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INTERNATIONAL OVERVIEWS:

THE EUROPEAN ECONOMIC COMMUNITY

Planning Services Division

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FOREWARD

The main references for this paper are an Organization for Economic Co-operation and Development (OECD) Study, Problems of Trade in Fishery Products, the Offical Journal of the European Communities, and a publication by Michael Leigh, European Integration and the Common Fishery Policy.

Unlike forthcoming international overviews, the intent of this paper is to introduce the reader to the environment in which EEC fisheries policy is formulated and implemented.

I. INTRODUCTION

On 25, January, 1983 the Council of Ministers of the European Community approved regulations establishing a common fisheries policy (CFP), [1] adapted to the international regime of two hundred mile exclusive economic or fishery zones (EEZ's). This concluded a six year debate which opposed first, the United Kingdom and then Denmark to the other member states of the Community. The British fisheries minister described the CFP settlement as a 'superb' agreement, the Danish minister was not so sure.

Fisheries was an important issue during the negotiations leading to the Community's first enlargement. Fisheries made the EEC a Community of Nine rather than Ten, from 1973 to 1981, by tipping Norwegian public opinion against joining. Fisheries precipitated Greenland's vote to leave the Community in the referendum held in February, 1982. Spain's fishing fleet is equal in size to three quarters of the fleet of the entire Community of Ten and will claim a considerable share of the Community's resources. So fisheries will again be an important issue in the Community's third enlargement.

II. DECISION-MAKING SYSTEM

The EEC Treaty provides for a relatively simple decision making procedure. To adopt a regulation, take a decision or issue a directive the Council of Ministers, [2] (known as the Council) acts on a proposal or a recommendation from the Commission, [3] having consulted the European Parliament where required to do so by the Treaty. The difficulty arises as the Council must generally act by unanimity. Also, in practice, the system is steeped in red tape.

The Commission is restrained and thus compromises are generally in order. If certain states consider themselves disadvantaged by a particular proposal, the Commission may offer 'compensation', not in the form of a once-for-all payment but in the form of a new common policy from which they will benefit. For example, the reluctance of one member state to agree to tariff concessions to a third country as part of a major agreement may be overcome by persuading others to agree to strengthen the common market organization.

Meanwhile, if member states fail in their duties under the Treaty, [4] by adopting measures which discriminate against other member states, or by failing to secure Commission approval, action may be initiated through the European Court of Justice. [5]

III. FISHING INDUSTRY

The Community is the third most important fisheries power in the world, in terms of catches, after Japan and the Soviet Union as may be seen from table 1.1. Japan is the largest producer, consumer and importer of fish. In 1980 its catch of 10.2 million tonnes of marine fish and shell fish was more than twice that of the nine member Community plus Greece. The Soviet Union came next with a catch of 8.7 million tonnes.

The Community's closest European rival, Norway, had a total catch equal to about half that of the Community, with Iceland and Spain following some way behind. If the catches of Spain and Portugal, both candidates for Community membership, are added to those of the Ten, then the potential Community of Twelve begins to rival the USSR as a world fishing power.

Despite the Community's impressive role in world fishing, the trend in catches is not encouraging. Overfishing and exclusion from the waters of certain third countries reduced the fishing possibilities available to Community vessels. To cite only the most dramatic example of the loss of fishing opportunities through overfishing, one may refer to the case of herring.

In the 1950's the average annual catch of herring in the North Sea was between 600,000 and 700,000 tonnes. Heavy industrial fishing increased the total catch of herring to 1.4 million tonnes by the mid 1960's. But indiscriminate fishing with purse seines so depleted herring stocks that catches were down to 500,000 tonnes in the mid 1970's. By 1977 spawning stocks were down to a critical level of 150,000 tonnes, making it necessary for the Community to introduce a complete ban on herring fishing from 1978 to 1980.

In subsequent years, it has proved possible to permit a limited herring fishery in the southern part of the North Sea. The collapse of the herring fishery diverted attention to mackerel, which is now being overexploited.

Community fishermen also lost fishing opportunities in third country waters, including Canada. Losses in third country waters were felt most by British, French and German companies which had invested in distant water vessels. Some access was regained by excluding eastern European countries from Community waters.

Catches by individual EEC member states are presented in table 1.2 Denmark records the highest catch but 80% of this consists of industrial species such as sandeel, sprat and Norway pout. The country of most interest to Newfoundland producers is the United Kingdom, and its catch by major species is given in table 1.3 For the important groundfish species, the U.K. has benefited favourably from the CFP, which is to say that its import requirements could be reduced.

The tonnage of the Community's fishing fleet is the third highest in the world after that of the Soviet and Japanese fleets. Spain alone possesses a fleet whose tonnage is equivalent to almost three quarters of the fleet of the Community of Ten.

Investment is now concentrated in vessels under 500 GRT adapted to inshore fisheries. There is recent evidence of some recovery of the fleets of the United Kingdom and other member states in this category. This reflects a retreat into the Community's own zone as distant water fishing opportunities have been lost and foreign vessels have been phased out of the Community zone. The Community, through its structural policy, absorbs part of the cost of the fishing fleet's adaptation to changed circumstances.

IV. TRADE

The introduction of 200 mile fishery zones in 1977 greatly stimulated trade in fish products between the Community and third countries. As catches by Community vessels of cod and other prime species dwindled, it became increasingly necessary to rely on imports to satisfy demand. The Community imports annually around one million tonnes of fish from third countries. This amounts to a quarter of overall consumption of about four million tonnes (excluding fish meal and oil). The Community's main suppliers are Norway, Iceland, Canada and the United States, with Japan, Spain, Sweden and the Faroe Islands following some distance behind. Norway and Iceland enjoy tariff concessions for fish accorded by the Community in connection with the free trade agreements it has concluded with these countries.

Fish imports into the Community rose from around 750,000 tonnes in 1975 to well over a million tonnes in 1982. A detailed breakdown by product grouping is provided in table 1.4. Imports of fresh, chilled and frozen cod into the United Kingdom, the Community's most important market for cod, increased by fifty per cent in the three years following the extension of jurisdiction in 1977. Exports from the Community rose from 260,000 tonnes in 1975 to more than 600,000 tonnes in 1980. But two thirds of these exports consisted of mackerel, a species to which little or no value had been added by processing in the Community.

V. INTERNAL POLICIES

Alignment with the common customs tariff (CCT) and tariff disarmament within the Community exposed the French and Italian industries to greater competition and made urgent the need to modernize their fleets and shore-based industries. For these countries, the necessary complement to trade liberalization was a structural policy, financed by the Community to assist industries withstand increased competition and a common market organization policy for fish to ensure fishermen a satisfactory income. Those two policies are, because of their importance and complexity, discussed at some length. The legal basis for the CFP rests on those two policies and two others of equal significance, namely the principle of equal access to fishing grounds (given certain adjustments) and trade with third countries. The latter emphasizes a bilateral approach rather than the multilateral approach embodied in the GATT.

Structural Policy

While awaiting a CFP, the Commission put forward various ad hoc mechanisms to cope with immediate structural problems. The most important of these was the 'interim common measure for restructuring the inshore fishing industry and developing aquaculture'. This measure, adopted in 1978 and regularly renewed until 1983, provided for Community financial contributions to projects for modernizing or building inshore vessels and for developing aquaculture. The Commission also made grants for projects to improve processing and market installations. Community financial contributions ranged from 25%, to 50% in priority regions.

In the decade to 1982, the Community granted well over 100 million ECU's, [6] from FEOGA, [7] for the construction and modernization of inshore vessels. Almost 40% went to projects in the United Kingdom. Iceland, France and Italy were also major recipients.

When the Community's 200 mile fishery zone was established, two states, Ireland and Denmark, received financial contributions from the Community because of the vast sea areas falling within their jurisdiction. In the case of Ireland, this was extended to the beginning of 1985.

