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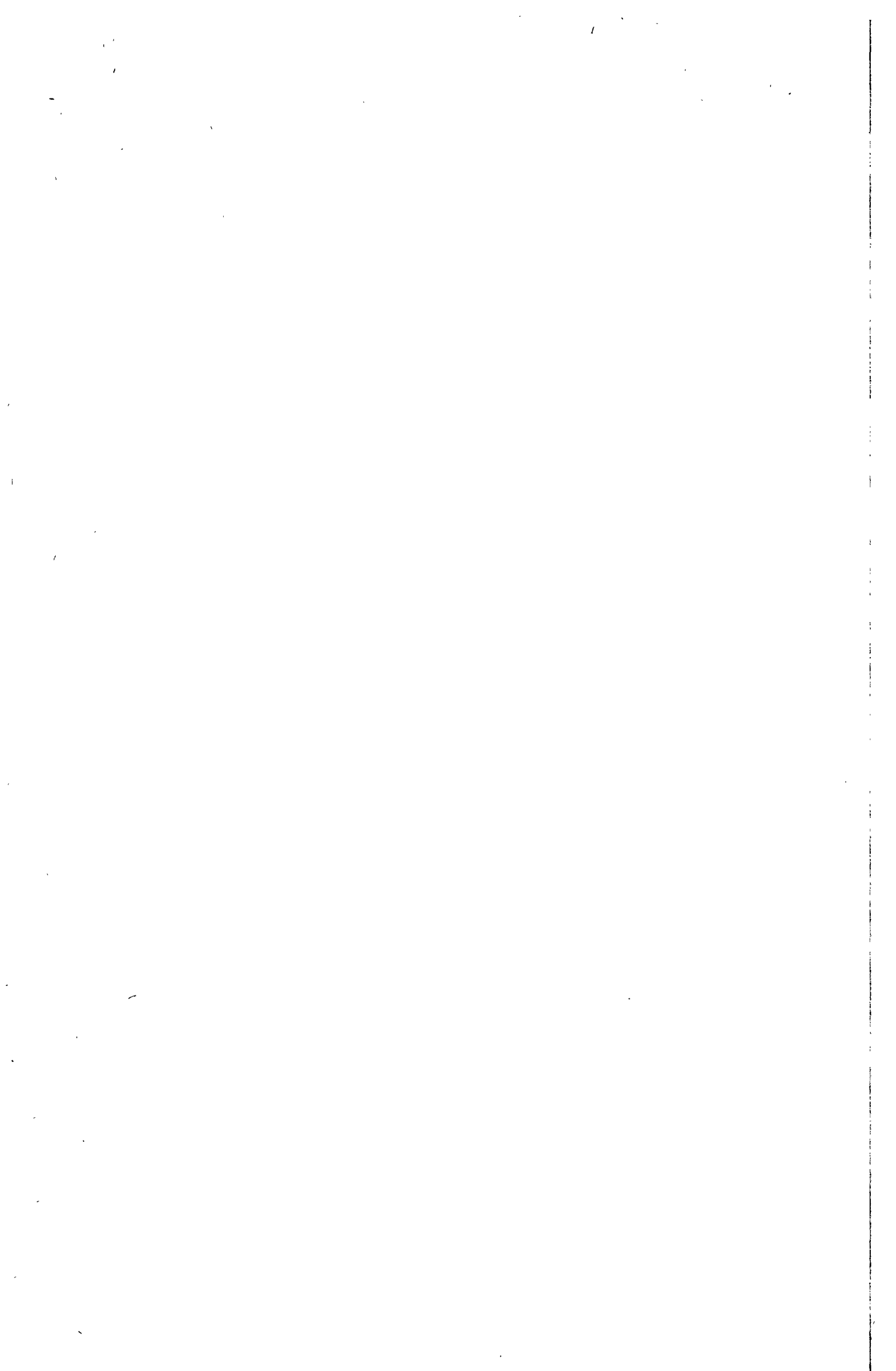
Report

drawn up on behalf of the Committee on Agriculture

on the proposal from the Commission of the European Communities to the Council (Doc. 1-449/79) for a regulation on the charging by the Community of a fee for permits authorizing a vessel flying the flag of a Member State of the Community to fish for salmon in the Swedish fishing zone

