

I

(Information)

COURT OF AUDITORS

SPECIAL REPORT No 3/2001

concerning the Commission's management of the international fisheries agreements, together with the Commission's replies*(pursuant to Article 248(4), second subparagraph, EC)**(2001/C 210/01)*

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SUMMARY

Aim of the audit

The Court examined the Commission's management of the international fisheries agreements, particularly the extent to which their objectives had been clearly defined and ultimately achieved. The Court's audit focused on the five most important agreements in terms of the cost borne by the Community budget (92 % in 1999). The Court's main observations are set out below.

Cost-benefit ratio

I. The Commission still needs to set up a system enabling an ongoing monitoring and a detailed cost-benefit analysis to be made of the international fisheries agreements. These measures should enable it to evaluate the extent to which the objectives of these agreements (market supply, fishing opportunities, restructuring, jobs) have been achieved.

— It is up to the Commission to *define criteria and performance indicators* for these agreements in order to measure their effectiveness.

II. The fishing opportunities available to Community fishermen in the waters of third countries under international agreements are not always used to the full. The Community has thus paid financial compensation for fish which only existed on paper.

— The Commission is invited to ensure above all that *actual use* is made of the fishing opportunities offered by these agreements.

Intended purposes

III. The Court has found a lack of consistency and poor coordination between these international agreements and the structural aspect of the common fisheries policy.

— The Commission could in particular *ensure* that the restructuring objectives of these agreements *are consistent* with those of the Structural Funds, for example, in the financing of new boats.

IV. Several of the fisheries agreements are intended both to play a commercial role and to assist in development aims. This intertwining of different purposes means that it is difficult to evaluate the agreements and makes it even harder to distinguish between the responsibilities that lie with the Community and those which belong to the third countries.

— If the Commission were to give a *clear-cut definition of the various objectives* of the fisheries agreements, it would be able to measure their benefits and costs and compare them on the same basis.

Management and control

V. Management of the fisheries agreements is undermined by the faulty or unsuitable application of certain clauses and by the fact that they do not stipulate any compulsory exchange of information.

- It would be expedient if the Commission were to *make them more legally binding and to improve their monitoring*, for example, by inserting control clauses or by making payments dependent on progress; it should review certain unwarranted practices of systematically unloading and reloading frozen fish.

VI. The Court's audit identified shortcomings in the implementation and monitoring of the checks made by the Commission and the Member States.

- The Commission should plan its control activities and ensure that previous findings are followed up more closely. Together with the Member States, it should also lay down guidelines on the detailed arrangements for their inspections.

GENERAL CONTEXT

The fisheries agreements: what is at stake?

1. Fishery products are an important food resource for the Member States of the EU. Their fishing fleets have traditionally provided a significant economic resource and source of employment. A common fisheries policy has been set up for conserving fish stocks, managing and adapting the development of the Member States' industrial structures, ensuring the common organisation of the market and concluding fisheries agreements with non-Community countries.

2. The principle of free access to the high seas gradually disappeared from the mid-1970s onwards and in the wake of the third United Nations Conference on the Law of the Sea. Around that time, more and more third countries decided to extend their exclusive economic zone from 12 to 200 nautical miles and thus about 90 % of fish resources came under the control of coastal countries. As a consequence, the fleets of the European Union Member States, which had previously fished these waters, no longer had access to them (representing 9 % ⁽¹⁾ of Community consumption).

3. As a result of this state of affairs, plus the need for sound management of fish stocks in short supply, the Community negotiated fisheries agreements with third countries, thus enabling the Member States' fleets to continue their previous activities. By 1 January 2001, the Commission had signed fisheries agreements with 33 countries, 14 of which were still in force.

Nature of the fisheries agreements

4. These agreements define the level, the terms of allocation and the use of the rights of access to fish resources in the exclusive

economic zones of the third countries. They differ according to the partner involved. A distinction is made between so-called 'first-generation' and 'second-generation' agreements.

The first-generation agreements are chiefly :

- (a) *reciprocal agreements*, involving an exchange of fishing possibilities between the fleets of the Member States and those of third countries; in general, the latter (for example Iceland, Norway, the Faeroe Islands) fully exploit their resources. These agreements do not require any financial contribution on the part of the Community nor any fee (licence fee) to be paid by the shipowners.
- (b) *agreements involving financial compensation*, signed with third countries which want to concede part of the use of their resources, without any reciprocity of access rights, in return for financial compensation borne by the Community budget and (licence) fees paid by the shipowners holding these access rights.

This financial compensation takes the form of contributions:

- (i) to the State budget of the third country;
- (ii) to measures in support of development cooperation;
- (iii) to the public services of the fisheries sector (training programmes for fishermen and inspectors, scientific research programmes concerning fish stocks, administration, etc.).

The cost of some of the development measures provided for in these agreements, such as the presence of observers on board or the recruitment of local crews, is borne directly by the shipowners. The agreements with the African and Indian Ocean countries come under this category; or

⁽¹⁾ The Commission's evaluation, carried out by Ifremer/CEP (Institut français de recherche pour l'exploitation de la mer/Centre d'études de projets), p. 63, September 1999.

- (c) *agreements involving financial compensation and access to the Community market of fishery products coming from third countries* (without any customs duties or quantitative restrictions),

enabling the Community, in return, to exploit certain fishing resources in the waters of those countries (for example Greenland), without the shipowners having to pay any fee.

The *second-generation agreements* aim at the setting-up by private operators of joint ventures, which are responsible for the management of European vessels and which are allocated fishing quotas in the waters of third countries (the agreements may provide for financial compensation for the fishing quotas). Furthermore, their objective is for vessels making up the fleets of Member States to be definitively or temporarily transferred to the fleets of third countries (for example Argentina, Estonia, Latvia, Lithuania).

5. From the outset, the purpose of the fisheries agreements has been to safeguard the continued activity of the Member States' fishing fleets, in return for financial contributions or fishing opportunities, thus confirming that these agreements are commercial in nature.

The main parties involved in the fisheries agreements

6. The main responsibilities of the parties involved in the fisheries agreements are as follows:

	Main responsibilities
Council	Budgetary authority; gives the Commission a mandate to negotiate an agreement, including the level of fishing opportunities; adopts the agreement by means of a regulation and signs it
Parliament	Budgetary authority; consulted for an opinion
Commission: Brussels	Negotiates the agreements; takes care of the administrative, financial and technical management
Commission: Delegations	On a case-by-case basis, deconcentrated management by a fisheries unit in accordance with the provisions of the agreement
Member States	Responsible for applying the control measures and other provisions of the fisheries agreements
Third countries	Negotiate the agreements; control and supervision in their ports and exclusive economic zones
Shipowners	For the 'agreements involving financial compensation' mentioned in paragraph 4(b), payment of licence fees to the third country in return for access rights; compliance with any specific conditions (for example crews to consist of nationals of the third country)

Objective and scope of the audit

7. The objective of the audit was to examine whether the Commission had clearly defined the objectives of the international fisheries agreements and whether it had set up adequate performance monitoring systems to measure their achievement.

8. The audit examined the management, during the period 1993 to 1999, of the agreements made with Morocco, Mauritania, Greenland, Senegal and Argentina, which together accounted for 92 % of the payments charged to the financial year 1999. These are agreements involving financing by the Community budget. Taken as a whole, they are also the most important in terms of fishing opportunities and in terms of first or second generation agreements.

9. Through documentary analysis of the management systems, the key activities were identified and then underwent audit tests. Audit visits were conducted at the Commission, in the Member States (Spain, France and Portugal) and in the Commission's delegations in Morocco, Mauritania and Senegal. Audit evidence was obtained by checks on documents and registers, the observation of port activities, requests for and confirmation of information,

supplemented by interviews with representatives of third countries and selected organisations.

10. In its Annual Report concerning financial year 1999, the Court stated that, for budget headings relating to international fisheries agreements, the Commission had entered into legal obligations which exceeded available appropriations by 129 million euro and that, as a consequence, the commitments for the financial year had been understated ⁽¹⁾. This question has therefore not been dealt with in this Report.

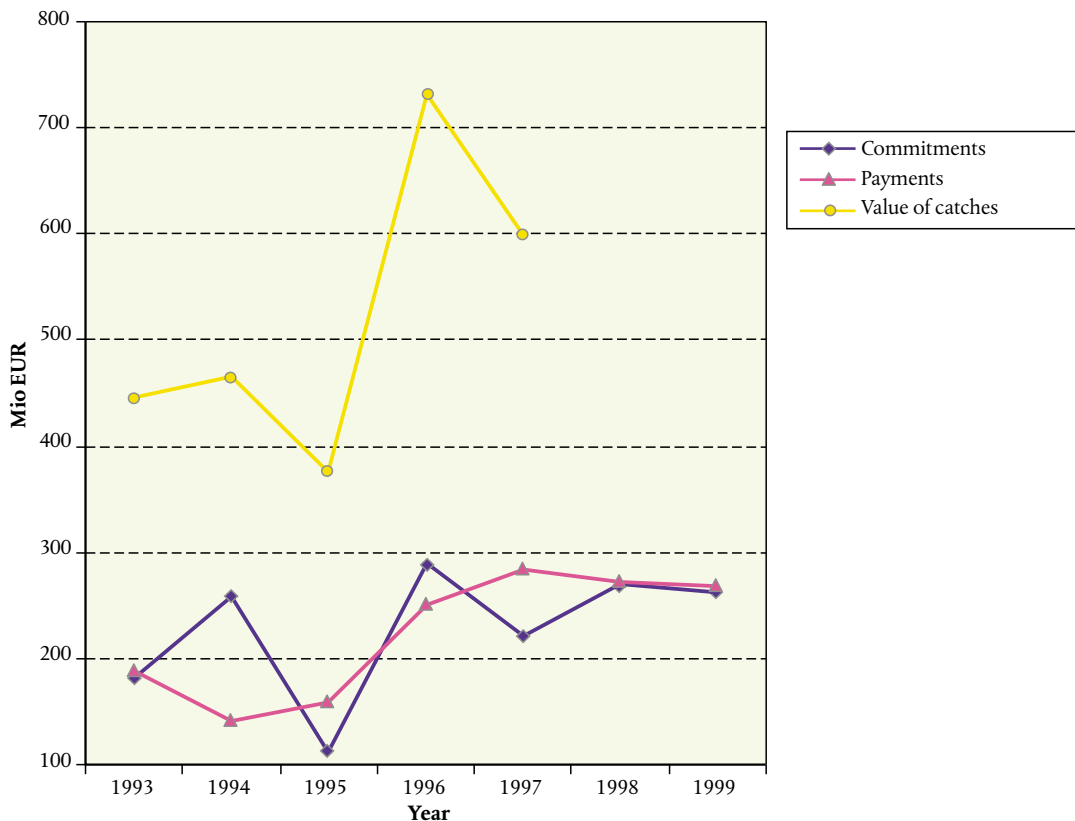
Budgetary aspects

11. Annex I shows the budgetary expenditure for the international fisheries agreements for the period 1993 to 2000, and its relationship with the total expenditure borne by the common fisheries policy. Between 1993 and 1997 there was an upward trend in the amounts paid to the partner countries in return for fishing rights, but since 1998 the level of these amounts has stabilised (see the Graph).