Another aspect of the Community's structural policy is the scrutinizing of state aids in the fishery sector to ensure their compatibility with the EEC Treaty. The Treaty prohibits aids which distort or threaten to distort competition. Notwithstanding, the Commission decided, in 1982, to investigate five cases of non-compliance. One was the long-standing French fuel subsidy which is still in effect.

It was not until October, 1983, some 10 months after the adoption of the CFP, that a comprehensive structures packaged was agreed upon.

The new package included three main sets of measures as described below:

i) Capacity Adjustment

This includes measures to adjust capacity in the fisheries sector (decommissioning grants and laying-up grants). EEC

Member countries may grant financial assistance for measures relating to either the temporary or permanent reduction of production capacity. The objective of the decommissioning grant is to encourage a reduction in fleet capacity in those sectors where there is overcapacity. Decommissioning grants are available for scrapping of vessels of 12 metres and above, the definitive transfer of vessels to third countries, and the assignment of vessels to purposes other than fishing in Community fishing zones. The laying-up grant provides for a temporary reduction in production capacity, and is directed towards vessels of 18 metres in length put in service after 1st January, 1958, and engaged in fisheries where there is short to medium-term difficulties resulting from overfishing, the redistribution of resources amongst Member States, etc.

Fifty per cent of the approved costs incurred by Member States under those programmes will be reimbursed by the Community, whose total financial contribution is estimated to be 76 million ECU over the three year period to 1986.

ii) Restructuring, Modernization and Development

The Council Regulation on a common measure for restructuring, modernizing and developing the fishing industry and for the development of aquaculture, again with the aim of promoting structural change within the guidelines of the CFP, provides funding for projects which relate to:

"- the purchase or construction of new fishing vessels, and the modernization or conversion of fishing vessels already in use;
- the construction, equipment or modernization of installations for rearing fish, crustaceans and molluscs;
- the construction, within an area of three miles from the base lines, of artificial structures to facilitate restocking of Mediterranean coastal areas."

With respect to purchase or construction, priority is given to vessels more than 12 years old, vessels based in areas where fishing is of traditional importance, vessels to replace those lost through disaster or permanently removed from the fishery.

Regarding modernization, priority is given to projects designed to encourage better fuel economies or diversification into low fuel consumption fisheries, or projects which will enable improved onboard processing of the catch.

Community aid is given in the form of a subsidy for a maximum of 25 per cent or 50 per cent, depending upon circumstances, provided that the Member State also participates financially. The total programme is estimated at 156 million ECU over a 3-year period ending in 1986.

iii) Exploratory Fishing

The Council Regulation on measures to encourage exploratory fishing and co-operation through joint ventures in the fishing sector carry the common objective, to help in ensuring that "the market is better supplied or that better use is made of the fishing capacity made available by the restriction of catching capacity". The 'joint fishing venture' programme is restricted to the fishing grounds of the Mediterranean and the West African coast.

The Community will contribute 50 per cent of the expenditures agreed to by the Member States, up to specified limits, under each programme. The Community has budgeted 11 million ECU for the exploratory fishing voyages programme and 7 million ECU for the joint fishing ventures programme.

Common Market Organization

The basic system, devised in 1970, was modelled on that applying to key agricultural products under the Common Agricultural Policy (CAP). Its main objectives were to assure a reasonable income level to producers and a stable supply to consumers. To achieve these objectives, it established guide prices and withdrawal prices for major fish species. If the market price fell below the withdrawal price, producers' organizations could withdraw production from market. These withdrawals, whereby fresh fish would be sold not for human consumption but reduced to (less valuable) fish meal and oil, were partially financed (approximately 60 per cent) by FEOGA.

The rest was financed by the producers' organizations from the proceeds of levies on their members' sales. For minor species the cost of withdrawals would be financed entirely by the producers' organizations. For a discussion of producer organizations and withdrawal prices under currently existing rules, you are referred to Appendix A.

Withdrawal prices were to be fixed at a low level so that withdrawals would be triggered only if prices fell catastrophically. This, and the finite supply of fish would prevent fishing for FEOGA from creating fish meal mountains.

Various mechanisms were introduced by the market organization regulation to ensure that imports did not undermine the price support system established within the Community. These mechanisms varied from item to item but the most classic, applying to many fish items imported into the Community, was the reference price (minimum price) below which products cannot be imported into the Community.

Exporters were expected not to disturb the Community market by presenting goods at the Community frontier whose entry price was lower than the reference price. If exports were presented at lower prices for a certain period, the regulation permitted the Commission to take various actions, upon the request of a member state and after consideration of the matter in a management committee.

The Commission might decide to limit or suspend imports of items whose entry price was below the reference price. There was a margin of flexibility in this system since suspension was neither automatic nor obligatory. Having consulted the management committee, it was for the Commission to judge whether the supply situation and the price level warranted such action.

Revisions to Common Market Organization

Because of the move to EEZ's, the Community entered the 1980's with an annual trade deficit of over 1 billion ECU's in fish for human consumption from countries outside its membership. Fresh fish had given way to frozen as the dominant factor in the market and Community fishermen were vociferously complaining that the current structure was promoting imports and depressing domestic prices. It was perceived that Norwegian, Canadian and other fishermen were receiving generous subsidies. The withdrawal price paid to fishermen (i.e. for fish which failed to receive the withdrawal or minimum selling price) was insufficient to cover costs. Meanwhile, the real reason for the fishermen's difficulties was that competing proteins had risen less steeply in price because of increased productivity.

After considerable debate, a new common market organization was adopted, and came into effect on January 1, 1983. It was more flexible and more responsive to the needs of the producers than the system of 1970. New producer organizations would benefit from more generous grants, and certain rules concerning trade in fish products were extended to non-members of producer organizations. Withdrawal price levels were raised but the principle of co-responsibility was maintained to prevent fishing for FEOGA. To reduce the volume of withdrawals, the financial compensation paid to fishermen through their producer organizations would fall as the amount of fish withdrawn increased. Financial compensation is granted in a way to take into account seasonal fluctuations in market prices; the specified range is 10% to 15% of the officially determined withdrawal price.

Aid to encourage the formation of producer organizations and to facilitate their operation was increased to a maximum of 120,000 ECU's over 5 years.

Special withdrawal prices were introduced to account for transportation, extra handling costs, etc. in remote areas of the Community.

Funds required to operate the withdrawal system are derived from FEOGA grants, the sale of withdrawn fish and the imposition of a levy on fish sold by P.O. members. When the quantity withdrawn does not exceed 5% of annual sales, 85% of the withdrawal price is paid from Community funds. When more than 20% of the annual sale is withdrawn, the Community no longer participates. The total cost of the intervention is generally less than ECU's 50 million/annually.

The reference price system applying to imports from third countries was modified so that the Commission can take rapid action to prevent serious disturbances in the Community market. It prescribes the base prices at which a great number of imported fish products have access to the EEC market.

In the case of 'direct landings', i.e. fresh and chilled, whole or dressed, the reference price is equal to the withdrawal price and is applied to all species in the withdrawal scheme.

For frozen products, the reference price is determined on the basis of the average reference price for the fresh product, taking account of the processing costs and of the need to ensure a relationship of prices in keeping with the market situation.

It is permissible, however, to import below the reference price. The reference price only works as a trigger, i.e. only if the reference price is undercut by the actual import price for more than three consecutive market days, and if significant amounts are imported, the Commission may take action. From the Canadian perspective, it can be argued that reference prices can be unduly influenced by exchange rates, resulting in countervail or other actions even when dumping is not occurring.

VI. EFTA [8] AGREEMENTS

In response to the Hague communique of 1969, all the non-acceding members of EFTA expressed an interest in negotiating free trade agreements with the Community. The objective of these negotiations was, in the Community's view, to establish an industrial free trade area between the Community and each EFTA state. In general, agricultural trade was excluded from the agreements since the Community maintained that the CAP was not subject to negotiation with third countries. In practice, however, it proved impossible to exclude certain processed agricultural products from the agreements.

