock of bluefin managed by the ICCAT is overfished and covered by a rebuilding plan. Another important segment is that of trawlers, almost entirely Spanish, which operate in the waters of the South-West Atlantic, either on the extensions of the continental shelf beyond Argentina's EEZ, or under private agreements with the Falkland Island authorities. The fishing in this area concerns 24 large trawlers (59 m; 1,167 GT and 1,364 kW) fishing using bottom trawls and looking for cephalopods or deepwater fish (hake and hoki). Annual average catches in the area are in the order of 55,000 tonnes, but show a marked decreasing tendency. The peculiarity of this area is that, despite the fact that the resources exploited straddle the high seas and the EEZs of the coastal states (Falklands, Argentina and Uruguay), there is no RFMO responsible for managing the fisheries within a multi-lateral framework. It should be noted that some of the 24 European vessels within the area also fish in North Atlantic waters. The fishing strategies are linked to the volume of the fishing rights available for vessels in each part of this ocean.

In addition to the external fisheries detailed above, which are the most important; some European vessels from the external fleet work in limited numbers on other types of fishery. They are the pole and liners (13 units) who fish for tropical tuna using poles and lines in a triangular area formed by Guinea, Mauritania and Cape Verde under Community fishing agreements or under private arrangements (Senegal), Spanish and Italian shrimp trawlers (16 units) that work under private agreements in the waters of Central and Southern African coastal states (Gabon, Nigeria, Congo, Angola), four vessels (2 Spanish, 1 French and 1 Polish) that fish for Patagonian toothfish and krill (Poland) in the waters under the jurisdiction of the CCAMLR, two Maltese trawlers (the largest in the national register) that have been fishing for several years under charter in New Zealand, and two or three Dutch and German pelagic trawlers that have been fishing the small pelagic resources in international waters in the South-East Pacific on an experimental basis. The latter vessels belong to the group of pelagic freezer trawlers whose internal and external strategy is mixed and flexible, and which have not been included in the external fleet.

1.2. Comparison between the external fleet and the Community fleet

In terms of numbers, the 718 vessels of the external fleet represent a very marginal fraction of the 88,600 units of the Community fishing fleet (0.82%). However, it should be noted that this proportion can be much higher in certain Member States, where the external fleet is relatively large (Latvia: 4.7% of overall numbers, Spain: 3.2%). However, the vessels of the external fleet being significantly larger, with a greater displacement and more powerful (in statistical terms) than their counterparts in the internal fleet, they concentrate 24% of the capacity in terms of gross tonnage and 9% of the capacity in terms of power of the entire Community fleet. In certain Member States, in which the external fleet is relatively large, this proportion may be markedly higher. For example, in Lithuania, the external fleet includes over 70% of the national capacity in terms of gross tonnage and 61% in terms of power. In

Spain, the proportion is 49% of gross tonnage and 30% of the power. The graph below indicates, for each member state, the proportion of the capacity of the external fleet with respect to the overall fleet capacity.