⁽¹⁾ Annual Report concerning the financial year 1999 (OJ C 342, 1.12.2000, p. 189).

Graph

International fisheries agreements — Commitments and payments (implementation), value of catches



NB: Figures for catches not available at the Commission for 1998 and 1999.

12. This trend is mainly due to the impact of new or renegotiated agreements. Other contributory factors are the new categories of fishing inserted into some of the agreements, as in the case of Mauritania and Senegal, higher rates of financial compensation and the increasing scarcity of fish stocks. The increase in commitments and payments that occurred from 1995 to 1996 is due to the implementation of new agreements, in particular the Morocco Agreement. See Annex II: Morocco, providing 74 % of the catches under the 'Southern' Agreements⁽¹⁾ for the period 1993 to 1997, was the most important partner, whereas Spain, with more than 87 % of the catches, was the prime beneficiary of these agreements⁽²⁾.

THE COST-BENEFIT RATIO OF THE FISHERIES AGREEMENTS

An instrument for monitoring the agreements

13. In its Annual Report for financial year 1992⁽³⁾, the Court stressed the importance of cost-benefit analyses, as part of the

monitoring of these agreements by the Commission. These analyses require the definition of criteria and indicators making it possible to evaluate the extent to which the agreements' objectives have been achieved. In the Fisheries Council's conclusions of 30 October 1997, the Commission was requested to draw up cost-benefit analyses for each agreement (or renegotiation of an agreement) well before they were signed. The Commission's response to this request by the Council has been twofold: it has arranged for an external evaluation to be made and it has drawn up individual technical data sheets.

14. The evaluation of the international fisheries agreements for the period 1993 to 1997, for which the Commission used the services of an external consultant⁽⁴⁾, consists of an examination of various aspects of the agreements, but does not constitute a full cost-benefit analysis. This evaluation contains reservations concerning the quality, completeness, relevance and reliability of the information available. These reservations undermine the conclusions of the evaluation and indicate that the Commission needs to improve its collection of data from the Member States.

⁽¹⁾ International Fisheries Agreements signed with certain countries situated to the south of the Strait of Gibraltar.

⁽²⁾ Spain is also the second largest market in Europe in terms of both the supply available and the per capita consumption.

⁽³⁾ Annual Report concerning the financial year 1992, Chapter 5 (OJ C 309, 16.11.1993).

⁽⁴⁾ Ifremer/CEP.

15. Although this evaluation pinpointed weaknesses and set out useful conclusions and recommendations on the management and monitoring of the agreements, the Commission is still studying whether and how to implement these findings. However, this evaluation, together with its recommendations, ought to be used as a basis for developing an ongoing monitoring system which also incorporates a cost-benefit analysis.

16. For the Community, the added value of some agreements is higher than others and, in some cases, it is even negative. In terms of the value of the catch, one euro spent on financial compensation represented 0,9 euro for the Greenland Agreement and 3,4 euro for the Mauritania Agreement (see Annex III). Without calling into question the very existence of the fisheries agreements, an ongoing monitoring system and an analysis of their cost-benefit ratio could enable this situation to be clarified.

17. Between 1993 and 1999 there was a 42 % increase in the appropriations for payments under these agreements. The same period saw a slight decline in the fishing opportunities offered by the agreements. As pointed out above, the increase in the cost to the budget can in part be attributed to various factors (such as the increase in the rates of financial compensation under some agreements, or the depletion of fish stocks). However, in order to quantify the effects or impact of these factors on the actual increase in the cost of an agreement, a detailed analysis is needed.

18. As regards the technical data sheets drawn up by the Commission for each individual agreement, four of the eight sheets examined by the Court did not contain data on catch quantities and none of them contained information on the value of these catches. Although these data sheets contain certain aspects of a cost-benefit analysis and have improved since they were first introduced, some of the key data are still too vague to allow a meaningful analysis. They also fail to satisfy the requests made by the Council, referred to in paragraph 13.

Underutilisation of the agreements

19. When an agreement is being negotiated, the Commission uses the catches declared by the shipowners in the previous protocols, the rates of use in terms of the number of licences taken out and the estimates made by the Member States of their fishing needs. The Commission's evaluation of these estimates ought to be the basis for the agreements to be negotiated, given the impact they may have on the cost to be negotiated, on the balance of fish stocks and on the level of take-up of fishing opportunities.

20. In practice, the Member States' fishing fleets tend to overestimate their needs, which may lead to extra cost for the agreement, but also to underutilisation of the catch opportunities provided for by the agreement. This underutilisation may to some extent be explained by the shipowners' wish to safeguard for themselves the possibility of fishing in these waters, even if the latter are not economically viable. Their interest is speculative in

so far as, even where the fishing opportunities available to Community fishermen are not fully used, the Community pays financial compensation for the total catches initially provided for.

21. By way of example, two of the agreements (Senegal, Greenland) were underused, despite price increases at recent renewals. The Senegal Agreement continues to be underused: in addition to the longer period of the new Agreement (1997 to 2001), the total Community contribution has increased by 33 % per year. This has been criticised by the Commission's own Financial Controller ⁽¹⁾. Furthermore, this Agreement ⁽²⁾ covers the new category of fishing, 'pelagic freezer trawlers', which has not been used at all, but the cost of which has been borne by the Commission. The problem is that the Commission pays an overall amount for each agreement, without the costs being divided up between the various fishing categories. As a result, even if one of the fishing categories (belonging under the same agreement) is underused or not used at all, this does not lead to a reduction in the overall cost borne by the Commission.

22. The Greenland Agreement, for its part, has been underused in the main fishing categories (cod and redfish). The Commission's technical data sheets ⁽³⁾ pointed out that, owing to the low utilisation rate, the costs involved had not brought any benefit in terms of catches for most of the fishing possibilities provided for by the 1995 to 2000 Agreement. The scientific data available show that the underuse of this Agreement is largely due to a severe depletion of fish stocks. The EU has therefore paid for catches which potentially did not exist, i.e. for 'paper' fish (see the Table). In the meantime, the agreement with Greenland was renewed in 2000, without the Commission taking sufficient account of its high cost, the October 1999 evaluation or even its technical data sheets.

23. The Commission should ensure that the Member States' fishing fleets undertake actually to make use of the catch opportunities, so as to avoid unnecessary costs. One solution could be to require them to lodge guarantees or to pay a higher advance ⁽⁴⁾ in order to deter purely speculative applications. There needs to be close cooperation between the Commission and the Member States in this respect.

⁽¹⁾ Letter from the Financial control DG sent to the Fisheries DG on 5 October 1997.

⁽²⁾ Agreement lasting from 1 May 1997 to 30 April 2001.

⁽³⁾ Commission working paper of 2 February 2000, p. 9.

⁽⁴⁾ Usually, the owners of tuna fishing vessels have to pay fees calculated on the basis of 20 euro per tonne, with a minimum catch which varies from one agreement to another. In this context, this amount is called an 'advance'. The shipowner has to pay it in order to obtain a fishing licence. At the end of the fishing period, there is a settlement procedure and, if the catch is higher than foreseen, the shipowner pays the difference. The advance, by contrast, is not refunded.

Table

Utilisation of fishing opportunities — Greenland Agreement

Quota available/fishing opportunity	1995	1996	1997	1998	1999
Greenland (t) (all species)	267 144	267 294	253 294	250 034	239 309
— Utilisation	80 330	148 588	142 388	128 786	90 004
— Percentage	30,0	55,6	56,1	51,5	37,6
Financial compensation (mio EUR)	37,7	37,7	37,7	37,7	37,7

Source: Internal Commission document of 2 February 2000.

Sharing out the financial burden

24. The costs to be shared consist of financial compensation paid by the Community and a fee paid by the private shipowners wanting to fish in the waters of third countries (see also above).

25. The share of the financing which the Community has had to bear out of public funds can be put at 85,7 % of the total cost of the agreements involving financial compensation ⁽¹⁾. In the light of the intentions it has expressed in the past ⁽²⁾, the Commission should investigate the advisability, methods and consequences of sharing out the costs in a more balanced manner.

Indispensable information

26. Lastly, in spite of the weaknesses pointed out in the preceding paragraphs, the Commission was not able to draw up a complete balance sheet of the costs and benefits of the international fisheries agreements since the last evaluation, made in 1999: it was able to supply data on costs but not for the value of the catches nor for their direct or indirect impact (on jobs, for example). In commercial negotiations, however, as is the case with the international fisheries agreements, it is absolutely vital for these figures to be available.

27. Furthermore, in its Resolution of 15 May 1997 ⁽³⁾, the European Parliament called on the Commission to draw up a set of guidelines to enable a uniform procedure when evaluating the implementation of expiring protocols on fishing opportunities or preparing for negotiations on new protocols or agreements.

⁽¹⁾ The Community's share in the financing of the total cost of the fisheries agreements, for 1992 and 1997 respectively, was 82 % and 84 % for Morocco, 73 % and 82 % for Mauritania, 89 % and 90 % for Senegal and 100 % (constant figure) for Greenland.

⁽²⁾ COM(96) 488 of 30 October 1998.

⁽³⁾ Minutes of the European Parliament, Resolution on international fisheries agreements, 15 May 1997, A4-0149/1997.

THE INTENDED PURPOSE OF THE AGREEMENTS**Stability of fishing opportunities**

28. One of the general objectives of these agreements is to offer stable fishing opportunities to the fleets of Member States. During the period 1993 to 1999, there was a slight decline in the fishing opportunities, because of their reduction under the Morocco Agreement, as well as their stability or slight increase in other agreements ⁽⁴⁾.