The EEC-Iceland Agreement created a precedent in its provisions of fish exports which Norway sought to emulate, without total success.

The EEC-Iceland Trade Agreement

In the case of Iceland, whose principal export to the Community was fish, it was evident that any agreement would involve tariff concessions by the Community for fish, even though fish was considered to be agricultural under the EEC Treaty. Negotiations on this question took place under inauspicious conditions as, on February 15, 1972, the Icelandic Parliament adopted a resolution extending fishery limits to 50 miles from the baselines with effect from September 1, 1972. This reopened the conflict between Iceland and Britain which began when Iceland extended its fishery limits from three to four miles in 1952 and to twelve miles in 1958 and which reached its culmination in the 'cod war' of 1975 - 76 when Iceland extended fishery limits to 200 miles.

Despite these inauspicious circumstances, Iceland and the Community negotiated a free trade agreement, the key provision of which was tariff concessions by the Community for the import of Icelandic fish products. The Community's concessions on fish products were embodied in a protocol to the Agreement. Under this protocol, certain commercially important Icelandic fish exports were to be exempted from duty by the Community, on condition that Icelandic exporters respected the reference price for these products.

VII. OTHER EXTERNAL RELATIONS

The Community has asserted itself in both bilateral and multilateral fishery relations. At the multilateral level, it participates in NEAFC [9] and NAFO. It represents member countries in NASCO [10]. It entered into several bilateral agreements, including the LTA with Canada. Its bilateral agreements are of many types: surplus agreements, reciprocal agreements, including commercial reciprocity, and phasing out agreements.

Agreement With Canada

With the extension of fisheries jurisdiction, Canada announced that allocations to foreign vessels in Canadian waters would be made only in exchange for commensurate benefits to Canada. Two main benefits were envisaged: commercial concessions to facilitate fish exports from Canada and recognition of Canada's claim to a special interest in certain fish stocks beyond its 200 mile zone.

Canada, meanwhile, was not requesting extraordinary concessions in return for Community allocations within its EEZ, only that it be able to compete on equal terms with Icelandic and Norwegian producers who were benefitting from preferences under the special free trade agreements accorded EFTA members. In fact, it is through such agreements which are preferential to the most-favoured nation (MFN) clause (Article 1) of the GATT that the EEC discriminates against GATT signatories. In 1980, for example, U.S.$735 million of fish products gained access to Community markets compared to U.S.$151,000 for Japan and none for the United States,(both of which imported a roughly equivalent value of fishery products) under preferential agreements.

Member states were divided on Canada's demand for commercial concessions. Only Germany retained a distant water fleet; the U.K. took a different view as the British distant water fleet had almost disappeared and, furthermore, Canadian imports posed a sensitive political problem within the U.K. The Community eventually accepted the commensurate benefits principle but the Canadian demands were whittled down considerably through a Council regulation (which curiously contravenes the Community's own common customs tariff) limiting the amount of fish imports under the preferential tariff that individual members were obliged to accept. For example, the U.K. only accepts 52% of cod products although almost the entire Canadian market is in the U.K.

The other part of the payment demanded by Canada was recognizition of its 'special interest' in the conservation and exploitation of stocks in areas beyond 200 miles. The Community had misgivings because such an agreement could be prejudicial to the then emerging consensus on the law of the sea. The compromise solution was a reference to the appropriate article in the NAFO convention, i.e. Article 11, para. 4.

A third Canadian demand, namely the limiting of salmon fishing in West Greenland, was again resolved through a compromise solution. The quota expressed in tons was increased while the Community undertook that the total number of salmon caught would not increase. This was achieving by regulatory measures to apply until 1983, after which time it was hoped that such measures could be adopted by NASCO.

These compromises were encompassed in the LTA which came into force on January 1, 1982. It is comprised of four main elements:

(i) each agreed to allocate a portion of their surplus to each other in future,

(ii) Canadian quotas to the Community from 1982 to 1987,

(iii) reduced Community tariff quotas for fish of interest to Canadian exporters (in keeping with GATT, those quotas were also open to other GATT signatories).

(iv) a commitment by the Community to limit salmon fishing at West Greenland.

Details are provided in Appendix B.

The LTA has not worked well, and there have been disputes over its technical implementation by both sides. On the Canadian side, the main difficulties have been non-tariff barriers to prevent Canadian access to Community markets, the indefinite Community ban on the import of white coat seal skins, Community overfishing, and the Community failure to protect salmon stocks. The Community complained about restrictions on the number of licences and has claimed that seals are an extraneous issue.

<u>Multilateral Agreements and Arrangements</u>

There are other fora where Canada and the Community come together. NAFO is perhaps the most important but the Convention on the Law of the Sea, GATT, and NASCO are also significant to both countries within the fisheries context.

VIII. ACCESSION OF SPAIN TO THE COMMUNITY

The Spanish authorities asked the Community to take into account the needs of Spanish fishermen in the period before accession. This request was accepted in the framework of bilateral fisheries relations: Spain received more generous treatment than any other non-reciprocal country in allocations in the Community zone from 1978 onwards. Nevertheless <u>serious difficulties persist</u>, not the least of which is Spanish overfishing of quotas.

The Spanish accession causes considerable difficulty. The Spanish fishing fleet is the fourth largest in the world after the fleets of the

USSR, Japan and the Community of Ten. The magnitude of the Spanish fishing industry is also apparent in statistics for the value of landings and their contribution to GDP. Spanish landings of marine fish and shell fish are worth approximately 50 per cent of the landings of the entire Community of Ten. Spain would be the only member state in a Community of Twelve, apart from Portugal, where landings contribute around one per cent of GDP.

Spain's large fishing capacity does not in itself jeopardize the CFP. Much Spanish fishing is in third country waters; less than ten per cent of Spanish catches come from the Community zone but meanwhile only 25% of its catch is from domestic waters. But the fleet's capacity exceeds available resources. The Spanish authorities invoked 'historic rights' to restore catches in the Community zone, upon accession, to their 1976 level. Spain wished to reverse the 'phasing down' of its vessels' activities in the Community zone which has occurred since 1977. But this attempt to put the clock back ignored the implications of extended jurisdiction and of the CFP. The Court of Justice has several times rejected attempts by Spanish skippers to invoke 'historic rights' to defeat Community regulations.

Apart from this problem, Spanish accession will place financial demands upon the Community for fleet restructuring, adaptation of the common market organization and the maintenance of fishing possibilities in third country waters. Also, Spanish arrangements to import, duty free, fish caught by vessels flying the flag of third countries under joint ventures was seen a particularly serious problem, as was Spanish accession to resources off the French and Irish coasts.

The Spanish fishing fleets which depend on fishing in the Community zone are based in Galicia and the Basque country where there are few alternative sources of employment and the regional problem is most acute. Basque fishermen are inclined to take the law into their own hands when dissatisfied.

Access

Under the 1978 bilateral agreement, the parts of the Community zone in which Spanish vessels are entitled to fish are defined in Council regulations adopted after annual consultations. Spanish vessels are excluded from the 12 mile coastal band, a large 'box' in the North Atlantic around Ireland and parts of the Bay of Biscay.

The CFP settlement of January, 1983 included access rules which cannot be modified without reopening the entire package. Indeed the spectre of Spanish accession may have been one of the factors which led to a compromise between France and the United Kingdom over access. Spain is expected to insist on equal access as the basis for its accession. The Community is unlikely to grant this access, except within well defined limits. For example, it is most unlikely that the North Sea would be opened to Spain.

External Relations

Spain has concluded non-reciprocal agreements with many coastal states to gain access to fishing possibilities in their waters. In exchange for fishing possibilities, Spain grants various economic benefits, notably commercial concessions, the payment of fees, the transfer of fisheries technology, the training of fishermen and fisheries managers and the supply of local markets.

As a member state, Spain will no longer be free to conclude such agreements, unless the Community departs from past practise.