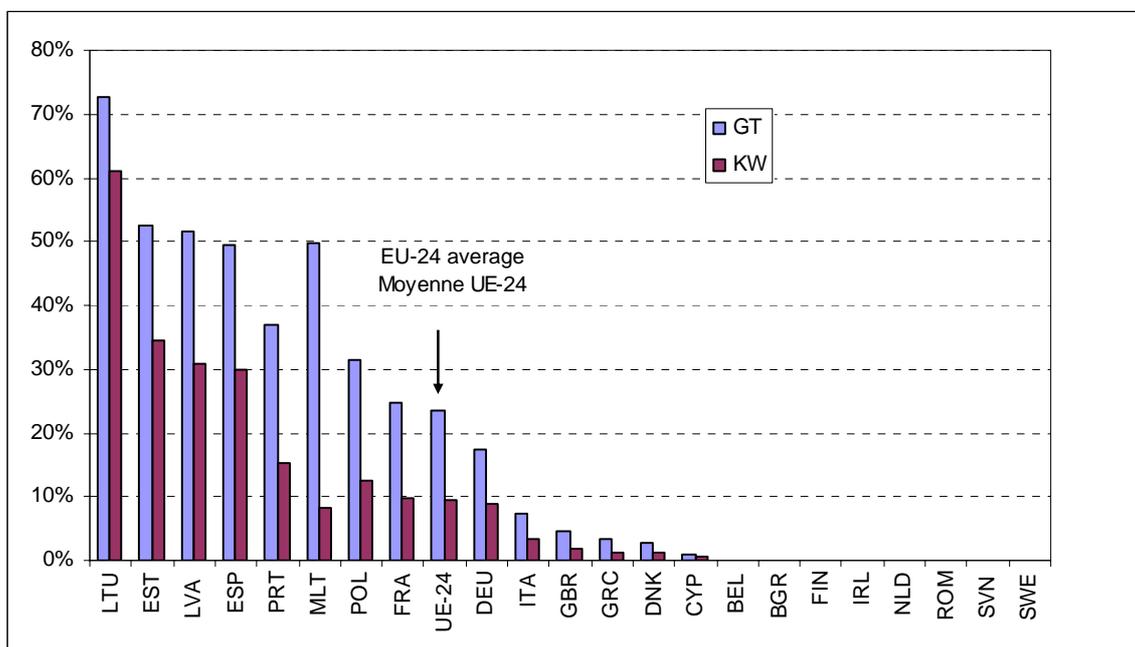


Figure A: Percentage of the external fleet capacity (in GT and kW) as a proportion of the overall capacity of the fleets of Member States.

As far as catches are concerned, the estimates for the external fleet give an estimated total catch (1.2 million tonnes) of approximately 21% of the Community's total catch for human consumption (5.6 million tonnes). By major species, the external fleet's catch of fish of the tuna family represents 92% of the total Community catch within this category of species, that of shrimps (Nordic and tropical) 35%, 28% of the Community catch of cephalopods (West African and South-West Atlantic fisheries), and 18% of small pelagic catches.

Table C : Relative weights of the external fleet's catch for the major groups of identifiable species for the period 2001-2005 (average). Data in tonnes

Species group	Total EC catch	External fleet catch	External fleet %
Tunas	511 716	468 776	92%
Shrimps	100 699	35 031	35%
Cephalopods	127 563	35 690	28%
Small pelagics	2 072 759	373 808	18%
Demersal fish	1 909 389	225 989	12%

The majority of the external fleet's catch is placed on the Community market, either directly (in frozen form), or indirectly after processing in a third country or on Community territory (canned tuna). There are, however, a few exceptions linked to the existence of certain particularly lucrative markets (Patagonian toothfish, octopus and bluefin on the Asian market, sardinella on the West African market) but only in relatively small quantities compared to the overall catch. The external fleet therefore makes quite a major contribution to the supply of the European market in fishery products.

1.3. Research into the external fleet's identification criteria

Once the vessels of the external fleet had been identified, the study tried to establish whether there were any objective criteria enabling the fishing vessels of this fleet to be automatically differentiated

from the other vessels on the register. The search for solutions based on variables within the fleet register (dimensions, capacities, types of fishing gear etc.) failed to give results as, although the external fleet can be statistically differentiated by the size of its capacities and vessels, there are no threshold values enabling the vessels in one or other category to be isolated. The analysis of other variables not recorded in the fleet register, such as the on-board freezing capacity, time away from port, or the nature of the fishing rights held, did not produce results usable as objective criteria either. In fact, irrespective of the parameter or combination of parameters tested, it always leads to including vessels of the internal fleet.

One solution is, however, proposed: Based on the assumption that the average dimensional, capacity, fishing gear, nationality and base port characteristics etc. of the vessels of the external fleet, as identified by research, have remained generally unchanged over the last few years, it is possible to propose a series of combinations of technical criteria, whose application to the fleet register allows an estimation of the capacity of the various segments of the external fleet to an acceptable level of accuracy for either retrospective or predictive analysis. Overall, this series of combinations of criteria proposed results in a list of vessels potentially included within the scope of the external fleet, whose capacity decreases the capacity of the external fleet by 5% in terms of gross tonnage and 7% in terms of power. The principal source of the under-estimate is the difficulty of correctly including the vessels of the Portuguese external fleet, as the identification of their fishing gear as entered in the register is often incorrect.