29. Nevertheless, during the same period the payment appropriations devoted to the agreements increased, which confirms the Commission's wish to ensure that these fishing opportunities have a more stable basis. In the 12 months following the expiry of the EU-Morocco Agreement on 30 November 1999, there was a substantial overall decrease in the fishing opportunities provided for by the agreements, notably at the expense of the Spanish and Portuguese fishermen.

Supply to the market and aid to employment

30. The fisheries agreements aim to ensure supplies to a market which on the whole has a shortage, and to safeguard jobs. The Commission does not have up-to-date figures on the impact of each agreement on these two aspects, which, moreover, are not systematically analysed in the technical data sheets referred to above. The only source of information in this respect is the evaluation of the agreements that was made on the Commission's behalf for the period 1993 to 1997.

31. In order systematically to measure the impact of the agreements on the supply to the market and on employment, suitable criteria and indicators need to be defined (for example: data on landings and catches in terms of their quantity and value; direct or indirect jobs). Furthermore, this would make it possible to evaluate the potential risk and the consequences to which the Commission is laying itself open when agreements are not renewed,

⁽⁴⁾ The Commission's 'Ifremer' evaluation, Chapter 4.1, p. 131.

and therefore to anticipate what the effects of this would be. In this context, the non-renewal of the agreement with Morocco in 1999 had considerable economic and social repercussions (about 7 000 direct jobs and 470 vessels) in the regions of Europe which were heavily dependent on it (in particular, Spain and Portugal).

Restructuring strategy

32. The structural aspect of the common fisheries policy aims in particular to achieve:

- (a) a balance between the capacities of the fishing fleets and fish stocks;
- (b) promotion of the development of the regions that are dependent on fishing;
- (c) elimination of surplus capacities;
- (d) the construction and modernisation of fleets, under certain conditions.

This aspect of 'structural measures' is linked, amongst other things, to that of the international fisheries agreements, and thus clear, consistent objectives need to be set and the measures taken need to be closely coordinated.

33. During the negotiations for the International Fisheries Agreement with Morocco in 1994 and 1995, it was found that fish stocks in Moroccan waters were tending to become depleted and that the fishing sector in Morocco was being developed. This ought to have prompted a policy of gradually restructuring the fleets of the Member States operating in these waters, as the Commission stated during the negotiations. A policy of this kind would have allowed the gradual implementation of restructuring measures (such as the redeployment of vessels) and of social measures to limit the effects on the Community fishing sector; it would also have made the Community fleets less dependent on this Agreement. The sector's stability and sustainable development could thus have been safeguarded. As it was, out of a total of 125 new boats (in particular Spanish and Portuguese) having fished in Moroccan waters (the 1995 to 1999 Agreement), 54 were found to have been constructed using European Community co-financing. The Commission, in partnership with the Member States, had not set any clear objectives for the granting of the (Structural Fund) aid for the construction of new vessels nor had it monitored the subsequent use of this aid. There are two questions which spring to mind here: was this instrument an integral part of an overall plan for restructuring the Member States' fishing fleets? Was the decline in the number of fishing licences, as reflected in the decrease in the number of vessels from 590 to 477 between 1996 and 1999, the sole outcome of the implementation of the restructuring objective? Thus, for some agreements, the Commission was not able to show any relationship between the negotiating aim and the common fisheries policy objective to reduce the fishing effort in Community waters⁽¹⁾. There is thus still a lack of consistency between these two aspects of the common fisheries policy.

34. Furthermore, the construction of the vessels was undertaken without any systematic check as to whether the catch capacities were appropriate for the resources covered by the agreements. Since the expiry of the Moroccan Agreement and the consequent discontinuation of fishing in Moroccan waters, the fleets concerned have, on certain conditions, received indemnities that are co-financed by the Community and are intended to offset the corresponding losses in income. For 2000, the amount budgeted for these indemnities was 124 million euro, 59 million euro of which was financed by the Community budget.

35. Other initiatives of a structural nature have not always had the expected impact. This applies to the second-generation agreements (see definition in paragraph 4) which aim, through the setting-up of joint ventures, to preserve the fishing opportunities available to the Community fleet, to maintain a certain level of Community employment⁽²⁾ and to transfer fishing vessels to the waters of third countries. The only agreement of importance was signed with Argentina (162 million euro); this allowed the transfer of 32 vessels and the safeguarding of about 1 000 Community jobs, until Argentina decided to increase the minimum number of Argentinian seamen to be included in the crews of these vessels (in the long term, this measure could affect 600 Community jobs). The limited impact of this type of agreement can be attributed to a lack of interest on the part of the third countries and the depletion of fish stocks.

36. All in all, before Structural Fund aid is granted to the Community fleet fishing under international agreements, the Commission and the Member States should set clear objectives. The various aspects of the common fisheries policy could be made more consistent, in particular with the Structural Funds. Given the risks faced by the Community, in particular in the event of the non-renewal of the agreements, it is especially important under these agreements for there to be strategic planning and for the implementation of the measures to develop a stable fishing sector to be monitored effectively.

Coordination of Community policies

37. Some of the countries that are signatories of an international fisheries agreement also benefit from other Community policies, such as development aid financed by the Community budget or by the European Development Fund (EDF). It is therefore necessary to ensure that there is consistency between and coordination of the measures taken in the fisheries and development fields⁽²⁾. This means that due regard needs to be paid to the specific nature of each area (the commercial nature and development aid), since each is valid in its own way.

⁽¹⁾ The Commission's 'Ifremer' evaluation, p. 153.

⁽²⁾ Council Conclusions 11784/97 of 4 November 1997.

38. In some third countries, the income earned from the international fisheries agreements may form a substantial portion of the national revenue: for example in 1998, this proportion was 15,2 % in Mauritania and 12,7 % in São Tomé.

39. When the agreement with Senegal expired in 1997, the Commission was unable to accept the price requested. Agreement was reached after the Commission drew attention to an increase of an undefined amount in the EDF funding ⁽¹⁾. In this instance, neither transparency nor the budgetary principle of specification of expenditure was abided by. The budgetary authorities should always be able to establish the full actual cost of fishing rights. All too often, the intended purposes of the two Community policies are intertwined in these agreements. Their objectives therefore need to be clearly defined in the agreements. Furthermore, the Commission should ensure that its own departments act in coordination with one another when implementing all the policies likely to affect the EU's relations with developing countries, pursuant to Article 178 of the Treaty and the Lomé Convention.

IMPLEMENTATION OF THE AGREEMENTS

Management shortcomings

40. Each international fisheries agreement is managed by a 'Joint Committee', consisting of the Commission, the partner third countries and, for certain agreements, representatives from the Council and the Member States concerned.

41. These Joint Committees operate throughout the duration of the agreements. For the most part, they have to deal with two types of difficulty, which they have not always managed to settle satisfactorily: the financing of development projects and the implementation of projects for the satellite surveillance of vessels.

42. The Commission's negotiating hand has been weakened where the agreements do not contain a clause providing for the compulsory exchange of scientific information, the stopping of payments in the event of disputes or the adjustment of financial components when measures are taken that may affect the fishing opportunities. In 1998 and in 1999, for example, Morocco suspended cephalopod fishing for two months on grounds relating to the biology of the species, in addition to the two months' stop already agreed by the parties involved. The Commission will remain committed to paying Morocco the full financial compensation, even for the period covered by this unilateral suspension, not provided for by the agreement.

43. The agreements include clauses stipulating that part of the financial compensation may be devoted to financing specific measures and to training, with the aim of contributing to the sustainable development of the fishing sector in the third country. If this

is the case, it would be logical for those managing the agreements to be informed of how these clauses have been applied. However, since the third countries consider that these agreements are above all commercial in nature, giving access to territorial waters in return for financial compensation, they regard the financing of such measures as more or less optional. As a consequence, some of these countries ⁽²⁾ do not allow outside checks and so the Commission does not have any information on the use of these funds.

44. If such clauses are to be included in these agreements, the Commission should make them more legally binding and improve their monitoring, for example by inserting clauses concerning checks or payments which are dependent on the progress made. In any case, a clearer distinction needs to be made between the commercial aspects and the development aid aspects.

45. Some agreements provide for voluntary or compulsory landing of catches in the partner country, in order to contribute to employment in the fishing sector. In this case, the vessels benefit from reduced fees for their fishing licences.

46. For the Morocco Agreement, the Court found, on the basis of random sampling, that the practice of European vessels unloading and reloading their entire catch had occurred in four of the five cases examined in the period from 4 December 1998 to 2 March 1999. Even if the aim is to obtain a reduction in the licence fee, this practice cannot be justified: there is no point whatsoever in frozen fish being systematically unloaded and then reloaded at a Moroccan port when it is intended to be sold elsewhere. It means that a fundamental aspect of the Morocco Agreement is not being observed, namely greater cooperation in order to develop the Moroccan fishing sector.

47. The Commission should ensure that the agreements are applied literally but also that the shipowners interpret them in a common-sense manner. If need be, it should issue them with explanatory guidelines.

Control shortcomings

48. The Commission has set up an Inspection and Control Unit within the Fisheries DG to supervise the application of Community regulations, and the monitoring thereof, concerning the activities of the Member States' fishing fleets in the waters of third countries. The Unit's inspectors regularly attend national inspections in the Member States as observers.

⁽¹⁾ Commission letter 000405 of 4 March 1997 to the Senegalese authorities.

⁽²⁾ The countries concerned are those coming under the scope of the audit referred to in paragraph 8.

49. This Unit would perform better if it were to lay down detailed control objectives and specific checks for the international fisheries agreements. These objectives and checks should also be reviewed, approved and monitored by those in charge of the Unit. Moreover, there has not always been adequate follow-up of the infringements detected during the Unit's inspections in the Member States.

50. Furthermore, Article 1 of Council Regulation (EEC) No 2847/93 ⁽¹⁾ requires Member States to introduce the necessary measures to ensure the effectiveness of the common fisheries policy and also covers the activities of EU fishing vessels operating in the waters of third countries. Articles 2 to 5 require Member States to carry out inspections and monitoring of fishing vessels.