The joint venture has become the most important instrument in Spain's international fishery relations. These joint ventures are company to company arrangements involving the registration of Spanish vessels in a third country and the granting of fishing rights by the coastal state concerned to these vessels. Capital is provided by the Spanish company and may be used for fisheries plants and equipment in the coastal state.

Market Organization

The Spanish fish marketing organization set up in 1981 (FROM), has different objectives from the Community's common market organization. Its principal objectives are to maintain the stability of consumer prices and to promote the consumption of fish by advertising and other means. In the accession negotiations the two parties will have to determine how FROM can be adapted to the common market organization.

Commercial Policy

At present, import licences and other trade restrictions are routinely used by Spain, e.g. embargo on Canadian fish, to stabilize supply and as bargaining tools with trading partners. Spain will have, perhaps progressively, to abandon the use of such instruments.

On the positive side, commercial prospects are good, especially for the Community, but Spanish exporters will also gain by better access to the canned tuna and sardine markets of EEC countries.

The alignment of Spanish tariffs with the CCT implies liberalization of trade on its part. How this liberalization will affect third countries isn't known.

Structural Policy

The Community has a great interest in the rationalization of the Spanish fleet. The Spanish industry can expect to benefit from financial assistance under the CFP settlement of 1983 on structural projects. In accession discussions, Spain was seeking recognition of the particular dependence of several of its regions upon fisheries and claiming, on this basis, entitlement to the higher rate of financial contribution made by FEOGA to projects in priority regions. The budgetary implications of extending the Community's structural policy to Spain are certain to be closely scrutinized. As in the Ten, there will continue to be a role for national aid schemes in Spain after accession. But it will be necessary to ensure that such aids are in conformity with the EEC Treaty.

IX. ACCESSION OF PORTUGAL TO THE COMMUNITY

Portuguese accession raises some problems concerning access but they are not insurmountable. Portugal will bring into the Community a vast fishery zone in the Atlantic, covering 1.6 million square kilometres and with a potential sustainable yield of around 500,000 tonnes or ten per cent of the catches of the Community of Ten. Portugal's fishing fleet, consisting mainly of small craft, many without motors, is not in a position to exploit fully these resources. Portuguese catches in all waters are presently around 265,000 tonnes (see table 1.2).

It is the policy of the Portuguese authorities to increase the country's harvesting capacity so as to exploit fully the resources of the EEZ. Meanwhile, it has granted Spain access to surplus stocks under the fisheries agreement between the two states.

External Ralations

Portugal is much less dependent than Spain upon catches in third country waters. Such catches account for about a quarter of Portuguese landings of fish for human consumption compared with three-fourths in Spain. Portuguese vessels fish in Canadian waters, under a bilateral agreement which includes commercial concessions by Portugal, and in the NAFO regulatory area. Portugal plays an active role in NAFO and has succeeded to a considerable extent in maintaining its allocations in the area. Portugal has close relations with West African states whose fishery zones contain surplus stocks. It has concluded fishery agreements with several of these states, providing employment to its distant water fleet. Joint ventures have also been undertaken by Portuguese companies; these raise questions of compatibility. No special problems are to be foreseen in the Community's assumption of responsibility for Portugal's multilateral fisheries relations.

Market Organization

Major reforms will be required. Of significance to Newfoundland is the application of reference prices for salted and dried cod.

Commercial Policy

Commercial concessions to third countries such as Canada will have to be adapted. However, whereas alignment with the CCT will lead to liberalization in Spain's tariffs, the Community is more vigorous than Portugal in its tariffs and tariff quotas on salted and dried cod. Unless there are revisions, Canada will again be disadvantaged relative to Iceland and Norway (Portugal is now a member of EFTA).

Structural Policy

Portugal needs assistance in the modernization of its fleet and onshore infrastructure. As with Spain, it should benefit from the Community structural policy. A substantial difficulty to the Portuguese is that, since 1974, the major fishing company has been run by the state. It is seriously under capitalized and faces the common problems of high fuel and labour costs and dwindling access to resources.

Since Portugal will bring into the Community a vast fishery zone which it is unable to police effectively, it may follow Ireland and Denmark in requesting a contribution by the Community to the costs of surveillance and control.

Notes

1. The Common Fishery Policy is simply a single policy for all EEC member states.
2. The Commission is the equivalent of a Government bureaucracy. It has 20 Directorate General's (DG's) of which two are of concern to this paper; DG1 which is External Relations and DG14 which is Fisheries.
3. The Council is the Cabinet which includes representatives from all member states; two from Germany, France, the United Kingdom and Italy and one from each other. The work of the Council is co-ordinated by the Presidency which rotates among member states at six month intervals. The Presidency supplies ministers, diplomats and civil servants to chair Councils and their subordinate bodies.
4. The Treaty of Rome, which established the Community of Six.
5. It is the role of the Court of Justice to ensure that the Treaty and other Community laws are observed.
6. ECU is an European currency unit. As of Feb., 1985, one ECU was equivalent to C$0.913.
7. FEOGA is the French acronym for the European Agricultural Guidance and Guarantee Fund.

8. European Free Trade Association. It now includes Iceland, Norway, Portugal, Switzerland and Austria.

9. North East Atlantic Fisheries Commission, which plays a role similar to CAFSAC, but in the international context for the north-east Atlantic.

10. North Atlantic Salmon Convention Organization.

TABLE 1.1

NOMINAL CATCHES OF MARINE FISH AND SHELL FISH

Million Metric Tonnes

COUNTRY	1971	1976	1980	1982	1983
Japan	9.2	9.8	10.2	11.3	11.9
USSR	6.4	9.4	8.7	9.1	8.9
EEC-10	4.7	5.1	5.0	5.0	4.7
USA	2.8	3.0	3.6	2.8	2.9
China	2.4	3.3	3.0	3.3	3.3
Chile	1.5	1.3	2.8	3.6	3.9
Peru	10.5	4.3	2.7	3.4	1.4
Norway	3.0	3.4	2.4	2.4	2.7
Korea (South)	0.9	2.1	2.1	2.2	2.3
India	1.2	1.4	1.5	1.4	1.5
Iceland	0.7	1.0	1.5	.7	.8
Thailand	1.5	1.5	1.5	1.9	2.1
Indonesia	0.8	1.1	1.4	1.5	1.6
Korea (North)	0.7	1.1	1.3	1.4	1.5
Canada	1.2	1.1	1.3	1.3	1.3
Spain	1.5	1.5	1.2	1.2	1.1
Others	11.7	12.2	14.4		
WORLD	60.7	62.6	64.6	68.0	67.6

SOURCE: FAO Yearbook of Fisheries Statistics

TABLE 1.2

NOMINAL CATCHES OF MARINE FISH AND SHELL FISH EEC MEMBER STATES AND CANDIDATES FOR ACCESSION

Thousand Metric Tonnes

COUNTRY	1971	1976	1977	1978	1979	1980	1982	1983
Denmark	1,426	1,941	1,852	1,792	1,811	2,114	2,009	1,813
United Kingdom	1,094	1,026	996	1,019	905	824	774	775
France	747	779	744	768	733	766	659	628
Germany	493	439	417	397	341	282	276	292
Italy	382	399	349	375	398	408	458	446
Netherlands	318	282	310	323	321	338	451	458
Greece	101	97	97	93	96	96 a)	102	97
Ireland	74	95	94	104	92	149	206	197
Belgium	60	44	45	50	47	46	47	48
EEC-10	4,695	5,102	4,904	4,921	4,744	5,023	4,982	4,754
Spain	1,473	1,451	1,370	1,353	1,180	1,207	1,248	1,145
Portugal	437	346	310	254	242	265	351	293
EEC-12	6,605	6,899	6,584	6,528	6,166	6,495	6,581	6,192

SOURCE: FAO Yearbook of Fisheries, Catches and Landings, Vol. 50 and 56

a) Estimate

TABLE 1.3

UNITED KINGDOM LANDINGS OF PRINCIPAL GROUNDFISH SPECIES IN U.K. PORTS, SELECTED YEARS 1971 TO 1983 a)

Thousand Metric Tonnes

Species	1971	1973	1975	1977	1979	1981	1983	TAC 1984 a)
Cod	367.2	356.0	290.0	177.2	131.4	140.5	112.3	117.9
Haddock	206.9	172.0	129.6	140.5	83.1	121.6	120.9	140.8
Pollock	61.3	65.6	41.2	41.3	22.0	16.6	12.1	20.9
Whiting	46.2	40.3	51.7	55.9	68.4	57.8	65.8	79.5
Plaice	50.0	42.7	31.4	40.1	34.0	26.9	21.0	53.7
TOTAL b)	731.6	676.6	543.9	455.0	338.9	363.4	332.1	412.8

a) Refers to the exclusive fishing zone of the EEC, only. The U.K. has no major fisheries outside this zone.

b) Those five species account for over 85% of the total U.K. groundfish catch. On the basis of the CFP, the U.K. catch of those species should stabilize at 400,000 tons to 450,000 over the 1979 to 1983 catch.