Rapporteur : Miss Joyce QUIN

1.2.5



By letter of 26 October 1979, the President of the Council of the European Communities requested the European Parliament, pursuant to Article 43 of the EEC Treaty, to deliver an opinion on the proposal of the Commission of the European Communities to the Council for a regulation on the charging by the Community of a fee for permits authorizing a vessel flying the flag of a Member State of the Community to fish for salmon in the Swedish fishing zone.

On 5 November 1979, the President of the European Parliament referred this proposal to the Committee on Agriculture as the committee responsible and to the Committee on Budgets for its opinion.

On 19 November 1979, the Committee on Agriculture appointed Miss Quin, rapporteur.

It considered the draft report on the 23 and 24 January 1980 and adopted the Motion for a Resolution by 24 votes with 5 abstentions.

Present: Sir Henry Plumb, Chairman; Mr Caillavet, Vice-Chairman; Miss Quin, rapporteur; Mrs Barbarella, Mr Battersby, Mr Bocklet, Mrs Castle, Mrs Cresson, Mr Cronin (deputizing for Mr Buchou), Mr Curry, Mr Davern, Mr Gatto, Mr Giummarra (deputizing for Mr Dalsass), Mr Helms, Mrs Herklotz, Mr Jürgens, Mr Kirk, Mr Lynge, Mr Maffre-Bauge, Mr Martin (deputizing for Mr Pranchère), Mr Nielsen Brøndlund, Mr Papapietro, Mr Provan, Mr Skovmand, Mr Sutra, Mr Vernimmen, Mr Wettig, Mr Woltjer.

The opinion of the Committee on Budgets is attached to this report.

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The Committee on Agriculture hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council for a regulation on the charging by the Community of a fee for permits authorizing a vessel flying the flag of a Member State of the Community to fish for salmon in the Swedish fishing zone

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council¹;
 - having been consulted by the Council pursuant to Article 43 of the EEC Treaty (Doc. 1-449/79);
 - having regard to the report by the Committee on Agriculture and the opinion of the Committee on Budgets (Doc. 1-717/79),
 - whereas fisheries agreements with Third Countries are essential to safeguard the future of the Community's fishing industry;
 - whereas quota allocations of salmon, presently being fished by Community fishermen in the Swedish fishery zone, were granted on condition that there be a Community financial contribution to measures to encourage the reproduction of salmon in those waters;
1. Points out that salmon are a migratory stock so that a clear-cut distinction between salmon caught in Swedish waters and those in Community waters cannot be made;
 2. Considers that a simple fee for a licence to catch salmon does not take adequate consideration of:
 - (a) actual catches rather than quota allocations, and
 - (b) the catching capacity of individual vessels;
 3. Calls, therefore, on the Commission:
 - (a) to withdraw its present proposal, and
 - (b) to draw up a more equitable proposal, based on landings
 - by individual vessels and
 - salmon caught in all zones of the Baltic;

¹ OJ No. C 280 of 9.11.1979, p.8

4. Points out that the licence fees constitute a significant financial commitment by Community fishermen and requests that the Commission report more fully to the European Parliament on the financial implications for fishermen and the different methods by which fishermen can make a financial contribution to the Swedish salmon reproduction scheme, before any further proposal be drawn up;
5. Considers that the Commission's proposal raises very important questions concerning:
 - (a) whether fishermen should contribute by means of licence fees to the cost of the common fisheries policy, and
 - (b) the classification of receipts in the budget of monies received from licence fees;
6. Requests, therefore, the relevant committees of the European Parliament to draw up a report on the role and a proper budgetary classification of fisheries licence fees;
7. Requests that in future proposals the Commission include greater information on the manner on which the costs of measures to encourage reproduction of salmon in Swedish waters are calculated.