51. The weaknesses identified by the Court's audit were as follows:

- (a) the catch and landing declarations due to be submitted were not systematically required by the national authorities and were often incomplete or missing from the files;
- (b) inspection practices were not uniform and there were shortcomings in the landings, found during the on-board inspections;
- (c) requests for administrative cooperation between the flag Member State and the country where the landing took place, pursuant to Article 33 of the Regulation, were not always acted upon.

52. Although primary responsibility for inspection of the fishing activities in the waters of a third country lies with the country concerned, European vessels must comply with the international fisheries agreements and with the provisions of the regulations in force. Their landings of catches are thus subject to checks when they are made in the port of a Member State.

53. The Court's audit, at the time of the inspections in which it took part, revealed infringements found to have been committed by fishing vessels. These concerned the landing of juvenile fish, incomplete or incorrect logbook information (mostly underdeclaration of catches), incomplete logbook pages and infringements of the crewing requirements. The shortcomings that have been identified, especially those concerning the logbook, do not enable the Commission to ensure proper monitoring of the implementation of the agreements nor to evaluate their benefit.

⁽¹⁾ Council Regulation (EEC) No 2847/93 of 12 October 1993 (OJ L 261, 20.10.1993).

CONCLUSIONS AND RECOMMENDATIONS

Cost-benefit ratio

54. Even though the Commission made an evaluation in 1999 of the international fisheries agreements and has introduced technical data sheets for use when an agreement is being negotiated or renegotiated, this has enabled neither ongoing monitoring nor a detailed cost-benefit analysis of each agreement to be made. As a result, the Commission can neither identify nor remedy the weaknesses detected by the Court (lack of good-quality information on the fish stocks situation, on the financial compensation which is calculated without taking into account the rate of utilisation of the agreements, on the return obtained or expected from these agreements, etc.), which give rise to extra costs (see paragraphs 13 to 18).

- The Court recommends that the Commission put in place an ongoing monitoring system (and therefore allocates itself the means to do so) which would make it possible to analyse the benefits of each agreement throughout its cycle: (*ex ante*) negotiation or renegotiation, implementation, *ex post* evaluation. To this end, the Commission should on the one hand determine criteria making it possible to assess the extent to which clearly defined objectives have been achieved and, on the other, establish suitable performance indicators. The system to be set up must make it possible to analyse the fishing opportunities available (the supply) and the use actually made of them (the demand), whilst taking into account the capacities of the fishing fleets and their specialisation.

55. The Commission currently finances about 80 % of the cost of the fisheries agreements involving financial compensation. At the same time, the fishing opportunities offered by some agreements are not used to the full, leading to extra cost for the Community budget. For want of a detailed analysis of the economic and financial value of these agreements, it is impossible to pass judgement on their usefulness (see paragraphs 19 to 27).

- The Commission should analyse whether it would be expedient to share out the costs in a more balanced manner, how best to achieve this and what the consequences would be. The aim of such a study would also be to analyse the relationship between the cost of a fishing licence and the amount of turnover resulting from it. The Commission should also take measures to ensure actual take-up of the fishing opportunities offered by these agreements. Possible solutions that could be considered include the lodging of guarantees, payment of higher advances by the shipowners, or payment, by either the Commission or the shipowners, only for actual catches.

The intended purpose of the agreements

56. Some fisheries agreements include a commercial aspect, i.e. an access fee, whilst at the same time being intended to contribute to the development of the fishing sector in the third country. In some cases, the development aid funds are additional to the financial compensation, a practice which is contrary to the principle of budgetary specification. The intended purposes of two Community policies are thus closely intertwined, making it difficult to

assess what impact they each have. The inclusion of development activities in an agreement of a commercial nature makes it even harder to distinguish between the responsibilities of the Commission and those of the third countries (see paragraphs 37 to 39).

— If a clearer distinction were to be made between these two intended purposes, it would be possible to measure their costs and benefits, to compare these agreements on the same basis and to identify those which were most burdensome. It is essential that their various aims be defined and translated into practice. The Commission departments should take action to ensure that the various Community policies are consistent with one another.

57. The international fisheries agreements have to a certain extent helped to make the fishing opportunities available to the Member States' fleets more stable. However, their impact on the supply to the market and on employment is not systematically analysed and the Commission does not have any up-to-date figures. There could be greater consistency between the common fisheries policy's structural aspect and the international fisheries agreements (see paragraphs 28 to 36).

— The Commission should strengthen its global strategy for developing the fishing sector and ensure that the stabilising and restructuring measures taken are monitored. This strategy should be based on a detailed economic and financial analysis of the agreements, and on a study of the consequences for the Community of the non-renewal of any of these agreements, especially for those regions of Europe which depend on them. This strategy should also be based on an analysis of changing trends whose impact could prove to be important (for example, the depletion of fish stocks). This would make it possible to anticipate the intervention measures that needed to be taken by the public authorities. When the Commission finds that a third country has been able to develop its own fishing sector, the Community, in partnership with this third country, should promote a sustainable fishing policy, start restructuring the Community fishing

fleets concerned and make provision for the necessary accompanying measures.

Management shortcomings

58. The present management of the fisheries agreements by the Commission departments is purely administrative. It lacks consistency, mainly because of the intertwining of the aims of most of the agreements and because their legal framework is not very strict (see paragraphs 42 to 46).

— Their various objectives should be spelled out and at the same time there should be a clear demarcation of the responsibilities of the Commission's management departments. The latter's management of fish stocks should be more careful and more forward-looking. The Commission should ensure the reciprocal application of the agreements and, if need be, make them stricter (clause stipulating checks or payment dependent on the progress made).

Control shortcomings

59. The Court has identified a number of weaknesses in the inspection activities carried out by the Commission and by the Member States (see paragraphs 47 to 52).

— The Commission and the Member States should be encouraged to work together on drawing up guidelines on the detailed arrangements for the checks to be carried out by the Member States. The inspection and monitoring activities carried out by the Commission departments could be more effective if objectives were set, the activities better planned and if previous findings were followed up more closely.

This report was adopted by the Court of Auditors in Luxembourg at its meeting of 6 and 7 June 2001.

For the Court of Auditors

Jan O. KARLSSON

President

ANNEX I

BUDGETARY EXPENDITURE 1993 to 2000

(1993 to 1999: OUTTURN; 2000: APPROPRIATIONS)

Budget heading B7-8000: 'International fisheries agreements'

(Mio EUR)

Budget year	Type of appropriation	Final budget	Execution	Total expenditure CFP	IFA/CFP %
		(a)	(b)	(d)	(e)=(b)/(d)
1993	C	210,0	181,3	657,1	27,6
	P	213,5	188,9	575,7	32,8
1994	C	266,0	258,3	716,4	36,1
	P	221,0	140,6	604,3	23,3
1995	C	126,0 35,0 (*)	111,8	677,5	16,5
	P	221,0 35,0 (*)	158,0	481,3	32,8
1996	C	295,8	289,7	854,5	33,9
	P	270,0	250,9	752,6	33,3
1997	C	223,3	221,7	727,3	30,5
	P	293,9	283,3	864,3	32,8
1998	C	272,3	269,4	910,1	29,6
	P	277,3	271,4	824,2	32,9
1999	C	249,5 30,5 (*)	263,2	1 143,4	23,0
	P	262,8 26,2 (*)	269,0	991,1	27,1
2000	C	117,3 155,0 (*)	121,6	694,0	17,52
	P	121,8 148,0 (*)	124,8	747,1	16,70

(*) Amounts allocated in Chapter B0-4 0.

IFA: International fisheries agreements.

CFP: Common fisheries policy.

C = commitments, P = payments.

ANNEX II

INTERNATIONAL FISHERIES AGREEMENTS — LEGAL BASIS PER AGREEMENT

Agreement	Duration	Financial compensation (in euro)	Other expenses (in euro)				Total Agreement	Percentage other expenses in total	
			Scientific programmes	Grants	Other	Description			Subtotal other expenses
<i>EU-Angola</i>									
Council Regulation (EEC) No 594/93 of 8.3.1993	3.5.1992 to 2.5.1994	13 900 000	2 800 000	1 800 000			4 600 000	18 500 000	25 %
Council Regulation (EC) No 3020/94 of 6.12.1994	3.5.1994 to 2.5.1996	13 900 000	2 800 000	1 800 000			4 600 000	18 500 000	25 %
Council Regulation (EC) No 910/97 of 14.5.1997	3.5.1996 to 2.5.1999	31 000 000	5 000 000	3 000 000	1 050 000	Research	9 050 000	40 050 000	23 %
Council Regulation (EC) No 103/2000 of 29.11.1999	3.5.1999 to 2.5.2000	10 300 000	1 700 000	1 000 000	350 000		3 050 000	13 350 000	23 %
Subtotal		69 100 000	12 300 000	7 600 000	1 400 000		21 300 000	90 400 000	24 %
<i>EU-Argentina</i>									
Council Regulation (EEC) No 3447/93 of 28.9.1993	5 years (valid on 24.5.1994)	162 500 000	28 000 000			Unidentified	28 000 000	190 500 000	15 %
Subtotal		162 500 000	28 000 000	0	0		28 000 000	190 500 000	15 %
<i>EU-Cape Verde</i>									
Council Regulation (EEC) No 2321/90 of 24.7.1990	6.9.1991 to 5.9.1994	1 950 000	500 000	160 000			660 000	2 610 000	25 %
Council Regulation (EC) No 2028/95 of 29.6.1995	6.9.1994 to 5.9.1997	1 063 500	261 900	174 600			436 500	1 500 000	29 %
Council Regulation (EC) No 200/98 of 20.1.1998	6.9.1997 to 5.9.2000	1 086 000	267 440	178 300			445 740	1 531 740	29 %
Subtotal		4 099 500	1 029 340	512 900	0		1 542 240	5 641 740	27 %
<i>EU-Comoros</i>									
Council Regulation (EEC) No 2885/92 of 28.9.1992	20.7.1991 to 19.7.1994	900 000	325 000	175 000			500 000	1 400 000	36 %
Council Regulation (EEC) No 1893/95 of 29.6.1995	20.7.1994 to 19.7.1997	675 000	260 000	145 000			405 000	1 080 000	38 %
Council Regulation (EC) No 2127/98 of 1.10.1998	28.2.1998 to 27.2.2001	540 000	250 000	60 000	230 000		540 000	1 080 000	50 %
Subtotal		2 115 000	835 000	380 000	230 000		1 445 000	3 560 000	41 %
<i>EU-Ivory Coast</i>									
Council Regulation (EEC) No 3939/90 of 19.12.1990	22.12.1990 to 10.1.1994	6 000 000	600 000	500 000			1 100 000	7 100 000	15 %
Council Regulation (EC) No 1894/95 of 29.6.1995	1.7.1994 to 30.6.1997	2 100 000	250 000	150 000			400 000	2 500 000	16 %
Council Regulation (EC) No 238/98 of 20.1.1998	1.7.1997 to 30.6.2000	2 400 000	100 000	100 000	400 000		600 000	3 000 000	20 %
Subtotal		10 500 000	950 000	750 000	400 000		2 100 000	12 600 000	17 %
<i>EU-Gabon</i>									
Council Regulation (EC) No 2469/98 of 9.11.1998	3.12.1998 to 2.12.2001	810 000	200 000	105 000	910 000		1 215 000	2 025 000	60 %
Subtotal		810 000	200 000	105 000	910 000		1 215 000	2 025 000	60 %