SOURCES: FAO Yearbook of Fishery Statistics, several volumes
Review of Fisheries in OECD Member Countries, 1983

TABLE 1.4

EEC IMPORTS BY MAJOR PRODUCT GROUPS/IMPORTATIONS DE LA CEE PAR PRINCIPAUX GROUPES DE PRODUITS

1978-82

Quant.: '000 t. (product weight/poids du produit)
Val.: US$ million

	Quant.					Val.					
	1978	1979	1980	1981	1982	1978	1979	1980	1981	1982	
Fish, fresh/chilled excluding fillets/Poisson frais/sur glace non compris les filets											
TOTAL, of which	496.1	556.9	633.5	613.5	634.4	660.8	843.1	961.6	796.9	772.6	TOTAL, dont
EEC (10)	327.8	345.6	396.1	410.8	416.5	475.3	582.5	649.6	552.2	520.2	CEE (10)
EFTA	106.5	139.5	170.0	153.4	168.4	101.1	147.0	181.0	142.4	152.0	AELE
- Sweden	67.4	83.3	94.3	95.1	94.4	50.6	60.6	71.3	53.9	49.3	- Suède
- Norway	17.9	19.7	21.3	29.7	41.5	29.5	48.1	52.8	57.5	70.2	- Norvège
- Iceland	20.4	35.4	53.2	27.1	30.8	17.3	32.9	49.9	24.1	24.6	- Islande
Faroe Islands	35.5	32.9	28.3	21.4	20.4	11.5	12.7	11.7	8.1	9.0	Iles Féroé
Others, of which	26.3	36.4	39.1	27.9	49.5						Autres, dont
- Comecon Europe	12.6	19.0	17.3	10.1	7.2	14.5	20.3	21.0	12.3	10.1	- Comecon Eur.
Fish fillets, fresh/chilled/Filets de poisson, frais/sur glace											
TOTAL, of which	17.5	22.6	26.2	24.5	24.7	36.4	52.2	61.5	52.3	54.1	TOTAL, dont
EEC (10)	16.6	21.7	24.6	23.4	23.7	35.3	50.0	58.1	50.5	52.3	CEE (10)
Fish, frozen excluding fillets/Poisson congelé, non compris les filets											
TOTAL, of which	426.8	421.4	407.5	422.0	438.7	576.2	697.1	734.1	666.0	645.9	TOTAL, dont
EEC (10)	140.6	137.3	135.8	167.9	174.6	155.7	176.8	188.8	185.8	172.7	CEE (10)
EFTA	37.5	35.5	37.1	31.7	31.4	47.4	53.8	56.9	45.0	40.1	AELE
- Iceland	9.1	12.5	15.0	12.6	12.3	10.5	15.1	18.7	13.4	12.5	- Islande
- Norway	23.0	17.6	14.4	12.0	13.8	32.0	32.7	30.5	26.1	22.4	- Norvège
Faroe Islands	3.4	4.1	4.4	6.7	11.8	5.1	7.0	11.1	16.7	23.1	Iles Féroé
Greenland	2.8	3.1	3.2	3.0	3.8	6.8	11.1	11.9	9.8	9.8	Groënland
Canada	70.0	61.7	58.6	45.3	32.9	116.7	128.5	130.8	97.3	86.6	Canada
United States	26.7	33.5	29.1	25.3	24.7	81.3	120.9	101.6	85.2	90.0	Etats-Unis
Spain	19.5	23.1	16.9	26.0	30.5	22.5	33.5	33.2	47.1	43.4	Espagne
Non-OECD, of which	113.0	114.0	112.1	108.8	117.5	108.5	129.0	160.9	144.2	142.1	Non-OCDE, dont
Africa	27.8	39.5	32.3	29.5	41.4	31.4	50.4	46.9	42.8	56.1	Afrique
- South Africa	12.6	20.9	15.2	10.4	11.4	12.4	25.5	20.2	13.8	15.6	- Afr. du Sud
- Morocco	3.8	7.3	6.2	5.7	7.4	3.8	7.9	7.3	5.9	7.0	- Maroc
- Senegal/Ivory Coast a)	8.8	8.3	8.3	7.8	8.3	11.3	12.0	15.8	13.2	12.4	- Sénégal/Côte d'Ivoire a)
Far East	27.0	17.8	26.3	20.9	15.8	36.8	29.7	57.8	43.2	29.8	Extrême-Orient
- Rep. of Korea	22.7	10.9	6.7	4.4	4.3	29.9	17.4	14.4	9.3	7.7	- Rép. Corée
America	37.3	41.2	38.7	40.4	43.8	39.8	58.3	61.9	60.8	62.2	Amérique
- Argentina	17.4	10.1	8.0	13.4	13.2	13.4	8.8	6.6	11.7	11.3	- Argentine
Fish fillets, frozen/Filets de poisson congelés											
TOTAL, of which	145.6	183.9	203.6	209.0	228.2	291.7	408.0	463.3	424.5	444.8	TOTAL, dont
EEC (10)	48.6	70.1	79.6	85.2	95.6	111.1	176.2	201.9	184.8	203.7	CEE (10)
EFTA	53.7	60.2	60.4	63.6	62.3	116.3	144.5	143.4	133.6	125.4	AELE
- Iceland	12.5	17.2	23.9	25.1	22.6	25.6	39.9	55.0	53.1	45.7	- Islande
- Norway	41.0	42.7	36.4	37.9	39.4	90.4	104.1	88.1	79.4	79.2	- Norvège
Faroe Islands	6.9	11.3	15.6	22.3	22.2	13.9	22.9	31.5	38.4	36.2	Iles Féroé
Greenland	1.5	0.9	1.7	1.9	2.4	2.6	1.9	4.0	4.0	4.8	Groënland
Canada	4.3	4.4	10.2	7.8	11.9	5.8	7.7	20.4	15.1	23.6	Canada
Other OECD	2.8	2.3	3.7	3.2	3.2						Autres OCDE
Non-OECD	27.5	34.7	32.3	25.8	30.9	36.5	48.3	51.7	39.4	43.9	Non-OCDE
- Argentina	21.8	25.7	19.5	9.8	14.9	22.9	29.3	26.3	11.8	16.7	- Argentine
- COMECON	1.4	3.2	7.5	6.9	6.4	2.2	4.3	9.4	7.5	7.7	- COMECON
Fish, dried, salted or in brine; smoked fish/ Poisson, seché, salé ou en saumure; poisson fumé											
TOTAL, of which	128.0	138.8	134.4	122.0	121.7	277.9	340.0	385.4	318.6	305.4	TOTAL, dont
EEC (10)	51.9	54.1	53.7	53.0	55.0	103.3	125.0	133.9	110.1	106.7	CEE (10)
EFTA	45.0	49.2	43.4	33.8	40.3	122.0	145.1	163.6	124.4	129.5	AELE
- Norway	32.8	34.9	27.6	22.6	26.6	96.9	110.8	116.5	94.1	96.7	- Norvège
- Iceland	10.9	13.9	14.6	10.8	13.0	22.7	33.5	44.4	29.2	32.1	- Islande
Faroe Islands	10.6	9.0	12.1	14.9	15.2	18.9	18.3	29.3	33.5	31.8	Iles Féroé
Greenland	2.7	7.4	5.4	6.0	3.8	4.1	12.9	9.3	10.9	7.8	Groënland
Others, of which	17.8	19.1	19.9	15.1	11.2						Autres, dont
- Canada	5.5	7.1	7.7	7.9	6.1	7.2	12.7	17.0	18.8	14.5	- Canada
Crustaceans and molluscs, fresh/chilled, frozen, etc./ Crustacés et mollusques, frais/sur glace, congelés etc.											
TOTAL, of which	247.0	253.2	290.1	289.1	323.4	533.1	655.2	796.2	723.3	744.0	TOTAL, dont
EEC (10)	115.4	110.2	128.7	131.9	161.4	199.7	243.6	285.4	257.1	291.5	CEE (10)
EFTA	3.8	2.1	2.6	2.5	2.5	11.1	9.2	11.2	6.6	8.9	AELE
Faroe Islands	12.4	11.9	14.5	7.1	7.7	29.3	30.9	35.8	16.5	16.8	Iles Féroé
Greenland	1.8	5.0	12.9	18.7	19.8	3.3	11.2	30.9	49.1	48.6	Groënland
Canada	2.3	5.9	4.2	5.6	4.9	15.1	26.4	27.1	31.4	26.9	Canada
United States	4.0	6.6	5.5	4.4	4.1	8.7	13.2	12.7	11.3	10.0	Etats-Unis
Japan	4.7	4.2	9.0	5.1	5.0	17.1	14.2	28.1	15.5	18.9	Japon
Spain	20.0	16.7	23.8	24.7	30.4	15.3	12.6	23.2	17.1	19.9	Espagne
Other OECD	4.7	4.5	5.6	6.0							Autres OCDE
Non-OECD	77.8	85.2	83.4	83.2	100.2	210.8	272.8	313.6	298.5	326.1	Non-OCDE
- COMECON	10.7	17.4	12.2	9.7	14.3	20.7	35.2	41.8	39.6	43.1	- COMECON
- Africa	19.9	18.7	16.7	20.1	27.7	76.2	91.7	97.3	87.9	102.9	- Afrique
- Far East	37.4	37.9	43.9	40.9	46.0	86.2	111.8	143.8	126.9	153.3	- Extrême Orient
(Thailand)	17.4	18.9	21.0	23.4	25.4	30.0	35.0	47.0	48.4	55.1	(Thailande)
- Others	9.8	11.2	10.6	12.5	12.2						- Autres
Fish, crustaceans and molluscs, preparations or preserves/ Poisson, crustacés et mollusques, préparés											
TOTAL, of which	279.6	306.6	326.8	336.0	320.9	531.0	1028.8	1218.0	1165.8	1030.0	TOTAL, dont
EEC (10)	75.0	83.8	93.0	96.5	108.7	229.4	285.5	338.5	310.8		CEE (10)
EFTA	33.2	37.3	38.1	36.0	39.4	97.4	124.3	145.8	121.2	132.2	AELE
- Portugal	19.2	18.3	19.0	17.0	18.9	43.7	46.5	56.7	42.2	42.6	- Portugal
- Norway	10.1	13.2	14.1	15.4	16.5	38.8	55.7	66.8	62.4	68.4	- Norvège
Greenland	3.6	4.6	5.9	5.9	6.0	22.1	33.6	47.7	38.8	34.7	Groënland
Canada	19.8	23.6	26.8	27.1	15.9	73.8	103.0	138.9	141.5	88.5	Canada
United States	14.1	13.7	18.0	21.4	16.4	56.7	66.5	85.0	94.0	59.3	Etats-Unis
Japan	19.8	18.4	17.5	16.0	11.5	44.0	37.6	38.1	42.3	26.4	Japon
Non-OECD, of which	102.6	117.2	119.8	125.7	123.1	279.3	351.3	395.1	391.8	359.2	Non-OCDE, dont
- USSR	10.5	10.9	9.9	11.2	6.4	47.3	55.7	55.2	50.7	40.7	- URSS
- Morocco	18.1	19.6	19.0	19.4	17.5	35.1	44.3	48.4	44.7	35.8	- Maroc
- Senegal(a)	12.7	11.3	12.0	14.7	16.0	30.9	31.3	39.4	43.2	40.8	- Sénégal(a)
- Ivory Coast(a)	9.5	13.8	15.9	17.1	18.8	23.9	39.6	52.3	46.5	49.5	- Côte d'Ivoire(a)
- Peru	3.0	5.3	7.5	10.2	12.0	4.2	7.0	10.1	12.6	13.2	- Pérou
- Thailand	4.6	7.4	9.9	10.4	18.5	13.8	26.7	33.9	34.5	58.4	- Thaïlande
- Malaysia	12.1	12.9	11.5	10.3	7.3	37.3	41.4	43.3	41.0	27.2	- Malaisie
- Others	32.1	34.0	34.1	32.4	26.6	87.4	105.3	112.5	118.6	93.6	- Autres