EXPLANATORY STATEMENTIntroduction

1. The conclusions of the consultations on the fisheries agreement between the Community and Sweden, signed on February 1979, provided for a quota allocation of 325 tonnes of salmon to the Community in 1979, in the Swedish Baltic fisheries zone.

The Swedish salmon quota in the Community's zone was fixed at 25 tonnes.

The Community quota in the Swedish zone was allocated on the basis of 35 licenses to be selected monthly out of 50 vessels. Swedish vessels in the Community zone were granted six licenses monthly out of a list of 12 vessels.

2. The Community salmon quotas in Swedish waters were allocated from 1 January - 31 December 1979, as follows:

Denmark 292.5 tonnes
Germany 32.5 tonnes

The quota allocations¹ were approved by the European Parliament².

The Community/Swedish salmon reproduction agreement

3. The salmon quota allocations to the Community were granted subject to the initialling of an agreement between the parties on measures to further the reproduction of salmon in the Baltic. It is evident that quota allocations to Community salmon fishermen in Swedish waters will not be granted in future years unless there is some Community financial participation in Swedish measures for salmon reproduction.

4. It can be pointed out that informal arrangements have existed in the past between Denmark and Sweden for a financial contribution to salmon reproduction. For this purpose a tax was levied on all salmon landed in Denmark.

The sums realized now, however, are insignificant, so that further measures, involving Community financing, have been adopted³. The principle of a Community contribution was approved by the European Parliament⁴, the

¹ Doc. 26/79

² Doc. 130/79

³ Doc. 1-403/79

⁴ Doc. 1-281/79

commitment made by the Community's representative was that the Community would pay 2,000,000 Swedish crowns towards the breeding measures carried out in 1979.

The Commission's proposal

5. The Commission propose that part of the cost of the Community's contribution to Swedish salmon reproduction measures shall be financed by means of a fee charged to Community vessels fishing for salmon in Swedish waters. According to the proposal the Council shall decide each year that between 50 - 75 per cent shall be financed by the fishermen. This amount divided by the number of licences gives a fee to be paid by each fisherman in the region of 5,100 ecu for an average catch-value per vessel of 32,300 ecu (about 15 per cent).

Substantial issues raised by the proposal

6. The Commission's proposal appears to be a modest one (if one ignores the significant payment to be made by individual fishermen).

However, the wider implications of this proposal are considerable:

- (a) For the first time in the fisheries sector the Commission proposes that fishermen shall be required to pay a fee for a licence to fish. One can argue for and against the merits of a licence system and fees. In either case it should be recognized that this should constitute a major new departure. This proposal is drawn up under Article 43 of the EEC Treaty and no similar arrangements can be found elsewhere in the North East Atlantic and the Baltic or where mutual fishing rights have been negotiated with third countries. The Commission may argue that this is a single and isolated case. If this is so, what is the justification for singling out these German and Danish fishermen? And, if it were not to prove a single case, but were to be a precedent for other licence fees, an important step would have been made without sufficient consideration.
- (b) The Commission state that the fees shall be made over to the Community budget, under 'miscellaneous receipts', but should not be considered as 'own resources'. The Committee on Agriculture is, of course, not competent to deal with this question but considers it an important one to be dealt with by the Committee on Budgets.

7. These general observations would be sufficient for the Committee on Agriculture to express considerable reservations as to the Commission's proposal. A more detailed examination of the reality of salmon fishing in the Baltic shows the proposal to be essentially inequitable and in need of drastic revision.

Salmon fishing in the Baltic

8. The Commission's proposal to charge a fee for salmon caught in Swedish waters ignores the fact that salmon is a migratory species, so that the same stock may be caught in Community or Swedish waters. Some vessels, therefore, may be charged a fee, while others fishing the same stock may not. This will not be acceptable to the fishermen concerned.

9. Salmon in the Baltic originate from Swedish, Finnish and Soviet rivers. At present, very few salmon spawn in Polish rivers.

More than two-thirds of the total population is produced in northern Swedish rivers, and about one-third of the total smolt production is reared actually in Sweden, so helping to smooth natural fluctuations in stock size.

