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OPINION

of the Committee on Budgets

on the proposal from the Commission of the European Communities to the Council (Doc. 438/75) for a Regulation on a programme for restructuring the non-industrial inshore fishing industry

Draftsman : Mr I. FRÜH

PE 43.634/fin./Ann.

On 20 January 1976 the Committee on Budgets appointed Mr Fröh draftsman.

At its meeting of 12 May 1976 the Committee on Budgets considered the draft opinion and adopted it unanimously.

Present: Mr Lange, chairman; Mr Aigner, first vice-chairman; Mr Durand, second vice-chairman; Mr Artzinger, Lord Bruce of Donington, Mr Clerfaÿt; Mr Cointat, Mr Dalyell, Miss Flesch, Mr Lagorce, Mr Notenboom, Mr Shaw, Mr Terrenoire.

Introductory remarks

1. The draft regulation on a restructuring programme under consideration contains provisions for financial support for the non-industrial inshore fisheries sector in the form of a common programme financed from the Guidance Section of the European Agricultural Guidance and Guarantee Fund. A comparable restructuring programme was introduced with Council Regulation (EEC) No. 2722 of 19 December 1972¹ in the cod-fishing sector. No action has been taken on a plan for the restructuring of the deep sea fishery sector requested by the Council² because of international problems in connection with the Law of the Sea.

2. The object of the regulation is to promote, on the basis of multi-annual regional programmes, measures for the restructuring of the means of production, the development of canning and processing plants and a gradual reduction of production potential. These measures will apply to producers in the non-industrial inshore fishing industry who have been fishing for at least 5 years and whose vessels have a maximum waterline length of 24 metres or who have been rearing fish, crustaceans and molluscs.

Legal basis

3. The common programme proposed here comprises measures within the meaning of Article 6(1) of Council Regulation (EEC) No. 729/70 of 21 April 1970 on the financing of the common agricultural policy³ and conforms to the objectives set out in Article 39(1)(a) of the EEC Treaty. The measures therefore fit into the general framework of common structural policy for the fishing industry as laid down by the Council in Regulation (EEC) No. 2141/70 of 20 October 1970⁴.

Objectives of the proposal for a regulation

4. The proposal is the continuation of a sectoral structural policy - still in its initial stages - forming part of overall Community fisheries policy. As a structural policy measure it forms a necessary addition to the marketing policy provisions laid down in Council Regulation (EEC) No. 2142/70 of 20 October 1970⁵ on the common organization of the market in fishery products. At the same time the Commission also rightly considers this proposal for a regulation as part of sectoral policy in the context of the regional structural policy objectives of the Regional and Social Funds for the peripheral coastal regions.

¹ OJ No. L 291, 28 December 1972

² See minutes of Council meeting of 5 and 6 December 1972

³ OJ No. L 94, 28 April 1970, p.13

⁴ OJ No. L 236, 27 October 1970, p.1

⁵ OJ No. L 236, 27 October 1970, p.5

5. The proposal for the regulation has three specific objectives:

- Rationalization by promoting restructuring of the means of production of the predominantly family undertakings in order to increase their earning power by the use of larger vessels and more modern fishing equipment;
- Support for the marketing of fishery products by promoting the expansion of canning and processing plants;
- Encouraging the cessation of fishing activity by granting retirement annuities and premiums for the scrapping of old fishing vessels, so that the system of subsidies does not encourage the preservation of unprofitable undertakings.

6. The proposal for a regulation attempts to resolve certain conflicts of objectives inherent in the situation: the profitability of the sector is to be raised, but without the undesirable social consequences of closures of unprofitable undertakings; at the same time, the catches of the coastal fishing industry, which are of considerable importance to food policy, should not lead to overfishing of inshore fishing grounds.

Instruments of the proposal for a regulation

7. The promotion of restructuring of the means of production and extension of canning and processing plants is to be achieved by capital subsidies. The capital subsidies granted by the Fund are not to exceed 25% of the total investment. Moreover, the recipients must contribute at least 50%. Contributions from the Member State concerned must amount to at least 40% of the subsidy granted by the Fund. This is a satisfactory way of ensuring contributions from the Member States and the recipients, in accordance with the usual provisions of the Fund. Assistance for research and professional training must not exceed 5% of the total contribution granted for a given project. Aid from the Fund must not distort the conditions of competition of the EEC Treaty applying to the sector and may not be granted in respect of marketing facilities at the retail trade stage.

8. The cessation of fishing activity, which is the second major objective of the proposal for a regulation, will be subsidized by the Fund to the amount of 25% of expenses actually incurred by the Member States, subject to a ceiling (900 u.a. per annum in the case of married recipients and 600 u.a. per annum in the case of unmarried recipients in the form of supplementary pension payable until age 65).

Payment of up to 200 u.a. per gross registered ton will be made to persons who sell their vessels for breaking.

Analysis of the financial provisions and financial estimates

9. The Commission estimates the total cost of the Community programme at 118 million u.a. for the first 5 years. This expenditure was calculated on the basis of constant prices and certain working hypotheses considered in more detail below. The Commission recommends that the necessary funds should be entered in future budgets as follows: 1977 - 16 million u.a., 1978 - 18 million u.a., 1979 - 24 million u.a., 1980 and 1981 - 30 million u.a. each. (In Chapter 83 of the 1976 budget a corresponding item was entered pro memoria.) Since the common programme will require the preparation and approval of multi-annual regional programmes and the fund must be allowed an initial running-in period, the spreading of expenditure in this way should be welcomed.

10. However, the estimates of expenditure for the reorganization of fishing fleets calls, in view of its markedly hypothetical nature, for certain reservations. The Commission assumes that 60% of the Community inshore fishing vessels will be available for reorganization, but that in practice only 35 to 40% will be included in the reorganization programme because of the dearth of accounting data and the difficulty of obtaining access to the capital markets (to obtain their contribution of 50%), given the weak capital position of the undertakings.

11. There can hardly be any objections to the estimates of pensions paid on the cessation of fishing activity.

12. The determination of the total tonnage that will be scrapped as a result of the cessation of activity by the owners and therefore be eligible for a premium under the restructuring programme is equally hypothetical. The only basis for a reasonably accurate estimate is the classification by the Commission of the vessels in various categories according to their length.

13. In this connection it would seem appropriate to recommend that the Committee on Agriculture examine the basis of the estimates for the development of the fish, crustacean and molluscs rearing sector. The assumption of 50% of costs by the EAGGF for the renewal of vessels in this sector total 20 million u.a., which amounts to half the total expenditure on the renewal of the fleets, seems excessive and could, in certain circumstances, lead to unbalanced regional development.

Conclusions

14. The Committee on Budgets can approve the proposal for the following reasons:

- (a) The financial information provided by the Commission is on the whole - particularly in view of the scope of the measures - sufficient. It should however be noted that the estimates of certain items of expenditure are extremely hypothetical, a point which the Commission partially concedes.

- (b) The financial provisions of the proposal for a regulation are in accordance with the criteria previously laid down for satisfactory budgeting procedure.
- (c) The committee again refers to its repeated recommendations on priorities as between common measures and individual projects in the Guidance Section.
- (d) It entirely approves the further promotion of sectoral structural policy measures financed by the Guidance Section of the EAGGF which - as in the case of this proposal for a regulation - extend and consolidate Community structural policy as a whole.