Agreement	Duration	Financial compensation (in euro)	Other expenses (in euro)					Total Agreement	Percentage other expenses in total	
			Scientific programmes	Grants	Other	Description	Subtotal other expenses			
<i>EU-Gambia</i>										
Council Regulation (EC) No 634/94 of 10.5.1994	1.7.1993 to 30.6.1996	1 100 000	80 000	220 000				300 000	1 400 000	21 %
Subtotal		1 100 000	80 000	220 000	0			300 000	1 400 000	21 %
<i>EU-Greenland</i>										
Council Regulation (EEC) No 2647/90 of 16.7.1990	1.1.1990 to 31.12.1994	171 250 000			6 000 000	Joint ventures	6 000 000	177 250 000	3 %	
Council Regulation (EC) No 3354/94 of 19.12.1994	1.1.1995 to 31.12.2000	226 200 000					0	226 200 000	0 %	
Subtotal		397 450 000	0	0	6 000 000		6 000 000	403 450 000	1 %	
<i>EU-Guinea (Conakry)</i>										
Council Regulation (EEC) No 3680/92 of 7.12.1992	1.1.1992 to 31.12.1993	6 700 000	400 000	400 000			800 000	7 500 000	11 %	
Council Regulation (EC) No 2663/95 of 24.7.1995	1.1.1994 to 31.12.1995	1 700 000	450 000	550 000			1 000 000	2 700 000	37 %	
Council Regulation (EC) No 909/97 of 14.5.1997	1.1.1996 to 31.12.1997	2 450 000	400 000	250 000	900 000		1 550 000	4 000 000	39 %	
Council Regulation (EC) No 1660/98 of 20.7.1998	1.1.1998 to 31.12.1999	3 250 000	450 000	390 000	2 410 000		3 250 000	6 500 000	50 %	
Subtotal		14 100 000	1 700 000	1 590 000	3 310 000		6 600 000	20 700 000	32 %	
<i>EU-Guinea-Bissau</i>										
Council Regulation (EEC) No 410/94 of 14.2.1994	16.6.1993 to 15.6.1995	12 000 000	450 000	250 000			700 000	12 700 000	6 %	
Council Regulation (EC) No 576/96 of 21.3.1996	16.6.1995 to 15.6.1997	12 000 000	150 000	100 000	450 000		700 000	12 700 000	6 %	
Council Regulation (EC) No 2615/97 of 18.12.1997	16.6.1997 to 15.6.2001	27 363 000	300 000	400 000	1 300 000	Specific actions	2 000 000	29 363 000	7 %	
Subtotal		51 363 000	900 000	750 000	1 750 000		3 400 000	54 763 000	6 %	
<i>EU-Equatorial Guinea</i>										
Council Regulation (EEC) No 1236/90 of 25.4.1990	27.6.1989 to 26.6.1992	6 000 000	500 000	665 000			1 165 000	7 165 000	16 %	
Council Regulation (EC) No 1892/95 of 29.6.1995	1.7.1994 to 30.6.1997	412 500	120 000	127 500			247 500	660 000	38 %	
Council Regulation (EC) No 114/98 of 18.12.1997	1.7.1997 to 30.6.2000	600 000	50 000	140 000	170 000	Surveillance	360 000	960 000	38 %	
Subtotal		7 012 500	670 000	932 500	170 000		1 772 500	8 785 000	20 %	
<i>EU-Madagascar</i>										
Council Regulation (EEC) No 983/93 of 6.4.1993	21.5.1992 to 20.5.1995	1 350 000	375 000	450 000			825 000	2 175 000	38 %	
Council Regulation (EC) No 498/96 of 19.3.1996	21.5.1995 to 20.5.1998	1 350 000	375 000	450 000			825 000	2 175 000	38 %	
Council Regulation (EC) No 2585/98 of 26.11.1998	21.5.1998 to 20.5.2001	912 000	168 000	300 000	900 000		1 368 000	2 280 000	60 %	
Subtotal		3 612 000	918 000	1 200 000	900 000		3 018 000	6 630 000	46 %	

Agreement	Duration	Financial compensation (in euro)	Other expenses (in euro)					Total Agreement	Percentage other expenses in total
			Scientific programmes	Grants	Other	Description	Subtotal other expenses		
Council Regulation (EC) No 398/97 of 20.12.1996	1997	765 530							
Council Regulation (EC) No 53/98 of 19.12.1997	1998	465 467							
Council Regulation (EC) No 57/1999 of 18.12.1998	1999	519 000							
Council Regulation (EC) No 2517/2000 of 9.11.2000	2000	448 895							
Subtotal		4 160 273	0	0	0		0	4 160 273	0 %
<i>EU-Latvia</i>									
Council Regulation (EEC) No 520/93 of 2.3.1993	5.8.1993 to 4.8.2003								
Council Regulation (EC) No 3687/93 of 20.12.1993	1994	166 817							
Council Regulation (EC) No 3370/94 of 20.12.1994	1995	426 455							
Council Regulation (EC) No 3084/95 of 21.12.1995	1996	496 100							
replaced by						(Amounts determined on annual consultation)			
Council Regulation (EC) No 2394/96 of 2.12.1996	9.12.1996 to 8.12.2002								
Council Regulation (EC) No 400/97 of 20.12.1996	1997	534 300							
Council Regulation (EC) No 55/98 of 19.12.1997	1998	430 300							
Council Regulation (EC) No 59/1999 of 18.12.1998	1999	177 923							
Council Regulation (EC) No 2742/1999 of 17.12.1999	2000	252 000							
Subtotal		2 483 895	0	0	0		0	2 483 895	0 %
<i>EU-Lithuania</i>									
Council Regulation (EEC) No 521/93 of 2.3.1993	13.4.1993 to 12.4.2003						0	0	
Council Regulation (EC) No 3689/93 of 20.12.1993	1994	352 350							
Council Regulation (EC) No 3372/94 of 20.12.1994	1995	498 500							
Council Regulation (EC) No 3086/95 of 21.12.1995	1996	763 000							
replaced by						(Amounts determined on annual consultation)			
Council Regulation (EC) No 2395/96 of 2.12.1996	1.1.1997 to 31.12.2003								
Council Regulation (EC) No 402/97 of 20.12.1996	1997	1 041 048							

Agreement	Duration	Financial compensation (in euro)	Other expenses (in euro)				Subtotal other expenses	Total Agreement	Percentage other expenses in total
			Scientific programmes	Grants	Other	Description			
Council Regulation (EC) No 57/98 of 19.12.1997	1998	563 510							
Council Regulation (EC) No 2473/1999 of 22.11.1999	1999	669 700							
Council Regulation (EC) No 2765/2000 of 14.12.2000	2000	614 200							
Subtotal		4 502 308	0	0	0	0	4 502 308	0 %	
<i>EU-São Tomé e Príncipe</i>									
Council Regulation (EEC) No 1295/91 of 14.5.1991	1.6.1990 to 31.5.1993	1 650 000	150 000	375 000			525 000	2 175 000	24 %
Council Regulation (EC) No 3221/93 of 22.11.1993	1.6.1993 to 31.5.1996	1 650 000	250 000	275 000			525 000	2 175 000	24 %
Council Regulation (EC) No 1130/97 of 17.6.1997	1.6.1996 to 31.5.1999	1 800 000	187 500	35 000	152 500	International organisations	375 000	2 175 000	17 %
Council Decision 2000/92/EC of 24.1.2000	1.6.1999 to 31.5.2002	956 250	286 875	191 250	478 125		956 250	1 912 500	50 %
Subtotal		6 056 250	874 375	876 250	630 625		2 381 250	8 437 500	28 %
<i>EU-Senegal</i>									
Council Regulation (EEC) No 2296/93 of 22.7.1993	2.10.1992 to 1.10.1994	31 200 000	600 000	200 000			800 000	32 000 000	3 %
Council Regulation (EC) No 1982/95 of 29.6.1995	2.10.1994 to 1.10.1996	15 800 000	458 000	230 000	1 512 000		2 200 000	18 000 000	12 %
Council Decision 97/531/EC of 24.7.1997	2.10.1996 to 1.11.1996	750 000					0	750 000	0 %
Council Regulation (EC) No 542/98 of 9.5.1998	1.5.1997 to 30.4.2001	48 000 000					0	48 000 000	0 %
Subtotal		95 750 000	1 058 000	430 000	1 512 000		3 000 000	98 750 000	3 %
<i>EU-Seychelles</i>									
Council Regulation (EEC) No 3193/90 of 29.10.1990	18.1.1990 to 17.1.1993	6 900 000	2 700 000	300 000			3 000 000	9 900 000	30 %
Council Regulation (EEC) No 2718/93 of 28.9.1993	18.1.1993 to 17.1.1996	6 900 000	2 700 000	300 000			3 000 000	9 900 000	30 %
Council Regulation (EC) No 2407/96 of 12.12.1996	18.1.1996 to 17.1.1999	6 900 000	2 700 000	300 000			3 000 000	9 900 000	30 %
Council Regulation (EC) No 341/1999 of 10.5.1999	18.1.1999 to 17.1.2002	6 900 000	1 950 000	300 000	1 200 000		3 450 000	10 350 000	33 %
Subtotal		27 600 000	10 050 000	1 200 000	1 200 000		12 450 000	40 050 000	31 %
<i>EU-Tanzania</i>									
Council Regulation (EEC) No 3941/90 of 19.12.1990	22.12.1990 to 21.12.1993	1 050 000	430 000	200 000			630 000	1 680 000	38 %
Subtotal		1 050 000	430 000	200 000	0		630 000	1 680 000	38 %
Grand total		1 821 867 476	86 602 715	35 196 650	176 962 625		298 761 990	2 120 629 466	14 %

