

Newsletter on the common agricultural policy

No. 8

November 1970

COMMON FISHERIES POLICY: LAST BUT NOT LEAST

	<u>Page</u>
INTRODUCTION	1
I. COMMON POLICY ON THE STRUCTURE OF THE FISHING INDUSTRY	3 ✓
II. COMMON ORGANIZATION OF THE MARKET	4
1. Common marketing standards	4
2. Producers' organizations	4
3. Price policy	5
4. Trade with non-member countries	7
5. General provisions	9
CONCLUSION	10
ANNEX I	11
ANNEX II	11
ANNEX III	12
ANNEX IV	12
<u>SECOND STEP TOWARDS THE HARMONIZATION OF LEGISLATION ON FEEDINGSTUFFS</u>	13

COMMON FISHERIES POLICY: LAST BUT NOT LEASTINTRODUCTION

Although the Council has still not discussed the Commission's proposals for concrete measures to reform the structure of agriculture, a common organization of the market in fisheries products, matched by a common policy on the structure of the fishing industry, comes into being on 1 February 1971.¹

The why and the wherefore of the common fisheries policy is mainly political. Its roots can be traced back to Article 38 of the Treaty of Rome which runs as follows: "The common market shall extend to agriculture and trade in agricultural products. 'Agricultural products' means the products of the soil, of stock-farming and of fisheries and products of first-stage processing directly related to these products."

Ways and means of putting the common fisheries policy into practice had, however, to be laid down by the new Regulation. The difficult task of implementing the Regulation has been assigned to a division of the Commission which is already understaffed. Before the end of this year, this division will have to try to translate a compromise arrived at after lengthy discussions into more than twenty implementing regulations. The fact that it took various official bodies, culminating with the Council, more than two years to get the Community moving on a common course shows how hard it is to establish common rules for fishing techniques and commercial practices in the Six.

.../...

¹ Regulation (EEC) No. 2141/70 of 20 October 1970 establishing a common policy for the structure of the fishing industry.

Regulation (EEC) No. 2142/70 of 20 October establishing a common organization of the market in fisheries products.

The texts of both Regulations will be found in Journal officiel des Communautés européennes No. L 236, 27 October 1970.

The following table gives the number (N) of fishing vessels in the Community in 1968 with the corresponding tonnage (T).

Fishing vessels

Country		Motor and/or steam	Rowing and/or sailing	Average tonnage	
Belgium	N	354	-		
	T	29 884	-	84.4 t	-
Germany	N	1 911	997		
	T	182 213	-	95.3 t	-
France	N	13 764	-		
	T	290 007	-	21.0 t	-
Italy	N	18 958	27 58*		
	T	205 153	36 782	10.8 t	1.3 t
Netherlands	N	1 403	48		
	T	96 733	152	68.9 t	3 t

These figures speak for themselves. The northern countries of the Community have the biggest vessels while 62% of the Italian fleet consists of rowing boats and sailing vessels with an average tonnage of about 1.3 tons. Obviously, the bigger the vessel, the further from shore it can go. But the longer a vessel is out to sea the bigger the problem of fish preservation and the more urgent the need for modern equipment on board.

These different levels of development seriously complicate the elaboration of a common fisheries policy.

The reason for the Council's decision to complement the market organization for fisheries products by a common policy on the structure of the fishing industry probably lies in the nature of the law on fisheries and the tricky problem of defining "origin of goods". Deep-sea fishing is, by definition, an activity carried on outside territorial waters. But even more important is the fact that this activity in no way presupposes any claim on the areas in which it is carried on.

.../...

I. COMMON POLICY ON THE STRUCTURE OF THE FISHING INDUSTRY

This Regulation deals with two main issues.

(1) Access to and fishing of waters coming under a country's sovereignty or jurisdiction.

The basic Community principle which prohibits all discrimination on grounds of nationality is expressly confirmed in this Regulation. The decision to allow free access to territorial waters drew attention to the fact that, structurally, certain coastal areas of the Community are lagging behind more modern types of fishing in the Member States. Inshore fishing is carried on with small boats which usually go to sea for short periods only and have relatively small catches. The opening up of these "reserved hunting grounds" could well mean that larger vessels from other Member States would use their modern equipment to snatch fish from under the noses of inshore fishermen.