1.4. International competition

EC vessels operating in external fisheries often find themselves in competition with other foreign fleets. This competition has an effect at two levels: A first level, which is that of direct competition on fishing area, fishing for the same resources within a same fishery, and a second level, which is that of the market. In fact, in a context of the globalisation of the exchange of fishery products, the EC's vessels are going to find themselves in competition with those of third-party countries for identical species, or for similar species that can be used as substitutes by buyers if the cost-benefit ratio is comparable (e.g. Alaska pollock fillets and cod fillets). In particular, the effect of this competition is to align world selling prices with the lowest bidder, all else being equal (hygiene standards, quality, volumes proposed etc.).

The study examined the external fleet's competition in two ways: Firstly, by examining which flags declare major catches on the same fishing grounds as those fished by the Community's external fleet (direct competition) and, secondly, by establishing which are the world's principal suppliers of similar or substitute species fished by the vessels of the external fleet (indirect competition on the market). The available catch statistics published by the competent RFOs and the FAO were used as the working basis of this assessment. Due precisely to the undeclared nature of IUU fishing, this analysis method cannot take into account the competition sustained illegally by these vessels, that do not respect the most basic principles of the Montego Bay Convention and other international conventions governing on-board working conditions (safety, health, salaries, seafarer's rights etc.).

The results of the research are shown in the table below. Analysis indicates that the competitive situations with which vessels of the EC's external fleet are faced vary according to the fishery. As a very general rule, the analysis indicates that the vessels in the tuna segment of the external fleet (purse seiners and longliners) have to face competition from Asian (including Japan) or South American countries. European trawlers operating in the North Atlantic face competition from vessels from the industrialised nations (Iceland, Canada, USA, Norway and the Faeroes) or emerging nations such as Russia. Trawlers from the European external fleet that work on the fishing grounds of the South-West Atlantic are subjected to competition from Asian countries (cephalopods) and Argentina and the Falkland Islands when fishing for fish species. Finally, European vessels fishing in the EEZs of African coastal states face competition from fish factory ships from the coastal states from which they operate, under Asian flags (China, Korea, Taiwan), and vessels flying various flags of convenience benefiting from access rights.

Table D : Summary analysis of the international competition faced by the European external fleet

	Competition in fishing areas	Competition for the market
Tropical Tuna Purse Seiners	<p><i>Atlantic Ocean</i> EC in a leading position Competitors : Ghana, Panama, various</p> <p><i>Indian Ocean</i> EC in a leading position Competitors : Seychelles, Thailand, Iran</p> <p><i>Pacific Ocean</i> EC not in a leading position Competitors : Japan, Papua New Guinea, Taiwan, Korea</p>	<p>The EC represents the most part of the world catches Competitors : Japan, Papua New Guinea, Taiwan, Korea, Ecuador, Philippines, Mexico</p> <p>Low incidence of IUU fishing</p>
Surface longliners	<p><i>Atlantic Ocean</i> EC in a leading position Competitors : Namibia, Brazil</p> <p><i>Indian Ocean</i> EC in a leading position Competitors : Taiwan, Indonesia</p> <p><i>Pacific Ocean</i> EC not in a leading position Competitors : Chile, Belize, Costa Rica</p>	<p>The CE represents the most part of the world catches (swordfish). Competitors : Japan, Taiwan, Philippines, Indonesia</p> <p>This fishery faces a high incidence of IUU fishing fleet (large scale longliners) which target tunas, but which catches large quantities of swordfish as by catches.</p>
Pole and liners	<p><i>Atlantic Ocean</i> EC not in a leading position Competitors : Ghana et Senegal</p>	<p>Same situation as tropical tuna purse seiners</p>
Mediterranean Purse Seiners	<p><i>Atlantic Ocean</i> EC in a leading position Competitors : Morocco, Tunisia, Japan, Turkey, Croatia</p>	<p>EC in a dominant position on bluefin, but in a minority position for supply of the Japanese market for sashimi</p> <p>Competition of the sashimi markets stems from third countries of Asia and Oceania that fish southern bluefin tuna (Japan, Korea, Australia, Taiwan) and supply of large yellowfin and bigeye by the longlining fleet.</p> <p>High incidence of IUU fishing</p>
Trawlers North Atlantic	<p><i>Western Part</i> EC in a minority position Main competitors : Canada, USA, Faeroe, Russia, Iceland, Norway</p> <p><i>Eastern part</i> EC in a minority position Main competitors : Russia, Norway, Faeroe, Iceland, Greenland</p>	<p>EC in a minority position Competitors: USA, Russia, Norway, Iceland, Argentina for demersal fish ; Canada, Greenland, USA for wild shrimps, with an impact on the market of shrimp produced by China, India, Indonesia.</p> <p>High incidence of IUU fishing, especially in the Eastern part of North Atlantic</p>
Trawlers West Africa	<p>EC in a minority position Main competitors : third countries of Africa, China, Taiwan, Korea</p>	<p>EC in a minority position on octopus (competitors Morocco, Mauritania), but in a dominant position for deep-sea shrimps. Difficulties to identify competition on other species.</p> <p>High incidence of IUU fishing</p>
South-West Atlantic	<p>EC in a minority position Main competitors : Argentina, Falklands (fish species) ; Korea, China, Taiwan on cephalopods</p>	<p>EC in a minority position Fish species : same competition as the one face by fish caught in the North Atlantic</p> <p>Cephalopods : Competition with products caught by China, Japan, Peru, Chili and Korea mainly</p> <p>Likely high incidence of IUU fishing</p>
Antarctic	<p>EC in a minority position Competition : EC fleet registered in PTOM, Australia, New Zealand</p>	<p>EC in a minority position Competitors as in the left column, plus Chile, Falklands, Argentina, Uruguay</p> <p>High incidence of IUU fishing</p>