ANNEX III

RELATIONSHIP BETWEEN THE COST OF THE AGREEMENTS AND THE QUANTITIES
CAUGHT/JOBS/VALUES OF CATCHES

		1993	1994	1995	1996	1997	Average
Morocco	Cost of the agreement (mio EUR)	102	102	2	127	121	91
	Value of the catches (mio EUR)	221	223	98	470	288	260
	Catches (tonnes)	188 973	199 633	37 019	330 013	209 329	192 993
	Jobs (number of employees)	7 201	6 737	3 570	8 115	7 199	6 564
Mauritania	Cost of the agreement (mio EUR)	9	9	9	62	54	29
	Value of the catches (mio EUR)	58	82	94	109	150	98
	Catches (tonnes)	31 049	32 368	31 059	51 880	133 038	55 879
	Jobs (number of employees)	1 475	1 457	1 461	1 703	2 466	1 712
Senegal	Cost of the agreement (mio EUR)	16	0	18	0	13	9
	Value of the catches (mio EUR)	33	24	36	19	9	24
	Catches (tonnes)	16 145	12 389	18 297	6 038	4 352	11 444
	Jobs (number of employees)	542	526	878	395	233	515
Greenland	Cost of the agreement (mio EUR)	35	36	38	38	39	37
	Value of the catches (mio EUR)	33	24	13	41	58	34
	Catches (tonnes)	n/a	n/a	30 423	43 976	49 244	24 729
	Jobs (number of employees)	Average of 400 jobs					400
<i>Cost/tonne (euro)</i>							
	Morocco	539	509	41	385	578	469
	Mauritania	279	268	283	1 204	409	512
	Senegal	990	8	977	17	2 930	818
	Greenland	n/a	n/a	1 239	872	789	1 508
<i>Cost/job (euro)</i>							
	Morocco	14 156	15 072	426	15 649	16 807	13 801
	Mauritania	5 876	5 948	6 014	36 688	22 044	16 697
	Senegal	29 502	190	20 364	253	54 721	18 190
	Greenland	88 175	90 650	94 250	95 850	97 125	93 210
<i>Value of catches/cost (euro)</i>							
	Morocco	2,2	2,2	64,7	3,7	2,4	2,9
	Mauritania	6,7	9,4	10,7	1,7	2,8	3,4
	Senegal	2,1	242,0	2,0	185,7	0,7	2,6
	Greenland	0,9	0,7	0,3	1,1	1,5	0,9

Source: Table drawn up by the Court of Auditors on the basis of figures in the Ifremer/COM evaluation.

This table shows the relationship between the cost of the agreements (borne by the Community budget) and the added value in terms of jobs, quantities and values of catches. There are substantial differences, not only from one agreement to another, but also within one and the same agreement. For example, for the period 1993 to 1997, the cost/job ratio of the Greenland Agreement was four times higher than that of the Morocco Agreement (93 210 euro as against 13 801 euro). In the absence of any evaluation or detailed, ongoing monitoring, no explanation for these differences can be given. These figures, which are only global and indicative in nature, have to be interpreted with caution, as their reliability cannot be guaranteed and some of them do not take important parameters into account, for example, the cost/tonne ratio does not distinguish between the species that are caught (lack of more precise data). Furthermore, the financial compensation paid under an agreement is global in nature, i.e. it is not possible to identify the cost of a particular activity or that of fishing for a specific species. It is therefore impossible to compare the cost to the Community budget of two different agreements relating to the same species.

THE COMMISSION'S REPLIES

SUMMARY

Cost-benefit ratio

I. The Commission agrees that there are weaknesses in the system for monitoring and evaluating the international fisheries agreements that need to be addressed. An important step was taken in 1999 when the results of an outside evaluation study were forwarded to the Council for discussion. It would seem that this study was also very useful to the Court when drawing up its special report. Furthermore, the Commission has improved the preparatory arrangements for the negotiation of new protocols by drawing up specific assessment reports containing, among other things, data on the state of stocks, on catch levels, on the use of fishing possibilities and on the amounts allocated to targeted measures, research, control and technical aspects. These reports are available to the European Parliament and the Council.

Despite the progress that has been achieved, further improvement is needed. On the question of ongoing monitoring, the Commission would like to point out that data from the Member States for determining the attainment of objectives are very often lacking. The Commission hopes that the adoption on 14 March 2001 of the rules for the implementation of the 'Control Regulation' will help ensure more regular and fuller information from Member States, allowing in particular better monitoring of actual catches under the various agreements.

In addition, in accordance with the Financial Regulation rules, the Commission intends to launch a new external evaluation study within two to three years.

In the light of the conclusions of the debate on the Green Paper on the future of the common fisheries policy, and as part of the administrative reform now under way, the Commission will endeavour to establish criteria and performance indicators for the agreements.

II. The Court refers to the Agreements with Greenland and Senegal.

Article 1(2) of the new Protocol to the Agreement with Greenland sets out the catch possibilities available to Community vessels for the period 2001 to 2006. These have been fixed on the basis of scientific assessments and historical catches.

In the case of Senegal, the Commission has negotiated a new category of fishing in the Protocol for 1997 to 2001, in the light of the negotiating directives it received from the Council.

The Commission, finding that Member States occasionally overestimate their needs in terms of fishing opportunities, emphasises to them each time negotiations take place that they should keep their requests at a level at which they can be used up in full.

Intended purposes

III. The Commission is aware of the potential for conflict between the structural and international aspects of the common fisheries policy.

Together with the Member States, it will address this question in the course of the debate on the future of the common fisheries policy after 2002, in order to achieve greater consistency between the different objectives.

IV. The fisheries agreements, which to start with were purely commercial, have gradually introduced aims for the development of the fishing industry in the countries concerned. This approach reflects, among other things, concern to ensure consistency between the Community policy and agreements and development policy.

Funding for measures to develop fisheries in the developing countries comes from the Financial Instruments for development cooperation (EDF and budget headings).

Fisheries cooperation measures such as those contained in certain bilateral fisheries agreements (targeted measures) receive funding under the only budget heading to which fisheries agreements may be charged (heading B7-8 0 0 0) and full details are given in the terms of the agreements.

Since the adoption of the conclusions of the October 1997 meeting of Fisheries Ministers the targeted measures have been extended to encourage the introduction of means for ensuring the more responsible exploitation of fishery resources, in particular in the area of evaluation and in the surveillance and control of fishing activities.

The principal objective of the fisheries agreements concluded with non-member countries is to maintain fishing opportunities, which themselves create jobs in the areas dependent on fishing. The conclusions of the October 1997 meeting of Fisheries Ministers provide that aspects which cannot be quantified such as the Union's political relations and the strategic importance of the presence of the Community fleet in non-member countries must also be taken into account.

Management and control

V. In order to strengthen the legally binding nature of fisheries agreements and improve their monitoring, the Commission, when negotiating new protocols, seeks to include a requirement on the compulsory exchange of scientific information. In addition, the majority of fisheries agreements provide that where conservation or other measures affecting the fishing activities of the Community fleet are adopted by the authorities of the non-member country, the terms of the protocols and technical annexes, including the financial provisions, may be adapted in consequence.

As well, in the case of targeted measures, for example, reporting requirements have been included in new protocols since the October 1997 Council meeting of Fisheries Ministers.

As regards landings and reloading under the Agreement with Morocco, it should be noted that, although the terms of the agreement on this matter were complied with, the Commission had made known its intention of revising the clauses concerning landings during the negotiation of the new protocol, which proved unsuccessful.

With a view to sound financial management and the protection of the Community's financial interests, Directorate-General (DG) Budget and the European Anti-fraud Office (OLAF), and any other departments concerned, will be involved from the start of the preparations for negotiations and asked to attend meetings before and during the negotiation of new protocols.

VI. Regulation (EEC) No 2847/93 sets out the general obligations of both the Member States and the Commission regarding monitoring, inspection and surveillance of fishing activities in Community waters and of Community fishing vessels operating beyond those waters. Specific obligations concerning these matters are contained in fisheries agreements and regulations laying down regional fisheries organisations' schemes.

Before the start of the fishing year, the Commission establishes the inspection priorities. Inspection programmes are drawn up for its inspectors as and when fishing proceeds. Each inspection

assignment is carefully prepared. However, once on board Commission inspectors may only observe the control operations carried out by the Member States and verify that they are being carried out in accordance with the agreed rules.

The Commission has taken a number of steps in recent years to improve the control of fisheries. Major progress has been achieved. The Commission is well aware of the continuing weaknesses and will take further action to address them.

Concerning the follow-up to previous findings, the Commission examines all alleged breaches contained in the inspection reports. A decision is then taken whether to exchange information with the Member States or initiate legal proceedings.

As part of the 2002 review of the common fisheries policy, the Commission will examine with Member States ways of improving inspection by the Commission and control by the Member States.

GENERAL CONTEXT

Objective and scope of the audit

7 and 8. The general findings in the Court's report are based on a study of five agreements out of the 23 in force when the audit was carried out. It is very difficult, therefore, to draw general conclusions. Three of the five agreements examined by the Court have very specific characteristics, and account for a very substantial proportion of the Community budget allocated to the agreements. They are of major political interest however.

It should be noted also that two of them no longer exist and another has been substantially recast (the Agreement with Argentina having expired, that with Greenland having been totally revised and that with Morocco not having been renewed). The Protocols to the Agreements with Mauritania and Senegal are being renegotiated.

10. On account of the Court's repeated observations, the Commission has included in its proposal for the revision of the Financial Regulation specific provisions to take account of this situation. Furthermore, in the interests of transparency, the Commission includes each year under contingent liabilities all amounts that have not yet been committed corresponding to legal obligations under agreements in force. On 31 December 1999 these amounts stood at EUR 129 million.