(a) Lomé Convention countries/Pays de la Convention de Lomé.

Source: OECD Trade Statistics.

APPENDIX A

Producer Organizations (PO's)

1. Article 5.1 defines producer organizations as "any recognized organization or association of such organizations, established on producers' own initiative for the purpose of taking such measures, as will ensure that fishing is carried out along rational lines and that conditions for the sale of their products are improved. These measures shall be designed in particular to promote implementation of catch plans, concentrations of supply and regularization of prices".

2. In return for the establishment of an intervention mechanism which effectively guarantees minimum prices, producers are obliged to dispose of their entire catch through their PO and to apply these rules which have been adopted for the purpose of improving product quality and adapting supply to the requirements of the market.

3. Producers who are not members of a PO may be compelled by their member state to apply the rules adopted by the PO in their area or region, insofar as they refer to quality enhancement, the adapting of supply to demand and withdrawals from the markets of fresh/chilled products (excluding tuna, trout, salmon, carp and lobster).

4. Aid may be extended to PO's to encourage their formation and to facilitate their operation for a maximum period of five years, but shall not exceed 120,000 ECU.

Withdrawal Prices

5. These are the lowest prices that members of a PO may receive for these species which are covered under the withdrawal scheme; when the price tendered is less than this withdrawal price, the product must be removed from the market. Withdrawal prices, established annually, are a factor of the guide price, and as they also reflect the common marketing standards of the Community, the prices will vary according to the freshness, size and presentation of the product. The following example will demonstrate how the withdrawal system operates.

6. Cod: the 1983 guide price was established at 993 ECU/ton, up from 907 ECU/ton in 1982. The base product would have the following commercial characteristics: "A" quality, size 2/3, head-on, gutted. Two sets of calculations are then made in order to establish the withdrawal price for each product category.

7. First, as the fishermen ought to be able to dispose of their catches without market intervention, except under the most adverse market conditions, withdrawal prices must be set at a lower level than guide prices. The normal level varies from 70 - 90 per cent depending on the particular species. For cod, the percentage of the guide price used in calculating the withdrawal is 80 per cent. Thus the price for cod, before the adaptation coefficient is applied, would be ECU 993/ton x 0.80 = ECU 794/ton.

8. The second calculation is referred to as the conversion factor or adaptation coefficient, in that it adjusts the price for the various sizes and qualities of each species. The correlation between each of the products is also a reflection of market demand, as observed within the EEC market. Again, to use the example of cod, the conversion factor and withdrawal prices for 1983 are:

Conversion Factor

Species	Size	- Head on gutted -		- Whole -	
		Extra A[a]	B[a]	Extra A[a]	B[a]
Cod	1	0.90	0.85	0.65	0.50
	2	0.90	0.85	0.65	0.50
	3	0.85	0.70	0.50	0.40
	4	0.68	0.47	0.39	0.28
	5	0.48	0.28	0.29	0.19

Derived Withdrawal Prices (ECU/Ton)

Cod	1	715	675	516	397
	2	715	675	516	397
	3	675	556	397	318
	4	540	373	310	222
	5	381	222	230	151

a. Refers to freshness, size and presentations.