Comparative analysis of the costs incurred by the vessels of the European external fleet indicates that the principal factors behind the additional costs they have to bear are their higher labour costs and compliance with safety standards. As far as labour costs are concerned, the salaries of European seamen are higher than those of their competitors. This is due to the general level of salaries in

Europe and the fact that the owners of vessels have to propose favourable employment conditions to retain personnel of European origin that is becoming difficult to recruit. European fishing companies also have to pay social security charges that further increase labour costs. As far as foreign seamen are concerned, the adherence of EC vessels to the principles and standards of the International Labour Organisation (ILO) requires them to pay seamen from third countries above the salary scales practised by other fleets. As far as safety standards are concerned, the effect of the unilateral adoption by the EC of the standards of the SOLAS Torremolinos convention (not yet formally adopted at international level) is to increase vessels' capital and maintenance costs.

On the other hand, EC vessels benefit from certain advantages over their competitors. In particular, they could benefit from construction aid in accordance with the structural regulations, which has been used by almost 150 vessels of the external fleet (provision virtually stopped since 1 January 2003 as most vessels in the external fleet exceed 400 GT) and, in the absence of direct structural aid, the indirect effects of aid granted by the EC to shipyards up to the end of the regime in 2000. EC vessels also benefit from doubtless easier access than their competitors from third countries to bank loans at international market rates, a position strengthened by the provisions of the structural regulations concerning compensation / subsidies in the event of problems concerning fisheries. Finally, certain aspects of Community policy give European vessels an advantage. Fishing agreements thus enable vessels to gain access to EEZs at more favourable rates than those of free licenses, but not always (as in the case of tuna seiners), and, above all, give levels of visibility and legal security that foreign fishing companies do not have. The rules of origin, in their current form, also give a competitive edge to European vessels that land their catch for processing in a third country, as the European origin of the raw material enables the end product to be eligible for tariff reductions.

The table below gives a summary of the competitive advantages / disadvantages of the EC external fleet compared to its third-party competitors.

Table E : Summary of the principal competitive advantages / disadvantages of the EC's external fleet compared with its counterparts in third-party countries