Moreover, free access to Community waters implies the abolition of national restrictions on unloading in Community ports. Obviously, unrestricted fishing by larger vessels with modern equipment would place small inshore fishermen in an untenable competitive position.

Because of this it has been decided that the Council, acting by a qualified majority on a proposal from the Commission, may make exceptions to the general rule and restrict access to fishing grounds which lie within the three-mile limit to local fishermen. This provision applies to certain types of fishing and is valid for a maximum period of five years. An essential condition for the application of this provision is that inshore fishing must be the main source of livelihood in the area concerned.

Limiting free access to and fishing of these coastal waters only makes sense if thorough structural improvements are carried out during the period of exemption to enable fishermen to become competitive at European level once protection is withdrawn. Member States can make aid available for this purpose on condition that the money is spent on the rational development of the fishing industry in the wider context of economic and social progress.

(2) Since the fishing industry has a characteristic social structure of its own and is run in a special way, a Permanent Committee on the Structure of the Fishing Industry is to be set up. This will consist of representatives from each Member State and will be chaired by a representative of the Commission. Its role will be similar to that of the Committee on the Structure of Agriculture. It will, for instance, have the thankless task of ensuring that Member States keep each other informed of their national policies on the structure of the industry.

This exchange of information will help to coordinate the common policy on the structure of the fishing industry. Article 10 of the Regulation contains special measures to step up productivity, to adapt fishing fleets to technological progress, to intensify the search for new fishing grounds and new fishing techniques. To improve production and marketing, steps can be taken to set up canning and processing installations. The ultimate aim of all these measures is to improve the quality of life and raise the standard of living enjoyed by the fishing population. These measures should be coordinated and lead to common action financed by the Community.

Although the new Regulation as a whole does not come into force until 1 February 1971, Article 10 takes effect as early as 31 October 1970, i.e. three days after publication. This can be interpreted as a hint that Member States should start to act at Community level right away. Whether they will in fact do this is another question; if they do, it would demonstrate their willingness to accept the principle of exceptions being made to the general rule on access.

Because of the growing problem of over-fishing, the Council has included provisions to safeguard existing resources in territorial waters by the introduction of restrictions on the fishing of certain species, and on the use of fishing grounds, techniques and seasons.

II. COMMON ORGANIZATION OF THE MARKET

This Regulation covers prices, trade arrangements and common provisions on marketing. It is divided into five sections.

1. Common marketing standards

These are mainly concerned with the classification of fish by quality, size and weight. The problem of marketing standards is closely linked with the inspection problem; a satisfactory solution can only be found within the wider framework of the harmonization of food legislation. Common standards have still to be agreed for drinking milk, for example, which means that the principle of free movement of agricultural products within the Community has yet to be fully applied.

2. Producers' organizations

The Council will have to decide on general conditions and rules governing these organizations. The problem of recognition already encountered in the fruit and vegetables sector has thus been extended to fisheries. It is hard to say how long the Council can remain silent on the Commission's proposal on producers' organizations in

general under the "Mini Mansholt Plan". As a result of the Council's silence it is probable that producers' organizations in different areas of agriculture will be subjected to common conditions and rules which do not have a common underlying principle.

Member States can provide grants for producers' organizations that are being formed and recognized. This will be allowed for a three-year period dating from the day on which the organization is recognized. The purpose of these grants is to support these organizations in their infancy. Grants may not exceed 3% of the value of each organization's turnover in the first year, 2% in the second, and 1% in the third. Aid is also subject to a "degressive ceiling" of 60%, 40% and 20%, respectively, of the organization's administrative costs in the first three years of its existence.

For a period of five years, Member States will also be allowed to grant loans on special terms to organizations already in existence. Despite this, it is hard to predict whether the authorities will be able to prevent existing producers' groups from dissolving and re-forming to qualify for government grants. This is a problem which may well have to be faced, even if Member States continue to support existing organizations to help them to adapt to the new regulations.

The aim should be to give producers' organizations as much responsibility as possible in the Community's market policy and more particularly in its price policy.