THE COST-BENEFIT RATIO OF THE FISHERIES AGREEMENTS***An instrument for monitoring the agreements***

14 to 16. Following the conclusions of the October 1997 Council meeting of Fisheries Ministers, the Commission undertook an evaluation with the assistance of an outside consultant, the results of which were presented to and discussed with the Council in 1999.

A new evaluation is planned in two to three years. Until then, internal work will be improved following the reinforcement of the evaluation function.

The evaluation of international fisheries agreements will be one factor among others during the debate on the Commission Green Paper on the future of the common fisheries policy.

17. The use of budgetary appropriations did indeed increase from 1993 to 1999, as a result mainly of significant increases in the financial compensation associated with the Agreements with Morocco, Mauritania, Greenland and Argentina. None of these Agreements can easily be compared with its predecessors. The Council decides whether the cost negotiated is a reasonable one for the opportunities received.

18. The technical data sheets (evaluation reports) referred to by the Court were introduced following the October 1997 Council meeting of Fisheries Ministers. The sheets, which have been improved since then, are sent to Parliament and the Council before negotiations start on new protocols.

In addition to examining historical, legal, political, economic and other aspects, the Commission considers in the evaluation report consistency with other areas of the common fisheries policy and other Community policies, in particular development policy. This assessment report contains data on the state of stocks, on catch levels, on the rate of use of fishing possibilities, and on the use of the funds allocated to targeted measures, research, the monitoring of fishing activities and technical aspects.

However, despite the progress that has been achieved, the contents of the evaluation reports need further improvement.

Underutilisation of the agreements

19. An evaluation such as the one referred to by the Court is always at the basis of any agreement concluded but other political and economic criteria may also have an impact on the final result.

20. The Commission, finding that Member States occasionally overestimate their needs in terms of fishing possibilities, asks them, each time negotiations take place, to fix their requirements at a level at which they can be used in full.

21. In the case of Senegal, the Commission asked for a new category of fishing because of firm requests from within the Council.

22. The fishing possibilities in the Protocol to the Greenland Agreement initialled on 13 September 2000 are set at a much lower level than previously, following a detailed review.

The catch possibilities available to Community vessels in the period 2001 to 2006 have been fixed on the basis of scientific assessments and historical catches.

One of the advantages of the Greenland Agreement is that it allows the Community to exchange quotas with Norway, Iceland and the Faeroe Islands, and to purchase additional quotas.

It should be noted also that the Greenland Agreement is and has been the only Community funding instrument which provides assistance for Greenland. This means that, implicitly at least, its scope is wider than that of other fisheries agreements. This was recognised on the conclusion of the negotiation of the fourth Protocol by the following unilateral Community statement: '... that on the basis of its own assessments, an amount of EUR 28 million out of the financial compensation ... was deemed to reflect the genuine fisheries components as they stand at present'.

23. The Commission agrees that guarantees could reduce under-utilisation of agreements. There is no consensus in the Council, however, on their application.

A system like this would require financial guarantees from ship-owners when applying for fishing possibilities during the negotiation of new agreements or protocols. The payment of advances by tuna vessels is a specific case of a guarantee.

Sharing out the financial burden

25. The Commission is systematically trying to ensure that shipowners bear a larger share but the final outcome will depend on the negotiations with the Member States, some of which are strongly opposed to any increase. The Commission, nevertheless, is continuing to seek one.

Since the October 1997 meeting of Council Ministers, the Commission has secured an increase in the relative share of the costs for some tuna agreements (Gabon, Seychelles, Angola, São Tomé, Guinea, Mauritius, Côte d'Ivoire) in the sense that shipowners now pay relatively more (European Union/shipowners' shares having changed from 80/20 to 75/25).

Indispensable information

26 and 27. The Commission is progressively introducing assessment criteria in accordance with the Council conclusions of October 1997. Since then, before negotiations start on the renewal of existing protocols, the Commission sends an evaluation report to the Council and, from late 2000, to Parliament as well.

The contents of the evaluation report are described in point 18.

THE INTENDED PURPOSE OF THE AGREEMENTS

Stability of fishing opportunities

29. The level of catches taken by Community vessels operating under fisheries agreements in non-member countries declined sharply in 2000 as a result of the failure to renew the Agreement with Morocco; the share of the Community budget earmarked for fisheries agreements was cut by half in that year.

Supply to the market and aid to employment

30. The principal objective of the fisheries agreements concluded with non-member countries is to maintain fishing possibilities, which themselves create jobs in the Community regions dependent on fishing. It is true, as the Court says, that the most

complete information about jobs linked to the fisheries agreements is contained in the evaluation study presented to the Council in 1999.

31. The performance criteria will have to focus on essential aspects of the agreements such as the attainment of the objectives regarding fishing possibilities, which is the most important one for the Community when examining the rate of utilisation of individual agreements. The attainment of the objectives regarding targeted measures will also have to be assessed in so far as it is beneficial not only to the fishing interests of the coastal country but also to the sustainable nature of the management of the resources in question to which Community fishermen have access. Aspects concerning restructuring and employment will have to be incorporated in a more broad-based way in the light of the mobility of the fleets.

Restructuring strategy

32. The Commission shares the view of the Court. The Green Paper on the future of the common fisheries policy states that there is a problem of consistency within the common fisheries policy between, for example, fisheries agreements on one hand and vessel transfers receiving support under the Financial Instrument for Fisheries Guidance on the other. Vessels owned by companies with predominantly European financial interests are competing for the same resource but under different rules.

The Commission will seek to ensure greater consistency between the various components of the common fisheries policy in the framework of the 2002 review.

The Commission would like to underline the considerable tightening of the rules on the grant of assistance to the fleet under the new Financial Instrument for Fisheries Guidance (Regulation (EC) No 2792/1999) for the period 2000 to 2006, in particular for joint enterprises. Unfortunately, the Council was unwilling to adopt the Commission proposal to prevent the issue of licences to vessels belonging to fleet segments which failed to comply with the objectives of the multiannual guidance programmes.

33 and 34. The Commission agrees with the Court of Auditors' analysis that a resegmentation of the Spanish and Portuguese fleets operating in Moroccan waters would have been desirable as a way of better regulating a programmed decrease in fishing effort as provided for in the fisheries agreement. For reasons linked to the regulatory provisions (the presence of a single international fleet segment in the multiannual guidance programme (MAGP) and the timetable (non-overlap of periods of application of MAGPs and the Agreement), the Spanish authorities, when asked to

consider this approach in 1994 and 1995, raised objections and it could not then be adopted by the Commission. Politically, as it was not possible to redeploy the overcapacity identifiable at the time because of lack of alternative fishing possibilities, the programmed scrapping of 40 % of the vessels in question was an indefensible option in circumstances where at that particular time the collapse of the agreement had not been established with sufficient certainty.

The Commission recognises the special nature of investments in shipbuilding in a fishery under threat: it is true that 125 vessels began fishing under the Agreement with Morocco during the period of the last Protocol (1 December 1995 to 30 November 1999), including 54 newly-built ones that had received public funding. It should be noted, however, that the selection of investment projects, which was a matter for the Member States concerned, was made in compliance with the criteria laid down in Community rules. As in the case of the implementation of the MAGPs, it must be emphasised that the Commission has no power to oppose aids for shipbuilding once the objectives set for the corresponding fleet segment are not overrun. Consequently it was not possible to create a fleet segment for this particular case. This matter will have to be dealt with in the future.

The reduction in the number of licences during the term of the last Protocol to the Agreement with Morocco represents part of the overall restructuring of the international segment.

The common fisheries policy seeks to improve the balance between fishing effort, and hence fleet capacity, and the resources available, including under fisheries agreements and in international waters. The existing available instruments (MAGPs) and the object to which they apply (vessels with a life of some 30 years) are difficult to reconcile however with political decisions that can rapidly reduce fishing possibilities to levels that create situations which are difficult to manage.

35. The main aim of the Agreement with Argentina was to assist in efforts to restructure the fleet and in particular to seek the transfer of vessels which had lost fishing opportunities in other fishing areas.

The Commission considers that the goal of restructuring the Community fleet has been attained through the definitive transfer to Argentina of 29 vessels as part of joint enterprises and the temporary transfer of three vessels as part of joint ventures.

By its nature the Agreement with Argentina implies that, as part of joint enterprises, the vessels are transferred definitively and consequently fly the Argentinian flag and are fully subject to Argentinian law.

Regarding other aspects of this Agreement on which the Commission considered that Argentina had failed to comply, it should be noted that the Commission has suspended payment of the balance of EUR 6 million of the aid for scientific and technical cooperation.

36. (See reply to point 32.)

Coordination of Community policies

37. To ensure consistency between development policy and the common fisheries policy, in particular through its bilateral agreements, the Commission has made a number of adjustments to the two policies in question and to their implementing procedures.

Considerable progress has been achieved since the October 1997 Council meeting of Fisheries Ministers: evaluation reports on agreements and protocols are now prepared by DG Fisheries (FISH) in close cooperation with DG Development (DEV); the latter takes part in negotiations; an interdepartmental group has been set up between DG FISH and DG DEV; DG FISH attends annual meetings on individual countries arranged by DG DEV (country reviews); targeted measures have been extended to encourage the more responsible exploitation of resources. In addition, since the October 1997 meeting, reporting requirements for these measures have been introduced during the negotiation of new protocols.

The Commission adopted a communication on fisheries and poverty reduction in November 2000 and examined the international dimension in the Green Paper on the future of the common fisheries policy, presented in March 2001. In both cases, coordination is the focus of the Commission's analysis and proposals.

39. On the question of the increase in EDF funding, the allocation for Senegal rose from EUR 22,7 million in the period 1994 to 1996 to EUR 27,9 million in the period 1997 to 1998. This increase had been decided on independently of the negotiations on the fisheries agreement, all of the funds having been earmarked for development measures (road maintenance, education, health, etc.) totally unconnected with fisheries. The development measures for fisheries contained in certain bilateral fisheries agreements (targeted measures) are funded under the only budget heading to which fisheries agreements can be charged and full details of the amounts are given in the terms of the agreement.

Development measures for fisheries in developing countries are funded under the Financial Instruments for development cooperation (EDF).

Concerning coordination between the Commission departments concerned, considerable progress has been achieved in recent years, as explained in point 37.

IMPLEMENTATION OF THE AGREEMENTS

Management shortcomings

42. On the question of the unilateral two-month suspension by Morocco of fishing for cephalopods on biological grounds, the Joint Committee was effectively blocked over this issue due to a difference of interpretation of the justification. The Moroccan side refused to provide scientific data.