Item	Advantage / Disadvantage*	Comments
Fuel, lubricant, food	0	Same conditions across all fishing fleets, except for some developing countries where there are taxes on fuel
Fishing gears	0	However, small competitive advantage for European operators linked to the presence of gear manufacturers in the EC. Third countries operators may have to import (and support import duties).
Salaries	--	Distinct additional cost for the European fleet with higher levels of wages (for both European and foreign crews), social norms, and the incidence of taxes
Maintenance & Repairs	0 / -	Category of costs increased by the voluntary adoption of the norms proposed by the international conventions for the IMO (Torremolinos)
Insurances	0 / +	Same level as other fleets, but better protection offered by the regulatory constraints in terms of security
Access to third countries fishing zones	+ / -	Generally speaking, access fees paid by EC shipowners as negotiated under EC FPAs are cheaper than access fees charged to operators of other foreign flags. However, the opposite situation exists in the case of tuna purse seiners.
Investment	+ / 0	Nominal cost of investment higher (European shipyards, security norms, working conditions, hygiene). However, possible grant of construction aid until end 2004 and indirect effect of the aid scheme granted to European shipyard until end 2000.
Financing	0 / +	Advantage to EC operators who can have access to loan conditions that are aligned with those of the international market. The existence of the EFF structural aids in case of temporary or definitive lost of fishing possibilities further lower the financial risk.
Taxes	?	Situation that depends on the tax regulations of each country, including among Member States
Other : Rules of Origin conditioning access to EU market	+	Gives an advantage to EC fishing vessels for supply of raw material to processing industries on third countries

Symbols : Advantages (+ greater, ++ very much greater) / 0 neutral position) / disadvantages (- less, -- very much less)

In this analysis, the nationality of the final beneficiary of the operation of the vessels of third countries should be taken into account. In fact, when a European shareholder owns part of the capital of the fishing company (as in the case of vessels belonging to joint ventures), he can exploit both the advantages available to European vessels (financial backup, availability of consumables) and the

advantages offered by the flag (non adherence to certain international non-bidding conventions, access rights). In this latter case, the third country fishing company is not subject to the same constraints as a fishing company of the same country totally operated by a national of the said country.

2. ASSESSMENT OF THE IMPACT ON COMMUNITY FLEET MANAGEMENT MEASURES

2.1. Regulatory framework

Studied over the period 2000-2006, the assessment of the impact of the existence of this external fleet must take into account the changes that took place during the reform of the CFP at the end of 2002. Before that date, the external fleet came under the Multi-Annual Guidance Programmes (MAGP) management procedure. Certain vessels of the EC external fleet were individualised within specific segments of the MAGP. The end of MAGP balance analysis indicated that most of these segments remained short of their maximum objectives, except for those of the French and Italian Mediterranean tuna seiners, which had exceeded their objectives in terms of capacity. The change in the regulations that occurred on 1 January 2003 led the Member States to mutualise the situations in each segment of the MAGP and manage the capacities according to the entry - exit regime. Furthermore, the implementation of the reform led to the exclusion from the scope of available aid on entering the fleet of almost 81% of the external fleet's capacities by gross tonnage and 72% of those by power insofar as the vessels concerned exceed the 400 GT threshold. However, as is the case since 2000, all exits from the external fleet by vessels in receipt of Community aid (as for the internal fleet) are irreversible.

2.2. Variations in the external fleet's capacities

The analysis of the variations of the external fleet's capacity during the periods 2000-2002 and 2003-2006 indicates two contrasting phases in the results: an initial period (2000-2002) during which the overall capacity of the vessels considered to be part of the external fleet increased (+9% by gross tonnage and +7% by power), followed by a period (2003-2006) during which, on the contrary, the fleet's capacity reduced (-3% by gross tonnage and -8% by power). The trends over the two periods tend to cancel each other out, so that the external fleet's approximate capacity remained roughly stable between 2000 and 2006. This does not apply to all segments of the external fleet. As the graph below indicates, the capacities in the segments covering tropical tuna seiners and trawlers operating in the waters of the North and South-West Atlantic, the largest contributors to the external fleet's overall capacity, remained relatively stable. During the same period, the capacities of the surface longliner segment and the Mediterranean tuna seiner segment increased markedly in terms of both gross tonnage and power. The only segment of the external fleet that reduced in capacity was that of trawlers operating in the waters of the West African coastal states. This segment had seen growth during the period 2000 to 2002 (+21% by gross tonnage and +16% by power), but this was followed by a sharp decline of the period 2003-2006 (-36% by gross tonnage and -42% by power). The fishing rights for this fleet having remained relatively stable during the period 2003 to 2006, this reduction can be explained by the opportunity effect created by the stopping of aid regime available for export of vessels under joint ventures on 31 December 2004. The graph below shows the change in the various segments in terms of gross tonnage, the same analysis covering power capacity producing comparable results.