3. Price policy

Before the beginning of the fishing season, guide prices for fresh and chilled fish and shrimps will be fixed for the entire Community. (See Annex I A and C to the Regulation.) These guide prices will be calculated on the basis of average prices recorded over the previous three fishing seasons at representative wholesale markets or ports.

The producers' organizations themselves may fix a "withdrawal price" (representing from 60% to 90% of the guide price) below which they will not sell their members' products. The determination of prices must not, however, hamper normal sales of the products concerned. The organizations' responsibility is expressed in the word "may", which implies that producers are in no way bound to fix a withdrawal price. Besides, this price must be approved by the Committee and the Commission or, in the event of disagreement, by the Council. Thus the decision taken by the producers' organizations is ultimately rubber-stamped, as it were, by the Community.

If the products listed in Annex I A and C are withdrawn from the market, the organizations pay compensation to their members. For all other products covered by the Regulation, the producers' organizations may pay compensation but are not required to do so.

If the withdrawal price has been determined as described above and if the products withdrawn conform to Community standards, the Member States grant compensation to the producers' organizations. The products withdrawn must, however, be sold for some purpose other than human consumption or disposed of in such a way that normal marketing of the fish in question is not affected.

The compensation made available by the Member States will amount to 60% of the guide price if the withdrawal price represents more than 65% of the guide price, and 55% of the guide price if the withdrawal price represents 65% or less of the guide price.

The value of products used for purposes other than human consumption is deducted from this compensation.

Implementation of the fruit and vegetables Regulation has shown that the withdrawal price system is less than perfect. The same problem arises in connection with the Regulation under discussion here. The fixing of withdrawal prices is not compulsory, which means that fishermen who have to reckon with withdrawal prices in their own ports can still sell their surplus catches on Community markets where such prices are not applied. As with fruit and vegetables, this can lead to a flooding of "non-organized" markets with inferior quality products even if there is a demand on these markets for good quality produce.

Special provisions have been adopted to deal with fresh or chilled sardines and anchovies. These species are not controlled by producers' organizations and it is unlikely that any such organizations will be formed in the near future.

Common intervention prices representing 35% to 45% of the guide price will be fixed for these two products. These prices will be valid for each of the periods into which the fishing season can be divided on the basis of seasonal price trends.

If prices remain below the level of the intervention price for three successive market days, Member States will intervene by buying fish at the intervention price until market prices rise once more to the level of the intervention price or exceed it. The only condition imposed is that fish bought in this way must be used for purposes other than human consumption. In other words, these surpluses cannot be sold on other markets.

It is clear then that sardine and anchovy fishermen have a heavier responsibility than their fellows because the "guarantee" for these species is substantially below the level of the withdrawal prices for shrimps and fresh fish.

A common guide price will be fixed for frozen products (Annex II) each year on the basis of prices at representative markets or ports. If the market price remains lower than 85% of

the guide price for long enough to indicate that the market can be said to be disturbed, subsidies for private storage can be paid to producers. The amount of these subsidies should not exceed storage costs plus interest.

A common producer price will be fixed for fresh, chilled or frozen tuna caught in the Community and destined for the canning industry.

Compensation will be paid to processors if the producer price turns out to be higher than prices at representative wholesale markets or ports.

4. Trade with non-member countries

The common organization of the market in fisheries products replaces the minimum price system by a system of "reference prices" for species covered by the Regulation. If the import price of a given species from outside the Community is lower than the reference price the Community can apply a "safeguard clause". Depending on the species involved, it can either ban imports completely, introduce import quotas, or impose countervailing duties with due regard to the binding of duties within GATT. It is possible, however, to limit the charging of such duties to fish from non-member countries which export at abnormally low prices. The countervailing duty is equal to the reference price minus the export price and is levied in addition to normal customs duties. By undertaking to respect reference prices, non-member countries can ensure that their exports will not be banned or subjected to quotas by the Community.

These trade arrangements will make it possible to abolish import quotas for most products which will now be subject to CCT duties only.

Moreover, CCT duties on herring, sprats and tuna will be completely suspended because total Community landings of these species are insufficient. As a result, processing industries in the Six will be placed on the same footing as their counterparts in third exporting countries. A similar suspension is necessary for stockfish and salted cod which are used as raw materials by traditional food industries.