9. To establish the withdrawal price for fresh or chilled cod, size 4, head-on gutted, Quality B, one would apply the price derived from the guide price, i.e. 794 ECU/ton and apply the conversion factor of 0.47. A product having these characteristics would then be expected to fetch the withdrawal price of 373 ECU/ton. Otherwise it would be withdrawn from the market. In the case of cod, some thirteen different prices may apply, depending on the commercial characteristics of the landed product.

10. If a producer organization, which is responsible for the administration of the system, should decide to arbitrarily apply higher withdrawal prices, no financial compensation would be extended by the EEC. However, withdrawal prices may vary within a range of -10 per cent and +5 per cent either side of the officially determined withdrawal prices to take account of seasonal fluctuations in the market.

11. Apart from the producer organization responsibilities specified above, they must also ensure that withdrawn fish are not resold on the market in any member country, although it may be utilized in the manufacture of fishmeal, for other non-food purposes or it may be distributed free to charitable societies and institutions.

12. Special withdrawal prices have been introduced to account for transportation, extra handling costs, etc. in the more remote areas of the Community.

The funds required to operate the withdrawal system are derived from:

- amount, if any realized from sales,
- compensation from EEC funds (EAGGF guarantee section),
- the imposition of a levy on fish sold by PO members.

13. The EEC sets a limit on the proportion of the withdrawal price which it will pay to fishermen for the quantities withdrawn. This varies on the basis of the percentage of the catch removed from the market in relation to the annual quantities offered for sale of the species in question. When the quantity withdrawn does not exceed 5 per cent of the annual sale, 85 per cent of the withdrawal price is paid by the EEC. When withdrawals amount of between 5 - 10 per cent of the annual sale, 70 per cent of the withdrawal price is remunerated; for between 10 - 15 per cent of annual sale remuneration falls to 55 per cent and for between 15 - 20 per cent of the annual sale only 40 per cent of the withdrawal

price is remitted. When more than 20 per cent of the annual sale is withdrawn, the EEC no longer participates in financing. In 1981, the cost of intervention was 15.4 million ECU's.

APPENDIX B

The Canada-EEC Fisheries Agreement was signed on December 30, 1981 and provided for the following allocations of fish to the EEC for the period January 1, 1982 to December 31, 1987:

January 1, 1982 - December 31, 1982

Species	Zone	Quantity (Tons)
Cod	2J+3KL	8,000 (non-surplus)
Cod	2GH	6,500 (surplus)
Squid	3 & 4	7,000 (surplus)

January 1, 1983 - December 31, 1987 (annually)

Species	Zone	Quantity (Tons)
Cod	2J3KL	9,500 (non-surplus)
Cod	2GH	6,500 (surplus)
Squid	3 & 4	7,000 (surplus)

The EEC is required to suspend it Common Customs Tariff duties, within specified tariff quotas each year from 1984 to 1987:

- 6,000 tons of round frozen redfish and/or round frozen cod at a duty of 3.7%,
- 19,000 tons of frozen cod fillets with a duty of 4%,
- 4,500 tons of herring flaps, prepared or preserved in vinegar, with a duty of 10%.

The details, including the distribution among Community member States and the installment arrangements for entry, are provided in the Council Regulation which follows. In short the regulation is onerous.

COUNCIL REGULATION (EEC) No 3748/83

of 22 December 1983

opening, allocating and providing for the administration of Community tariff quotas for certain fishery products (1984)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 113 thereof,

Having regard to the proposal from the Commission,

Whereas, in the context of its external relations regarding fisheries, it is in the Community's interest partially to suspend the Common Customs Tariff duties on a number of fishery products, within the limit of appropriate Community tariff quotas; whereas Community tariff quotas for 1984 should therefore be opened for round frozen redfish (Sebastes spp), round frozen cod (Gadus morhua), frozen cod fillets and herring flaps prepared or preserved in vinegar, presented in packings of a net capacity of 10 kilograms or more, falling within subheadings ex 03.01 B I f) 2, ex 03.01 B I h) 2, ex 03.01 B II b) 1 and ex 16.04 C II of the Common Customs Tariff; whereas eligibility to benefit from these quotas opened for products falling within subheadings ex 03.01 B I h) 2 and ex 03.01 B II b) 1 is subject to the presentation to the Community customs authorities of a certificate issued by the recognized authorities of the country of origin attesting that the products concerned come from fish belonging to the North Atlantic stocks which were fished with due regard for the international conventions on the conservation and management of fishery resources; whereas the certificates covering these products must also certify that the products presented come from cod of the Gadus morhua species;

Whereas, under Article 64 of the 1979 Act of Accession, the Hellenic Republic is required to apply the Common Customs Tariff duty in full or to commence the alignment of its tariff towards the Common Customs Tariff in respect of the products in question as from 1 January 1981; whereas it is therefore necessary that the tariff quotas in question should cover the requirements of that Member State during the quota period;

Whereas equal and continuous access to the quotas should be ensured for all importers and the rates for the said quotas should be applied without interruption to all imports until the quotas are used up; whereas, in the light of the principles outlined above, a Community tariff quota system based on an allocation between the Member States would seem to preserve the Community nature of the quotas; whereas, to reflect as closely as possible the actual development of the market in the products in question, the allocation should be in proportion to the requirements of the Member States, calculated both from statistics of imports from third countries during a representative reference period and according to the economic outlook for the quota year in question;

Whereas, however, the products in question of a particular origin, are not separately specified in the statistical nomenclatures; whereas it has therefore not yet been possible to obtain sufficiently precise and representative figures; whereas, therefore, part of these quotas should be assigned to the Community reserves, the remainder being allocated among the Member States in proportion to their forecast import requirements; whereas, for these products, the initial percentage shares in the quota can thus be as follows:

	ex 03.01 B I f) 2 ex 03.01 B I h) 2 (6 000 tonnes)	ex 03.01 B II b) 1 (19 000 tonnes)	ex 16.04 C II (4 500 tonnes)
Benelux	3,11	1,29	3,45
Denmark	6,23	3,40	0,69
Germany	21,16	26,43	86,20
Greece	0,28	0,21	0,69
France	13,05	12,65	0,69
Ireland	0,28	0,13	0,69
Italy	0,28	0,28	0,69
United Kingdom	55,61	55,61	6,90

Whereas, to take account of possible import trends for the products in question, the quota volumes should be divided into two instalments, the first being allocated and the second held as a reserve to cover any subsequent requirements of Member States which have used up their initial share; whereas, to give importers some degree of certainty, the first instalment of the Community tariff quotas should be fixed at a fairly high level, which in this case could be respectively 5 718, 18 107 and 2 900 tonnes;

Whereas initial shares may be used at different rates; whereas to avoid disruption of supplies on this account it should be provided that any Member State which has almost used up its initial share should draw an additional share from the reserve; whereas each time its additional share is almost used up a Member State should draw a further share and so on as many times as the reserve allows; whereas, bearing in mind the sensitive nature of the fisheries market in the United Kingdom, that market should not be laid open to too great a pressure brought about by too high a level of imports from third countries; whereas, therefore, without prejudice to any arrangements to be decided upon for the future, the United Kingdom should be excluded from the obligation to draw further shares from certain of the reserves; whereas the initial and additional shares should be valid until the end of the quota period; whereas this form of administration requires close collaboration between the Member States and the Commission, which must be in a position to keep account of the extent to which the quotas have been used up and to inform the Member States accordingly;

Whereas, if at a given date in the quota period a considerable quantity of a Member State's share remains unused, it is essential that such State should return a significant proportion thereof to the reserve, in order to prevent a part of the Community tariff quota from remaining unused in one Member State while it could be used in others; whereas, however, as regards the United Kingdom, any return to some of the reserves may be effected only up to the limit of the quantities necessary to satisfy the real needs of other Member States that cannot be met by the mechanisms which are directly applicable to them;

Whereas, since the Kingdom of Belgium, the Kingdom of the Netherlands and the Grand Duchy of Luxembourg are united within and jointly represented by the Benelux Economic Union, any measure concerning the administration of the shares allocated to that economic union may be carried out by any one of its members,

HAS ADOPTED THIS REGULATION:

Article 1

1. From 1 January to 31 December 1984, a Community tariff quota of 6 000 tonnes shall be opened with a duty of 3,7 % for round frozen redfish (Sebastes spp) and round frozen cod (Gadus morhua), falling within subheadings ex 03.01 B I f) 2 and ex 03.01 B I h) 2 of the Common Customs Tariff, intended to undergo one of the operations authorized under paragraph 4.