Most of the smolts leave the Gulf of Bothnia to feed in the open sea of the Baltic proper. However, salmon of the Finnish and Riga Gulfs apparently do not leave their area and constitute separate stocks. Community fishermen therefore catch the Swedish stock.

10. During the last ten years, total catches in the Baltic have varied between 2000 and 3700 tonnes

Fishing is carried out mainly offshore with drift nets and to a lesser extent with long lines. Denmark, exclusively engaged in high-seas fishery, takes 50 per cent of the total catch and 70 per cent of the offshore catch.

Salmon catches 1977¹

| | <u>Total</u> | <u>Baltic</u> |
|---------|--------------|---------------|
| Denmark | 1214 | 1012 |
| Germany | 36 | 34 |
| Sweden | 672 | 668 |

The need for a revised proposal

11. The total Community catch in 1977 in the Baltic was 1046 tonnes. The Community quota in Swedish waters for 1979 was set at 325 tonnes. According to the Commission's proposal, a tax on one-third of catches in the Baltic shall pay the contribution of the other two-thirds.

12. This is essentially unjust. The Commission must withdraw its present proposal.

One cannot argue with a contribution being levied to help finance Swedish restocking measures which do help to smooth fluctuations in stocks. But the contribution should be levied on all those who benefit and not merely certain vessels.

¹ Source: ICES statistical bulletin, Vol 62, January 1979

There are two further factors which strengthen this conclusion and which must be taken into account in a revised proposal.

The problem of differences in catch capacity

13. The Commission calculates that the fee to be paid by fishermen corresponds to approximately 15.8 per cent of the estimated value of the average catch per vessel.

Evidently, for smaller vessels the proportion will be correspondingly greater. This would represent a considerable outlay for certain Community fishermen and might render fishing operations for smaller fishermen uneconomic. The Commission does say that should it emerge that the catch capacity of the vessels concerned vary considerably according to their tonnage, the fee will be calculated for each category of vessel on the basis of their catch capacity. In Article 1(4) it states that the fee may vary according to the catch capacity of vessels. The lack of clarity on this point alone would render the Commission's proposal unacceptable.

Catches rather than quotas as the criteria

14. The Commission proposes that Community fishermen should pay according to the quota allocated rather than the amount of fish caught. Obviously there may be a considerably discrepancy between the two.

15. More important, vessels are to be charged a flat fee no matter their level of catches. The fee should be based on the amount each vessel takes.

A tax on landings

16. Given all the objections to the Commission's document outlined above, your rapporteur proposes that the Commission revise its proposal on the following lines.

The principle of Community vessels fishing for salmon in the Baltic contributing a proportion of the cost of the Community's contribution to the real Swedish reproduction measures can be accepted. A tax at the level proposed at present would very probably render future salmon fishing uneconomical in Swedish waters.

The tax shall be levied:

- (a) on all salmon landed no matter where they are caught in the Baltic, and
- (b) as a percentage of the value of the landings.

Such a system already exists in Denmark, is simple to operate and will be considerably more equitable than the Commission's proposal.

Detailed calculation of the cost

17. The Committee on Agriculture, while disagreeing with the manner in which the Commission proposes to tax the Community fishermen concerned, welcomes its clear presentation, which provides information on the calculation of the fee and on the average value of catches.

The Commission, however, does not state how the sum of two-million Swedish crowns paid to Sweden has been arrived at.

The cost incurred is basically calculated from the number of smolts required to produce the number of salmon granted by Sweden in the form of quotas to the Community. Two questions immediately spring to mind:

- how are the cost of smolts estimated, and
- what is the estimated loss rate of smolts released into the sea?

On the first question it can be stated that in a number of countries, Norway, for example, the price of smolts is regulated by national legislation according to national requirements. Will the Community be indirectly subsidising salmon reproduction programmes based primarily on Swedish domestic requirements?

Certainly if one takes the case of the production of smolts in another Scandinavian country, Norway, the sum of two-million Swedish crowns to produce 325 tonnes of salmon simply does not add up.