Existing national restrictions on trout, carp, sardines and tuna will be retained for the time being. These products are exported at very low prices by Denmark, Yugoslavia, Portugal and Japan. The Commission is to negotiate with these countries to get them to agree to reasonable prices. The Council will then decide, before 31 May 1971, on the level of customs duties. As Community protection would presumably lead to prices higher than those agreed by negotiations, the four exporting countries would do well to adjust their prices substantially to Community requirements.

The Regulation also makes provision for export refunds. These exist already in agriculture and are designed to bridge the gap between Community and world market prices. The refund, which is a Community one, is only made available to exporters of "economically important" quantities.

Although it is true that prices serve as a basis for economic calculations, price manipulation is frequently inspired by political considerations, thus transforming prices into a politico-economic constraint leading inevitably to an artificial market.

The much-criticized European policy of disposing of surpluses at enormous cost is not likely to extend to the fishing industry. In 1968 the Community, excluding the Netherlands, had an import surplus of 448 000 tons.

In a Community of Ten, however, the ratio between imports and exports would be completely different. It would be well, therefore, to have a look at the situation in the four applicants for membership.

Three of them have annual landings larger than any one Community country. Norway tops the list; in 1968 it landed 2 804 000 tons compared to 2 231 000 tons for the Community as a whole. In the same year, however, more than 76% of Norwegian landings was used to produce oil and fish meal.

As it stands the common organization of the market does not allow for processing on such a large scale. Furthermore, fishing geared to the production of oil and fish meal cannot be concerned with the need to maintain existing fish resources, especially since processing does not demand the same quality of fish as the consumer market.

Seen in this light, the problem of over-fishing, which has been aggravated in recent years by growing maritime pollution, is likely to prove a stumbling-block in the negotiations with the applicants for membership.

Waiving the principle of free access to territorial waters for a period of five years will not solve these problems in many cases, particularly since unloading in any Community port might lead to over-production on retail markets. These difficulties might be overcome by applying Article 5 of the regulation on structural reform which deals with the protection of certain fishing grounds where there is a danger of over-fishing.

Another problem to be discussed is that of individuals engaged in farming and inshore fishing at one and the same time. Mixed or secondary activities are nothing new to the Community; they are to be found, for example, in the agricultural sector (Nebenerwerbsbetrieb). But although far-reaching structural measures and above all land

mobility may help solve problems raised by such activities in agriculture, a special approach is needed to deal with combined farming and fishing activities.

The poor level of farm incomes in this area of agriculture is due to the infertility of soil in coastal regions rather than to structural deficiencies. The fact that two activities are being carried on simultaneously has also left its mark on the composition of local fishing fleets; fishermen usually operate with one boat in inshore fishing grounds. In these areas, certain species are saved from extinction by non-intensive fishing or by allowing them to breed. The authorities have had to subsidize some areas to prevent a mass exodus of the local population. Government support of this kind, however, has not succeeded in stabilizing market prices.

The Irish fishing fleet, for example, numbers about 850 vessels in all but only 19 are over 75 tons and as many as 645 are under 26 tons. There are approximately 5 600 fishermen, and of these 3 800 are also farmers.

In an enlarged Community, then, the implementation of a common price policy would have to be altered considerably.

High guide prices would boost intervention expenditure on exports. At the same time, high withdrawal prices would increase the risk of fish being withdrawn from the market since these prices represent 60% to 90% of the guide price.

On the other hand, the contribution which British fish production (approximately 900 000 tons in 1969) will make to the cost of financing the common agricultural policy will alleviate matters for the United Kingdom.

It is principally in the field of price policy that the Commission's implementing regulations must be clear and precise.

The Commission, however, is faced with an almost impossible task. It has to adopt more than twenty implementing regulations before 31 December 1970 to ensure that the market organization will operate smoothly.

The Council has fixed its own deadline at 1 June 1971. Before that date the Ministers will have to decide on support measures under the programme to reform the structure of the industry.

5. General provisions

Fifty per cent of the aid made available by Member States to newly-formed producers' organizations will be refunded by the European Agricultural Guidance and Guarantee Fund.

If major difficulties arise in implementing the Regulation, transitional arrangements can be made for certain products for a period up to one year dating from the third day following publication of the Regulation, in other words from 31 October 1970.