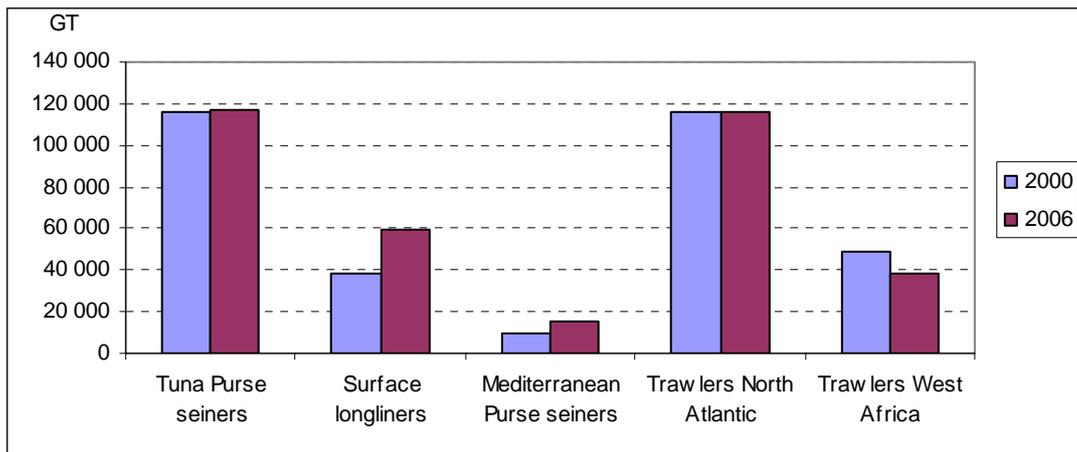


Figure B: Comparison of the capacities in terms of gross tonnage of the vessels of the external fleet between 2000 and 2006 based on the data contained in the Community register (continental and Outermost regions fleets combined)

2.3. Community aid on entering or leaving the fleet

Community aid on entry to the fleet was used for 79 units between 2000 and 2002 for vessels attached to the continental fleet (total capacity receiving aid of 32,000 GT and 48,000 kW), and 73 between 2003 and 2006 (total capacity receiving aid of 52,000 GT and 69,000 kW), but with administrative decisions made before the new entry-exit arrangements came into force in 2003. During the first period, it was assisted entries of surface longliners (33%), trawlers working in the North Atlantic (21%) and trawlers working off West Africa (21%) that received the most entry aid, whereas during the subsequent period, 40% of the capacities receiving entry aid were those of tropical tuna seiners, ahead of trawlers working in the North Atlantic (28%) and surface longliners (21% of the capacities receiving entry aid).

Aid on exiting the fleet was little used by vessels of the external fleet during the period 2000 to 2002 (7 events concerning 2,900 GT for the continental fleet and 7 events for a total capacity of 4,600 GT for the fleet attached to an ultra-peripheral region), but far more widely used between 2003 and 2006 (38 events for an capacity receiving exit aid of 24,200 GT for vessels attached to the continental segment and 50 events concerning the exit of 16,200 GT for vessels attached to an outermost region). The analysis of the types of exit indicates that they are shared equally between vessels exported under joint ventures and vessels scrapped.

2.4. Impact on the management of the Community fleet

If the capacities exiting the external fleet with Community aid are compared with the total capacities leaving the entire Community fleet with aid, it can be seen that during the period 2000-2002, they represented only 3% of the exits by gross tonnage and 1% in terms of power. By Member state, this proportion was a maximum of 8% of the capacity in terms of gross tonnage exiting in the case of Spain and 4% in terms of power. During the period 2003-2006, the proportion of outgoing capacity from the external fleet was greater (15% of the capacity in terms of gross tonnage receiving aid for the continental fleet of all Member States and 7% in terms of power). Looking in detail at individual Member States, this proportion reached 48% of assisted exits from the fleet for Spain in terms of gross tonnage and 31% in terms of power, and 27% of the outgoing capacity in terms of gross tonnage for Portugal and 13% in terms of power. In other words, during this period, a large proportion of the Community fleet exit aid concerned vessels of the external fleet.

