

## CFP reform - Transferable Fishing Concessions

Why does the Commission propose Transferable Fishing Concessions (TFCs)?

The CFP has failed to resolve the problem of overcapacity. We will have spent 2,73 billion € from 1994 until 2013 to scrap fishing vessels, but despite this massive spending our fishing capacity is still increasing by about 3 % every year. None of the past policies to tackle the overcapacity (Multi Annual Guidance Programmes, entry exit ratios, capping the maximum fleet size, public scrapping schemes) have worked. The Court of Auditors is questioning the use of taxpayer's money to address overcapacity. In light of this the Commission proposes to draw upon the positive experience of a number of Member States (MS) with TFC like systems. International reports indicate that different forms of TFC "halts, and even reverses,...widespread [fishery] collapse" (Costello et al., 2008) and helps drive economic growth (World Bank and FAO, [FAO], 2008).

If designed correctly TFCs can be an effective tool for vessel owners to plan their fishing activity along market developments, land all catches and plan their investments. They also offer the possibility to fishermen to leave the industry in exchange for financial compensation. Experience shows that TFC like systems also increase operators responsibility and facilitate discard reduction.

What is the Commission proposing?

As of 2014, MS are obliged to introduce TFCs while following strict principles. First marine resources are and must remain a public good. TFCs can not confer property rights over marine resources, but only user rights to exploit them for a limited time. After the time is up the TFC has to fall back to the MS, who is free to allocate it again using the same allocation criteria or different ones. Second, selling, leasing or swapping of TFCs can only happen under strict conditions as only owners of registered and active vessels with the purpose to use them on a licensed and active vessel, can buy TFCs. Third, relative stability must be respected. Fourth MS have to withdraw TFCs in case of a serious infringement by the vessel owner and fifth, they have to reserve quotas and TFCs for new fishermen who are looking to enter the fishery.

While respecting the above five principles MS have to introduce TFCs at national level in an obligatory system for all species under TAC and quota or effort limits and for all vessels above 12 metres as well as for all vessels with towed gear. TFCs are only user rights distributed by MS to vessel owners for certain periods. They are a fixed percentage of the national quota for a specific fish stock. Where fishing effort is used, as in the Mediterranean Sea, TFCs would apply to effort allocations. Fishing opportunities not regulated under a quota or effort regime of the EU or those under a sustainable fisheries agreement with a third country would stay outside a TFC system.

### **How should quotas and TFCs be allocated?**

The proposal foresees flexibility for MS, but the Commission would prefer the following: MS should set national or regional priorities allocating a certain % share of the national quotas to the small scale fleet. The rest of the quotas would be managed under TFCs. MS should design their national TFC system together with stakeholders as their close involvement would ensure that the national TFC system is adapted to the specificities of the relevant MS and is accepted by stakeholders. When designing the TFC system MS and stakeholders should favour coastal communities dependant on

fishing, more environmentally friendly fishing practices and the artisanal fleets. They should set aside up to 5% of the quotas or TFCs for new entries. MS and stakeholders should thus use this system to prioritise fishing practices that they consider more desirable, be it for social or environmental reasons. Denmark for example has used TFCs to support coastal communities by giving vessels of less than 17 meters a 10% increase in their quotas for cod and sole.

What safeguards can MS put in place?

Experience in MS where a TFC system is used shows that risks can be avoided through design. In designing the system MS and stakeholders must therefore take care that the TFC system leaves no room for speculations or situations that are detrimental to regions dependent on fisheries and related activities. They must also strictly regulate a TFC system and ensure that public authorities in the MS are able to act at all times to ensure that TFC holders play by the rules. To this end MS should use a toolbox of measures, such as:

- excluding small scale fishing (<12m with passive gear), in order to ensure that fishing rights of this important segment will not be sold to larger vessels,
- preventing excessive concentration by avoiding that too many fishing rights end up in the hands of a few vessel owners. This must be done by setting maximum percentages of a given resource that can be held by any given vessel owner,
- reserving a part of national quotas for coastal communities that depend on small-scale fleets,
- limiting the transferability to inside specific fisheries (e.g. whitefish concessions can only be traded with other whitefish concession holders, not to a pelagic concession holder);

### **Will small scale fleets not vanish from Europe's coastal regions?**

No, because MS will exempt them from TFCs. This means that across the EU 60% of vessels can be permanently outside a TFC system. In Denmark, for example, the small scale segment of 6 to 10 meter vessels is managed outside the Danish TFC system and it decreased much less compared to the rest of the Danish fleet.

How could Producer Organisations (POs) manage TFCs?

In many MS, POs pool the quotas of their members. They monitor uptake and marketing of landings, and swap with other POs to manage quota uptake. They could also manage TFC selling and leasing among their members. Collective management by a PO of several members' TFCs could allow for real-time swapping and proper production planning. Furthermore fishing communities often rely both on capture fisheries and processing industries as a source of income. Bringing these businesses together through Interbranch Organisations that manage collectively the pooled TFCs of their members can be an advantage for fishing communities.

**What is expected in terms of consolidation for the EU fleet?**

In a number of MS TFCs have helped to rationalise the fleet. In Denmark TFCs were introduced in 2003 for the pelagic fleet, which had since decreased by 50%. For the demersal fleet TFCs were introduced in 2007 and this fleet has shrunk by 30% since. Profits for both segments increased. Estonia introduced a TFC system in 2001 and by 2009 the fleet has decreased by around 40%. In Spain the so called Gran Sol fleet decreased by 30% between 1992 and 1997 with the use of TFCs.