CONCLUSION

By the summer of 1971 at the latest, the Community will be implementing a common fisheries policy which gives producers a special independent role to play. This will mark the inauguration of one of the last comprehensive market organizations leading to a "Green Europe".

ANNEX I

A. Fresh or chilled products of tariff sub-heading ex 03.01 B I

1. Herring
2. Sardines
3. Rose fish (*Sebastes marinus*)
4. Cod
5. Coalfish
6. Haddock
7. Whiting
8. Mackerel
9. Anchovies
10. Plaice

B. Frozen products of tariff sub-heading ex 03.01 B I (a)

Herring

C. Shrimps (*Crangon* sp. p.): fresh, chilled, or simply boiled in water; tariff sub-heading 03.03 A IV (b) 1

ANNEX II

Frozen products of tariff sub-heading ex 03.01 B I

Sardines

Sea Bream (*Dentex dentex* and *Pagellus* species)

Frozen products of tariff heading ex 03.03

Squids (*Loligo* sp. p., *Omnastrephes sagittatus*, *Todarodes sagittatus*, *Illex coindetti*)

Cuttlefish (*Sepia officinalis*, *Rossia macrosoma*, *Sepiola rondeleti*)

Octopus

.../...

ANNEX III

Tuna, fresh, chilled or frozen, intended for the industrial production of products falling within tariff heading 16.04 (sub-heading 03.01 B I (c) 1)

A. All species of tuna

B. Adjustment coefficients for different species of tuna

	Coefficient
Yellow tuna weighing less than 10 kg each ¹	1
<u>Ibid.</u> weighing more than 10 kg each ¹	1.10
Albacore	1.25
Other species	0.70

C. Adjustment coefficients for each of the species listed under B by type of presentation

1. Whole	1
2. Gilled and gutted	1.14
3. Other (e.g. heads of)	1.24

ANNEX IV

A. Fresh, chilled or frozen products

Sub-heading 03.01 A I (a) Trout

Sub-heading 03.01 A III Carp

B. Frozen products

Sub-heading ex 03.01 B I and
sub-heading ex 03.01 B II (b)

Cod
Coalfish
Haddock
Rose fish (Sebastes marinus)
Sea Bream (Dentex dentex and Pagellus)

C. Prepared or preserved fish

Sub-heading 16.04 D Sardines

Sub-heading 16.04 E Tuna

.../...

¹Weights refer to whole fish.

SECOND STEP TOWARDS THE HARMONIZATION OF LEGISLATION
ON FEEDINGSTUFFS

On 20 July 1970 the Council adopted a Commission proposal for a directive on the introduction of Community methods of sampling and analysis in connection with official inspection of feedingstuffs. At the same time a Standing Committee on Feedingstuffs was set up. As a sequel to this the Council on 23 November 1970 unanimously approved a Commission proposal for a directive on additives in feedingstuffs.

The adoption of this Council directive means that an important body of legislation on feedingstuffs, which have so far been subject to different regulations in the Member States, is now harmonized. The directive deals with substances present in small quantities in feedingstuffs and normally incorporated in them. The additives covered by the directive have a beneficial effect either on the feedingstuffs themselves (e.g. antioxidants, emulsifiers) or on animal production (e.g. vitamins, antibiotics, coccidiostatics, trace elements).

The main features of the new directive are as follows:

- (i) Only the additives listed in the directive and conforming to the conditions stated (e.g. minimum or maximum content, type of animal, etc.) may be used in feedingstuffs. For a transitional period of five years the use of a number of other additives approved by the Member States will be allowed.
- (ii) Additives may only be administered through the animal's feed. The injection of antibiotics, for example, is prohibited.
- (iii) New additives will be allowed only if it can be shown that they are of value, that they are not harmful to humans or animals, that they can be differentiated according to type and quantity, and that they need not be restricted to medical or veterinary use.
- (iv) Additives have to be adequately described for marketing purposes.
- (v) There will be compulsory inspection at national level.
- (vi) Feedingstuffs and animal products must move freely within the Community.
- (vii) The directive must be incorporated in the legislation of the Member States within two years of its publication.

It should be noted that the directive prohibits the use of substances with hormonal or anti-hormonal effects in feedingstuffs.