The comparative variations in the external fleet and the internal fleet for the two periods are indicated in table below (the boundary considered for the two periods is not quite the same due to the new segmentation of the fleet that occurred in 2003). The data indicate that during the period 2000-2002,

the external fleet increased its capacities. Thus, the overall reduction in the total Community fleet's capacity in fact masks any greater reduction in the internal fleet fishing for the resources managed by and under the responsibility of the Council (-78,000 GT instead of -49,000 GT, and -476,000 KW instead of -445,000 KW). Over the subsequent period, the external fleet's capacity certainly reduced but in smaller proportions than the total Community fleet. Thus, if the reduction in the internal fleet was greater in proportion than that of the fleet as a whole, the reduction in absolute terms was less than the overall figures would indicate, but only by a minimal amount.

Table F : Situation of EC fleets on 1/1/2000 and 31/12/2002 (except French overseas Departments) in the upper table and on 1/1/2003 and 31/12/2006 (MFL segment only) in lower table, with the contribution of the external fleet. Data for EU-15

EU-15	On 1 st January 2000			On 31 st December 2002			Variations 2000-2002			
	Number	Ref Ton.	KW	Number	Ref Ton.	KW	Delta GT	Delta KW	%GT	%KW
Total all fleets	95 382	1 999 587	7 533 553	87 468	1 950 596	7 088 872	-48 991	-444 682	-2%	-6%
Total external fleet	587	328 531	530 346	649	357 134	562 061	28 604	31 714	9%	6%
Total internal fleet	94 795	1 671 057	7 003 207	86 819	1 593 462	6 526 811	-77 595	-476 396	-5%	-7%

EU-15	On 1 st January 2003			On 31 st December 2006			Variations 2003-2006			
	Number	Ref Ton.	KW	Number	Ref Ton.	KW	Delta GT	Delta KW	%GT	%KW
Total all fleets	83 872	1 866 089	6 859 398	76 389	1 698 491	6 216 256	-167 598	-643 142	-9%	-9%
Total external fleet	542	317 730	491 797	521	315 479	472 617	-2 251	-19 180	-1%	-4%
Total internal fleet	83 330	1 548 359	6 367 600	75 868	1 383 012	5 743 639	-165 347	-623 962	-11%	-10%

Looking in detail at individual Member States where the external fleet represents a large proportion of the national fleet, the variations in the external fleet tend to obscure the reality of the variations in the internal fleet. For Spain, the level of the external fleet has reduced less markedly than this member state's overall fleet level. Thus the country's internal fleet has reduced more markedly than the overall level suggests (-4% in terms of gross tonnage and -11% in terms of power), settling at -8% and -13%. In France, the increase observed in the country's external fleet over the period means that in real terms, the internal fleet has reduced more than the fleet total: whilst this member state lost a total of -8% of its capacity in terms of gross tonnage and -9% in terms of power, the internal fleet lost 12% by gross tonnage and 10% by power. The same trend can be observed in the case of Portugal, where the increase in the capacity of the external fleet over the period masked a larger reduction in its internal fleet (-11% in gross tonnage and -5% in power) than the overall change that the member state suggested (-7% in gross tonnage and -4% in power).

The main finding is that for Member States who include large proportions of vessels only engaged in external fisheries (Spain, France, Portugal, Italy and Greece for the older Member States, the Baltic states and Poland for the new Member States), the inclusion of the capacities of the vessels of the external fleet in the national register, at the same level as the other vessels, obscures the measurement of fishing capacities operating in Community waters and prevents a true assessment of the efforts of these Member States to adapt the size of their fleets to the fishing rights over stocks under Community jurisdiction. At the same time, the efforts of Member States that do not have major specialized fishing capacities in external fisheries can be assessed relatively accurately using data from the fleet register.

3. CONSULTATIONS OF STAKEHOLDERS CONCERNING THE MEASURES CONSIDERED BY THE COMMISSION FOR MANAGING THE EXTERNAL FLEET

The European Commission is considering the possibility of defining a specific management regime for the external fleet that will be based on the following principles:

- no restriction on capacity (exemption from the entry-exit regime),
- no return to Community waters, other than via the entry-exit regime,

- no public aid, particularly structural aid.