The Commission, when negotiating new protocols, seeks to include a requirement on the compulsory exchange of scientific information. In addition, the majority of fisheries agreements provide that where conservation or other measures affecting the fishing activities of the Community fleet are taken by the authorities of the non-member country, the terms of the protocols and technical annexes, including the financial provisions, may be adapted in consequence. The Agreement with Morocco for the period 1995 to 1999 did not contain such a clause.

In the case of Argentina, while the Agreement made no direct provision for the possibility of reducing the Community contribution to scientific and technical cooperation (financial compensation), the Commission, considering that the fishing possibilities had been reduced unilaterally and that some terms of the Agreement had not been observed, suspended payment of the balance of the aid for scientific and technical cooperation.

43. The Commission is aware of concerns about the monitoring of specific measures. However, a uniform approach cannot be applied and the special circumstances of each agreement have also to be considered.

In any negotiation there is a question of balance as regards objectives. Non-member countries consider that the agreements represent an exchange of fishing possibilities in return for funding.

The Commission, however, would like to mention the recent agreements which include reporting requirements.

In the case of Senegal, for example, the Protocol for 1997 to 2001 provided that a substantial part of the compensation would be

allocated to developing the national fishing industry. At the Commission's request, the Senegalese authorities have presented reports on the use made of the compensation.

44. The Green Paper on the future of the common fisheries policy recognises that in order to allow for an assessment of value for money, fisheries agreements should distinguish clearly between fisheries and development.

46 and 47. In the case of the landings and reloading under the Agreement with Morocco referred to by the Court, the Commission would point out that the vessels' obligations regarding landings were respected.

In addition, Annex III to the Agreement states clearly that landed fishery products are regarded as goods in 'temporary transit'. Shipowners decide on the use to which the goods on their vessels are put. They may be processed, stored under customs control, sold in Morocco or exported.

However, despite the fact that the Agreement was observed, the Commission made known its intention of revising the clauses on landings during the negotiations on the new protocol, which were unsuccessful.

Control shortcomings

48 and 49. At the start of each year the Commission draws up a general programme for fisheries inspections under which its inspectors attend inspections carried out by the Member States at sea and in ports, and at fish marketing venues.

The inspection unit keeps a detailed list of the dates of assignments planned and of ports likely to be visited and prepares a report on its activities during the previous year.

However, the small number of Commission inspectors available means that priorities have to be set for inspection assignments.

In the case of fisheries agreements, control objectives and specific checks are comprehensively provided for already in the Community rules and the terms of the agreements. Responsibility for checking the agreed arrangements is a matter for the non-member countries and the Member States concerned under the Community rules in force. These rules, in particular Articles 17 and 18 of Regulation (EEC) No 2847/93, impose obligations on the Member States, compliance with which has to be checked by the Commission.

49. All alleged breaches contained in inspection reports are studied by the competent departments in DG FISH which, acting in accordance with the Community rules on the monitoring of fishing activities, make an evaluation of each shortcoming detected during inspections carried out in the Member States. A decision is then taken whether to exchange information with the Member States or to initiate legal proceedings.

However, as it may be possible to tighten up the system, this matter will be raised with the Member States during the debate on the Green Paper on the future of the common fisheries policy.

51. The Commission is aware of the shortcomings referred to by the Court and regularly draws Member States' attention to the need to record catches and landings.

In addition, it encourages cooperation between inspection departments within and between Member States.

The implementation of the special provisions on control in the fisheries agreements has substantially improved compliance with the existing obligations.

53. It is true that some irregularities involving entries in logbooks were committed by certain vessels operating under fisheries agreements.

The Commission considers that these breaches are not systematic. Furthermore, the logbook is only one of several factors used to measure the benefits of fisheries agreements.

CONCLUSIONS AND RECOMMENDATIONS

Cost-benefit ratio

54. The Commission agrees that there are weaknesses in the system for monitoring and evaluating international fisheries agreements that need to be addressed. However, the situation has much improved recently. An important step was taken in 1999 when the results of an external evaluation study were forwarded to the Council for discussion. Furthermore, the Commission has gradually been introducing assessment criteria in accordance with the Council conclusions of October 1997. Since then, before negotia-

tions on the renewal of existing protocols take place, the Commission sends an assessment report to the Council and, from late 2000, to Parliament as well. These assessment reports contain data on the state of stocks, on catch levels, on the rate of use of fishing possibilities, on the use of amounts allocated to targeted measures and other relevant matters.

Internal work has already been carried out and more evaluation is planned with the development of the evaluation function. In addition, in accordance with the Financial Regulation, the Commission intends to launch a new external evaluation study in two to three years.

In order to improve knowledge of the state of stocks, the Commission has stepped up cooperation with the FAO in this field.

It should be pointed out too that the regular meetings of the Joint Committees are an essential tool in the ongoing monitoring of the functioning of the agreements.

It is important to remember in this respect that there are two sovereign parties, the Community and the non-member country, and that the proper functioning of an agreement depends on cooperation on both sides. In the light of the conclusions of the debate on the Green Paper on the future of the common fisheries policy, and also as part of the administrative reform now under way, the Commission will seek to establish criteria and performance indicators for the agreements.

55. The Commission is systematically seeking to ensure that shipowners bear a larger share of the cost of international agreements. However, the final outcome will depend on the negotiations with the Member States. Since the October 1997 Council meeting of Fisheries Ministers, the Commission has secured an increase in the relative share of the costs for a significant number of tuna agreements (Gabon, Seychelles, Angola, São Tomé, Guinea, Mauritius, Côte d'Ivoire) in the sense that shipowners now pay relatively more (European Union/shipowners' shares having changed from 80/20 to 75/25).

The Commission is continuing to seek an increase even if some Member States are strongly opposed.

The Commission agrees with the Court that requests from Member States during negotiations should actually be used by vessel owners. Guarantees could be a means of achieving this. Under the new Financial Instrument for Fisheries Guidance Regulation, guarantees have been introduced for the establishment of joint enterprises.

The Green Paper on the future of the common fisheries policy calls for an examination of the extension of the obligation, already existing in a number of agreements with developing countries, of a financial contribution from shipowners receiving fishing rights under agreements involving Community financial compensation, also in the case of fisheries agreements with the northern and Baltic States.

The intended purpose of the agreements

56. The fisheries agreements, which to start with were purely commercial, have gradually introduced development aims for the fishing industry in the countries concerned. This approach reflects, among other things, concern to ensure consistency between Community policy and agreements and development policy.

Funding for measures to develop the fishing industry in the developing countries comes from the Financial Instruments for development cooperation (EDF and budget headings).

Fisheries cooperation measures such as those contained in certain bilateral fisheries agreements (targeted measures) receive funding under the only budget heading to which fisheries agreements may be charged (heading B7-8 0 0 0) and full details are set out in the terms of the agreements.

It should be noted also that the amount earmarked for the targeted measures forms part of the funding which the Community has decided to allocate to the agreement. In addition, this means that part of the Community contribution can be used for measures to encourage the more responsible exploitation of the non-member country's fishery resources.

To ensure consistency between development policy and the common fisheries policy, in particular through its bilateral agreements, the Commission has made a number of adjustments to the two policies in question and to their implementing procedures.

Considerable progress has been achieved since the October 1997 Council meeting of Fisheries Ministers: evaluation reports on agreements and protocols are now prepared by DG FISH in close cooperation with DG DEV; the latter takes part in the negotiations; an interdepartmental group has been set up between DG FISH and DG DEV; DG FISH attends annual meetings on individual countries arranged by DG DEV (country reviews); targeted

measures have been extended to encourage the introduction of means of ensuring the more responsible exploitation of resources, particularly in the area of evaluation and the surveillance and control of fishing activities.

The Commission adopted a communication on fisheries and poverty reduction in November 2000 and examined the international dimension in the Green Paper on the future of the common fisheries policy, presented in March 2001. In both cases, coordination is the focus of the Commission's analysis and proposals.

57. The Commission is aware of the need to ensure consistency between the structural and international aspects of the common fisheries policy. In partnership with the Member States, the Commission will endeavour to provide appropriate instruments for strengthening consistency between those two aspects, in particular during the debate on the Green Paper on the future of the common fisheries policy.

When negotiating with non-member countries on the renewal of protocols, the Commission takes account of the circumstances in the country, and in particular of the emergence of a fishing sector or the establishment of a national fleet. It provides support, through targeted measures, for funding to that end.

Management shortcomings

58. The principal objective of the fisheries agreements concluded with non-member countries is to maintain fishing opportunities, which themselves create jobs in the areas dependent on fishing. The conclusions of the October 1997 meeting of Fisheries Ministers provide that aspects which cannot be quantified such as the Union's political relations and the strategic importance of the presence of the Community fleet in non-member countries must also be taken into account.

In order to reinforce the legally binding nature of fisheries agreements and improve their monitoring, the Commission, when negotiating new protocols, seeks to include a requirement on the compulsory exchange of scientific data. In addition, the majority of fisheries agreements provide that where conservation or other measures affecting the fishing activities of the Community fleet are adopted by the authorities of the non-member country, the terms of the protocols and technical annexes, including the financial provisions, may be adapted in consequence.

In addition, in the case of targeted measures, for example, reporting requirements have been included in new protocols since the October 1997 Council meeting of Fisheries Ministers.

Control shortcomings

59. Regulation (EEC) No 2847/93 sets out the general obligations of both the Member States concerned and the Commission regarding monitoring, inspection and surveillance of fishing activities in Community waters and of Community fishing vessels beyond those waters. Specific obligations concerning these matters are contained in fishery agreements and regulations laying down regional fisheries organisations' schemes.

In view of the limited powers conferred on it in this respect, the Commission regularly checks the way in which the Member States apply the agreed rules.

The Commission has taken a number of steps in recent years to improve fisheries control. Major progress has been achieved. The Commission is well aware of the continuing weaknesses and will take further action to address them.

Concerning the follow-up to previous findings, the Commission departments examine all alleged breaches contained in the inspection reports. A decision is then taken on whether to exchange information with the Member States or to initiate legal proceedings.

As part of the 2002 review of the common fisheries policy, the Commission will examine with the Member States ways of improving inspection by the Commission and control by the Member States.