2. From 1 January to 31 December 1984, a Community tariff quota of 19 000 tonnes with a duty of 4 % shall be opened for frozen cod (Gadus morhua) fillets falling within subheading ex 03.01 B II b) 1 of the Common Customs Tariff, intended to undergo one of the operations authorized under paragraph 4.

3. From 1 January to 31 December 1984, a Community tariff quota of 4 500 tonnes with a duty of 10 % shall be opened for herring flaps, prepared or preserved in vinegar, presented in packings of a net capacity of 10 kilograms or more, falling within subheading ex 16.04 C II of the Common Customs Tariff.

4. Without prejudice to paragraph 5, the preferential arrangements shown in paragraphs 1 and 2 shall apply to fish intended to undergo any operation, unless they are intended to undergo exclusively one or more of the following treatments:

— cleaning, gutting, heading, tailing,
— cutting (excluding filleting and cutting up frozen blocks),
— sampling, sorting,
— labelling,
— packing,
— chilling,
— freezing,
— deep-freezing,
— thawing, separation.

The preferential arrangements shall not apply to products intended to undergo an operation which qualifies for the grant of the benefit of the quota but which is carried out at retail or catering level. The products referred to in paragraph 2, which are presented in individual fillets and in immediate packings of a net capacity of four kilograms or more shall be considered to fulfil the conditions shown in the present paragraph.

The preferential arrangements shall apply only to fish intended for human consumption.

5. The tariff opened for products falling within subheadings ex 03.01 B I h) 2 and ex 03.01 B II b) 1 of the Common Customs Tariff shall be reserved for products accompanied by a certificate issued by one of the recognized authorities of the countries of origin listed in Annex II, made out in accordance with one of the specimens in Annex I, attesting that the fish from which they were obtained were fished in the North Atlantic with due respect for the international conventions on the conservation and management of fishery resources. The certificate must also certify that the products presented were obtained from cod of the Gadus morhua species.

6. For the purposes of these tariff quotas, Greece shall apply customs duties calculated in accordance with the provisions of the 1979 Act of Accession.

Article 2

1. The tariff quotas referred to in Article 1 shall be divided into two instalments.

A first instalment of each quota, i.e. 5 718, 18 107 and 2 900 tonnes, respectively, shall be allocated among the Member States; the shares, which subject to Article 5 shall be valid until 31 December 1984, shall be as follows:

	Quota Article 1 (1) (6 000 tonnes to 3,7 %)	Quota Article 1 (2) (19 000 tonnes to 4 %)	Quota Article 1 (3) (4 500 tonnes to 10 %)
Benelux	178	234	100
Denmark	356	617	20
Germany	1 210	4 785	2 500
Greece	16	38	20
France	746	2 290	20
Ireland	16	23	20
Italy	16	50	20
United Kingdom	3 180	10 070	200
	5 718	18 107	2 900

2. The second instalment of each quota, i.e. 282, 893 and 1 600 tonnes, respectively, shall constitute the corresponding reserve.

Article 3

1. If a Member States has used 90 % or more of its initial share as fixed in Article 2 (1), or of that share minus any portion returned to the reserve pursuant to Article 5, it shall forthwith, by notifying the Commission, draw a second share, to the extent that the reserve so permits, equal to 10 % of its initial share, rounded up as necessary to the next whole number.

2. If a Member State, after exhausting its initial share, has used 90 % or more of the second share drawn by it, that Member State shall forthwith, in the manner and to the extent provided in paragraph 1, draw a third share equal to 5 % of its initial share, rounded up as necessary to the next whole number.

3. If a Member State, after exhausting its second share, has used 90 % or more of the third share drawn by it, that Member State shall, in the manner and to the extent provided in paragraph 1, draw a fourth share equal to the third.

This process shall apply until the reserve is used up.

4. By way of derogation from paragraphs 1, 2 and 3, a Member State may draw shares lower than those specified in those paragraphs if there are grounds for believing that those specified may not be used in full. Any Member State applying this paragraph shall inform the Commission of its grounds for so doing.

5. However, with regard to the quotas referred to in Article 1 (1) and (2), paragraphs 1 to 4 above shall not apply to the United Kingdom.

Article 4

Additional shares drawn pursuant to Article 3 shall be valid until 31 December 1984.

Article 5

1. Member States shall, not later than 1 October 1984, return to the reserve the unused portion of their initial share which, on 15 September 1984, is in excess of 20 % of the initial volume. They may return a greater portion if there are grounds for believing that it may not be used in full.

Member States shall, not later than 1 October 1984, notify the Commission of the total quantities of the product in question imported up to and including 15 September 1984 and charged against the Community tariff quotas and of any portion of their initial shares returned to the reserve.

2. However, with regard to the quotas referred to in Article 1 (1) and (2), any return to the reserve by the United Kingdom may be effected only up to the limit of the quantities necessary to satisfy the real needs of other Member States that cannot be met either by their initial shares or by the corresponding reserve that might be replenished pursuant to paragraph 1.

Article 6

The Commission shall keep an account of the volume of the shares opened by the Member States pursuant to Articles 2 and 3 and shall, as soon as the information reaches it, inform each State of the extent to which the reserve has been used up.

It shall, not later than 5 October 1984, inform the Member States of the amount still in reserve, following any return of shares pursuant to Article 5.

It shall ensure that the drawing which exhausts one of the reserves does not exceed the balance available, and to this end shall notify the amount of that balance to the Member State making the last drawing.

Article 7

1. The Member States shall take all appropriate measures to ensure that additional shares drawn pursuant to Article 3 are opened in such a way that importations may be charged without interruption against their accumulated shares of the Community quota.

2. The Member States shall take all appropriate measures to ensure that the products referred to in Article 1 (1) and (2) fulfil the conditions mentioned in the aforesaid Article for admission to benefit from the tariff quotas. In such case use of the product for the particular end-use specified shall be verified in accordance with the relevant Community provisions.

3. The Member States shall ensure that importers of the products in question have free access to the shares allocated to them.

4. The Member States shall charge imports of the products in question against their shares as and when the product is entered with the customs authorities for free circulation.

5. The extent to which a Member State has used up its share shall be determined on the basis of the imports charged in accordance with paragraph 4.

Article 8

Admission to benefit from the tariff quotas may not be subjected by a Member State to a customs security, intended solely to ensure that the shares laid down in this Regulation are not exceeded, unless the effective use of the shares that have been attributed to it has exceeded 90 % of such shares.

Article 9

The Member States shall, not later than the 15th day of the months of April and July, communicate to the Commission statement of charges effected on their shares during the first and second quarters, respectively.

At the request of the Commission, they shall communicate statement of charges for shorter periods and these statements must be forwarded within 10 days from the end of each period.

Article 10

The Member States and the Commission shall cooperate closely to ensure that this Regulation is complied with.

Article 11

This Regulation shall enter into force on 1 January 1984.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 22 December 1983.

For the Council

The President

C. VAITSOS