OPINION OF THE COMMITTEE ON BUDGETS

Draftsman: Mr Richie RYAN

On 22 November 1979 the Committee on Budgets appointed Mr RYAN draftsman of an opinion.

The Committee on Budgets considered the draft opinion at its meeting on 12 February 1980 and adopted it by 11 votes to 2 with one abstention.

Present: Mr LANGE, chairman and acting draftsman, Mr NOTENBOOM and Mr SPINELLI (vice-chairmen); Mr ADONNINO, Mr ARNDT, Mr BAILLOT, Mr BALFE, Mr BARBI, Mr BATTERSBY (deputizing for Mr TUCKMAN), Mr BONDE, Mr FICH, Mrs HOFF, Mr HORD, Lord O'HAGAN, Mr ORLANDI, Mr PFENNIG, Mr SCHÖN and Mr TAYLOR

1. The Council has consulted Parliament on a proposal for a Council regulation (EEC) on the charging by the Community of a fee for permits authorizing a vessel flying the flag of a Member State of the Community to fish for salmon in the Swedish fishing zone. This consultation marks a positive development, for two reasons.

I. Involvement of the European Parliament in advance of the conclusion of agreements which have financial implications

2. As in the case of the fishing agreements with Senegal, for example, where it was consulted in advance on the transfer of appropriations, Parliament is here being asked to give an opinion on the financial implications of an agreement between the Community and a third country before the agreement has been signed. Parliament's wish to be involved in the procedure for concluding agreements with financial implications is now being met more frequently.

3. The Commission does not prejudge the outcome of the Community's negotiations with Sweden by stating the amounts involved. It is enough that it should give as clear an indication as possible of the method of calculation of the proposed revenue.

II. Creation of sources of Community revenue by Council regulation

4. Article 1 (1) of the proposed regulation provides for the introduction of a Community fee which the Commission plans to enter in the Statement of Revenue of the Community budget.

Whilst the yield of the fees cannot be given precisely, the Commission estimates that these should be of the order of 0.3 MUA to 0.5 MUA in 1980; this revenue will be allocated to Article 999 (miscellaneous receipts) of the budget.

5. This is confirmation of the view that new Community resources may be created by a Council regulation on the basis of Article 43. The legal objections which prompted the Commission and the Council to enter the co-responsibility levy as negative expenditure are therefore not wholly valid.

III. Presentation in the budget and the financial statement

6. As indicated at paragraph 4 above, the Commission intends the Community fee to be entered under Article 999 of the Statement of Revenue, entitled 'Miscellaneous revenue'. Since this is not the first

and will not be the last of the items of revenue introduced on the basis of Article 43 EEC, it would be more appropriate to create a separate sub-heading for such items in the Statement of Revenue.

7. The Committee on Budgets therefore proposes the insertion of a new Title in the Statement of Revenue to cover resources created by measures taken within the framework of common policies and to be used in carrying out these policies.

8. The Commission does not specify in its financial statement the form in which the expenditure resulting from payment to Sweden of the Community contribution to the cost of its stocking programme is to be entered in the budget. This omission should be corrected when the Commission presents the preliminary draft budget for the 1981 financial year.

Auditing

9. The Committee on Budgets notes that the collection of the Community fee is subject to Community rules on the auditing of revenue.

Conclusion

10. The Committee on Budgets approves the arrangements proposed by the Commission in so far as they allow Parliament to be involved in the conclusion of international agreements having budgetary implications before these agreements are actually signed.

Furthermore, the Committee on Budgets takes note of the fact that sources of Community revenue may be created on the basis of Article 43 of the EEC Treaty.

11. The Committee on Budgets suggests that the Commission should enter the revenue from the fee under a separate Title in the Statement of Revenue; and that it should specify the heading to which the planned expenditure is to be charged. Lastly, it takes note of the fact that the Community auditing procedures are applicable to the revenue created.

12. For a better assessment of the scope of the proposed arrangements the Committee on Budgets requests that the Commission be asked to draft a report for the European Parliament once it has acquired sufficient experience of the matter.