This reflection is justified due to the special nature of the framework for determining potentially exploitable fishing rights (RFO, third-party country) for the external fleet, and by the problem posed by the inclusion of vessels of the external fleet in the same way as the other vessels in the fleet register, in order to monitor changes in the Community fishing fleet that exploits the stocks managed by the Council and, ultimately, assess the efforts deployed by certain Member States (those that have a relatively large proportion of external vessels within their fleets)

Within the context of this study, the principal professional associations from within the fishing sector, including the interests concerned by external fisheries, were consulted by sending them a questionnaire, then collating the replies, either by discussion or in writing. The number of replies received and the convergence of the opinions stated, allow us to re-transcribe, hopefully as accurately as possible, the profession's reactions.

3.1. Position of the professional associations

As far as the absence of applicable restrictions on capacities is concerned, the vast majority of professional representations are in agreement. Only one professional association, representing some Spanish longliners, was against the idea due to this fleet's current state of unprofitability, and to the addition of new vessels to the fleet which would further deteriorate the situation.

As far as prohibiting the return to Community waters other than in accordance with the entry-exit arrangements is concerned, most professional associations also agree with the measure. However, one Portuguese association raised the problem of applying the arrangements to vessels that fish in both types of fishery (both internal and external), and the association representing Dutch, French and German pelagic freezer trawlers indicated that, as far as it is concerned, the flexibility to deploy between the different fisheries is a necessary condition if their operations are to remain financially viable.

Finally, on the third point concerning the ineligibility for Community aid, there is a general consensus for rejecting the proposal considered by the Commission. The professional associations put forward the argument that the vessels of the external fleet contribute as much as the others to stabilizing the market and to maintaining employment in areas that rely on fishing, and that they should be supported by Community aid in the same way as other vessels. The professional associations also allude to the fact that certain problems that the EFF is trying to resolve (on-board safety, health, selectivity of fishing gear) are also current issues for the vessels of the external fleet. Concerning aid for definitive or temporary cessation of activities, certain associations note that the funding possibilities available in the event of problems were taken into account as a financial risk-reducing factor when the decision was taken to invest (from the shipowner's point of view and from that of the banks granting the loan) and that changing the rules halfway through the game would be unfair.

3.2. Additional analysis

An additional analysis validates most of these points. There is, indeed, an advantage to be gained from separating the two fleets, particularly due to the special nature of the fisheries exploited outside Community jurisdiction, and to the need to clarify the bases that can be used to monitor changes in the fishing capacities of Member States. The professional associations are in favour of this. They see it as the first step in creating a register specific to the external fleet that would allow them to negotiate with the Community authorities and their national authorities concerning the implementation of special treatment, particularly of a fiscal nature, the same as that which the European merchant fleet was able to obtain in the past.

There remains the question of knowing how to separate, in regulatory terms, the two fleets and to be able to check that each vessel still remains within its category. In the absence of ways of defining the objective criteria or combinations of criteria for separating the two fleets, the vessels should be registered on a voluntary basis. The professionals' agreement on the principle of separation indicates

that this solution should not pose any particular problems (on condition, however, that it is advantageous to them). As far as monitoring is concerned, the study presents a possible solution based on the nature of the fishing permits that it will be possible to hold: The vessels of the external fleet will be prohibited from holding special fishing permits or other types of authorization allowing them to fish resources under Council control and, conversely, no vessel of the internal fleet shall be allowed to hold SFPs or licenses allowing them to fish stocks located in the EEZs of third-party countries or under RFO mandate, with possible flexibility concerning the North-East Atlantic area due to the proximity of the external and internal fishing grounds. There will remain the difficult case to resolve of the few dozen or so vessels that operate on both the internal and external fisheries (particularly pelagic freezer trawlers).

Finally, on the subject of the ineligibility for Community aid, the analysis also confirms that the scope of aid provided by the EFF is very much relevant to the external fleet, which has to face the problems of improving on-board health and safety at work conditions, and improving the selectivity of the fishing gear used (particularly surface longlines and bottom trawls). As far as aid linked to temporary or complete stopping of activity is concerned, the example of the adoption of Greenland Halibut re-stocking plans in the NAFO area and those for bluefin in the Eastern Atlantic, shows that the external fisheries are also subject to this type of regulatory innovation resulting from the reform of the CFP and that, for that reason, they can claim the aid granted under such circumstances. The EFF regulations also clearly provide for the non-renewal of a fishing agreement or the substantial reduction in fishing rights within an RFO, being events liable to essentially concern the external fleet, as having to result in management plans.

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